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**BEFORE THE ARIZONA CORPORATION**

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**COMMISSIONERS**

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

Arizona Corporation Commission

**DOCKETED**

MAY 23 2014

DOCKETED BY

In the matter of:  
WILLIAM N. NORDSTROM and LINDA NORDSTROM, husband and wife,  
NORDSTROM NORDSTROM I, INC., an Arizona Corporation,  
NORDSTROM IMPORTS, INC., an Arizona Corporation,  
Respondents.

DOCKET NO. S-20899A-13-0396

DECISION NO. 74496

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

**RE: NORDSTROM NORDSTROM I, INC. AND NORDSTROM IMPORTS, INC.**

On November 19, 2013, the Securities Division ("Division") of the Arizona Corporation Commission ("Commission") filed a Notice of Opportunity for Hearing Regarding Proposed Order to Cease and Desist, for Restitution, for Administrative Penalties, and for Other Affirmative Relief (the "Notice") against respondents William N. Nordstrom, Linda Nordstrom, NORDSTROM NORDSTROM I, INC. ("NNI"), and NORDSTROM IMPORTS, INC. ("IMPORTS").

The Division served the Notice on NNI and IMPORTS on March 3, 2014. NNI and IMPORTS did not file a request for a hearing or an answer to the Notice within the respective filing deadlines and they have not filed a request or an answer as of the date of this filing.

**I.**

**Findings of Fact**

**Parties and Background**

1. During the relevant timeframe, i.e. the beginning of 2008 through 2012, William N. Nordstrom ("Nordstrom") sold investments in three different enterprises that were managed by Nordstrom and his two entities, NNI and IMPORTS. The first enterprise involved using investor

1 funds to purchase the contents of unclaimed shipping containers. The investors would receive a  
2 return when Nordstrom sold the contents of the containers. The second investment opportunity  
3 involved selling stock in NNI which would manufacture and sell "Big Bull Fertilizer." The third  
4 investment was selling stock in IMPORTS, a cosmetic-importing business.

5 2. NNI is an Arizona corporation incorporated on February 16, 2010. Nordstrom is the  
6 president and one of two directors listed in NNI's articles of organization filed with the Commission.

7 3. IMPORTS is an Arizona corporation incorporated on April 5, 2010. Nordstrom is the  
8 president and only director listed in IMPORTS's articles of organization filed with the Commission.

9 4. NNI and IMPORTS may be referred to collectively as "Respondents."

10 5. Nordstrom and Respondents sold investments in the three Nordstrom enterprises  
11 (described above) to nine investors, some of which were married couples. The majority of these  
12 investors were located in Arizona.

13 6. Between January 2009 and January 2012, and as shown in *Exhibit A*, attached to  
14 this Order, these investors paid Nordstrom and Respondents a total of approximately \$5,277,546.  
15 And the investors received payments that totaled at least approximately \$3,114,404. As discussed  
16 in more detail below, Nordstrom and Respondents used investor funds to make many of the  
17 payments to investors.

### 18 **The Shipping Container Business**

19 7. Beginning in the fall of 2008, Nordstrom and NNI offered and sold securities in the  
20 form of investment contracts to at least five Arizona residents to raise capital for a business that  
21 purportedly bought abandoned shipping containers or the contents of such containers.

22 8. Nordstrom represented to investors that Nordstrom and/or NNI would use investor  
23 funds to purchase abandoned, unclaimed, or seized shipping containers primarily in California  
24 shipping ports, or the contents of such containers. At least one investor was told that his money  
25 would be used for renting dock space for such abandoned containers.

26

1           9.     Nordstrom told investors that, after purchasing the contents of such containers,  
2 Nordstrom would sell the contents for a profit.

3           10.    Nordstrom told investors that after Nordstrom sold the contents of the containers, the  
4 investors would receive their principal plus interest and, in some cases, a percentage of the profit  
5 generated from the sale.

6           11.    Nordstrom represented to at least three investors that he had conducted the shipping  
7 container business for several years. He told at least one investor that he had made millions of  
8 dollars engaging in these specific types of investments.

