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II.
RESPONDENTS

2. Respondent Investment Acquisitions Group, LLC (“IAG”) is a limited liability company organized in the State of Arizona in 2007. At all relevant times, Jeffrey Heady (“Heady”) has been the sole member of IAG. IAG has not been registered by the Commission as a securities salesman or dealer.

3. Heady is, and has been at all relevant times, a married man and resident of the State of Arizona. Heady has not been registered by the Commission as a securities salesman or dealer.

4. Respondent Amy Heady (“Respondent Spouse”) was at all relevant times the spouse of Heady.

5. At all relevant times, IAG and Heady offered unregistered securities within and from Arizona.

6. Respondent Spouse is joined in this action under A.R.S. § 44-2031(C) solely for purposes of determining the liability of the marital community.

7. At all relevant times, Heady was acting for his own benefit and for the benefit or in furtherance of Heady and Respondent Spouse’s marital community.

III.
FACTS

8. From approximately 2008 to approximately early 2014, IAG and Heady offered and sold securities in the form of investment contracts and/or notes issued by IAG in or from Arizona totaling approximately \$3,126,714.50.

9. During all relevant periods, Heady has been the sole signatory on the bank accounts for IAG.

10. During all relevant periods, Heady managed and controlled the investment funds supplied by investors in IAG.

1 11. During the relevant time period, IAG, through its authorized representative,
2 marketed the majority of the IAG investments as funding “bridge loans” (“IAG Bridge Loan
3 Investments/Investors”).

4 12. The Bridge Loan Investments were offered and sold by IAG, Heady and IAG’s
5 authorized representative.

6 13. IAG Bridge Loan Investors were told their money would be pooled with other
7 investors’ funds and used to fund bridge loans for properties that were leased by the U.S.
8 government.

9 14. IAG, through its authorized representative, misrepresented to numerous IAG Bridge
10 Loan Investors prior to investing that the IAG Bridge Loan Investment was safe, backed by the
11 U.S. government, with a guaranteed return.

12 15. Some IAG Bridge Loan Investors were told prior to investing that their returns
13 would be “tax free”.

14 16. The majority of IAG Bridge Loan Investors invested multiple times and were told
15 they would receive monthly interest payments on their investment funds, as well as a final payout
16 amount that included interest at maturity.

17 17. The term of the IAG Bridge Loan Investments varied by investor and investment.
18 The majority of the IAG Bridge Loan Investments were for a one year term, and others ranged from
19 thirty days to two years.

20 18. IAG Bridge Loan Investors were either told they would receive, or actually received,
21 final payments at maturity that included their principal and an additional “interest” payment that
22 ranged between 9% and 50% of their original investment.

23 19. The majority of IAG Bridge Loan Investors were either told they would receive, or
24 actually received, monthly interest payments on their IAG Bridge Loan Investments at an annual
25 interest rate that varied by investor and investment between 9% and 23%.

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1 20. While some IAG Bridge Loan Investors received investment documents evidencing
2 each investment they made with IAG, some of IAG Bridge Loan Investors received no documents
3 and instead relied solely on representations made to them by IAG representatives concerning terms
4 of the investment.

5 21. For investors that were not provided investment documents for a particular
6 investment in the IAG Bridge Loan Investments, IAG Bridge Loan Investors were told by IAG,
7 Heady and/or IAG's authorized representative that they would receive monthly interest payments
8 on the investment and/or make a return on their investment at maturity. From time to time,
9 investors also received monthly statements that reflected the returns on their IAG Bridge Loan
10 Investments.

11 22. Investment documents that were issued by IAG for the IAG Bridge Loans
12 Investments were titled "Purchase Contract" ("IAG Purchase Contracts"). The majority of these
13 IAG Purchase Contracts stated that IAG would transfer a 1% ownership interest in "IAG
14 Indianapolis, LLC" to the investor in return for the amount of the investment. The IAG Purchase
15 Contracts further stated that ownership in this LLC would be in effect for the duration of the
16 investment, at which time IAG "guaranteed" IAG would purchase the ownership interest back from
17 the investor for the amount invested, plus an additional percentage in profit.

18 23. Instead of an ownership interest in "IAG Indianapolis, LLC", some IAG Purchase
19 Contracts transferred a 1% ownership interest in "IAG 3" to the IAG Bridge Loan Investor in return
20 for the amount invested, and provided this ownership interest would be in effect for the duration of
21 the investment. These IAG Purchase Contracts stated that IAG would purchase the "LLC
22 ownership rights" for an additional profit at the end of the term.

