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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

BOB STUMP - Chairman
GARY PIERCE
BRENDA BURNS
BOB BURNS
SUSAN BITTER SMITH

Arizona Corporation Commission

DOCKETED

OCT 25 2011

DOCKETED BY 

IN THE MATTER OF:

WELDON BEALL, an unmarried man
WELDON LLC, an Arizona limited liability company

DOCKET NO. S-20792A-11-0114

DECISION NO. 74149

RESPONDENTS.

OPINION AND ORDER

DATE OF PRE-HEARING CONFERENCE: May 26, 2011
DATES OF HEARING: September 12, 13, 14, 15 and 19, 2011
PLACE OF HEARING: Phoenix, Arizona
ADMINISTRATIVE LAW JUDGE: Marc E. Stern
APPEARANCES: Mr. Burton M. Bently, THE BENTLY LAW FIRM, P.C., on behalf of the Respondents;
Ms. Wendy Coy, Staff Attorney, on behalf of the Securities Division of the Arizona Corporation Commission.

BY THE COMMISSION:

On March 16, 2011, the Securities Division ("Division") of the Arizona Corporation Commission ("Commission") filed a Notice of Opportunity for Hearing ("Notice") against Weldon Beall, and Weldon LLC, an Arizona limited liability company ("Weldon"), (collectively "Respondents") in which the Division alleged multiple violations of the Arizona Securities Act ("Act") in connection with the offer and sale of securities in the form of investment contracts.

The Respondents were duly served with a copy of the Notice.

On April 27, 2011, a request for hearing and an Answer were filed by and on behalf of the Respondents.

1 On May 2, 2011, by Procedural Order, a pre-hearing conference was scheduled on May 26,
2 2011.

3 On May 26, 2011, the Division and Respondent appeared with counsel. Counsel for the
4 Division indicated that the parties were attempting to reach a settlement in the proceeding in order to
5 submit a proposed form of Consent Order for approval by the Commission. In the interim, the
6 Division requested that a hearing be scheduled in the event that the parties could not reach a
7 resolution of the issues raised by the Notice.

8 On May 31, 2011, by Procedural Order, the hearing was scheduled to commence on
9 September 12, 2011.

10 On September 12, 2011, a full public hearing was convened before duly authorized
11 Administrative Law Judge of the Commission at its offices in Phoenix, Arizona. The Division and
12 Respondents were present with counsel. At the conclusion of the proceeding, the parties agreed to
13 exchange post-hearing briefs by November 15, 2011, and the matter was taken under advisement
14 pending submission of a Recommended Opinion and Order to the Commission.

15 On November 15, 2011, the Division and the Respondents filed their post-hearing briefs.

16 * * * * *

17 Having considered the entire record herein and being fully advised in the premises, the
18 Commission finds, concludes, and orders that:

19 **FINDINGS OF FACT**

20 1. Weldon Beall is an individual who, at all relevant times herein, was a resident of
21 Maricopa County, Arizona.

22 2. Weldon is an Arizona limited liability company located in Phoenix, Arizona.

23 3. Respondent Beall is a member of and the manager of Weldon, which according to
24 Commission records, was formed on October 13, 2006. (Ex. S-2)

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1 4. The Division, in support of its allegations in the Notice, called the following
2 witnesses: Stephen McCullough, an investor; Lisa Cowette-Eagle¹; Jim Mayes, an investor; and
3 Michael Brokaw, a special investigator with the Division.

4 5. According to the Notice filed by the Division, between December 2007 and November
5 2009, Respondent Beall and Weldon were involved in the development of what was termed a
6 “displayable money vault” which would permit casinos to display large sums of money in a secure
7 fashion. In order to proceed with the development of his invention, Respondent Beall applied for,
8 and subsequently obtained, a patent in his name for the money vault in March 2009 from the United
9 States Patent Office (“Patent Office”). While working on his invention, Respondent Beall raised
10 funds to be invested in Weldon from individual investors by utilizing an investment contract which
11 incorporated a promissory note. The funds were raised in order to develop the vault, to secure the
12 patent, and to support Respondent Beall.

13 6. Based on the record, the majority of the investors in Respondent Weldon were
14 associates of Respondent Beall’s in the car business. Respondent Beall had no knowledge of any of
15 the investors’ financial condition, their business relationships, their aversion to risk, or their
16 investment experience. (Tr. 625:6-12)

17 7. Mr. Stephen McCullough testified that he had no investment experience and became
18 acquainted with Respondent Beall through a friend of his at a local bar. (TR. 21:1-25)

19 8. When Mr. McCullough met Respondent Beall, Mr. Beall was selling cars.²
20 Respondent Beall offered him an opportunity to invest in his project, an invention which Mr. Beall
21 termed was a money vault for a casino. (Tr. 22:1-16)

22 9. Mr. McCullough stated that Mr. Beall told him that his invention would be a huge
23 money maker. (Tr. 22:23-25)

24 10. Mr. McCullough testified that Bruce Ashe, a friend of his who had invested in
25 Respondent Weldon, introduced him to Mr. Beall.

26 ¹ Ms. Eagle is not an investor, but she is the girlfriend of Bruce Ashe who was an investor in Weldon. He did not testify
27 in the proceeding.

28 ² Based on the record, both Mr. McCullough and Mr. Beall were working as car salesmen when they first met.
Subsequently, Mr. McCullough stated that he had only two semesters of college and was in fact a building maintenance
worker. (Tr. 54:13-16)

1 11. Mr. McCullough further testified that Mr. Beall never spoke about any risks or how
2 his invested funds would be utilized. (Tr. 23:19-24)

3 12. According to Mr. McCullough, at no time did Mr. Beall inquire about his net worth,
4 annual income, prior investment experience or Mr. McCullough's ability to withstand a loss of the
5 money he invested in Respondent Beall's project. (Tr. 24-25:18-3)

6 13. Mr. McCullough stated that his investment with Respondent Beall and Weldon
7 represented his first investment. Prior to his investment, Mr. McCullough had not been shown any
8 disclosure documents or any financial information concerning the company's financial position. (Tr.
9 51:12-24)

10 14. Testifying further, Mr. McCullough stated that he had never conducted business with
11 Respondent Beall previously, that Mr. Beall did not provide him with any background information or
12 financial documents with respect to Respondent Weldon or the cost of obtaining a patent. (Tr. 25:4-
13 18)

14 15. Mr. McCullough testified concerning his investment contract dated December 4, 2007,
15 with Respondent Weldon. The agreement was signed by Respondent Beall as Weldon's manager,
16 and it states that Respondent Weldon is the owner of a U.S. patent entitled "Displayable Money Vault
17 for a Casino," and that Weldon needs to borrow \$20,000 to pay for the marketing of the patent. Mr.
18 McCullough was willing to invest the funds, provided that Weldon would repay the money.³ (Tr. 26-
19 27: 2-4) (Ex. S-9)

