

ORIGINAL NEW APPLICATION



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BEFORE THE ARIZONA CORPORATION COMMISSION

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ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

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COMMISSIONERS

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Arizona Corporation Commission

DOUG LITTLE - Chairman  
BOB STUMP  
BOB BURNS  
TOM FORESE  
ANDY TOBIN

DOCKETED

AUG 30 2016

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In the matter of:  
JEREMY DIAZ (CRD #4735164), a single man,  
IDIAZ, LLC, an Arizona limited liability company,  
WEALTH CREATOR PRIVATE EQUITY, LLC, an Arizona limited liability company,  
Respondents.

DOCKET NO. S-20983A-16-0299  
**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**

**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 Jeremy Diaz, IDIAZ LLC, and Wealth Creator Private Equity LLC 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. From at least 2003 to 2010, Jeremy Diaz ("Diaz") was a resident of Arizona.
- 3. Diaz became registered with the Commission as a securities salesman in March 2004.



1           16.     While Diaz was acting as Investor 1's financial advisor, he gained her trust and  
2 confidence by claiming to share her Catholic faith.

3           17.     On fifteen occasions from September 13, 2008 to July 2010, Diaz offered Investor 1  
4 investments in purported oil concerns in China and Texas. Diaz then sold the investments to Investor  
5 1 in exchange for fifteen personal checks totaling \$22,850.

6           18.     On or about January 14, 2010, Diaz and IDIAZ offered additional oil investments to  
7 Investor 1. Diaz and IDIAZ then sold the oil investments to Investor 1 in exchange for \$32,000.  
8 Investor 1 tendered \$32,000 to IDIAZ by executing a wire transfer from her personal checking  
9 account to IDIAZ's checking account.

10          19.     On or around March 4, 2010, Diaz offered and sold to Investor 1 what she believed  
11 to be additional oil investments in exchange for a cashier's check in the amount of \$10,224. Diaz  
12 instructed Investor 1 to address the check to "D Trade, Inc." D Trade, Inc. later wired \$4,380 to Diaz  
13 and \$4,380 to IDIAZ.

14          20.     Diaz and IDIAZ provided Investor 1 with very little information regarding the  
15 purported oil businesses in Texas and China in which her money was to be invested. However, Diaz  
16 and IDIAZ did represent to Investor 1 that she would receive a return on her investments in the form  
17 of dividends.

18          21.     Diaz and IDIAZ also represented to Investor 1 that her investment money would be  
19 pooled with money from other investors, and that her return would be dependent upon the success  
20 of the oil businesses.

21          22.     Investor 1 had no authority to participate in the management or operations of the oil  
22 companies, nor did she have the experience or education that would allow her to do so.

23          23.     Investor 1's investment funds were to be spent only on business expenses. Investor  
24 1 would not have invested had she known that Diaz would use her investment money on personal  
25 expenses.

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1           48.     Diaz and IDIAZ represented to Investor 4 that the investment funds would be used to  
2 develop an oil business in Texas or China.

3           49.     Diaz and IDIAZ also represented to Investor 4 that if he purchased the promissory  
4 note, he would receive the return of his principal as well as a 20% profit within three months.

5           50.     On or around June 29, 2010, Diaz and IDIAZ sold the promissory note to Investor 4  
6 in exchange for \$25,000 in cash.

7           51.     On or around August 5, 2010, Diaz offered Investor 4 an ownership interest in a Texas  
8 oil business. Diaz represented to Investor 4 that the investment money would be used to develop an  
9 oil well in Texas.

10          52.     Diaz represented to Investor 4 that he had invested his own money into the Texas oil  
11 business.

12          53.     On or around August 5, 2010, Investor 4 tendered to Diaz a \$100,000 check made out  
13 to "Drummond Field Development [*sic*] I" for "oil well development OFIG [*sic*]" in exchange for  
14 the ownership interest.

15          54.     The \$100,000 check was tendered to Diaz in person at Investor 4's Arizona residence.

16          55.     In or around September 2010, Diaz and IDIAZ offered Investor 4 another opportunity  
17 to invest in an oil business in Texas or China.

18          56.     Diaz and IDIAZ represented to Investor 4 that he would receive a return of 12–13%  
19 on his investment.

20          57.     On or around September 20, 2010, Investor 4 invested an additional \$7,500 in the  
21 Chinese oil business by mailing a personal check to Diaz and IDIAZ in Arizona.