23 24. The majority of the IAG Purchase Contracts also provided that the investor would
24 receive "one percent (1%) of the net operating annual income to be paid on a monthly basis" for the
25 duration of the investment, until the ownership rights were sold.

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1 25. The majority of the IAG Purchase Contracts that provided an ownership interest in
2 “IAG Indianapolis, LLC” also stated that the investor had received a copy of the operating
3 agreement of “IAG Indianapolis, LLC.”

4 26. None of the IAG Bridge Loan Investors received a copy of the “IAG Indianapolis,
5 LLC” operating agreement.

6 27. The majority of the IAG Purchase Contracts provided a “Location” of the purported
7 bridge loan properties that stated “TBD”. Other “Locations” included “Travel Lodge Extended
8 Stay Indianapolis, IN” and “Kingman, Arizona”.

9 28. The signatory for the IAG Purchase Contracts was “Jeffrey Heady, President” of
10 “Investment Acquisitions Group, LLC”.

11 29. The majority of IAG Bridge Loan Investors were clients of IAG’s authorized
12 representative, “GM”. GM provided these IAG Bridge Loan Investors with financial advice. IAG,
13 through Heady, authorized GM to promote and sell the IAG Bridge Loan Investments. GM offered
14 and sold the IAG Bridge Loan Investments to these investors on behalf of IAG, handled
15 distribution of investment documents to investors, obtained investment funds from investors and
16 forwarded the same to IAG, and was the primary line of communication between investors and
17 IAG.

18 30. During the relevant period, “IAG Indianapolis, LLC” and “IAG 3” never existed as
19 valid legal entities.

20 31. None of the IAG Bridge Loan Investors had any active role in “IAG Indianapolis,
21 LLC” or “IAG 3”, or knew what those entities’ roles were in the IAG Bridge Loan Investments.

22 32. Investor funds in the IAG Bridge Loan Investments were not used for bridge loans
23 for U.S. government leased properties, but instead were used to repay other investors, to pay
24 approximately \$500,000 in commissions to GM, and were used by Heady for personal expenses
25 including, but not limited to, transferring funds to Respondent Spouse, airplane rentals, and paying
26 a judgment that had been entered against Heady and Respondent Spouse.

1 33. Although early IAG Bridge Loan Investments were repaid by IAG, they were repaid
2 using other investors' investment funds.

3 34. In 2012 and 2013, at a time numerous large investments came due and IAG did not
4 have sufficient funds to repay investors, IAG began requesting IAG Bridge Loan Investors roll over
5 their investments into new investments.

6 35. Between 2008 – 2012, Heady and IAG offered and sold investments concerning real
7 property, construction loans, and “green” investments with IAG to at least two other investors.

8 36. In approximately June 2008, Heady and IAG offered and sold at least one investor
9 (“Investor X”) an investment in “Camelback Investment #150 LLC” (“Investor X 2008
10 Investment”).

11 37. Heady, on behalf of IAG, provided Investor X with a document titled “Purchase
12 Contract” for the investment, with the signatory as “Jeffrey Heady, President” of “Investment
13 Acquisitions Group LLC” (“Investor X 2008 Investment Documents”).

14 38. The Investor X 2008 Investment Documents provided the investor a 1% interest in
15 Camelback Investment #150 LLC in return for the investment, and stated that the investor was
16 entitled to an ownership interest in an office suite owned by Camelback Investment #150 LLC
17 located at 10265 West Camelback Road, Building #3A Suite #150, in Phoenix, Arizona (“Office
18 Suite”).

19 39. The Investor X 2008 Investment Documents stated that the investor was entitled to
20 one percent of the income of Camelback Investment #150 LLC after operating expenses, to be paid
21 monthly or yearly at the investor's choice.

22 40. The Investor X 2008 Investment Documents stated that IAG “shall oversee all
23 matters of the office suite and shall send out monthly reports to each ownership holder on a
24 monthly basis.”

25 41. The Investor X 2008 Investment Documents further stated that “[c]omplete LLC
26 documents will be given to each ownership holder within three or four weeks of contract signing.”

1 42. During the relevant period, “Camelback Investment #150 LLC” never existed as a
2 valid legal entity.

3 43. Camelback Investment #150 LLC never owned the Office Suite, and IAG only
4 executed an Agreement for Sale to purchase the Office Suite, and forfeited on the same.

