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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

SUSAN BITTER SMITH, Chairman
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TOM FORESE

AZ CORP COMMISSION
DOCKET CONTROL

In the matter of: MICHELLE LEE WAGNER (CRD No. 2403647), Respondent.) DOCKET NO. S-20916A-14-0328) Arizona Corporation Commission) JOINT FACT STIPULATION DOCKETED) (Assigned to Hon. Mark Preny) MAR 02 2015))
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The Securities Division ("Division") of the Arizona Corporation Commission ("Commission") and respondent Michelle Lee Wagner, by and through her legal counsel, stipulate to the admissibility and require no proof of the following facts for purposes of the Evidentiary Hearing scheduled for March 4, 2015:

1. Michelle L. Wagner has been an Arizona resident at all relevant times, i.e. from November 21, 2003 to the present.
2. From 1998 to the present, Wagner, CRD No. 2403647, has been registered as a securities salesman in Arizona.
3. Beginning in November 2003, Lawrence Pritchard ("LP"), an Arizona resident, became a customer of Wagner's.
4. LP continued to be Wagner's customer through 2012.
5. With LP as her customer, Wagner managed a portion of LP's accounts, LP's retirement accounts, and accounts and investments of LP's charitable remainder trust (the "Trust").
6. These accounts contained, among other assets, mutual funds, stocks and bonds.
7. LP was the sole trustee of the Trust and acted on its behalf.
8. LP is not a relative of Wagner's.

1 9. In May 2005, Wagner, dba Creative Consulting, borrowed \$400,000 from the Trust.

2 10. At the time, neither LP nor the Trust is or was in the business of lending money.

3 11. The \$400,000 loan was for the purchase and tenant improvements of an office
4 condominium in Scottsdale.

5 12. Wagner purchased the office in May 2005. Title to the office condominium was in the
6 name of Michelle Wagner. Wagner caused the tenant improvements to be built in the office and used
7 it as her place of business until 2013.

8 13. The loan is evidenced by a Note Secured by Deed of Trust and a Deed of Trust and
9 Assignment of Rents. Both documents are dated May 16, 2005. Under the terms of the note, Wagner
10 was to pay the Trust annual interest of 4%. The office condominium is the collateral securing
11 Wagner's obligations under the 2005 note. This deed of trust was not recorded.

12 14. A second Promissory Note and a second Deed of Trust, both dated June 1, 2008,
13 replaced the first Promissory Note and first Deed of Trust. Wagner was solely and personally liable
14 for repayment of the Promissory Note. Creative Consulting was not a party to the second Promissory
15 Note and second Deed of Trust. Under the terms of this note, Wagner would pay the Trust \$1,500 per
16 month for 24 months. At the end of that period all unpaid interest and principal would be due. This
17 deed of trust also has the office condominium as the collateral securing Wagner's obligations under
18 the 2008 note. This deed of trust was recorded with the Maricopa County Recorder at Instrument No.
19 2008-0529403 on June 1, 2008.

20 15. The parties agreed to a third modification to the notes and deeds of trust on or around
21 August 1, 2011. At this time, the Trust and Wagner personally executed a document titled "Extension
22 of Real Estate Note and Deed of Trust Lien." Under this document, Wagner would pay the Trust
23 \$1,500 a month through December 30, 2012.

24 16. LP did not offer to renew or extend the loan past December 30, 2012. The Trust
25 demanded that the entire principal amount, \$400,000, be paid on the due date.

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1 17. On April 30, 2013, the Trust conducted a Trustee Sale on the property that was the
2 security in the 2008 Deed of Trust. The sale price at the Trustee Sale was \$152,000.

3 18. Prior to the Trustee Sale, Wagner paid the Trust interest on the loan pursuant to the
4 terms of the notes. Prior to demanding full payment of principal around December 2012, the Trust did
5 not request and Wagner did not pay the Trust any principal.

6 RESPECTFULLY SUBMITTED March 2, 2015.

7 ARIZONA CORPORATION COMMISSION

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17 ORIGINAL AND 8 COPIES of the foregoing filed March 2, 2015, with:

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