22          58.     Diaz later told Investor 4 that his investment in the oil business would not be returned  
23 because the promoters of the business had taken advantage of him.

24          59.     In or around November 2010, Diaz offered Investor 4 an additional opportunity to  
25 invest in the Texas oil business.

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1           85.    As the financial advisor for Investors 7 and 8, Diaz was familiar with their financial  
2 circumstances and was aware that they were not accredited investors during the relevant time period.

3           86.    In or around May 2010, Diaz advised Investors 7 and 8 that he would be leaving  
4 Merrill Lynch and inquired as to whether they would be willing to invest with him independently.

5           87.    On or around July 8, 2010, Diaz, IDIAZ, and Wealth Creator offered Investors 6 and  
6 7 two promissory notes.

7           88.    Diaz, IDIAZ, and Wealth Creator represented to Investors 7 and 8 that the investment  
8 funds would be used to invest in Iraqi dinar and a Chinese oil business.

9           89.    Diaz, IDIAZ, and Wealth Creator also represented to Investors 7 and 8 that the  
10 offering had raised millions of dollars from many investors.

11          90.    Diaz, IDIAZ, and Wealth Creator also represented to Investors 7 and 8 that the  
12 investment would yield a return of approximately 23–24%.

13          91.    On or around July 8, 2010, Diaz and IDIAZ sold Investors 7 and 8 a promissory note  
14 in exchange for a \$25,000 check. Pursuant to the IDIAZ promissory note, Investors 7 and 8 were to  
15 receive a return of \$1,250 each month and repayment of the principal by March 15, 2011.

16          92.    On or around July 8, 2010, Diaz and Wealth Creator sold Investors 7 and 8 a  
17 promissory note in exchange for a \$25,000 check.

18          93.    The investments offered and sold to Investors 7 and 8 by Diaz, IDIAZ, and Wealth  
19 Creator were not registered with the Commission.

20          94.    Investors 7 and 8 had no authority to participate in the management or operations of  
21 the oil company or dinar investment, nor did they have the experience or education that would allow  
22 them to do so.

23          95.    Investors 7 and 8 never received any interest on their investment, nor did they receive  
24 the return of their principal.

25          96.    Diaz, IDIAZ, and Wealth Creator misappropriated certain funds invested by Investors  
26 7 and 8 and used the funds for entertainment, travel, dining, and other personal expenses.

**Investor 9**

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97. At all times relevant to this matter, Investor 9 was a resident of Arizona.

98. Investor 9 has been deceased since May 2013.

99. From 2009 to 2010, Investor 9 was a client of Diaz at Merrill Lynch.

100. As Investor 9's financial advisor, Diaz was aware of her financial position and that she was not an accredited investor during the relevant time period.

101. On or around August 9, 2010 Diaz and IDIAZ offered and sold to Investor 9 a promissory note in exchange for a \$10,000 personal check. Pursuant to the promissory note, IDIAZ was to pay Investor 9 \$13,000 by September 30, 2010.

102. On or around August 24, 2010 Diaz and IDIAZ offered and sold to Investor 9 a second promissory note in exchange for a \$5,000 personal check. Pursuant to the promissory note, Diaz and IDIAZ were to pay Investor 9 \$6,500 by September 30, 2010.

103. On or around September 4, 2010, Diaz and IDIAZ offered and sold to Investor 9 a third promissory note in exchange for a \$3,000 personal check. Pursuant to the promissory note, Diaz and IDIAZ were to pay Investor 9 \$3,150 by September 11, 2010.

104. The investments offered and sold to Investor 9 by Diaz and IDIAZ were not registered with the Commission.

105. Investor 9 never received any interest on her investment, nor did she receive the return of her principal.

106. Diaz and IDIAZ misappropriated certain funds invested by Investor 9 and used the funds for entertainment, travel, dining, and other personal expenses.

107. In sum, Respondents offered and sold investments totaling \$306,574 and only \$11,052.31 was returned to the investors.

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**IV.**

**VIOLATION OF A.R.S. § 44-1841  
(Offer or Sale of Unregistered Securities)**

108. From on or around September 13, 2008 to November 12, 2010, Diaz offered and sold securities in the form of promissory notes and investment contracts within or from Arizona.

109. From on or around January 14, 2010 to October 8, 2010, IDIAZ offered and sold securities in the form of promissory notes and investment contracts within or from Arizona.

110. On or around July 8, 2010, Wealth Creator offered and sold a security in the form of a promissory note within or from Arizona.