20 16. According to Mr. McCullough's investment contract with Weldon, in return for his
21 \$20,000 investment, Respondent Weldon was to first make a payment of \$35,000 to Mr. McCullough
22 from "the sale or license of any of the intellectual property" with up to a total of \$350,000 to be paid
23 on his investment. (Ex. S-9)

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27 ³ According to Mr. McCullough, the agreement between himself and the Respondents was actually "written up" in 2008
28 and not 2007 as stated in the agreement. He said that the contract was back-dated a year so investors would not have to
"pay taxes on it right away." (Tr. 36:2-21)

1 17. Mr. McCullough stated that he did not give Mr. Beall his \$20,000 in a lump sum, but
2 provided him with smaller payments in the form of installments beginning with a first payment on
3 January 26, 2009, of \$3,000.⁴ (Tr. 29-30:13-12)

4 18. Although Mr. McCullough's agreement with Weldon and Respondent Beall called for
5 a \$20,000 investment, receipts for cash given to the Respondents by Mr. McCullough from January
6 26, 2009, to May 15, 2009, totaled only \$15,500. Mr. McCullough testified that he always provided
7 funds in cash. According to Mr. McCullough, one receipt was missing for the month of April, 2009,
8 which would have totaled his \$20,000.

9 19. Mr. McCullough testified that he did not negotiate the return on his \$20,000
10 investment, stating that he did not have any say in the matter, and further testified that "it was so
11 awesome that I just stuck with it, you know. \$20,000 for \$350 grand, that is – I'm not greedy. That's
12 great." (Tr. 39:7-13)

13 20. Mr. McCullough indicated that he had no control over any business decisions related
14 to Respondent Weldon. (Tr. 103:20-25)

15 21. Under cross-examination, Mr. McCullough acknowledged that his contractual
16 agreement with Respondent Weldon did not contain a date for when he would be repaid. (Tr. 67:13-
17 17)

18 22. Further testifying, Mr. McCullough acknowledged that according to the terms of the
19 contract, if the patent or intellectual property was neither bought nor sold he would not be paid. (Tr.
20 68:1-3)

21 23. According to Mr. McCullough, in June 2009, Respondent Beall showed Mr.
22 McCullough documents from the Hard Rock Cafe buying the "invention" (the money vault) from Mr.
23 Beall. (Tr. 39:14-23)

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28 ⁴ Mr. McCullough maintained that he invested \$20,000 pursuant to the terms of his agreement with Respondents even though the receipts which are attached to his agreement only total \$15,500. (Tr. 85:12-24) (Ex. S-9)

1 24. Mr. McCullough stated that he saw some documents from Hard Rock Cafe with four
2 signatures at the bottom and he remembered one as Hamish Dodd, whom he thought was the CEO.⁵
3 (Tr. 40-41:19-15)

4 25. Mr. McCullough stated that although Respondent Beall showed him the document, he
5 would not give Mr. McCullough a copy of it. (Tr. 41-42:20-1)

6 26. Mr. McCullough testified that a few weeks later he was shown a document from
7 Homeland Security. (Tr. 42:21-24)

8 27. According to Mr. McCullough, Respondent Beall showed this document to him at Mr.
9 Beall's home and purportedly "we were waiting for in June for the money to transfer to American
10 money. It had to go through Homeland Security for that reason." (Tr. 43:15-20)

11 28. According to Mr. McCullough, he understood that his invested funds were only to be
12 used to create Weldon and to secure a patent on Mr. Beall's invention. (Tr. 44:18-21)

13 29. Although Mr. McCullough requested the return of his investment from Respondent
14 Beall, he was told a number of times that "we are waiting on Homeland Security." (Tr. 45:11-16)

15 30. Mr. McCullough testified that in October, 2009, he confronted Respondent Beall "in
16 front of other investors" asking him to give him his \$20,000 back, and Mr. Beall promised to return
17 his funds in two weeks, but he has still not received his funds. (Tr. 45-46:17-22)

18 31. Mr. McCullough stated that he was unaware whether Respondent Weldon or
19 Respondent Beall had ever received any payment for the patent of the money vault. (Tr. 68-69:21-3)

20 32. Mr. McCullough further stated that he never saw any contract between Weldon and
21 the Seminole Tribe.⁶ (Tr. 83:15-22)

22 33. Although Mr. McCullough had expected to receive his payment of \$350,000 in June
23 2009, based on representations from Respondent Beall, he subsequently believed that the money was
24 held up by Homeland Security. (Tr. 99:5-22)

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27 ⁵ Subsequently, Mr. McCullough reversed himself on this testimony when he stated "I didn't read anything back then. . ."
(Tr. 81:2)

28 ⁶ The Seminole Tribe owns the Hard Rock brand.

1 34. At a meeting which took place in October 2009 at a local restaurant, Mr. McCullough
2 said that he and some of the other investors were under the impression that their payments were being
3 held up by Homeland Security because it was thought the money was coming from the Middle East.

4 35. Ms. Eagle was not an investor, but had met Respondent Beall through her boyfriend,
5 Bruce Asche, who had invested with Respondents. (Tr. 108:7-9)

6 36. Ms. Eagle testified that she had known Respondent Beall for approximately 8 years
7 and had been familiar with his investment offering which involved a patent for a money display vault
8 that was to be sold to a casino. (Tr. 108-109:23-4)

9 37. After reviewing the agreement between Respondent Weldon and Mr. Asche, Ms.
10 Eagle testified that Mr. Asche had invested \$30,000 with Respondent Beall as an investment in the
11 marketing of the money vault. (Tr. 174:21-25) (Ex. S-3)

12 38. According to the terms of Mr. Asche's agreement, he was to be paid \$2 million for his
13 \$30,000 investment "from the sale or license of any of the intellectual property." (Ex. S-3)

14 39. Ms. Eagle testified that she was present with Bruce Asche and Respondent Beall
15 during January 2009 at a Phoenix restaurant, Harvey's Wineburger, along with some other
16 individuals when Respondent Beall produced what she termed a contract between himself and Hard
17 Rock International. (Tr. 113-114:15-13)

18 40. Ms. Eagle testified that Respondent Beall produced the document and "went on to
19 explain that he had signed this contract for the sale of his patent. And he showed the contract to all of
20 us there." (Tr. 114:17-24)

21 41. Ms. Eagle was insistent that she saw a document between Respondent Weldon and
22 Hard Rock Cafe International that she thought consisted of approximately 12 pages with a signature
23 page that contained the signatures of Respondent Beall and an individual by the name of Hamish
24 Dodds. (Tr. 115:1-17)

