

OPEN MEETING ITEM

4/5-6/17



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COMMISSIONERS
TOM FORESE - Chairman
BOB BURNS
DOUG LITTLE
ANDY TOBIN
BOYD DUNN



TED VOGT
EXECUTIVE DIRECTOR

SECURITIES DIVISION
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Phoenix, AZ 85007
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ARIZONA CORPORATION COMMISSION

ORIGINAL

MEMORANDUM

TO: Tom Forese, Chairman
Bob Burns
Doug Little
Andy Tobin
Boyd Dunn

Arizona Corporation Commission

DOCKETED

MAR 21 2017

DOCKETED BY
[Signature]

RECEIVED
AZ CORP COMMISSION
DOCKET CONTROL
2017 MAR 21 A 9:15

FROM: Matthew J. Neubert *[Signature]*
Director of Securities

DATE: March 21, 2017

RE: Simply Smart Homes, LLC et al., Docket No. S-21002A-17-0016

CC: Ted Vogt, Executive Director

Attached for your consideration is a proposed Order to Cease and Desist, Order for Restitution, Order for Administrative Penalties, and Order for Other Affirmative Action ("Order") against Simply Smart Homes, LLC ("Simply Smart Homes"), Smart Enterprises, LLC ("Smart Enterprises"), and Richard A. Smart ("R. Smart"), an unmarried man, collectively ("Respondents"). The Order requires Respondents to jointly and severally pay restitution in the principal amount of \$108,750, and to pay a \$15,000 administrative penalty. The Order further requires Respondents Simply Smart Homes, and R. Smart to permanently cease and desist from violating the Securities Act.

From August 2015 through April 2016, R. Smart and Simply Smart Homes raised \$110,000 from four Arizona investors, by offering and selling unregistered securities in the form of notes and/or joint venture agreements issued by Simply Smart Homes.

The Order finds that R. Smart and Simply Smart Homes violated A.R.S. §§ 44-1841 and 44-1842 by offering and selling unregistered securities within or from Arizona, as unregistered salesmen or dealers. The Order further finds that R. Smart and Simply Smart Homes violated A.R.S. § 44-1991 by misrepresenting material facts to investors, and by failing to disclose material facts to investors.

The Order is a default order. On January 19, 2017, the Securities Division filed a Notice of Opportunity for Hearing (the "Notice") against Respondents. On January 20, 2017, the Division

served a copy of the Notice, upon the Respondents. No request for a hearing or answer has been filed as of March 21, 2017.

The Division recommends the Order as appropriate, in the public interest and necessary for the protection of investors.

Originator: Michael Shaw

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

TOM FORESE - Chairman
BOB BURNS
DOUG LITTLE
ANDY TOBIN
BOYD DUNN

In the matter of)
SIMPLY SMART HOMES, LLC, an)
Arizona limited liability company,)
SMART ENTERPRISES, LLC, an Arizona)
limited liability company,)
RICHARD A. SMART, an unmarried man,)
Respondents.)

DOCKET NO. S-21002A-17-0016

DECISION NO. _____

ORDER TO CEASE AND DESIST, ORDER FOR RESTITUTION, ORDER FOR ADMINISTRATIVE PENALTIES, AND ORDER FOR OTHER AFFIRMATIVE ACTION

On January 19, 2017, the Securities Division (“Division”) of the Arizona Corporation Commission (“Commission”) filed a 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 (the “Notice”) against Respondents SIMPLY SMART HOMES, LLC, SMART ENTERPRISES, LLC, and RICHARD A. SMART.

On January 20, 2017, the Division served a copy of the Notice, upon SIMPLY SMART, LLC, SMART ENTERPRISES, LLC, and RICHARD A. SMART, by delivering to RICHARD A. SMART [the managing member and statutory agent for SIMPLY SMART HOME, LLC, AND SMART ENTERPRISES, LLC], via personal service. No request for a hearing or answer to the Notice has been filed as of April 5, 2017.

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I.

FINDINGS OF FACT

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3 1. SIMPLY SMART HOMES, LLC (“SIMPLY SMART HOMES”) is an Arizona limited
4 liability company organized under the laws of the state of Arizona since April 2015. SIMPLY SMART
5 HOMES has not been registered by the Commission as a securities salesman or dealer.

6 2. SMART ENTERPRISES, LLC (“SMART ENTERPRISES”) is an Arizona limited
7 liability company organized under the laws of the state of Arizona since August 2014. SMART
8 ENTERPRISES has not been registered with the Commission as a securities salesman or dealer.