5 44. IAG never provided Investor X with any LLC documents related to Camelback
6 Investment #150 LLC.

7 45. Investor X never had any active role in Camelback Investment #150 LLC.

8 46. In 2011 and 2012, Investor X invested with Heady two more times, each of these
9 investments made with IAG (“Investor X 2011/2012 Investments”).

10 47. In 2011 and 2012, Heady, on behalf of IAG, told Investor X that her investment
11 funds, along with funds from other investors, would be used to purchase commercial real estate that
12 would be sold at a profit.

13 48. Profits from the sale of the commercial real estate purchased with Investor X’s
14 2011/2012 investment funds would be split between IAG, Investor X, and other IAG investors that
15 funded the purchase.

16 49. Investor X’s 2011/2012 Investments did not have a specified duration, but Investor
17 X was told by Heady that it was a long-term investment. Investor X understood that profits from
18 Investor X’s investment funds would be reinvested in additional commercial properties at Heady’s
19 discretion.

20 50. Investor X had no active role in IAG or in the purchase or resale of any commercial
21 properties.

22 51. No commercial properties were purchased with Investor X’s 2011 and 2012
23 investment funds, but instead were comingled with investment funds from the IAG Bridge Loan
24 Investors and Investor Y (below), were used to repay other investors, and were used by Heady for
25 personal expenses including, but not limited to, transferring funds to Respondent Spouse, airplane
26 rentals, and paying a judgment that had been entered against Heady and Respondent Spouse.

1 52. Heady, on behalf of IAG, offered and sold at least one other investor eleven
2 investments concerning real property, construction loans, and “green” investments (“Investor Y”).

3 53. The investment documents provided to Investor Y were titled “Purchase Contract”,
4 with the signatory as “Jeffrey Heady, President” of “Investment Acquisitions Group LLC.”
5 Depending on the investment, the Purchase Contracts issued by IAG to Investor Y stated that IAG
6 would transfer a 1% ownership interest in various entities (“IAG St. Louis Medical Gardens”, “IAG
7 3”, “IAG St. Louis 4, LLC”, “IAG Indianapolis, LLC”, “IAG Prescott, LLC”, “Williams
8 Investment, LLC”, “IAG Prescott 2A”, “IAG Flagstaff”, “IAG Sunnyside Energy”, “IAG
9 Commons”) to Investor Y in return for the amount of the investment, that Investor Y would have an
10 ownership interest in the respective entities for the duration of the investment, and at maturity, IAG
11 would purchase the ownership interest back from Investor Y for the invested amount, plus an
12 additional percentage in profit. The investment documents also provided for monthly interest
13 payments to Investor Y, and the investments ranged in duration from three months to two years.

14 54. In 2009, Investor Y was initially offered and sold an ownership interest in “Williams
15 Investment, LLC”, which Heady claimed owned a hotel that was to be sold in Williams, Arizona
16 located at 533 W. Route 66. Heady advised this investor that, in addition to the interest payments,
17 his investment would include a partial ownership in the “hotel”.

18 55. The “hotel” at 533 W. Route 66 in Williams, Arizona is known at the Highlander
19 Motel, and was not owned by “Williams Investment, LLC” or Heady.

20 56. Investor Y made several subsequent investments with IAG in which he was told that
21 his investment funds would be used for construction loans on commercial properties located in
22 Arizona and Indiana. One such investment was for a construction loan for property described as
23 “Travel Lodge Extended Stay in Indianapolis, IN” – the same property that was purportedly the
24 subject property for some IAG Bridge Loan Investments.

25 57. During the relevant period, the entities in which Investor Y was pledged an
26 ownership interest, “IAG St. Louis Medical Gardens”, “IAG 3”, “IAG St. Louis 4, LLC”, “IAG

1 Indianapolis, LLC”, “IAG Prescott, LLC”, “Williams Investment, LLC”, “IAG Prescott 2A”, “IAG
2 Flagstaff”, “IAG Sunnyside Energy”, “IAG Commons”, never existed as valid legal entities.

3 58. Investor Y never had any active role in the entities set forth in Paragraph 53.

4 59. Investor Y’s investment funds were not used for real property, construction loans,
5 and “green” investments, but instead were comingled with investment funds from the IAG Bridge
6 Loan Investors, were used to repay other investors, and were used by Heady for personal expenses
7 including, but not limited to, transferring over \$125,000 in investor funds to Respondent Spouse,
8 airplane rentals, and paying a judgment that had been entered against Heady and Respondent
9 Spouse.