25 42. According to Ms. Eagle, the Hard Rock Cafe document which she viewed in January
26 2009 contained a dollar amount of \$51 million, which represented the sale of Respondent Beall's
27 patent to Hard Rock International. (Tr. 117:1-12)

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1 43. Testifying further, Ms. Eagle stated that she dropped Mr. Asche off on a number of
2 occasions to play golf with Respondent Beall and they would usually meet at Respondent Beall's
3 home. (Tr. 116:7-16)

4 44. Ms. Eagle testified that in March 2009, a second document was shown to Mr. Asche
5 and herself when Mr. Asche had gone to play golf with Respondent Beall. She testified that the
6 second document was from Homeland Security. (Tr. 116:13-21)

7 45. According to Ms. Eagle, the Homeland Security document contained a description of
8 how the funds were to be transferred and when they were going to be transferred. (Tr. 118:13-18)

9 46. Ms. Eagle stated further that the Homeland Security document described a payout date
10 of June 10, 2009, but her boyfriend, Mr. Asche, received no funds from the Respondents. (Tr. 120:1-
11 11)

12 47. Ms. Eagle stated that neither she nor Mr. Asche received a copy of either the Hard
13 Rock Cafe document or the Homeland Security document that she had described. (Tr. 119:14-23)

14 48. During the hearing, Ms. Eagle testified about the contents of a series of e-mails, which
15 she was involved with after Respondents failed to pay Mr. Asche the funds which Ms. Eagle and Mr.
16 Asche thought would be paid in June 2009. Ms. Eagle was attempting to verify whether the
17 documentation which she had seen with respect to Hard Rock International and the purported
18 purchase of the money vault patent had actually taken place. As a result of her attempts to secure any
19 further documentation with regards to the transaction, she was advised by Mr. Dodds, the CEO of
20 Hard Rock Cafe, that there was "no evidence of a document with his signature" upon it. (Tr. 122-
21 131) (Ex. S-20)

22 49. According to Ms. Eagle, Mr. Asche has not received any payments on his investment
23 with Mr. Beall. (Tr. 134:22-25)

24 50. Ms. Eagle testified that on both the Hard Rock Cafe document and the Homeland
25 Security document involving Respondent Weldon, there were four different signatures, but she only
26 recalled the signature of Mr. Dodds and none of the others. (Tr. 160-161:14-16)

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1 51. Ms. Eagle stated that she had read the Hard Rock Cafe document at Harvey's
2 Wineburger and that she had read the Homeland Security document at Mr. Beall's home. (Tr. 168:1-
3 18)

4 52. Mr. Jim Mayes, a sales manager at Chapman Chevrolet, testified that he knew
5 Respondent Beall after working with him for four or five years earlier at Courtesy Chevrolet where
6 Mr. Beall had been a salesman. (Tr. 197-198:4-2)

7 53. Mr. Mayes stated that after Respondent Beall left Courtesy Chevrolet, Mr. Beall
8 approached him with an opportunity to invest in his patent for the money vault. (Tr. 198:7-16)

9 54. Testifying further, Mr. Mayes stated that Respondent Beall "told us that he had come
10 up with the invention that, you know, he was trying to market to casinos called the money vault, and
11 it was a clear display that was going to take the casino's money that they keep on hand and route it
12 through these clear glass tubes, and become, you know, somewhat of an attraction, you know, so to
13 speak." (Tr. 199:5-13)

14 55. Mr. Mayes testified that he did not recall a specific amount of money which
15 Respondent Beall wished to raise at the time, but that he thought it was \$6,000 or \$7,000. (Tr.
16 199:14-23)

17 56. Mr. Mayes testified that Mr. Beall did not inquire about his net worth or his annual
18 income, but he knew it was a risky investment which had not yet been patented. (Tr. 200:1-10)

19 57. Mr. Mayes testified that subsequently in June or July 2009, he was contacted by a
20 friend, Bobby Brown, one of the other sales managers at Courtesy Chevrolet. Mr. Mayes stated that
21 Mr. Brown told him that Respondent Beall had "sold the patent and the money vault and that he was
22 looking for an additional investor." (Tr. 201-202:15-14)

23 58. Mr. Mayes testified about meeting with Respondent Beall at a local restaurant where
24 he was presented with a contract that Mr. Beall represented was for the sale of the patent for the
25 money vault to the Hard Rock Casino Corporation. (Tr. 202:16-24)

26 59. Mr. Mayes testified that at the restaurant meeting he was told that it "was a done deal"
27 and "the contract was signed . . . between him and the Hard Rock Casino Corporation." (Tr. 203:11-
28 19)

1 60. Mr. Mayes testified that he held and read the contract in his own hands and estimated
2 it to be 20 to 30 pages long. (Tr. 203:20-25; Tr. 228:20-22)

3 61. Mr. Mayes recalled seeing Respondent Beall's signature and that of "a gentlemen by
4 the name of Dodd," but he was unable to get a copy of the document because Mr. Beall did not want
5 to release it. (Tr. 264:1-16)

6 62. Mr. Mayes testified that when he viewed the document which he believed to be the
7 contract between Hard Rock Cafe and Respondent Weldon, he believed the sales price to be
8 \$51,000,000. (Tr. 287:1-2)

9 63. However, Mr. Mayes was unable to recall specifically how many pages were in the
10 document and when money was to be paid out and could not recall the date of the document. (Tr.
11 288:5-19)

12 64. Mr. Mayes repeated his assertion that Respondent Beall would not give him a copy of
13 the Hard Rock Cafe contract testifying that Mr. Beall stated that the contract was his "personal
14 business" and "nobody's business but his." (Tr. 304:18-23)

15 65. At that time, Mr. Mayes stated that he believed that Respondent Beall had sold the
16 patent and "had a cashable contract that was supposed to pay out within just a few months for \$51
17 million." (Tr. 264:17-21)

18 66. Mr. Mayes was told that Respondent Beall needed investors after selling his invention
19 because some delays had arisen because "the funds, that it was being held by the U.S. Government
20 because some of the funds were coming from overseas, Hard Rock casinos, that were located in
21 countries that were, you know, on our not-so-friendly list, and that that money had to be kind of
22 scrutinized by the government before he could, you know, receive the funds." (Tr. 204-205:22-8)

23 67. Mr. Mayes further testified that he had been in contact with other investors, including
24 Mr. Asche and several others who he still had a working relationship with at Courtesy Chevrolet who
25 confirmed the existence of the contract. (Tr. 205:9-17)

26 68. According to Mr. Mayes, he thought his invested funds would be used for attorneys'
27 fees and trips to Las Vegas and some living expenses. (Tr. 206:2-10)

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1 69. Mr. Mayes testified that he was “expecting a return of ultimately \$1 million.” (Tr.
2 206:9-12)

