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**I.**

**JURISDICTION**

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution and the Securities Act.

**II.**

**RESPONDENTS**

2. LIEBES is a single man who at all relevant times resided in Maricopa County, Arizona.

3. LANESBOROUGH is a member-managed Arizona limited liability company organized on October 21, 2008. LIEBES is the only member listed in LANESBOROUGH's articles of organization.

4. LIEBES and LANESBOROUGH may be referred to collectively as "Respondents."

**III.**

**FACTS**

5. In 2009, LIEBES was a registered securities salesman associated with Lawson Financial Corporation.

6. On December 23, 2009, LIEBES voluntarily terminated his employment with Lawson.

7. After his voluntary termination from Lawson, LIEBES has not been employed by a registered securities dealer. Consequently, after December 23, 2009, LIEBES's securities salesman registration was automatically suspended under A.R.S. § 44-1949. LIEBES's registration then expired on December 31, 2009 for failure to renew, pursuant to A.R.S. § 44-1947.

8. On January 23, 2013, the Division filed a Notice of Opportunity against Respondents at Commission Docket No. S-20876A-13-14 (the "Prior Notice").

9. Paragraphs 8 through 12 of the Prior Notice are incorporated into this Temporary Order. As set forth in those paragraphs, despite LIEBES's lack of registration, during the years

1 2010, 2011 and 2012, LIEBES continued to be a securities dealer by engaging full- or part-time as  
2 an agent or broker for sellers and buyers of securities for a fee.

3 10. The securities described in the Prior Notice were private shares of an Arizona  
4 corporation (the "Company").

5 11. On October 3, 2012, the Company completed a public offering of its common stock.  
6 Since then, the Company's shares have been publicly traded.

7 12. As described in more detail below, throughout 2012 and 2013, LIEBES, through  
8 LANESBOROUGH, continued to be a securities dealer either full- or part-time, in the business of  
9 offering, buying selling or otherwise dealing in securities, including securities issued by the  
10 Company.

11 **Liebes's Stock Sales to Buyer #1**

12 13. In December 2011 through June 2012, LIEBES agreed to sell shares of stock that he  
13 purportedly owned to a Maricopa County resident ("Buyer #1").

14 14. Buyer #1 and LIEBES entered into two stock purchase agreements for the purchase  
15 and sale of a Nevada corporation's stock. The first agreement was dated December 13, 2011; the  
16 second was dated December 21, 2011. Under the terms of these agreements, LIEBES agreed to sell  
17 200,000 shares in the Nevada corporation for a total purchase price of \$220,000.

18 15. On April 24 and June 5, 2013, respectively, Buyer #1 and LIEBES entered into two  
19 additional stock purchase agreements. Under these respective agreements, LIEBES agreed to sell  
20 9,000 Company shares for \$45,000 and 20,000 Company shares for \$90,000.

21 16. Pursuant to these four agreements, Buyer #1 paid LIEBES a total of \$355,000.

22 17. LIEBES did not deliver the stock as he was required to do under these four  
23 agreements.

24 18. Subsequent to LIEBES's failure to deliver the shares, Buyer #1 contacted LIEBES.  
25 LIEBES assured Buyer #1 that LIEBES would provide the shares on January 31, 2013. LIEBES  
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1 did not provide the shares on that date and subsequently ceased responding to Buyer #1's  
2 communications.

3 **Liebes's Stock Sales to Buyer #2**

4 19. During October 2012, LIEBES contacted a potential buyer who resided in Maricopa  
5 County ("Buyer #2") regarding purchasing Company stock.

6 20. Buyer #2 knew LIEBES as a person who frequently bought and sold securities as  
7 part of LIEBES's profession. Buyer #2 met LIEBES during a transaction that occurred in  
8 approximately 2006, where LIEBES was involved with a sale of Company stock. Subsequent to  
9 that transaction, LIEBES frequently contacted Buyer #2 regarding purchasing interests in start-up  
10 companies.

