COMMISSIONERS
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OPEN MEETING ITEM

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ARIZONA CORPORATION COMMISSION

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2013 OCT -1 P 2: 26

AZ CORP COMMISSION
DOCKET CONTROL

ORIGINAL

DATE: OCTOBER 1, 2013

DOCKET NO.: S-20792A-11-0114

TO ALL PARTIES:

Enclosed please find the recommendation of Administrative Law Judge Marc A. Stern. The recommendation has been filed in the form of an Opinion and Order on:

WELDON BEALL
WELDON LLC
(NOTICE OF OPPORTUNITY)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and thirteen (13) copies of the exceptions with the Commission's Docket Control at the address listed below by **4:00** p.m. on or before:

OCTOBER 10, 2013

The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Open Meeting to be held on:

OCTOBER 16 AND 17, 2013

For more information, you may contact Docket Control at (602) 542-3477 or the Hearing Division at (602) 542-4250. For information about the Open Meeting, contact the Executive Director's Office at (602) 542-3931.

Arizona Corporation Commission
DOCKETED
OCT 01 2013
DOCKETED BY

JODI JERICH
EXECUTIVE DIRECTOR

This document is available in alternative formats by contacting Shaylin Bernal, ADA Coordinator, voice phone number 602-542-3931, E-mail SABernal@azcc.gov.

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

IN THE MATTER OF: WELDON BEALL, an unmarried man WELDON LLC, an Arizona limited liability company RESPONDENTS.	DOCKET NO. S-20792A-11-0114 DECISION NO. _____ **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.

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

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

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

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

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

* * * * * * * * * *

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

FINDINGS OF FACT

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

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

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

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

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

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

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

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

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

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

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[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 in the proceeding.

[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)

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

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

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

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

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

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

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[3] According to Mr. McCullough, the agreement between himself and the Respondents was actually "written up" in 2008 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)

17. Mr. McCullough stated that he did not give Mr. Beall his $20,000 in a lump sum, but provided him with smaller payments in the form of installments beginning with a first payment on January 26, 2009, of $3,000.[4] (Tr. 29-30:13-12)

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

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

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

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

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

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

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[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)

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

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

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

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

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

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

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

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

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

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

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

[6] The Seminole Tribe owns the Hard Rock brand.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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[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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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. . .

[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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

. . .

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

. . .

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

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

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

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

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

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

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

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

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

. . .

. . .

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

. . .

210. We find that the agreements Respondent Beall and Respondent Weldon entered into with investors were investment contracts or notes.

211. Under the circumstances herein, after our review of the entire record of this matter, and reviewing the applicable law, we find that the Respondents, Weldon and Mr. Beall committed multiple violations of the Act by offering and selling securities in the form of an investment contracts or notes in a fraudulent manner. Some of the investors found no fault with the Respondents' actions, but the omissions or misstatement of material facts herein would be significant to a reasonable buyer or a reasonable investor. Whether a particular buyer placed no import in the statements by those in violation of the Act, is not the relevant inquiry. Based on the record, an offer of recission, together with an administrative penalty should be ordered hereinafter.

CONCLUSIONS OF LAW

1. The Commission has jurisdiction of this matter pursuant to Article XV of the Arizona Constitution and A.R.S. § 44-1801, et seq.

2. The investment offering as described herein and sold by Respondent Weldon and Respondent Weldon Beall constitute securities within the meaning of A.R.S. § 44-1801.

3. Respondents Weldon and Weldon Beall acted as a dealer and/or a salesman within the meaning of A.R.S. § 44-1801(9) and (22).

4. The actions and conduct of Respondents Weldon and Weldon Beall constitute the offer and sale of securities within the meaning of A.R.S. § 44-1801(21).

5. The Securities were neither registered or exempt from registration in violation of A.R.S. § 44-1841.

6. Respondents Weldon and Weldon Beall offered and sold unregistered securities within Arizona in violation of A.R.S. § 44-1841.

7. Respondents Weldon and Weldon Beall offered and sold securities in Arizona without being registered as a dealer and/or salesman in violation of A.R.S. § 44-1842.

8. Respondents Weldon and Weldon Beall committed fraud in the offer and sale of unregistered securities, engaging in transactions, practices, or a course of business which involved untrue statements and omissions of material facts in violation of A.R.S. § 44-1991.

9. Respondents Weldon and Weldon Beall have violated the Act and should cease and desist pursuant to A.R.S. § 44-2032 and from any future violations of A.R.S. §§ 44-1841, 44-1842, 44-1991 and all other provisions of the Act.

10. The actions and conduct of Respondents Weldon and Weldon Beall constitute multiple violations of the Act and are grounds for an order of rescission pursuant to A.A.C. R-14-4-308 and administrative penalties pursuant to A.R.S. § 44-2036.

ORDER

IT IS THEREFORE ORDERED that pursuant to the authority granted to the Commission under A.R.S. § 44-2032, Respondents Weldon Beall and Weldon LLC shall cease and desist from their actions described herein above in violation of A.R.S. §§ 44-1841, 44-1842 and 44-1991.

IT IS FURTHER ORDERED that pursuant to the authority granted to the Commission under A.R.S. § 44-2036, Respondents Weldon Beall and Weldon LLC shall pay as and for administrative penalties for the violation of A.R.S. § 44-1841 the sum of $2,000; for the violation of A.R.S. § 44-1842 the sum of $2,000; and for the violation of A.R.S. § 44-1991 the sum of $5,000. The payment obligation of these administrative penalties shall be subordinate to any rescission obligation and shall become immediately due and payable only after rescission payments have been paid in full or upon Respondents' default with respect to Respondents' recission obligations.

IT IS FURTHER ORDERED that pursuant to the authority granted to the Commission under A.R.S § 44-2036, that Respondents' Weldon Beall and Weldon LLC jointly and severally shall pay the administrative penalties ordered hereinabove in the amount of $9,000 payable by either cashier's check or money order payable to the "State of Arizona" and presented to the Arizona Corporation Commission for deposit in the general fund for the State of Arizona.

IT IS FURTHER ORDERED that if Respondents Weldon Beall and Weldon LLC fail to pay the administrative penalties ordered hereinabove, any outstanding balance plus interest at the rate of the lessor of 10% per annum or the rate per annum that is equal to one percent plus the prime rate as published by the Board of Governors of the Federal Reserve System in Statistical Release H.15 or any publication that may supersede on the date that the judgment is entered may be deemed in default and shall be immediately due and payable, without further notice.

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

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

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

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

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

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

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

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

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

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

CHAIRMAN COMMISSIONER

COMMISSIONER COMMISSIONER COMMISSIONER

IN WITNESS WHEREOF, I, JODI JERICH, Executive Director of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this _____ day of _____ 2013.

JODI JERICH
EXECUTIVE DIRECTOR

DISSENT _____

DISSENT _____
MS:tv

SERVICE LIST FOR: WELDON BEALL and WELDON LLC

DOCKET NO.: S-20792A-11-0114

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