3 70. Based on the record, Mr. Mayes made two investments with Respondents, an initial
4 one for \$20,000 and a second one for \$10,000 for a total of \$30,000 and he was expecting a total
5 return of \$1,000,000. (Tr. 206-207:11-21) (Ex. S-10)⁷

6 71. Testifying further, Mr. Mayes stated that he spoke with three other investors, Mike
7 Bleyhl, Bobby Brown, and Bruce Asche, and according to Mr. Mayes, they had all seen an agreement
8 with the Hard Rock Casino or Cafe and were excited about it. (Tr. 210:16-24)

9 72. Mr. Mayes testified that his initial investment contract with Respondents was back-
10 dated to January 17, 2008, but he actually invested in July, 2009. His first investment was for
11 \$20,000 which initially was to return to him \$34,000, and ultimately a total payment of up to
12 \$150,000. (Tr. 213-214:21-11)

13 73. Mr. Mayes further testified that after Mr. Beall sought him out for an additional
14 investment, he invested an additional \$10,000 in November 2009, for a total of \$30,000. Under the
15 terms of his second agreement, which superseded the first agreement, Mr. Mayes was to receive one
16 million dollars on his total investment of \$30,000. (Tr. 215-216:22-7)

17 74. Mr. Mayes stated further that he invested the additional \$10,000 with Respondent
18 Beall using a check dated November 13, 2009, and that he expected a return on his investment
19 “around December 15, 2009.” (Tr. 217:8-15) (Tr. 221-222:24-3)

20 75. Mr. Mayes testified further that as with his first investment agreement, the second
21 agreement was back-dated to January 17, 2008, purportedly to reduce capital gains on his investment.
22 (Tr. 217-218:16-2)

23 76. At the time Mr. Mayes invested his additional \$10,000 with Respondent Beall, he had
24 not received any money at all on his initial investment. (Tr. 218:13-15)

25 77. Mr. Mayes testified that Respondent Beall gave a number of “explanations and
26 excuses” for why the payout on the investment had not occurred. (Tr. 219:6-9)

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28 ⁷ Mr. Mayes had expected a return of \$150,000 on his initial \$20,000 investment, but after his second \$10,000 investment with Respondents, Mr. Mayes was promised a total of \$1,000,000 on both investments.

1 78. According to Mr. Mayes, Respondent Beall was encountering difficulties with the
2 Hard Rock Casinos, and one was “backing out” and he possibly would have to renegotiate the
3 contract “because its value potentially had dropped.” (Tr. 219:12-24)

4 79. Mr. Mayes stated that Respondent Beall showed him a document from the Internal
5 Revenue Service that Mr. Beall said explained why the funds were being held up--because “the funds
6 were being looked at by the government.” (Tr. 222:10-20)

7 80. Mr. Mayes testified further that he believed that the Internal Revenue Service
8 document consisted of one page with “the IRS seal at the top.” (Tr. 223:1-5)

9 81. By early 2010, Mr. Mayes had become suspicious of his dealings with Respondent
10 Beall concerning the Hard Rock Casino contract because he had learned that the company would not
11 verify the existence of the contract, based on Lisa Eagle’s investigation. (Tr. 223-224:15-10)

12 82. Mr. Mayes stated that he contacted Respondent Beall and was told that “Lisa was kind
13 of wacky” and “had something out against him or whatever.” (Tr. 224:18-21)

14 83. Mr. Mayes stated that he attempted to contract the Hard Rock Cafe, but he did not
15 receive a response and he did not pursue the matter further. (Tr. 225:3-13)

16 84. Mr. Mayes admitted that his contract with the Respondents did not contain a payment
17 due date in writing. (Tr. 244:12-25)

18 85. Mr. Mayes further stated that he has not received any return on his investment and
19 none of his funds have been returned. (Tr. 226:8-13)

20 86. According to Mr. Mayes, the only reason that he invested with the Respondents was
21 because he was sure there was a contract to sell the patent for the displayable money vault. (Tr.
22 250:3-6)

23 87. Referring to Exhibit R-10, a patent for the “displayable money vault” from the United
24 States Patent Office dated March 31, 2009, Mr. Mayes testified that he invested after the patent had
25 been issued. (Tr. 277:5-13)

26 88. According to the document from the United States Patent Office which granted
27 Respondent Beall a patent, the filing of the application for the patent occurred on July 19, 2007. (Tr.
28 279:18-20)

1 89. Investigator Brokaw testified that he had been assigned to investigate the Respondents
2 in this proceeding and to interview witnesses or investors and to examine records. (Tr. 309:16-25)

3 90. Mr. Brokaw testified that he attempted to speak with investor Bruce Asche on several
4 occasions, but he was unable to do so, testifying that the Division had a copy Mr. Asche's investment
5 contract which had been provided by Respondent Beall's attorney. The investment contract reflects
6 an investment of \$30,000 and is signed by Respondent Beall as the manager of Respondent Weldon
7 and by Mr. Asche. (Tr. 311-312:3-2)

8 91. Mr. Brokaw identified an investment contract between Robert L. Brown and
9 Respondent Weldon for \$22,000, but Mr. Brokaw was unable to obtain a telephone number for Mr.
10 Brown. (Tr. 312:3-13) (Ex. S-4)

11 92. Mr. Brokaw testified further that Mr. Brown's investment contract had been provided
12 by Respondent Beall's attorney. (Tr. 312:17-19)

13 93. Mr. Brokaw further testified concerning Exhibit S-5, which was an investment
14 contract between John Wayne Winfrey, Jr. and Respondent Weldon, and the contract indicates an
15 investment amount of \$15,000. Mr. Brokaw testified that this agreement had also been provided by
16 Respondent Beall's attorney. (Tr. 312-313:20-5)

17 94. Investigator Brokaw further testified that he had received copies of other agreements
18 during the course of his investigation either from Respondent Beall or from investors. (Tr. 313:6-15)

19 95. Mr. Brokaw identified several other investment contracts with varying investment
20 amounts indicated on them which had been signed by Respondent Beall and the respective investors.