9           12.    Nordstrom stated to at least two investors that there was no risk associated with this  
10 investment because Nordstrom had arrangements where the container contents were sold before he  
11 bought them.

12          13.    Nordstrom told at least one investor that the investment was guaranteed against loss  
13 of principal and that a trust was established for the benefit of Nordstrom, which would guarantee  
14 against loss of principal.

15          14.    Investors were told that the shipping container investments would be short-term  
16 investments. Nordstrom told at least two investors that they would be repaid their principal and  
17 interest within 30 to 45 days.

18          15.    In certain instances, in order to provide assurance to an investor Nordstrom would  
19 provide a check post-dated 30 to 45 days later that included the total principal and interest payable  
20 to the investor, with instructions that the check not be deposited until the post-dated timeframe.

21          16.    Nordstrom told investors that their funds would be used only for the purchase of  
22 containers or container contents. Investors understood that their funds would not be used to pay  
23 Nordstrom or to pay other investors.

24          17.    Based on these representations, investors made significant cash investments into the  
25 shipping container business.

26

1 18. Investors paid for the shipping container investments by check or credit card  
2 payments to Nordstrom or NNI ranging from \$3,000 to over \$40,000.

3 19. Nordstrom and NNI pooled these investors' funds to be used for the shipping  
4 container business.

5 20. Investors did not receive any documentation of their shipping container investments.

6 21. Nordstrom, NNI, and their agents were solely responsible for conducting the  
7 business: they determined which items were purchased, what the items were sold for, and any  
8 related business decisions. The investors did not participate in this business.

9 22. The investors did not receive any information regarding operation of the shipping  
10 container business: they did not receive any documents specifying or identifying the shipping  
11 containers' serial numbers, details of the contents or merchandise it contained, the acquisition costs,  
12 the final sales amount, or the exact location of the shipping containers or its contents.

13 23. On one occasion, an investor who was interested in conducting similar transactions  
14 as those conducted in the shipping container business asked Nordstrom for details about the  
15 shipping container business including a request that Nordstrom identify who Nordstrom's contacts  
16 and partners were in the business. Nordstrom failed to provide any names or any other details. In  
17 spite of Nordstrom's failure to provide details, this investor continued to make investments in the  
18 shipping container business.

19 24. Nordstrom and NNI were not conducting the business as Nordstrom represented to  
20 investors.

21 25. For example, when Nordstrom paid investors, Nordstrom represented to investors  
22 that the payment funds came from the sale of shipping-container contents. But financial records  
23 show that on several occasions the funds used for these payments came from other investors.

24 26. Nordstrom also represented to investors that he was purchasing containers or  
25 contents of abandoned shipping containers. These representations contradict the law and practice  
26 for dealing with abandoned and unclaimed shipments in U.S. ports, as set forth in 19 C.F.R. § 127.1

1 and [www.cbp.gov](http://www.cbp.gov). These sources explain that US Customs and Border Protection (“CBP”) has  
2 control of such items and has contracted with two auctioning agents to auction off CBP’s seized  
3 and forfeited property.

4 27. Nordstrom never mentioned these auctioneers or CBP to investors and later admitted  
5 to Division staff that during the relevant timeframe he did not participate in any public auctions or  
6 purchases of unclaimed shipping containers or their contents from CBP or either of its auctioning  
7 agents.

8 28. As a result, the shipping container business, at best, never existed on the scale that  
9 Nordstrom described to investors.

10 29. And the shipping container business never produced revenue sufficient to cover all  
11 payments to investors or to repay investors.

12 30. In several instances, the investors did not receive a full return of their principal  
13 investment and Nordstrom and NNI issued promissory notes to the investors in the remaining  
14 amounts owed to the investors.

15 31. Some investors received small payments on these notes. But most of the note-  
16 holders received stock in NNI or IMPORTS in lieu of payment on the notes.

