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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

SUSAN BITTER SMITH, Chairman
BOB STUMP
BOB BURNS
DOUG LITTLE
TOM FORESE

Arizona Corporation Commission

DOCKETED

NOV 25 2015

DOCKETED BY [Signature]

In the matter of
RED MOUNTAIN FUNDING, INC., an
Arizona corporation,
BRYAN J. SAMMONS and MARY L.
SAMMONS, husband and wife,
Respondents.

DOCKET NO. S-20920A-14-0388

DECISION NO. 75335

ORDER TO CEASE AND DESIST, ORDER
FOR RESTITUTION, ORDER FOR
ADMINISTRATIVE PENALTIES AND
CONSENT TO SAME
BY: RESPONDENTS RED MOUNTAIN
FUNDING, INC., BRYAN J. SAMMONS AND
MARY L. SAMMONS

Respondents Red Mountain Funding, Inc., Bryan J. Sammons and Mary L. Sammons
(collectively, "Respondents") elect to permanently waive any right to a hearing and appeal under
Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801 et seq. ("Securities Act")
with respect to this Order To Cease And Desist, Order for Restitution, Order for Administrative
Penalties and Consent to Same ("Order"). Respondents admit the jurisdiction of the Arizona
Corporation Commission ("Commission"); neither admit nor deny the Findings of Fact and
Conclusions of Law contained in the Order, except, as set forth below, in any future bankruptcy
proceeding or non-criminal proceeding in which the Commission is a party; and consent to the
entry of this Order by the Commission.

I.

FINDINGS OF FACT

1. Respondent Red Mountain Funding, Inc. ("RMF") is an Arizona corporation that was
organized under the laws of the state of Arizona in November 1999.

1 2. RMF has not been registered by the Commission as a securities salesman or dealer.

2 3. Since at least 1999, Bryan J. Sammons ("Sammons") has been a married man and
3 resident of the state of Arizona.

4 4. Sammons has not been registered by the Commission as a securities salesman or
5 dealer.

6 5. Mary Lou Sammons ("Respondent Spouse") has been at all relevant times the spouse
7 of Sammons. Respondent Spouse is joined in this action under A.R.S. § 44-2031(C) solely for
8 purposes of determining the liability of the marital community.

9 6. At all times relevant to this Order, Sammons has acted for his own benefit and for the
10 benefit or in furtherance of his marital community.

11 7. From January 2010 until July 2014, RMF and Sammons, as RMF's President,
12 offered and sold promissory notes issued by RMF in or from Arizona ("RMF Notes").

13 8. The RMF Notes have never been registered as a security by the Commission.

14 9. RMF and Sammons offered the RMF Notes via flyers sent out in mass mailings to
15 Arizona residents ("RMF Flyers") and made unsolicited telephone calls ("cold calls") to Arizona
16 residents with whom RMF had no pre-existing relationship.

17 10. The RMF Flyers advertised investments available through RMF for terms of 4, 6, or
18 8 years, offered a 9% interest rate, and provided a telephone number to contact RMF.

19 11. Investors were told by Sammons or persons authorized by RMF that investor funds
20 would be pooled to use for RMF's auto loan business, which included funding high-interest
21 (approximately 20%) auto loans at a discounted price, and that the profits from the interest
22 payments would be split with the investors.

23 12. The majority of RMF Note investors purchased promissory notes signed by
24 Sammons as RMF's President with the following terms: a four year duration, a 9% interest rate,
25 and either monthly principal plus interest payments or monthly interest only payments, with
26 principal due at maturity.

1 13. A smaller percentage of the RMF Note investors purchased promissory notes signed
2 by Sammons, President of RMF, with longer terms (5, 6, 8 or 10 year durations), and higher
3 interest rates ranging between 10% and 17%. Some of these longer-term RMF Notes provided that
4 interest and principal was due at maturity only.

5 14. Almost all of the RMF Notes contained a personal guaranty by Sammons that did
6 not pledge any particular collateral, but stated as follows:

7 The undersigned [Sammons] personally guarantees payment of all amounts
8 owing under this agreement and the payment upon demand of the entire
9 amount owing in the event of a default by Borrower [RMF] named herein.
10 Undersigned waives notice of performance, demands for performance, notice
11 of non-performance, and any other notices to which the undersigned may
12 otherwise be entitled by law, and agrees to pay all amounts owing hereunder
13 upon demand without requiring any action against borrower that may be
14 provided by statute.