9 3. RICHARD A. SMART (“R. SMART”) has been at all relevant times an unmarried man
10 and resident of the state of Arizona. R. SMART has not been registered by the Commission as a
11 securities salesman or dealer.

12 4. R. SMART is and has been for all relevant times the statutory agent and a managing
13 member for SIMPLY SMART HOMES, and the statutory agent and sole managing member for
14 SMART ENTERPRISES.

15 5. SMART ENTERPRISES is and has been for all relevant time a managing member of
16 SIMPLY SMART HOMES.

17 6. SIMPLY SMART HOMES, SMART ENTERPRISES, and R. SMART may be referred
18 to collectively as “Respondents.”

19 7. In April 2015, SIMPLY SMART HOMES was formed with the purpose of “flip[ping]
20 properties” for a profit.

21 8. From approximately August 2015, until at least April 2016, R. SMART and SIMPLY
22 SMART HOMES raised approximately \$110,000 from approximately four investors to fund the
23 purchase and/or renovation of Arizona real estate. R. SMART and SIMPLY SMART HOMES issued
24 Promissory Notes and/or Joint Venture Agreements to the investors within and from Arizona
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26

1 (collectively the “SIMPLY SMART HOMES Offering”). Only one investor received a small return
2 on their investments.

3 9. On or about August 2015, R. SMART and SIMPLY SMART HOMES obtained loans
4 to finance the acquisition of two residential properties (the “Meadowbrook Property” and the
5 “Stancrest Property”). Both loans were secured by Deeds of Trust and were recorded. The loans
6 were for a six month term and totaled over \$500,000.

7 10. On or about December 2015, R. SMART and SIMPLY SMART HOMES stopped
8 making the loan payments. On or about December 30, 2015, a law firm for the lender demanded
9 payment on the loans.

10 11. R. SMART acknowledged that he had received the notices and knew the properties
11 were in jeopardy of foreclosure.

12 **INVESTOR 1**

13 12. At all relevant times, Investor 1 was a resident of Arizona.

14 13. On or about August 13, 2015, Investor 1 invested approximately \$10,000 in the
15 Meadowbrook Property. Investor 1 was promised a 12% return within 90 days. A Joint Venture
16 Agreement (“JVA”) was executed between “Richard Smart c/o SIMPLY SMART HOMES, LLC,”
17 and Investor 1. According to the JVA, Investor 1’s funds were to be specifically used “towards the
18 closing of the subject property.”

19 14. Investor 1’s JVA further stated that “Richard Smart & SIMPLY SMART HOMES,
20 LLC shall make the day-to-day decisions regarding the rehab/remodel of the subject property in order
21 to maximize the highest and best potential for the property to be sold once construction and rehab is
22 completed.” Investor 1 did not participate in the renovation or make any decisions involving the
23 renovation of the Meadowbrook Property. R. SMART admitted that Investor I, “was a passive”
24 investor.

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1 15. Investor 1’s JVA was silent as to the recordation of her security interest. However,
 2 the JVA stated that Investor 1 “will be added and considered as a 2nd lien holder¹ of the subject
 3 property with all other items of this agreement being the same.”

4 **INVESTOR 2**

5 16. At all relevant times, Investor 2 was a resident of Arizona.

6 17. On or about December 2015, Investor 2 was first introduced to R. SMART at a
 7 financial group coaching program. R. SMART represented to Investor 2, that he was an experienced
 8 and successful real estate investor.

9 18. R. SMART offered Investor 2 of an opportunity to invest in the Meadowbrook
 10 Property, and suggested that Investor 2 meet him at the Meadowbrook Property, to take a look.

11 19. On or about January 2016, Investor 2 met R. SMART at the Meadowbrook Property.
 12 R. SMART informed Investor 2, that he was looking for an investor to provide funding (\$20,000)
 13 that would only be used for the repair and renovation of the Meadowbrook Property. R. SMART
 14 further stated that the renovations/repairs to the Meadowbrook Property would be completed in a few
 15 weeks and the property would be sold for a profit in approximately six weeks. R. SMART also gave
 16 Investor 2 a tour of the Stancrest Property.

17 20. R. SMART represented to Investor 2 that he should be done soon on the
 18 Meadowbrook Property and “[i]f you want to place your money and make some money really
 19 quickly, throw it into Meadowbrook.” And, that he had buyers lined up to purchase the Meadowbrook
 20 Property, as soon as the rehab of the home was finished.