21 96. Mr. Brokaw testified that he had spoken with an investor named Kenneth Hood who
22 had invested \$1,000 with Respondents and who told Mr. Brokaw that he had seen the patent diagram
23 in a magazine article that was written about Respondent Beall and his invention. Mr. Hood stated to
24 Mr. Brokaw that he had seen "a document from the Hard Rock Cafe indicating that the invention had
25 been sold for \$51,000,000." (Tr. 328:3-11)

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1 97. Mr. Brokaw prepared an investor list based on interviews with investors which reflects
2 either the actual date that they invested (based on a check or a receipt slip signed by Mr. Beall) or the
3 date which appears on the investor agreements.⁸ (Tr. 335:1-8)

4 98. Mr. Brokaw testified that during the course of his investigation of the Respondents, he
5 subpoenaed Weldon's bank records from Wells Fargo Bank. (Tr. 338:1-13)

6 99. According to the bank's records, Respondent Beall was the signor on all Weldon bank
7 accounts. (Tr. 339:10-13)

8 100. According to Mr. Brokaw, Respondents paid approximately \$15,336 to the law firm
9 which assisted Respondent Beall with his patent application. (Tr. 341:1-8)

10 101. Mr. Brokaw further testified that he spoke with the attorney for the Hard Rock Cafe
11 and Casino, Mr. Jay Wolszczak, who told him that there was no agreement between the Hard Rock
12 Cafe and Casino and Respondent Beall. (Tr. 342:7-20)

13 102. According to Commission records, Respondents are not registered with the
14 Commission as either a securities salesman or dealer and the investment contracts or notes which
15 were sold were not registered as securities. (Ex. S-1A and 1B)

16 103. The terms of the investment agreement between Respondent Weldon and investor
17 Bruce Asche promised that, in return for a \$30,000 investment, Weldon agreed to pay Mr. Asche
18 \$34,000 initially upon the sale or license of Weldon's intellectual property and further promised the
19 investor a return of up to a total of \$2 million. (Ex. S-3)

20 104. Other investment contracts contained similar returns on investment language with
21 respect to the other investors in the offering by Weldon.

22 105. Mr. Brokaw further testified that the Division did not have any information with
23 respect to out-of-pocket costs which were paid by Respondent Beall for marketing his device, such as
24 for trips to Las Vegas and related expenses.

25 106. Mr. Brokaw stated that when he spoke with Mr. Wolszczak that he "specifically told
26 me no one in the organization had ever spoken to Mr. Beall." (Tr. 372:10-14)

27 _____
28 ⁸ According to the computation by the Division's investigator, the investors invested a total of \$246,000 in Weldon with Respondent Beall.

1 107. Testifying further, Mr. Brokaw stated that he was told “that absolutely under no
2 circumstances has Mr. Dodd signed any agreement for Mr. Beall, that his signature would not appear
3 legally on anything that he had.” (Tr. 374:19-23)

4 108. Mr. Brokaw stated that the majority of the investors in the Respondents’ offering were
5 reluctant to discuss their investments with him. (Tr. 380:14-16)

6 109. Mr. Brokaw further testified that certain checks from Respondent Weldon’s Wells
7 Fargo account were written to Respondent Beall’s girlfriend, Linda McNelis, who was not a member
8 of Weldon and was not a signor on Weldon’s checking account. (Tr. 383-385: 21-3)

9 110. According to Mr. Brokaw, \$5,000 in the form of a cashier’s check from an investor,
10 Mr. Mayes, was deposited on July 28, 2009, in Respondent Weldon’s bank account. The day’s
11 preceding balance had ended with \$18.94, and on the next day there were the following draws on the
12 account: a check card purchase at Cave Creek Golf Cafe, twice; a cash withdrawal of \$300; a check
13 card purchase at Van’s Golf Shop for \$181.88; K-Mart for \$73.17; another purchase at Cave Creek
14 Golf Course for \$43.42; at QuickTrip for \$28.72; and at Cypress Golf Solutions for \$3.98. (Tr. 385-
15 386:11-16)

16 111. Mr. Kenneth Graham, a local realtor, testified about meeting Respondent Beall in
17 either 2005 or 2006 at a local restaurant. (Tr. 399-400)

18 112. When Mr. Graham first met Respondent Beall, Mr. Beall was working at Courtesy
19 Chevrolet and Mr. Beall began describing the money vault to him. (Tr. 401:2-9)

20 113. Mr. Graham testified that he learned about Respondent Weldon when he was
21 discussing an investment in Mr. Beall’s invention of the money vault. (Tr. 403:12-16)

22 114. Mr. Graham testified that he learned from Mr. Beall that casinos were required to
23 maintain cash on hand to equal the amount of gambling done in a day on the premises. Respondent
24 Beall’s idea was to build a vault in an area of the casino where people could walk around and through
25 the money that would be circulating in tubes and they could be photographed while walking between
26 the tubes with the money in them. (Tr. 405:11-25)

27 115. Mr. Graham stated that Mr. Beall did not say that he had a prototype of the money
28 vault. (Tr. 406:10-15)

1 116. Mr. Graham stated that Respondent Beall first brought up the fact that he was looking
2 for investors for the vault, but Mr. Beall did not state a specific amount that he was looking for,
3 perhaps \$5,000 to \$6,000. (Tr. 403-404:21-3)

4 117. Mr. Graham stated that Respondent Beall told him that he was talking about selling his
5 idea to a major casino operator, and he recalled Hard Rock being one of them and there were some
6 “middle eastern people” also involved. (Tr. 411:3-17)

7 118. Mr. Graham further stated that he never saw a written contract agreement with Hard
8 Rock Cafe. (Tr. 412:19-22)

9 119. Mr. Graham testified that he understood that there was risk involved in an investment
10 with Respondent Weldon, but he felt confident that Mr. Beall would get a patent for the money vault.
11 (Tr. 417:1-14)

12 120. Mr. Graham testified that he understood that if Weldon did not sell or license the
13 patent for the money vault, that “it was an investment deal, and I would lose my investment.” (Tr.
14 422:18-21)

15 121. Mr. Graham further testified that he had no control over how funds that he invested
16 would be used by Respondents. (Tr. 436:4-6)

17 122. Mr. Graham stated that Respondent Beall did not inquire as to his annual income, his
18 net worth or his ability to withstand a loss of his investment. (Tr. 437:1-11)

19 123. Mr. Graham subsequently testified that he learned that investment funds would be
20 used to obtain a patent for Respondent Beall’s invention. (Tr. 404:5-11)

21 124. Mr. Graham stated that he also knew that some of the invested funds would go to
22 provide for Respondent Beall’s living expenses such as food, shelter, and clothing. (Tr. 409:11-22)

23 125. According to the terms of the investment agreement between Respondent Weldon and
24 Mr. Graham and his wife, the Grahams invested \$25,000 in Respondent Weldon.⁹ (Ex. R-3)

25 ...

26 ...

27 _____
28 ⁹ The agreement provides that upon the sale or license of the intellectual property, the Grahams were to receive \$35,000 initially, and up to \$1 million including the initial \$35,000 payment.