15 15. RMF also maintained a website at www.redmountainfunding.org ("RMF website").
16 The website promoted the RMF Notes as a low risk, "high return investment opportunity", with a
17 "high yield of 9% on your investment", 4, 6, and 8 year terms, and monthly payments. The
18 website stated that the investment would be "100% collateralized!"

19 16. The RMF website invited individuals that were interested in the investment
20 opportunity to contact RMF in Mesa, Arizona by telephone or email, and contained a "Contact Us"
21 page that allowed visitors to provide their contact details to RMF "to learn more about our exciting
22 investment opportunity!"

23 17. From January 2010 until July 2014, RMF and Sammons offered and sold RMF
24 Notes to individuals without inquiring whether they were accredited or sophisticated investors, and
25 without inquiring about their net worth or annual income. As a result, RMF and Sammons offered
26 and sold the RMF Notes to individuals who were neither accredited nor sophisticated investors.

 18. From January 2010 until July 2014, RMF offered and sold RMF Notes totaling
\$4,793,077.72 in or from Arizona to 87 investors. Of that principal amount, RMF has repaid the
investors \$473,191.92. Subject to offsets for any additional payments Respondents have made but

1 have not yet evidenced to the Commission, the remaining principal balance owed to the investors is
2 \$4,319,885.80.

3 **II.**

4 **CONCLUSIONS OF LAW**

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

7 2. Respondents RMF and Sammons offered and sold securities in the form of the RMF
8 Notes within or from Arizona, within the meaning of A.R.S. §§ 44-1801(15), 44-1801(21), and 44-
9 1801(26).

10 3. Respondents RMF and Sammons violated A.R.S. § 44-1841 by offering or selling
11 securities that were neither registered nor exempt from registration.

12 4. Respondents RMF and Sammons violated A.R.S. § 44-1842 by offering or selling
13 securities while neither registered as a dealer or salesman nor exempt from registration.

14 5. Respondents' conduct is grounds for a cease and desist order pursuant to A.R.S.
15 § 44-2032.

16 6. Respondents' conduct is grounds for an order of restitution pursuant to A.R.S. § 44-
17 2032.

18 7. Respondents' conduct is grounds for administrative penalties under A.R.S. § 44-
19 2036.

20 8. Respondent Sammons acted for the benefit of his marital community and, pursuant
21 to A.R.S. §§ 25-214 and 25-215, this Order of restitution and administrative penalties is a debt of
22 his marital community.

23 **III.**

24 **ORDER**

25 THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and Respondents'
26 consent to the entry of this Order, attached and incorporated by reference, the Commission finds

1 that the following relief is appropriate, in the public interest, and necessary for the protection of
2 investors:

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

6 IT IS FURTHER ORDERED that Respondents comply with the attached Consent to Entry
7 of Order.

8 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032 that Respondent Bryan
9 Sammons, individually, and the marital community of Respondents Bryan J. Sammons and Mary
10 L. Sammons, jointly and severally, shall jointly and severally with Respondent Red Mountain
11 Funding, Inc. pay restitution in the principal amount of \$4,319,885.80 as a result of the conduct set
12 forth in the Findings of Fact and Conclusions of Law. Payment is due as follows:

13 1. With respect to those investors with promissory notes with maturity dates of
14 between five (5) and ten (10) years from when they were made, which are listed by bates number
15 on Schedule A to this Order, Respondents shall pay restitution in the principal amount of
16 \$1,334,004.64. This restitution amounts reflects the principal balance due to these investors under
17 the promissory notes. Payment shall be made in installments as follows: in addition to paying
18 these investors at the varying rates of interest and return of principal specified in the notes,
19 Respondents shall pay \$50,000 on the date of this Order and \$50,000 each month beginning on
20 December 1, 2015, and continuing on the first day of each month thereafter until they have paid the
21 \$1,334,004.64 restitution amount in full, with all restitution to be paid in full by no later than
22 December 1, 2018. The principal amount outstanding shall accrue interest at the rate of 4.25
23 percent per annum from the date of this Order until paid in full. Respondents shall make the
24 \$50,000 payments directly to the investors shown on Schedule A on a pro-rata basis based on the
25 principal amount each investor is owed. Pursuant to A.C.C. Rule 14-4-308(C)(4)(b), Respondents
26 shall provide such verification and evidence of their payments to these investors as the Securities

1 Division may require every three (3) months beginning February 1, 2016, or when the Securities
2 Division may otherwise require. If Respondents do not make any payment when due under the
3 terms of this paragraph 1, or fail to provide such verification and evidence of their payments as the
4 Securities Division may require, any outstanding balance of the \$4,319,885.80 restitution amount
5 plus accrued interest shall be deemed in default and be immediately due and payable to the
6 Commission, which payment shall be made to the "State of Arizona."

