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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

Arizona Corporation Commission

DOCKETED

FEB 27 2014

DOCKETED BY	<i>NR</i>
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In the matter of:

Nathaniel J. Wilson, a single man;

Respondent.

DOCKET NO. S-20892A-13-0303

DECISION NO. 74375

**ORDER TO CEASE AND DESIST AND
ORDER FOR ADMINISTRATIVE
PENALTIES**

On September 6, 2013, the Securities Division ("Division") of the Arizona Corporation Commission ("Commission") filed a Temporary Order to Cease and Desist and Notice of Opportunity for Hearing.

On September 11, 2013, Respondent NATHANIEL J. WILSON was served. NATHANIEL J. WILSON did not file a request for a hearing or an answer to the Notice within the respective filing deadlines and has not filed a request or answer as of the date of this filing.

I.

FINDINGS OF FACT

1. On or about August 5, 2013 Respondent offered an investment in a medical marijuana growing operation in the form of an investment contract.

A. The Craigslist Ad

2. On or about August 5, 2013, Respondent posted an advertisement to the Phoenix section of the internet advertisement posting site Craigslist, at phoenix.craigslist.org (the "Craigslist Ad.").

3. The Craigslist Ad is viewable from within the state of Arizona.

1 4. The Craigslist Ad states: “Investing in marijuana is smart I am looking for
2 investors for Oregon Medical Marijuana. If you want something that is LEGAL and will
3 generate a great profit, please email me I am looking for someone REAL with money to
4 invest.” (emphasis in original)

5 **B. The Arizona Investor**

6 5. An individual residing in Arizona (the “Arizona Offeree”) replied to the Craigslist
7 Ad on August 19, 2013 and received a reply from itslegal420@yahoo.com, signed Nathaniel
8 Wilson, that same day.

9 6. In his August 19, 2013 email to the Arizona Offeree, Wilson states:

- 10 • “[T]here is potentially an unlimited amount of money to be made with current
- 11 [medical marijuana] patients and dispensaries who need quality marijuana and that
- 12 is where I come into play with the financial backing of an investor.”
- 13 • “What I want is an investor to help expand my current grow operation.”
- 14 • “I am asking for an investment of \$5,000-\$20,000”
- 15 • “With the investment I plan on getting more lights, soil, Co2 generator, fans,
- 16 timers, nutrients as well as building a flower and veg (sic) room with electrical
- 17 work being done.”
- 18 • “[I]t will take 3 months for a return of \$10,000 if you invest \$5,000”
- 19 • “If you were to invest tomorrow, you would be paid by November.”

20 **C. The Agreement**

21 7. On August 24, 2013, Wilson emailed the Arizona Offeree a document entitled
22 “Silent Partnership Agreement” dated August 24, 2013 listing the Arizona Offeree as “Investor”
23 and Nathaniel J. Wilson as “Borrower” (the “Agreement.”)

24 8. The Agreement states:

- 25 • “The investor is providing a capital investment to the borrower for the costs of
- 26 legal medical marijuana grow operation per OREGON STATE LAW 475.300.”

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- “Investor agrees to invest five thousand USD (\$5,000) for the purpose of the borrower acquiring new growing equipment such as lights, ballasts, digital timers and anything else that is called for in terms of growing medical marijuana”

9. The Agreement states that the Investor is to make a “capital contribution” and ascribes no other role or responsibilities to the investor.

10. The Agreement provides the following terms:

- “A 50% Return on Investment from \$5,000 USD equaling \$2,500 along with 8% interest added together for four (4) months totaling 40% on Initial investment equaling another \$2,000 for a total lump sum to be paid in the amount of (\$9,500), but, the borrower agreed to round up to (\$10,000 USD) to be paid by an agreed upon date in December 2013.”
- “IF the borrower exceeds expectations within this grow operation and has a value that is over \$50,000 USD, then the total profits shall be split in HALF for both the investor and the borrower. A MINIMUM of \$20,000 USD shall be returned back to the investor . . . and a MAXIMUM of \$100,000 USD.” (emphasis in original)
- “Opportunities for future investments after this contract has been fulfilled maybe (sic) available if both parties agree upon terms and conditions.”

11. The Agreement further states:

- “Investor understands that interests have not been registered either with the Securities and Exchange Commission (the ‘SEC’) or with the securities commission of any state”
- “Investor recognizes that interests are a form of speculative investment”

1 **II.**

2 **CONCLUSIONS OF LAW**

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

5 2. Respondent offered or sold securities within or from Arizona, within the meaning of
6 A.R.S. §§ 44-1801(15), 44-1801(21), and 44-1801(26).

7 3. Respondent violated A.R.S. § 44-1841 by offering or selling securities that were
8 neither registered nor exempt from registration.

9 4. Respondent violated A.R.S. § 44-1842 by offering or selling securities while neither
10 registered as a dealer or salesman nor exempt from registration.

11 5. Respondent's conduct is grounds for a cease and desist order pursuant to A.R.S.
12 § 44-2032.

13 6. Respondent's conduct is grounds for administrative penalties under A.R.S. § 44-
14 2036.

15 **III.**

16 **ORDER**

17 THEREFORE, on the basis of the Findings of Fact and Conclusions of Law, the Commission
18 finds that the following relief is appropriate, in the public interest, and necessary for the protection of
19 investors:

20 IT IS ORDERED, pursuant to A.R.S. § 44-2032, that Respondent, and any of Respondent's
21 agents, employees, successors and assigns, permanently cease and desist from violating the
22 Securities Act.

23 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036 that Respondent NATHANIEL
24 J. WILSON shall pay an administrative penalty in the amount of \$1,000. Payment is due in full on
25 the date of this Order. Payment shall be made to the "State of Arizona." Any amount outstanding
26 shall accrue interest as allowed by law.

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

BY ORDER OF THE ARIZONA CORPORATION COMMISSION

[Signature]

CHAIRMAN

[Signature]
COMMISSIONER

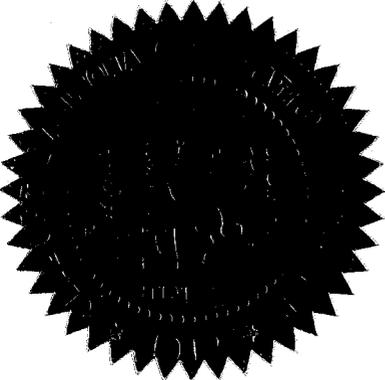
[Signature] *[Signature]*

COMMISSIONER

COMMISSIONER

[Signature]

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 27th day of February, 2014.

[Signature]
JODI JERICH
EXECUTIVE DIRECTOR

DISSENT

DISSENT

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

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

In the matter of:)
NATHANIEL J. WILSON, a single man)
Respondent.)

DOCKET NO. S-20892A-13-0303

**NOTICE OF FILING OF PROPOSED
OPEN MEETING AGENDA ITEM**

Pursuant to A.A.C. R14-4-303, you are hereby notified that the attached: Order To Cease
And Desist And Order For Administrative Penalties was filed with the Arizona Corporation
Commission's Docket Control.

Dated: 1/22/14

By: 
Steven C. Briggs, Enforcement Attorney

I hereby certify that I have this day served the foregoing document on all parties of record
in this proceeding by mailing a copy thereof, properly addressed with first class postage prepaid to:

NATHANIEL WILSON
10950 SW Canterbury Ln #2
Tigard, OR 97224
Respondent

Dated: 1/22/14

By: 
Emie R. Bridges, Executive Assistant