11 21. Much of LIEBES's correspondence with Buyer #2 came from LIEBES's  
12 LANESBOROUGH email address.

13 22. LIEBES entered four transactions with Buyer #2 in which LIEBES agreed to sell  
14 Company common stock to Buyer #2.

15 23. LIEBES represented to Buyer #2 that LIEBES owned the shares he was selling and  
16 LIEBES is named as the "Seller" in each of the four stock purchase agreements that he entered with  
17 Buyer #2.

18 24. The terms of each "Stock Purchase Agreement" that LIEBES and Buyer #2 entered  
19 into are as follows:

20 a) In the agreement dated October 29, 2012, LIEBES agreed to sell 15,000  
21 Company shares for a purchase price of \$75,000;

22 b) In the agreement dated November 8, 2012, LIEBES agreed to sell 5,000  
23 Company shares for a purchase price of \$25,000;

24 c) In the agreement dated January 23, 2013, LIEBES agreed to sell 4,500  
25 Company shares for a purchase price of \$24,750;

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1           d)     In the agreement dated February 20, 2013, LIEBES agreed to sell 20,000  
2     Company shares for a purchase price of \$130,000.

3           25.    Buyer #2 paid LIEBES the purchase price specified in each these agreements, a total  
4     of \$254,750.

5           26.    LIEBES never delivered any of the purchased shares to Buyer #2.

6           27.    For the first two transactions, LIEBES explained to Buyer #2 that LIEBES's  
7     Company shares were restricted until the fourth week of December and that LIEBES would deliver  
8     the stock to Buyer #2 around that time. The delivery never occurred.

9           28.    Buyer #2 frequently contacted LIEBES about delivery of the stock certificates.  
10    LIEBES offered several excuses and frequently proposed alternate, later dates when LIEBES  
11    would deliver stock certificates to Buyer #2.

12          29.    Although LIEBES represented that he owned the Company shares, there are no  
13    Company records showing that LIEBES owned the Company shares he agreed to sell to Buyer #2.

14          30.    In May 2013, LIEBES told Buyer #2 that LIEBES would, in fact, be obtaining the  
15    shares from a third-party partnership; LIEBES did not provide Buyer #2 with the name of this  
16    partnership.

17          31.    LIEBES never informed Buyer #2 about LIEBES's failed transactions with Buyer  
18    #1.

19          32.    LIEBES never informed Buyer #2 that the Division was investigating LIEBES or  
20    that the Division had filed the Prior Notice against LIEBES.

21    **Liebes's Sale of Stock to Buyer #3**

22          33.    During the summer of 2013, LIEBES contacted another potential buyer located in  
23    Maricopa County ("Buyer #3") regarding purchasing Company stock.

24          34.    Buyer #3 knew LIEBES as a person who frequently bought and sold securities as his  
25    profession. Buyer #3 met LIEBES during a 2009 transaction where LIEBES and  
26    LANESBOROUGH acted as a broker for an individual selling Company shares to Buyer #3. After

1 that transaction and throughout 2013, LIEBES contacted Buyer #3 several times regarding  
2 purchasing interests in start-up companies.

3 35. Much of LIEBES's correspondence with Buyer #3 came from LIEBES's  
4 LANESBOUROUGH email address.

5 36. LIEBES entered into four transactions with Buyer #3 in which LIEBES agreed to  
6 sell Company common stock to Buyer #3.

7 37. LIEBES represented to Buyer #3 that LIEBES had an option to purchase the shares.  
8 LIEBES would exercise his option, purchase the shares, and then sell them to Buyer #3. LIEBES  
9 further explained that the shares would be restricted until July 1, 2013; LIEBES would transfer the  
10 shares to Buyer #3 after this date.

11 38. LIEBES and Buyer #3 executed four documents each titled "Stock Purchase  
12 Agreement" in which LIEBES agreed to sell the Company's common stock to Buyer #3.