7 2. With respect to those investors with promissory notes with maturity dates of four (4)
8 years from when they were made, which are listed by bates number on Schedule B to this Order,
9 Respondents shall pay restitution to the Commission in the principal amount of \$2,985,881.16.
10 This restitution amounts reflects the principal balance due to these investors under the promissory
11 notes. The principal amount outstanding shall accrue interest at the rate of 4.25 percent per annum
12 from the date of this Order until paid in full. Respondents represent and agree that they will repay
13 these four-year notes by no later than December 1, 2018, at the varying rates of interest and return
14 of principal specified in the notes. Because such repayments will help achieve the Commission's
15 goal that investors be made whole as a result of this action, the \$2,985,881.16 principal restitution
16 amount and the accrued interest thereon shall be due and payable on December 1, 2018.
17 Respondents shall provide such verification and evidence of their payments to these investors as
18 the Securities Division may require every three (3) months beginning February 1, 2016, or when
19 the Securities Division may otherwise require. If Respondents do not make any interest or return
20 of principal payment specified in the notes, or fail to provide such verification and evidence of
21 their payments as the Securities Division may require, any outstanding balance of the
22 \$4,319,885.80 restitution amount plus accrued interest shall be deemed in default and be
23 immediately due and payable to the Commission, which payment shall be made to the "State of
24 Arizona."

25 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that Respondent Bryan
26 Sammons, individually, and the marital community of Respondents Bryan J. Sammons and Mary

1 L. Sammons, jointly and severally, shall jointly and severally with Respondent Red Mountain
2 Funding, Inc. pay an administrative penalty in the amount of \$25,000.00 as a result of the conduct
3 set forth in the Findings of Fact and Conclusions of Law. Payment of this administrative penalty
4 shall be due and payable in full on the earlier of: (i) December 1, 2018; or (ii) when any portion of
5 the restitution amount is deemed to be in default as set forth in the preceding two paragraphs.
6 Payment shall be made to the "State of Arizona." The penalty amount shall accrue interest at the
7 rate of 4.25 percent per annum from the date of this Order until paid in full.

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

11 IT IS FURTHER ORDERED if Respondents timely make all restitution and penalty
12 payments required under this Order and provide such verification and evidence of their payments as
13 the Securities Division may require, the Commission shall not transcribe this Order as a Judgment
14 or record it.

15 This Order shall not serve as a basis for disqualifying Respondents under A.C.C. R14-4-
16 140(M) unless a Respondent is in default on any provision of this Order.

17 For purposes of this Order, a bankruptcy filing by any Respondent shall be an act of default.
18 If Respondents do not comply with this Order, any outstanding balance shall be deemed in default
19 and shall be immediately due and payable.

20 IT IS FURTHER ORDERED, that if any Respondent fails to comply with this order, the
21 Commission may bring further legal proceedings against the Respondent, including an application
22 to the superior court for an order of contempt.

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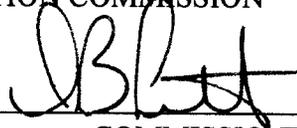
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1 IT IS FURTHER ORDERED that this Order shall become effective immediately.

2 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

3 Chairman Bitter Smith
Recused



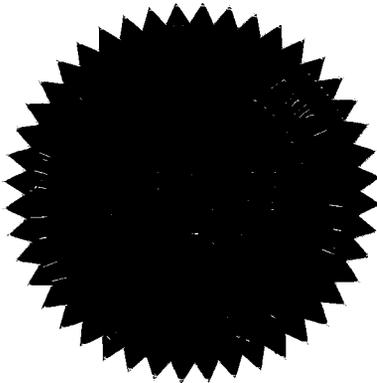
4 CHAIRMAN

COMMISSIONER

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7 COMMISSIONER

COMMISSIONER

COMMISSIONER



8 IN WITNESS WHEREOF, I, JODI JERICH, Executive
9 Director of the Arizona Corporation Commission, have
10 hereunto set my hand and caused the official seal of the
11 Commission to be affixed at the Capitol, in the City of
12 Phoenix, this 25th day of November, 2015.