1 126. According to Mr. Graham, although the agreement with Respondent Weldon indicates
2 on its face an investment of \$25,000, he stated that he recalled actually investing only approximately
3 \$9,500. (Tr. 432:12-24)

4 127. Mr. Robert Brown, a used car director with Chapman Ford, testified that he has known
5 Respondent Beall for approximately 8 years. (Tr. 448:14-19)

6 128. Mr. Brown testified that he recalled Respondent Beall talking about a money vault
7 around 2005. (Tr. 451:1-6)

8 129. Mr. Brown further testified that prior to investing he was not provided with any
9 documents relative to the financial condition of Respondent Weldon, Mr. Beall, or any written
10 documents related to the risk involved in the investment. (Tr. 482:1-11)

11 130. Mr. Brown believed that his invested funds would be used to “help secure the patent,
12 to pay for some attorney fees and different fees that he (Beall) needed to secure a patent, make sure
13 it’s done right, for him to live.” (Tr. 479:8-14)

14 131. According to the terms of the investment contract between Mr. Brown and Respondent
15 Weldon, Mr. Brown invested \$22,000 with Respondent Weldon in the form of a loan in return for the
16 payment of \$2,500,000 by Respondent Weldon upon the sale or license of the intellectual property.
17 (Tr. 455-456:10-3) (Ex. R-2)

18 132. Mr. Brown further testified that if the patent was not sold he knew that he would
19 receive no money. (Tr. 456:4-8)

20 133. Mr. Brown stated that he was with Respondent Beall on a number of occasions in Las
21 Vegas at different casinos where Mr. Beall spoke about the sale of the patent. (Tr. 459:1-22)

22 134. Mr. Brown further stated that he never saw a contract in writing for a money vault.
23 (Tr. 463:22-24)

24 135. According to Mr. Brown, he had heard that the Seminole Indians and the Hard Rock
25 Cafe in Florida had a “huge interest” in the patent for the money vault. (Tr. 471:13-23)

26 136. Mr. Brown stated that to his knowledge there has never been a signed agreement for
27 the licensing or sale of Respondent Beall’s intellectual property, the displayable money vault. (Tr.
28 487:9-13)

1 137. An associate of Respondent Beall's, John Winfrey, Jr., testified that he met Mr. Beall
2 at Courtesy Chevrolet where they were both sales representatives. (Tr. 493:8-18)

3 138. Mr. Winfrey stated that at some time in 2006 or the beginning of 2007 he learned
4 about Respondent Beall's plans to seek a patent for a money vault, and stated that it was in 2007 that
5 he invested with Mr. Beall. (Tr. 494:3-9)

6 139. According to Mr. Winfrey, he asked Respondent Beall about becoming an investor.
7 (Tr. 496:2-4)

8 140. Mr. Winfrey stated that he invested with Respondents because he thought it was a
9 good idea (the displayable money vault), and "if it did pick up, we would make good money." (Tr.
10 503:1-3)

11 141. Mr. Winfrey knew that if Respondents were not successful in the development of the
12 displayable money vault, he would be paid nothing instead of the money promised in his agreement.¹⁰
13 (Tr. 503:13-15)

14 142. Further testifying, Mr. Winfrey stated that he had not seen the "patent pending
15 application" at the time of the investment. (Tr. 506-507:21-8)

16 143. Mr. Winfrey testified that he understood that the money which he invested with
17 Respondents would be used to support Mr. Beall while he was marketing the money vault. (Tr. 509-
18 510:24-9)

19 144. Robbyn Murdick, another investor, testified that she has been a neighbor of
20 Respondent Beall's since approximately 2004 and has been an emergency medical technician for the
21 past 21 years. (Tr. 744:1-21)

22 145. Ms. Murdick stated that she became an investor in Respondent Weldon before
23 Respondent Beall received his patent. (Tr. 747:3-17)

24 146. Further testifying, Ms. Murdick testified that she had asked Respondent Beall to invest
25 in his venture. (Tr. 769:21-23)

26 ...

27 _____
28 ¹⁰ Mr. Winfrey's investment agreement for \$15,000 with Respondents promised him a return of up to \$2,500,000. (Ex. S-5)

1 147. Ms. Murdick testified that she signed her investment agreement with Respondent
2 Weldon on November 6, 2007, investing \$10,000. (Tr. 748:3-16) (Ex. S-8)

3 148. According to Ms. Murdick, she told Respondent Beall that she would like to invest
4 \$10,000, Mr. Beall proposed the return on her investment to be a total of \$2 million which Ms.
5 Murdick thought was a high return, but “he would get quite a bit, quite a bit back for selling of this
6 wonderful idea.” (Tr. 770:12-23)

7 149. Ms. Murdick testified that she was absolutely convinced that Respondent Beall’s idea
8 was a good one for the displayable money vault. (Tr. 749:9-23)

9 150. When Ms. Murdick invested with Respondents in November 2007, she knew that
10 Respondent Beall was not working except for his work on the development of the displayable money
11 vault, and that he would be using some of her funds to help support himself. (Tr. 750-752:9-7)

12 151. Before Ms. Murdick invested, Respondent Beall did not question her about her net
13 worth, her annual income or her investment experience. (Tr. 764-765:22-5)

14 152. Ms. Murdick understood that in order for her to receive a return on her \$10,000
15 investment, the patent would have to be sold for her to receive a “hefty payback.” (Tr. 753:12-24)

16 153. The terms of Ms. Murdick’s agreement with the Respondents provided that in return
17 for her investment of \$10,000, she would receive up to \$2 million in return if Respondents were
18 successful in selling or licensing the patent. (Ex. S-8)

19 154. Ms. Murdick testified that she understood that there was no date certain for the
20 repayment of her investment, and that she understood that she could lose her entire investment. (Tr.
21 756:9-11; Tr. 722:6-9)

22 155. It was clear from Ms. Murdick’s testimony that she understood if the patent was not
23 sold, she would not receive a return on her investment. (Tr. 754:3-6)

24 156. Ms. Murdick further testified that she was unaware of any misrepresentation by
25 Respondent Beall in the contract involving her investment. (Tr. 758:10-12)

26 157. Testifying further, Ms. Murdick stated that she had absolutely no involvement of
27 Respondent Weldon’s business affairs and that she had no interest in having any kind of control or
28 management duties in Respondent Weldon. (Tr. 764:3-18; Tr. 775:12-17)

1 158. Based on Ms. Murdick's testimony, she did not understand the difference between
2 Respondent Weldon and Respondent Beall in her investment agreement. (Tr. 766-767:10-18)

3 159. Ms. Murdick testified further that she understood that it could be some time until she
4 received any return on her \$10,000. (Tr. 772:2-5)

5 160. Ms. Murdick stated that she had not heard that the Hard Rock Cafe or any other casino
6 had any interest in Respondent Beall's invention. (Tr. 774:1-10)

7 161. Respondent Beall testified that he was currently self-employed by Respondent Weldon
8 and that he was developing a patent for the money vault that he wished to sell. (Tr. 532:2-8)

9 162. Respondent Beall further testified that his business has had no earnings. (Tr. 532:9-
10 12)

11 163. Respondent Beall stated that his last employer had been Courtesy Chevrolet in 2006
12 and 2007. (Tr. 532:18-24)