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

112. This conduct violates A.R.S. § 44-1841.

**V.**

**VIOLATION OF A.R.S. § 44-1842  
(Transactions by Unregistered Dealers or Salesmen)**

113. From on or around May 24, 2010 to November 12, 2010 Diaz offered and sold securities in the form of promissory notes and investment contracts within or from Arizona while not registered as a dealer or salesman pursuant to Article 9 of the Securities Act.

114. From on or around January 14, 2010 to October 8, 2010, IDIAZ offered and sold securities in the form of promissory notes and investment contracts within or from Arizona while not registered as a dealer or salesman pursuant to Article 9 of the Securities Act.

115. On or around July 8, 2010, Wealth Creator offered and sold a security in the form of a promissory note within or from Arizona while not registered as a dealer or salesman pursuant to Article 9 of the Securities Act.

116. 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)

117. 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) Diaz and IDIAZ misrepresented to Investors 1-9 how their investment funds would be used;

b) Wealth Creator misrepresented to Investors 5 and 6 how their investment funds would be used;

c) Diaz failed to disclose to Investors 1-9 that the risk associated with the securities offered by Respondents was substantially greater than the risk associated with the investment portfolios he had managed for them at Merrill Lynch;

d) Diaz and IDIAZ failed to disclose to Investors 2 and 3 that they failed to repay Investor 4 pursuant to the terms of their investment contract;

e) Diaz and IDIAZ failed to disclose to Investors 2 and 3 that Diaz failed to repay two promissory notes to Investor 9 and IDIAZ failed to repay three promissory notes to Investor 9; and

f) Failing to disclose to Investor 4 that Diaz failed to repay two promissory notes to Investor 9 and IDIAZ failed to repay three promissory notes to Investor 9.

118. This conduct violates A.R.S. § 44-1991.

VII.

**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 in the amount of \$295,521.69 pursuant to A.R.S. § 44-2032;
3. Order Respondents to pay the state of Arizona administrative penalties of up to five thousand dollars (\$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.

VIII.

**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 Internet web site at <http://www.azcc.gov/divisions/hearings/docket.asp>.

If a request for a hearing is timely made, the Commission shall schedule the hearing to begin 20 to 60 days from the receipt of the request unless otherwise provided by law, stipulated by the parties, or ordered by the Commission. If a request for a hearing is not timely made the Commission may, without a hearing, enter an order granting the relief requested by the Division in this Notice of Opportunity for Hearing.

1 Persons with a disability may request a reasonable accommodation such as a sign language  
2 interpreter, as well as request this document in an alternative format, by contacting Shaylin A. Bernal,  
3 ADA Coordinator, voice phone number 602/542-3931, e-mail [sabernal@azcc.gov](mailto:sabernal@azcc.gov). Requests should  
4 be made as early as possible to allow time to arrange the accommodation. Additional information  
5 about the administrative action procedure may be found at [http://www.azcc.gov/divisions/  
6 securities/enforcement/AdministrativeProcedure.asp](http://www.azcc.gov/divisions/securities/enforcement/AdministrativeProcedure.asp).

7 **IX.**

8 **ANSWER REQUIREMENT**

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

15 Additionally, the answering Respondent must serve the Answer upon the Division. Pursuant  
16 to A.A.C. R14-4-303, service upon the Division may be made by mailing or by hand-delivering a  
17 copy of the Answer to the Division at 1300 West Washington, 3<sup>rd</sup> Floor, Phoenix, Arizona, 85007,  
18 addressed to Chris Nichols.

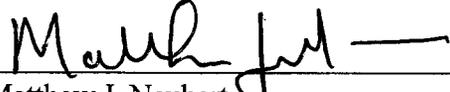
19 The Answer shall contain an admission or denial of each allegation in this Notice and the  
20 original signature of the answering Respondent or Respondent's attorney. A statement of a lack of  
21 sufficient knowledge or information shall be considered a denial of an allegation. An allegation not  
22 denied shall be considered admitted.

23 When the answering Respondent intends in good faith to deny only a part or a qualification  
24 of an allegation, the Respondent shall specify that part or qualification of the allegation and shall  
25 admit the remainder. Respondent waives any affirmative defense not raised in the Answer.  
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The officer presiding over the hearing may grant relief from the requirement to file an Answer for good cause shown.

Dated this 30 day of August, 2016.

  
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Matthew J. Neubert  
Director of Securities