13 
14 JODI JERICH
15 EXECUTIVE DIRECTOR

16 DISSENT

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19 DISSENT

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

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CONSENT TO ENTRY OF ORDER

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2 1. Respondents Red Mountain Funding, Inc., Bryan J. Sammons and Mary L.
3 Sammons (each individual a "Respondent," or collectively "Respondents") admit the jurisdiction of
4 the Commission over the subject matter of this proceeding. Each Respondent acknowledges that
5 it/he/she has been fully advised of its/his/her right to a hearing to present evidence and call
6 witnesses and each Respondent knowingly and voluntarily waives any and all rights to a hearing
7 before the Commission and all other rights otherwise available under Article 11 of the Securities
8 Act and Title 14 of the Arizona Administrative Code. Each Respondent acknowledges that this
9 Order to Cease and Desist, Order for Restitution, Order for Administrative Penalties and Consent to
10 Same ("Order") constitutes a valid final order of the Commission.

11 2. Each Respondent knowingly and voluntarily waives any right under Article 12 of
12 the Securities Act to judicial review by any court by way of suit, appeal, or extraordinary relief
13 resulting from the entry of this Order.

14 3. Each Respondent acknowledges and agrees that this Order is entered into freely and
15 voluntarily and that no promise was made or coercion used to induce such entry.

16 4. Respondents Red Mountain Funding, Inc., Bryan J. Sammons and Mary L.
17 Sammons acknowledge that they have been represented by the same attorneys in this matter, Paul J.
18 Roshka, Jr. and Craig Waugh of POLSINELLI. Respondents acknowledge that POLSINELLI has
19 apprised them of their rights regarding any potential and actual conflicts of interest arising from the
20 joint representation. Respondents Red Mountain Funding, Inc., Bryan J. Sammons and Mary L.
21 Sammons acknowledge that they have each given their informed consent to such representation.

22 5. Each Respondent acknowledges that he/she/it has reviewed this Order with their
23 attorneys, Paul J. Roshka, Jr. and Craig Waugh of POLSINELLI, and understand all terms it
24 contains.

25 6. Respondents neither admit nor deny the Findings of Fact and Conclusions of Law
26 contained in this Order. Each Respondent agrees that it/he/she shall not contest the validity of the

1 Findings of Fact and Conclusions of Law contained in this Order in any present or future
2 proceeding in which the Commission is a party.

3 7. The Respondents further agree that they shall not deny or contest the Findings of
4 Fact and Conclusions of Law contained in this Order in any present or future: (a) bankruptcy
5 proceeding, or (b) non-criminal proceeding in which the Commission is a party (collectively,
6 "proceeding(s)"). They further agree that in any such proceedings, the Findings of Fact and
7 Conclusions of Law contained in this Order may be taken as true and correct and that this Order
8 shall collaterally estop them from re-litigating with the Commission or any other state agency, in
9 any forum, the accuracy of the Findings of Fact and Conclusions of Law contained in this Order. In
10 the event any Respondent pursues bankruptcy protection in the future, it/he/she further agrees that
11 in such bankruptcy proceeding, pursuant to 11 U.S.C. § 523(a)(19), the following circumstances
12 exist:

13 A. The obligations incurred as a result of this Order are a result of the conduct
14 set forth in the Findings of Fact and Conclusions of Law in the Order and are for the
15 violation of Arizona state securities laws, pursuant to 11 U.S.C. § 523(a)(19)(A)(i);

16 B. This Order constitutes a judgment, order, consent order, or decree entered in
17 a state proceeding pursuant to 11 U.S.C. § 523(a)(19)(B)(i), a settlement agreement entered
18 into by Respondents Red Mountain Funding, Inc., Bryan J. Sammons and Mary L.
19 Sammons pursuant to 11 U.S.C. § 523(a)(19)(B)(ii), and a court order for damages, fine,
20 penalty, citation, restitution payment, disgorgement payment, attorney fee, cost or other
21 payment owed by Respondents Red Mountain Funding, Inc., Bryan J. Sammons and Mary
22 L. Sammons pursuant to 11 U.S.C. § 523(a)(19)(B)(iii).

23 8. By consenting to the entry of this Order, each Respondent agrees not to take any
24 action or to make, or permit to be made, any public statement denying, directly or indirectly, any
25 Finding of Fact or Conclusion of Law in this Order or creating the impression that this Order is
26 without factual basis.

1 9. While this Order settles this administrative matter between Respondents and the
2 Commission, Respondents understand that this Order does not preclude the Commission from
3 instituting other administrative or civil proceedings based on violations that are not addressed by
4 this Order.

5 10. Each Respondent understands that this Order does not preclude the Commission
6 from referring this matter to any governmental agency for administrative, civil, or criminal
7 proceedings that may be related to the matters addressed by this Order.

8 11. Each Respondent understands that this Order does not preclude any other agency or
9 officer of the state of Arizona or its subdivisions from instituting administrative, civil, or criminal
10 proceedings that may be related to matters addressed by this Order.