17 **Stock in Nordstrom/NNI’s Fertilizer Businesses**

18 32. Beginning in at least May 2010, Nordstrom offered certain Arizona residents shares  
19 of stock in his two companies, Respondents NNI and IMPORTS.

20 33. Nordstrom, NNI’s director and chief officer, represented to at least nine investors  
21 that he had had formulated an organic fertilizer and that the fertilizer was to be sold under the name  
22 “Big Bull Fertilizer.”

23 34. The trademark “Big Bull Fertilizer” was registered with the United States Patent and  
24 Trademark Office and NNI is the listed owner of the trademark.

25 35. Nordstrom represented to investors that, due to the projected success of Big Bull  
26 Fertilizer, they could purchase stock in NNI and obtain a good profit once NNI was sold.

1           36. Nordstrom stated to multiple investors that NNI would be bought out within a year  
2 because of the Big Bull Fertilizer and that investors could expect to roughly double their money  
3 based on the stock appreciation.

4           37. Nordstrom represented to certain investors that they would only use the funds for  
5 investment purposes, i.e. for costs associated with developing and marketing Big Bull Fertilizer.

6           38. Based on these representations several investors paid cash for NNI stocks. These  
7 cash payments totaled at least \$505,000.

8           39. Of the cash investments, one investor made an additional \$35,000 investment (on  
9 top of the \$100,000 he had already invested in NNI) based on Nordstrom's representation that the  
10 buy-out of NNI "looked like a done deal."

11           40. In fact, Nordstrom had not received any written offers or even serious inquiries  
12 about purchasing NNI; much less any offers that included any terms such as a sale price or a  
13 potential closing date.

14           41. In several instances, Nordstrom offered NNI stock to investors in lieu of making  
15 payments on promissory notes issued by Nordstrom and NNI.

16           42. NNI issued stock certificates to investors to evidence their stock ownership.

17           43. Investors did not participate in managing NNI.

18           44. Nordstrom and his agents and employees handled the day-to-day operations of NNI.

19 **Stock in Nordstrom/IMPORTS's Cosmetic Importing Business**

20           45. Several investors invested cash in IMPORTS or accepted IMPORTS shares in lieu  
21 of payments on promissory notes.

22           46. To induce these investments, Nordstrom, IMPORTS's director and chief officer,  
23 represented to at least four investors that IMPORTS would import and sell cosmetics.

24           47. Investor funds were to be used solely for this business.

25           48. Investors received stock certificates in IMPORTS in exchange for the consideration  
26 given to IMPORTS.

1           49. Investors did not participate in managing IMPORTS. Rather, Nordstrom and his  
2 agents handled the day-to-day operations of IMPORTS including developing, marketing, and  
3 otherwise handling all aspects of the cosmetics sales.

4 **Misuse of Investor Funds**

5           50. In contradiction to Nordstrom's representations to investors that their monies would  
6 only be used for business purposes, and not be used to pay other investors, on several occasions,  
7 Nordstrom/NNI used investor funds to pay other investors, for other non-investment-related  
8 purposes—including transfers to Nordstrom's other business or his personal accounts; and several  
9 occasions Nordstrom simply withdrew portions of investor funds in large cash. For example:

10           a) On November 23, 2010, \$100,000 of investor funds from the sale of NNI  
11 stock was deposited into NNI's Bank of America account. Over the next few weeks, Nordstrom  
12 transferred \$50,000 of this to his Wells Fargo personal savings account, \$10,000 to his landscaping  
13 business, and \$36,506 to IMPORTS's Wells Fargo account. At least \$13,000 of the funds  
14 transferred to IMPORTS was then used to pay investors.

15           b) On April 6, 2011, \$25,000 of investor funds from the sale of NNI stock was  
16 deposited into Nordstrom and Linda Nordstrom's Wells Fargo savings account. These funds were  
17 combined with funds from other sources, creating an account balance of \$55,434.22. Nordstrom  
18 disbursed this balance as follows: \$45,322 to overdraft protection on the Nordstroms' Wells Fargo  
19 checking account and \$10,000 of cash withdrawals.

