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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS Arizona Corporation Commission

AZ CORP COM  
DOCKET CONTROL

DOCKETED

SUSAN BITTER SMITH, Chairman

BOB STUMP  
BOB BURNS  
DOUG LITTLE  
TOM FORESE

JUN 24 2015

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In the matter of:	) DOCKET NO. S-20930A-15-0211
Franklin AAA Holdings, LLC, a Texas limited liability company,	) <b>NOTICE OF OPPORTUNITY FOR HEARING REGARDING PROPOSED ORDER TO CEASE AND DESIST, ORDER FOR RESTITUTION, ORDER FOR ADMINISTRATIVE PENALTIES, AND ORDER FOR OTHER AFFIRMATIVE ACTION</b>
Anthony Clavien, a single man,	)
Respondents.	)

**NOTICE: EACH RESPONDENT HAS 10 DAYS TO REQUEST A HEARING  
EACH RESPONDENT HAS 30 DAYS TO FILE AN ANSWER**

The Securities Division ("Division") of the Arizona Corporation Commission ("Commission") alleges that respondents Franklin AAA Holdings, LLC and Anthony Clavien have engaged in acts, practices, and transactions that constitute violations of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act").

**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. Anthony Clavien is a single man who resided in Arizona during the relevant timeframe, i.e. from November 2009 through 2012.

3. Franklin AAA Holdings, LLC ("FAH") is a Texas limited liability company with a principal place of business and mailing address in Scottsdale, Arizona.



1 profit of the transactions. In addition to this face-to-face meeting, AR1 corresponded with Clavien  
2 through text messages and on Facebook and AR1 received emails from other FAH representatives.

3 13. Based on AR1's discussions with Clavien and the emails from other FAH  
4 representatives, AR1 invested with FAH on three separate occasions. On 12/3/09, AR1 wired  
5 \$10,000 to FAH's account in a Texas-based bank. AR1's money was to be used to fund real estate  
6 transactions. In exchange for this \$10,000 payment, FAH gave AR1 a promissory note titled  
7 "Promissory Note and Investment Agreement" dated 12/3/2009, in the amount of \$10,000, payable  
8 on 12/2/2010. The document provides that it is governed by the laws of the State of Arizona.

9 14. After not receiving payment on the 12/3/09 note due date, AR1 extended the due  
10 date of the note. AR1 did not receive payment on the extended date or at any other time.

11 15. On 1/29/10, AR1 wired \$2,200 to FAH's Texas-bank account. This money was to be  
12 used for FAH's legal fees connected to purchasing real property. In exchange for her investment,  
13 AR1 received an investment contract in the form of a percentage interest in the profits that would  
14 be made in connection with FAH selling the real property. AR1 received a \$1,273.17 return on this  
15 investment.

16 16. On 2/4/10, AR1 wired \$3,000 to FAH's account in a Texas-based bank. AR1's  
17 money was to be used to fund real estate transactions. AR1 made this payment according to the  
18 terms of a Memorandum of Understanding dated 2/4/10, pursuant to which AR1 was a purchaser of  
19 an investment contract in the form of a percentage interest in an investment property.

20 17. FAH paid AR1 principal and interest totaling \$4,500 for the \$3,000 investment.

21 18. In total, AR1 made principal investments totaling \$15,200 and received returns totaling  
22 \$5,773.17.

23 19. AR1 was not an accredited investor or sophisticated in real estate transactions at the  
24 time of the investments and AR1 did not participate in the management of the company or in  
25 selection of the investment.

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V.

**VIOLATION OF A.R.S. § 44-1842**

**(Transactions by Unregistered Dealers or Salesmen)**

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

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

VI.

**REQUESTED RELIEF**

The Division requests that the Commission grant the following relief:

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

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

3. Order Respondents to pay the state of Arizona administrative penalties of up to \$5,000 for each violation of the Securities Act, pursuant to A.R.S. § 44-2036; and

4. Order any other relief that the Commission deems appropriate.

VII.

**HEARING OPPORTUNITY**

Each respondent may request a hearing pursuant to A.R.S. § 44-1972 and A.A.C. R14-4-306.

**If a respondent requests a hearing, the requesting respondent must also answer this Notice.** A request for hearing must be in writing and received by the Commission within 10 business days after service of this Notice of Opportunity for Hearing. The requesting respondent must deliver or mail the request to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007. Filing instructions may be obtained from Docket Control by calling (602)542-3477 or on the Commission's website at <http://www.azcc.gov/divisions/hearings/docket.asp>.



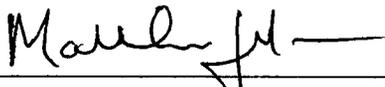
1 sufficient knowledge or information shall be considered a denial of an allegation. An allegation not  
2 denied shall be considered admitted.

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

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

8       Dated this 24<sup>th</sup> day of June 2015.

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Matthew J. Neubern  
Director of Securities