11 12. Each Respondent agrees that it/he/she will not apply to the state of Arizona for
12 registration as a securities dealer or salesman or for licensure as an investment adviser or
13 investment adviser representative until such time as all restitution and penalties under this Order
14 are paid in full.

15 13. Respondents Bryan J. Sammons and Mary L. Sammons acknowledge that any
16 restitution or penalties imposed by this Order are obligations of Bryan J. Sammons as well as of
17 their marital community.

18 14. Each Respondent consents to the entry of this Order and agrees to be fully bound by
19 its terms and conditions.

20 15. Each Respondent acknowledges and understands that if it/he/she fails to comply
21 with the provisions of the Order and this Consent, the Commission may bring further legal
22 proceedings against it/him/her, including application to the superior court for an order of contempt.

23 16. Each Respondent understands that default shall render it/he/she liable to the
24 Commission for its costs of collection and interest at the maximum legal rate.

25 17. Each Respondent agrees and understands that if it/he/she fails to make any payment
26 as required in the Order, any outstanding balance shall be in default and shall be immediately due

1 and payable without notice or demand. Each Respondent agrees and understands that acceptance
2 of any partial or late payment by the Commission is not a waiver of default by the Commission.

3 18. Bryan J. Sammons represents that he is President of Red Mountain Funding, Inc.
4 and has been authorized by Red Mountain Funding, Inc. to enter into this Order for and on behalf
5 of it.

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7 
8 BRYAN J. SAMMONS

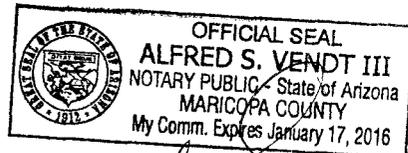
9 STATE OF ARIZONA)
10) ss
11 County of)

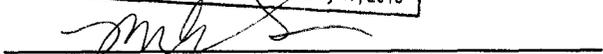
12 SUBSCRIBED AND SWORN TO BEFORE me this 7th day of October 2015.

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15 NOTARY PUBLIC

16 My commission expires:

17 01/17/2016



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19 MARY L. SAMMONS

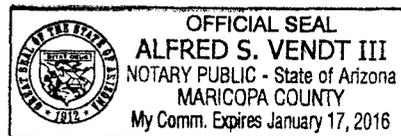
20 STATE OF ARIZONA)
21) ss
22 County of)

23 SUBSCRIBED AND SWORN TO BEFORE me this 7th day of October 2015.

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25 NOTARY PUBLIC

26 My commission expires:

01/17/2016



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RED MOUNTAIN FUNDING, INC.

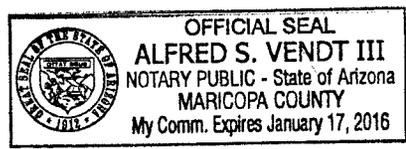
By [Signature]
Its President

STATE OF ARIZONA)
) ss
County of)

SUBSCRIBED AND SWORN TO BEFORE me this 7th day of October 2015

[Signature]
NOTARY PUBLIC

My commission expires:
01/17/2016



1 SERVICE LIST FOR: RED MOUNTAIN FUNDING , INC. et al.

2

3 Paul J. Roshka, Jr.

4 Craig Waugh

5 POLSINELLI

6 One East Washington Street, Suite 1200

7 Phoenix, Arizona 85004-2568

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

SUSAN BITTER SMITH, Chairman
BOB STUMP
BOB BURNS
DOUG LITTLE
TOM FORESE

In the matter of)
RED MOUNTAIN FUNDING, INC., an)
Arizona corporation,)
BRYAN J. SAMMONS and MARY L.)
SAMMONS, husband and wife,)
Respondents.)

DOCKET NO. S-20920A-14-0388

NOTICE OF FILING PROPOSED OPEN MEETING AGENDA ITEM

Pursuant to A.A.C. R14-4-303, you are hereby notified that the attached: proposed Order To Cease And Desist, Order for Restitution, Order for Administrative Penalties and Consent to Same by Red Mountain Funding, Inc., Bryan J. Sammons and Mary L. Sammons, was filed with the Arizona Corporation Commission's Docket Control.

Dated: October 29, 2015

By: 
James D. Burgess
Enforcement Attorney

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

Paul J. Roshka, Jr.
Craig Waugh
POLSINELLI
One East Washington Street, Suite 1200
Phoenix, Arizona 85004-2568

Dated: 11/3/15

By: *Emie R. Bridges*
Emie R. Bridges, Executive Assistant