13 39. Each of the four agreements names LIEBES as the "Seller."

14 40. The provisions of each respective agreement are as follows:

15 a) In the agreement dated June 10, 2013, LIEBES agreed to sell 3,000  
16 Company shares for a purchase price of \$23,250;

17 b) In the agreement dated June 11, 2013, LIEBES agreed to sell 1,000  
18 Company shares for a total purchase price of \$7,250;

19 c) In the agreement dated June 18, 2013, LIEBES agreed to sell 5,000  
20 Company shares for a purchase price of \$35,000;

21 d) In the agreement dated July 11, 2013, LIEBES agreed to sell 2,050 Company  
22 shares for a purchase price of \$9,225.

23 41. Buyer paid LIEBES the purchase price specified in all four agreements, a total of  
24 \$74,975.

25 42. LIEBES failed to deliver the stock to Buyer #3 under the terms of the agreements.  
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## V.

**VIOLATION OF A.R.S. § 44-1991****(Fraud in Connection with the Offer or Sale of Securities)**

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4 51. In connection with the offer or sale of securities within or from Arizona, Respondents  
5 directly or indirectly: (i) employed a device, scheme, or artifice to defraud; (ii) made untrue statements  
6 of material fact or omitted to state material facts that were necessary in order to make the statements  
7 made not misleading in light of the circumstances under which they were made; or (iii) engaged in  
8 transactions, practices, or courses of business that operated or would operate as a fraud or deceit upon  
9 offerees and investors. Respondents' conduct includes, but is not limited to, the following:

10 a) Failing to disclose the Division's investigation and the Prior Notice to Buyer  
11 #1, Buyer #2 and Buyer #3;

12 b) Representing to Buyer #1, Buyer #2 and Buyer #3 that LIEBES owned  
13 Company shares or an option to purchase Company shares, when, in fact he did not own  
14 any such shares or options;

15 c) Failing to inform Buyer #2 and Buyer #3 that he had failed to deliver  
16 Company shares in several previous transactions involving selling Company shares;

17 d) Failing to deliver shares under the agreements with these buyers after  
18 receiving total payments of \$355,000 from Buyer #1, \$254,750 from Buyer #2, and \$74,975  
19 from Buyer #3.

20 52. This conduct violates A.R.S. § 44-1991.

21 53. LIEBES directly or indirectly controlled respondent LANESBOROUGH within the  
22 meaning of A.R.S. § 44-1999. As a result, LIEBES is jointly and severally liable with, and to the  
23 same extent as LANESBOROUGH for its violations of the anti-fraud provisions of the Securities Act  
24 set forth above.

1 VI.

2 TEMPORARY ORDER

3 Cease and Desist from Violating the Securities Act

4 THEREFORE, based on the above allegations, and because the Commission has determined  
5 that the public welfare requires immediate action,

6 IT IS ORDERED, pursuant to A.R.S. § 44-1972(C) and A.A.C. R14-4-307, that  
7 respondents, their agents, servants, employees, successors, assigns, and those persons in active  
8 concert or participation with Respondents CEASE AND DESIST from any violations of the  
9 Securities Act.

10 IT IS FURTHER ORDERED that this Temporary Order to Cease and Desist shall remain in  
11 effect for 180 days unless sooner vacated, modified, or made permanent by the Commission.

12 IT IS FURTHER ORDERED that this Order shall be effective immediately.

13 VII.

14 REQUESTED RELIEF

15 The Division requests that the Commission grant the following relief:

- 16 1. Order Respondents to permanently cease and desist from violating the Securities Act  
17 pursuant to A.R.S. § 44-2032;
- 18 2. Order Respondents to take affirmative action to correct the conditions resulting from  
19 Respondents' acts, practices, or transactions, including a requirement to make restitution pursuant to  
20 A.R.S. § 44-2032;
- 21 3. Order Respondents to pay the state of Arizona administrative penalties of up to \$5,000  
22 for each violation of the Securities Act, pursuant to A.R.S. § 44-2036; and
- 23 4. Order any other relief that the Commission deems appropriate.
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## VIII.