13 164. Respondent Beall testified that he had formed Respondent Weldon in 2006 and was its
14 sole member and manager. (Tr. 534-535:20-2)

15 165. Respondent Beall stated that he utilized personal funds and investor monies to retain a
16 law firm, Weiss & Moy, to form Respondent Weldon through which he planned to market and
17 promote the patent for the money vault. (Tr. 535:3-22)

18 166. According to the terms of a United States Patent, on July 19, 2007, Respondent Beall
19 filed an application as the inventor of a money display vault and the device was patented on March
20 31, 2009. (Ex. R-10)

21 167. According to the terms of a patent assignment, Respondent Beall maintained that he
22 assigned his patent to Weldon some time in 2009. (Ex. R-11)

23 168. Respondent Beall explained that because casinos are required to have physical money
24 to match the value represented by their chips, the money vault can display the money and act as a
25 drawing card for customers and provide full faith and credit for the chips. (Tr. 538:12-25)

26 169. According to Respondent Beall, to promote the money vault, he contacted business
27 people involved in casinos, such as representatives from Harrah's in Las Vegas. (Tr. 541:1-21)

28 ...

1 170. Respondent Beall further testified that he has also met with representatives of the Star
2 Dust Casino and the Mirage Casino. (Tr. 542:1-15)

3 171. During the proceeding, Mr. Beall described the device which is protected by the
4 United States Patent in great detail, calling attention to the diagrams attached to the patent. (Ex. R-
5 10)

6 172. According to Respondent Beall, he only has estimates of what it would cost to build a
7 money vault, because of the expense relating to the utilization of bullet proof glass in his device. (Tr.
8 559-560:19-24)

9 173. Respondent Beall stated that he is continuing to try to find a buyer for the patent of the
10 displayable money vault. (Tr. 562:19-21)

11 174. Respondent Beall testified that his patent was issued on March 31, 2009, and either
12 days before or several days later, he received a call identified on his cell phone as the Seminole Hard
13 Rock Hotel and Casino and the caller inquired if he was the inventor who held the patent on the
14 displayable money vault. (Tr. 565:1-8)

15 175. Although Respondent Beall could not remember the individual's name, he never
16 found anyone "who said he spoke of high title." (Tr. 565:19-25)

17 176. Respondent Beall testified further that the individual who called him told him that he
18 had gotten Mr. Beall's "cell phone number from somebody in Las Vegas." (Tr. 566:13-19)

19 177. Respondent Beall stated that he had four telephone conversations with this individual
20 who called his cell phone and subsequently determined, that in his opinion, the device that he
21 developed was worth \$38,000,000 based on what he believed was the marketing value for it with
22 casinos, but no one associated with a casino ever told him that that was what the device was worth.
23 (Tr. 572:5-17)

24 178. According to Mr. Beall, the investors were aware that he was not working while he
25 was in the process of developing and getting a patent for the displayable money vault. (Tr. 578-
26 579:20-4)

27 ...

28 ...

1 179. Testifying further, Respondent Beall acknowledged that he had used investor funds for
2 expenses such as food, shelter, and clothing along with other personal expenses, besides the
3 marketing of the patent for his device. (Tr. 580-581:1-3)

4 180. Respondent Beall stated that he supported himself from investors' funds from
5 approximately February 2007 to October 2009. (Tr. 582:3-6)

6 181. Respondent Beall stated that he never guaranteed any investor that they would get
7 their money back or earn a return by a certain date. (Tr. 593:19-23)

8 182. According to Respondent Beall, he never met face-to-face with anybody from a casino
9 regarding a written document, but had reduced "jibberish" that he had in the form of hand written
10 notes to some typed up notes. These were related to his four conversations with the man who
11 purportedly contacted him about the Hard Rock Casino. (Tr. 595-596:4-14)

12 183. Respondent Beall stated that he did not have any investors, prior to investing, fill out
13 any paperwork with respect to their financial condition, their net worth, their annual income or their
14 investment experience. (Tr. 626:1-12)

15 184. Respondent Beall stated that none of the investors in Respondent Weldon had any
16 control over the company, and they were not members of the limited liability company. (Tr. 629:4-
17 10)

18 185. Respondent Beall further testified that none of the investors had any control over
19 Weldon's bank account and they were not signatories on any accounts. (Tr. 629:11-17)

20 186. According to the United States Patent, the patent on the displayable money vault was
21 issued to Weldon L. Beall and not Respondent Weldon. (Tr. 641:12-14) (Ex. R-10)

22 187. As of the date of Mr. Beall's patent application, July 21, 2006, Respondent Weldon
23 had not yet been formed. (Tr. 640:4-13) (Ex. S-2, Ex. R-10)

24 188. According to Respondent Beall, soon after he received the patent number from the
25 United States Patent Office on March 31, 2009, he immediately contacted his patent attorneys, Weiss
26 & Moy, and transferred the patent to Respondent Weldon. (Tr. 651:6-9)

27 189. Although it is clear that some of Respondent Beall's investors such as Mr. Mayes and
28 Mr. McCullough invested after March 31, 2009, when Mr. Beall was awarded a patent for his device,

1 he did not have a reason why the wording in the investment agreements had not been changed to
2 reflect the fact that a patent had already been awarded.

3 190. The initial amounts purported to be repaid to investors in the investment agreements
4 utilized by Respondent Weldon and Respondent Beall totaled in excess of 100 percent of the monies
5 invested.

6 191. Testifying further, Respondent Beall recalled meeting with Mr. Mayes in 2009 at a
7 restaurant and that he had his four pages of typed notes with him about contacts from people about
8 his patent. (Tr. 673-674:20-10)

9 192. Respondent Beall testified that there was neither any handwriting nor any signatures
10 on his notes. (Tr. 674:11-21)

11 193. Respondent Beall denied telling Mr. Mayes that he would be able to sell his patent for
12 the displayable money vault by any certain date. (Tr. 676:2-7)

13 194. Respondent Beall denied that he had told Mr. Mayes that there was no risk involved in
14 his investment, stating "that there is risk because there's the possibility that no casino will want it,
15 and there's a possibility it won't sell." (Tr. 677:3-8)

16 195. Respondent Beall stated that although Mr. Mayes' investment contract was dated
17 January 17, 2008, the \$20,000 referred to in the agreement was invested in the form of two cashier's
18 checks dated July 28, 2009 for \$5,000 and July 31, 2009 for \$15,000. Respondent Beall testified that
19 it was Mr. Mayes' idea to back date the contract, based upon the date of his initial conversation with
20 Respondent Beall about an investment in his invention. (Tr. 678-679:14-11)

21 196. Respondent Beall stated further that he did not have a "clue" about whether a contract
22 made a year before an investment would have any tax benefits. (Tr. 679:16-20)