20 **Other Improprieties**

21           51. The shipping container investments and stock shares of NNI and IMPORTS are not  
22 registered with the Commission.

23           52. Respondents are not registered with the Commission as dealers or salesmen.

24           53. The majority of the investors who invested in Respondents' enterprises were not  
25 accredited or sophisticated at the time they made their investment and Respondents and Nordstrom  
26 (Respondents' officer) did not inquire about the investors' accreditation or sophistication.

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

7 3. Respondents violated A.R.S. § 44-1842 by offering or selling securities while  
8 neither registered as a dealer or salesman nor exempt from registration.

9 4. Respondents violated A.R.S. § 44-1991 by (a) employing a device, scheme, or  
10 artifice to defraud, (b) making untrue statements or misleading omissions of material facts, or (c)  
11 engaging in transactions, practices, or courses of business that operate or would operate as a fraud  
12 or deceit.

13 5. Respondents' conduct is grounds for an order of restitution pursuant to A.R.S. § 44-  
14 2032.

15 6. Respondents' conduct is grounds for administrative penalties pursuant to A.R.S. §  
16 44-2036.

17 **III.**

18 **Order**

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

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

25 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that Respondents, along with  
26 any other persons against whom an order is entered under Docket No. S-20899-13-0396, shall

1 jointly and severally pay restitution to the Commission in the principal amount of \$2,163,142.87,  
2 the total amount of the purchase price that the investors paid to the Respondents and Respondents'  
3 director/officer, Nordstrom, less the amount of distributions that were made to the investors (as  
4 described above and shown in the attached *Exhibit A*), plus interest calculated pursuant to R14-4-  
5 308(C)(1) from the date of purchase (shown in *Exhibit A*) until paid in full, subject to legal setoffs  
6 pursuant to A.A.C. R14-4-308. Payment is due in full on the date of this Order. Payment shall be  
7 made to the "State of Arizona" to be placed in an interest-bearing account controlled by the  
8 Commission.

9 IT IS FURTHER ORDERED that the restitution ordered in the preceding paragraph will  
10 accrue interest at the rate of the lesser of (i) ten percent per annum or (ii) at a rate per annum that is  
11 equal to one per cent plus the prime rate as published by the board of governors of the federal  
12 reserve system in statistical release H.15 or any publication that may supersede it on the date that  
13 the judgment is entered.

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

22 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036 that Respondents shall jointly  
23 and severally pay an administrative penalty in the amount of \$100,000. Payment is due in full on  
24 the date of this Order. Payment shall be made to the "State of Arizona." Any amount outstanding  
25 shall accrue interest as allowed by law.

26

1 IT IS FURTHER ORDERED that the administrative penalty ordered in the preceding  
2 paragraph will accrue interest at the rate of the lesser of (i) ten percent per annum or (ii) at a rate  
3 per annum that is equal to one per cent plus the prime rate as published by the board of governors  
4 of the federal reserve system in statistical release H.15 or any publication that may supersede it on  
5 the date that the judgment is entered.

6 IT IS FURTHER ORDERED that the payments received by the state of Arizona will first  
7 be applied to the restitution obligation. Upon payment in full of the restitution obligation,  
8 payments will be applied to the penalty obligation.

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

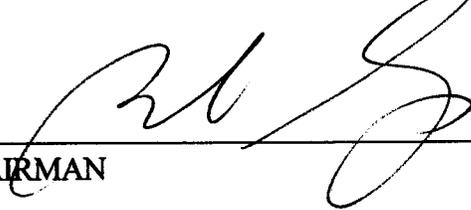
15 IT IS FURTHER ORDERED that if either Respondent fails to comply with this order, the  
16 Commission may bring further legal proceedings against Respondents including application to the  
17 superior court for an order of contempt.

18 IT IS FURTHER ORDERED that no finding of fact or conclusion of law contained in this  
19 Order shall be deemed binding against any respondent under this Docket Number who is not  
20 subject to this Order.