## HEARING OPPORTUNITY

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3 Each respondent may request a hearing pursuant to A.R.S. § 44-1972 and A.A.C.  
4 Rule 14-4-307. **If a respondent requests a hearing, the requesting respondent must also**  
5 **answer this Temporary Order and Notice.** A request for hearing must be in writing and received  
6 by the Commission within 20 days after service of this Temporary Order and Notice. The  
7 requesting respondent must deliver or mail the request for hearing to Docket Control, Arizona  
8 Corporation Commission, 1200 West Washington, Phoenix, Arizona 85007. Filing instructions may  
9 be obtained from Docket Control by calling (602)542-3477 or on the Commission's Internet web  
10 site at [www.azcc.gov/divisions/hearings/docket.asp](http://www.azcc.gov/divisions/hearings/docket.asp).

11 If a request for hearing is timely made, the Commission shall schedule a hearing to begin 10  
12 to 30 days from the receipt of the request unless otherwise provided by law, stipulated by the parties,  
13 or ordered by the Commission. **Unless otherwise ordered by the Commission, this Temporary**  
14 **Order shall remain effective from the date a hearing is requested until a decision is entered.**  
15 After a hearing, the Commission may vacate, modify, or make permanent this Temporary Order,  
16 with written findings of fact and conclusions of law. A permanent Order may include ordering  
17 restitution, assessing administrative penalties, or other action.

18 If a request for hearing is not timely made, the Division will request that the Commission  
19 make permanent this Temporary Order, with written findings of fact and conclusions of law, which  
20 may include ordering restitution, assessing administrative penalties, or other relief.

21 Persons with a disability may request a reasonable accommodation such as a sign language  
22 interpreter, as well as request this document in an alternative format, by contacting Shaylin A.  
23 Bernal, ADA Coordinator, voice phone number (602)542-3931, e-mail [sabernal@azcc.gov](mailto:sabernal@azcc.gov).  
24 Requests should be made as early as possible to allow time to arrange the accommodation.

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IX.

ANSWER REQUIREMENT

Pursuant to A.A.C. R14-4-305, if a respondent requests a hearing, the requesting respondent must deliver or mail an Answer to this Temporary Order and Notice to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007, within 30 calendar days after the date of service of this Temporary Order and Notice. Filing instructions may be obtained from Docket Control by calling (602)542-3477 or on the Commission's Internet web site at [www.azcc.gov/divisions/hearings/docket.asp](http://www.azcc.gov/divisions/hearings/docket.asp).

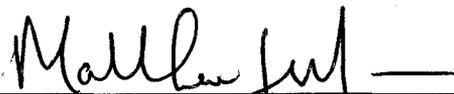
Additionally, the answering respondent must serve the Answer upon the Division. Pursuant to A.A.C. R14-4-303, service upon the Division may be made by mailing or by hand-delivering a copy of the Answer to the Division at 1300 West Washington, 3rd Floor, Phoenix, Arizona, 85007, addressed to Ryan J. Millicam.

The Answer shall contain an admission or denial of each allegation in this Temporary Order and Notice and the original signature of the answering respondent or the respondent's attorney. A statement of a lack of sufficient knowledge or information shall be considered a denial of an allegation. An allegation not denied shall be considered admitted.

When the answering respondent intends in good faith to deny only a part or a qualification of an allegation, the respondent shall specify that part or qualification of the allegation and shall admit the remainder. Respondent waives any affirmative defense not raised in the Answer.

The officer presiding over the hearing may grant relief from the requirement to file an Answer for good cause shown.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION, this 5 day of November, 2013.

  
Matthew J. Neubert  
Director of Securities