23 197. Respondent Beall testified that Bruce Asche had been one of his first investors. Mr.
24 Asche invested in Respondent Weldon on February 14, 2007. (Tr. 679-680:22-11)

25 198. Respondent Beall testified that he did not know how the individual associated with the
26 Hard Rock Cafe got his name and phone number to call him about the money vault except that the
27 name Weldon appeared on a "rendering of the vault" along with Mr. Beall's cell phone number that
28 he used at the time when he was making presentations in Las Vegas. (Tr. 682:7-16)

1 199. Respondent Beall stated that Mr. McCullough first invested approximately \$500 in
2 2007, but at the time did not want a contract. (Tr. 683-684:21-9)

3 200. Respondent Beall stated that Mr. McCullough invested more money after he received
4 his patent in 2009. (Tr. 684:10-22)

5 201. Respondent Beall stated that the only written materials Mr. McCullough saw were
6 from his typewritten notes that he prepared about his telephone conversations. (Tr. 685:1-6)

7 202. Respondent Beall testified that he met Kenny Hood, another investor, through Mr.
8 McCullough after he had received his patent on the device. (Tr. 685:7-14)

9 203. Respondent Beall stated that he was at the Wineburger, a local bar, with Ms. Eagle
10 and Mr. Asche when he described an "unsolicited call" about selling his patent and showed her his
11 four typewritten pages of notes. (Tr. 688:3-19)

12 204. Respondent Beall stated that in April or May of 2009, he signed an assignment of the
13 United States Patent for his invention to Respondent Weldon, but could not remember if he had
14 returned the document to his patent attorneys, Weiss & Moy. (Tr. 693:12-23) (Ex. R-11)

15 205. Respondent Beall stated that it was his intention to sign another assignment of the
16 patent as of September 15, 2011, and file it with the United States Patent Office in the event an
17 assignment had not been made earlier. (Tr. 694:6-20)

18 206. Respondent Beall testified that based on the record, he alone held the patent for the
19 displayable money vault prior to April or May of 2009. (Tr. 696:8-11)

20 207. The Division and the Respondents stipulated that all of the investment contracts
21 contained language that Respondent Weldon was the owner of the "U.S. Patent Application entitled
22 'Displayable Money Vault for a Casino.'" (Tr. 697-698:19-2)

23 208. Based on the evidence, it was established that the patent for the displayable money
24 vault was not transferred to Respondent Weldon until April or May 2009 at the earliest. (Tr. 698:5-
25 12)

26 209. We find that Respondent Beall misrepresented to investors that he had a signed
27 contract with Hard Rock Casinos.

28 ...

1 IT IS FURTHER ORDERED that pursuant to the authority granted to the Commission under
2 A.R.S. § 44-2032, Respondents Weldon Beall and Weldon LLC jointly and severally shall make an
3 offer of rescission with respect to Weldon LLC investment contracts or notes, which offer of
4 rescission shall be made pursuant to A.A.C. R-14-4-308 subject to any legal set-offs by the
5 Respondents and confirmed by the Director of Securities, with said offer of rescission to be made
6 within 60 days of the effective date of this Decision.

7 IT IS FURTHER ORDERED the offer of rescission ordered hereinabove shall bear interest at
8 the rate of the lesser of ten percent per annum or at a rate per annum that is equal to one percent plus
9 the prime rate as published by the Board of Governors of the Federal Reserve System in Statistical
10 Release H.15 or any publication that may supercede it on the date that the judgment is entered.

11 IT IS FURTHER ORDERED that all rescission payments as ordered hereinabove shall be
12 deposited into an interest bearing account(s), if appropriate, until distributions are made.

13 IT IS FURTHER ORDERED that the Commission shall disburse the funds on a *pro-rata*
14 basis to the investors shown on the records of the Commission. Any rescission funds that the
15 Commission cannot disburse because an investor refuses to accept such payment, or any rescission
16 funds that cannot be disbursed to an investor because the investor is deceased and the Commission
17 cannot reasonably identify and locate the deceased investor's spouse or natural children surviving at
18 the time of distribution, shall be disbursed on a *pro-rata* basis to the remaining investors shown on
19 the records of the Commission. Any funds that the Commission determines it is unable to or cannot
20 feasibly disburse shall be transferred to the general fund of the State of Arizona.

21 IT IS FURTHER ORDERED that if Respondents Weldon Beall and Weldon LLC fail to
22 comply with this Order, the amount of \$246,000, less any legal offsets pursuant to A.A.C. R-14-4-
23 308(C), shall be in default and shall be immediately due and payable without notice or demand. The
24 acceptance of any partial or late payment by the Commission is not a waiver of default by the
25 Commission.

26 IT IS FURTHER ORDERED that default shall render Respondents Weldon Beall and
27 Weldon LLC liable to the Commission for its costs of collection in the interest at the maximum legal
28 rate.

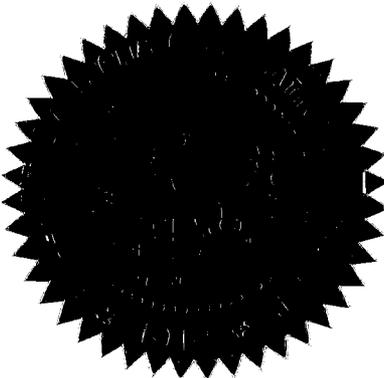
1 IT IS FURTHER ORDERED that if Respondents Weldon Beall and Weldon LLC fail to
2 comply with this Order, the Commission may bring further legal proceedings against the
3 Respondent(s) including application to the Superior Court for an order of contempt.

4 IT IS FURTHER ORDERED that pursuant to A.R.S. § 44-1974, upon application the
5 Commission may grant rehearing of this Order. The application must be received by the Commission
6 at its offices within twenty (20) calendar days after entry of this Order and, unless otherwise ordered,
7 filing an application for rehearing does not stay this Order. If the Commission does not grant a
8 rehearing within twenty (20) calendar days after the filing of the application, the application is
9 considered to be denied. No additional notice will be given of such denial.

10 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

11 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

		
CHAIRMAN		COMMISSIONER
		
COMMISSIONER	COMMISSIONER	COMMISSIONER



18 IN WITNESS WHEREOF, I, JODI JERICH, Executive
19 Director of the Arizona Corporation Commission, have
20 hereunto set my hand and caused the official seal of the
21 Commission to be affixed at the Capitol, in the City of Phoenix,
22 this 25th day of October 2013.

23 
24 JODI JERICH
25 EXECUTIVE DIRECTOR

26 DISSENT _____

27 DISSENT _____
28 MS:tv

1 SERVICE LIST FOR:

WELDON BEALL and WELDON LLC

2 DOCKET NO.:

S-20792A-11-0114

3

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