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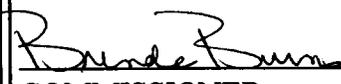
IT IS FURTHER ORDERED that this Order shall become effective immediately.

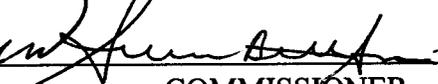
**BY ORDER OF THE ARIZONA CORPORATION COMMISSION**




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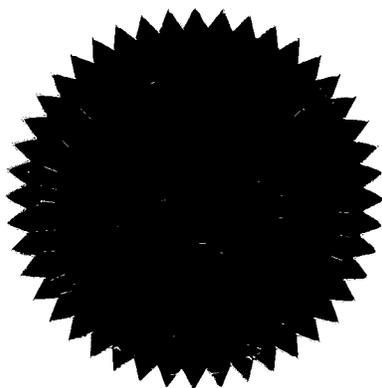
CHAIRMAN COMMISSIONER





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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 23rd day of May, 2014.



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JODI JERICH  
EXECUTIVE DIRECTOR

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DISSENT

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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](mailto:sabernal@azcc.gov).  
(RJM)

**Exhibit A****Investment date, principal investment amount, and repayment amount**

<b>Investor</b>	<b>Investment Date*</b>	<b>Original Investment Amount</b>	<b>Money Returned</b>	<b>Amount of Principal Owed at Order Date</b>
1	10/6/11	81,114.00	55,065.00	26,049.00
2	3/4/11	848,070.98	430,452.30	417,618.68
3	3/3/11	384,032.39	192,541.00	191,491.39
4	1/19/11	131,014.00	92,308.28	38,705.72
5	10/14/10	30,000.00	-	30,000.00
6	3/28/11	1,253,915.82	472,579.07	781,336.75
7	2/16/11	2,125,798.11	1,601,146.89	524,651.22
8	3/23/11	28,000.00	7,000.00	21,000.00
9	4/6/11	395,601.57	263,311.46	132,290.11
	<b>Totals:</b>	<b>5,277,546.87</b>	<b>3,114,404.00</b>	<b>2,163,142.87</b>

\*Where an investor made multiple payments, the date of the investor's most recent payment is used

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**BEFORE THE ARIZONA CORPORATION COMMISSION**

**COMMISSIONERS**

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

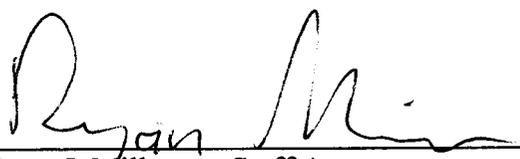
In the matter of:  
WILLIAM N. NORDSTROM and LINDA NORDSTROM, husband and wife,  
NORDSTROM NORDSTROM I, INC., an Arizona Corporation,  
NORDSTROM IMPORTS, INC., an Arizona Corporation,  
Respondents.

DOCKET NO. S-20899A-13-0396

**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, Order for Restitution, and Order for Administrative Penalties, re: Nordstrom Nordstrom I, Inc. and Nordstrom Imports, Inc. was filed with the Arizona Corporation Commission's Docket Control.

Dated: 4/29/14

By:   
Ryan J. Millecam, Staff 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:

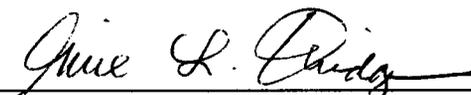
Jackson White  
40 North Center Street, Suite 200  
Mesa, AZ 85201  
Attn: Bradley D. Weech  
*Attorneys for William and Linda Nordstrom*

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Nordstrom Nordstrom I, Inc.  
181 W. Sparrow Dr.  
Chandler, AZ 85286  
Attn: William Nordstrom, statutory agent  
*Respondent*

Nordstrom Imports, Inc.  
181 W. Sparrow Dr.  
Chandler, AZ 85286  
Attn: Linda Nordstrom, statutory agent  
*Respondent*

Dated: 4/29/14

By:   
Emie R. Bridges, Executive Assistant