10 60. Although Investor Y’s early investments were repaid by IAG, they were repaid
11 using other investors’ investment funds.

12 61. Of the total amount invested by IAG Bridge Loan Investors, Investor X, and
13 Investor Y, approximately \$3,126,714.50, in over 100 investments made with IAG, approximately
14 \$2,041,874.65 was repaid.

15 **IV.**

16 **VIOLATION OF A.R.S. § 44-1841**

17 **(Offer or Sale of Unregistered Securities)**

18 62. From on or about 2008 – early 2014, Respondents offered or sold securities in the form
19 of notes and/or investment contracts, within or from Arizona.

20 63. The securities referred to above were not registered pursuant to Articles 6 or 7 of the
21 Securities Act.

22 64. This conduct violates A.R.S. § 44-1841.

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V.

VIOLATION OF A.R.S. § 44-1842

(Transactions by Unregistered Dealers or Salesmen)

65. Respondents offered or sold securities within or from Arizona while not registered as dealers or salesmen pursuant to Article 9 of the Securities Act.

66. This conduct violates A.R.S. § 44-1842.

VI.

VIOLATION OF A.R.S. § 44-1991

(Fraud in Connection with the Offer or Sale of Securities)

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

a) Falsely representing that the IAG Bridge Loan Investments were safe, backed by the U.S. government, with a guaranteed return;

b) Falsely representing that the IAG Bridge Loan Investments were "tax-free";

c) Providing IAG Bridge Loan Investors with an ownership interest in "IAG Indianapolis, LLC" and/or "IAG 3" in return for their investments, when they never existed as valid legal entities;

d) Providing Investor X with an ownership interest in "Camelback Investment #150 LLC" in return for Investor X's 2008 investment, when Camelback Investment #150 LLC never existed as a valid legal entity;

1 e) Falsely representing to Investor X that Camelback Investment #150 LLC
2 owned the Office Suite and that Investor X had ownership rights in the Office Suite as a result of
3 Investor X's 2008 investment;

4 f) Failing to use Investor X's 2011 and 2012 investment funds to purchase
5 commercial properties and instead comingling and using Investor X's 2011 and 2012 investor funds to
6 repay other investors, divert funds to Respondent Spouse, and/or for personal use by Heady;

7 g) Providing Investor Y with an ownership interest in "IAG St. Louis Medical
8 Gardens", "IAG 3", "IAG St. Louis 4, LLC", "IAG Indianapolis, LLC", "IAG Prescott, LLC",
9 "Williams Investment, LLC", "IAG Prescott 2A", "IAG Flagstaff", "IAG Sunnyside Energy", "IAG
10 Commons" in return for various investments, when they never existed as valid legal entities;

11 h) Falsely representing to Investor Y that "Williams Investment, LLC" owned a
12 property known at the Highlander Motel, and that Investor Y would include partial ownership in this
13 property, when "Williams Investment, LLC" never owned the property; and/or

14 i) Failing to use IAG Bridge Loan Investor funds for bridge loans for U.S.
15 government leased properties, and failing to use Investor Y funds for their promoted purposes, and
16 instead comingling and using these investor funds to repay other investors, to pay commissions to GM,
17 divert funds to Respondent Spouse, and/or for personal use by Heady;

18 68. This conduct violates A.R.S. § 44-1991.

19 **VII.**

20 **REQUESTED RELIEF**

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

22 1. Order Respondents to permanently cease and desist from violating the Securities Act
23 pursuant to A.R.S. § 44-2032;

24 2. Order Respondents to take affirmative action to correct the conditions resulting from
25 Respondents' acts, practices, or transactions, including a requirement to make restitution pursuant to
26 A.R.S. § 44-2032;

1 Additional information about the administrative action procedure may be found at
2 <http://www.azcc.gov/divisions/securities/enforcement/AdministrativeProcedure.asp>

3 **IX.**

4 **ANSWER REQUIREMENT**

5 Pursuant to A.A.C. R14-4-305, if a Respondent or a Respondent Spouse requests a hearing,
6 the requesting respondent must deliver or mail an Answer to this Notice of Opportunity for Hearing
7 to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona
8 85007, within 30 calendar days after the date of service of this Notice. Filing instructions may be
9 obtained from Docket Control by calling (602) 542-3477 or on the Commission's Internet web site
10 at <http://www.azcc.gov/divisions/hearings/docket.asp>.

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

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

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

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