21 21. On or about January 26, 2016, Investor 2 invested approximately \$20,000 in exchange
 22 for a promised 12% return, upon sale of the Meadowbrook Property. A Promissory Note² (“Note”)
 23 and a JVA were executed.

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26 ¹ On May 2, 2016, Investor 1’s JVA was recorded with the Maricopa County Recorder’s Office.

² On January 26, 2016, Investor 2 recorded his Promissory Note with the Maricopa County Recorder’s Office.

1 22. According to Investor 2's JVA, the funds were to be specifically used to "complete
2 the project" regarding the renovations on the Meadowbrook Property.

3 23. R. SMART and SIMPLY SMART HOMES stated to Investor 2, that he was the only
4 investor involved in the Meadowbrook Property, and that he was in the 2nd lien holder position on
5 the Meadowbrook Property. When in fact, Investor 1 invested in the Meadowbrook Property on or
6 about August 13, 2015³.

7 24. According to Investor 2's JVA, R. SMART and SIMPLY SMART HOMES "shall be
8 responsible for acquiring, repairing, renovating, and selling the Property." Investor 2 did not
9 participate in the renovation or make any decisions involving the renovation of the Meadowbrook
10 Property.

11 25. Respondents used certain funds deposited by Investor 2 on travel, dining, and other
12 expenses not related to the Meadowbrook Property.

13 **INVESTOR 3**

14 26. At all relevant times, Investor 3 (husband and wife) were residents of Arizona.

15 27. On or about January 26, 2016, Investor 3 attended a real estate investors meeting, they
16 were new to real estate investing and were looking for guidance and a mentor. During the meeting,
17 Investor 3 observed R. SMART making comments to the group about his real estate investment
18 experience and current projects. After the meeting, Investor 3 approached R. SMART and explained
19 to him, that they were looking for a mentor to guide them in real estate investing.

20 28. On or about January 30, 2016, Investor 3 met with R. SMART at the Meadowbrook
21 Property. R. SMART indicated all the renovations that he had done to the property, as well as what
22 needed to be done to complete the project. R. SMART informed Investor 3 that the project should be
23 completed within 60-90 days. R. SMART also gave Investor 3 a tour of the Stancrest Property.

24 29. On or about February 11, 2016, R. SMART forwarded to Investor 3 an invitation to
25 attend a "Free Real Estate Rockstar Investors Interview and Class." The invitation stated "our guest

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³ Investor 1's security interest in the Meadowbrook Property was not recorded until May 2, 2016.

1 interviewee and teacher for this event is Richard Smart.” The invitation further stated “here is what
2 Richard has to say about getting his start as a real estate investor...I have been involved in over a
3 100 real estate investing deals. If there is a conventional OR CREATIVE WAY to do a deal and
4 invest in real estate, to hold for the long-term or to wholesale or fix/flip/rehab for a profit, I have
5 probably done it.”

6 30. On or about February 19, 2016, R. SMART offered Investor 3 a chance to invest in
7 the Meadowbrook Property. R. SMART represented to Investor 3, that this was an excellent
8 opportunity. R. SMART stated to Investor 3, that he needed \$30,000 to finish the property and that
9 he would have it on the market within the next 30 days. R. SMART stated that he would have their
10 money back within 45-60 days with 12% interest.

11 31. R. SMART told Investor 3 that their investment money would only be used to pay
12 contractors and to cover expenses that would be incurred related to the sale of the Meadowbrook
13 Property.

14 32. R. SMART stated to Investor 3 that he has never lost money on an investment because
15 he knows what to buy and when to buy it. R. SMART guaranteed that Investor 3 would receive all
16 of their investment back.

17 33. On or about February 26, 2016, Investor 3 invested approximately \$30,000 in
18 exchange for a promised 12% return, upon sale of the Meadowbrook Property. Investor 3 signed a
19 Note and JVA.

20 34. According to the Investor 3's JVA (as well as Investor 2's), the total amount of the
21 investor's funds “shall be deposited by Investors into the business account of SIMPLY SMART
22 HOMES, LLC at Wells Fargo Bank.” R. SMART individually provided Investors 2 and 3 with a
23 bank account number, and instructed Investors 2 and 3 to wire transfer and/or deposit their individual
24 investment funds into the bank account. Investors 2 and 3 complied with R. SMART's instructions.
25 However, Investors 2 and 3 were not told that the bank account number provided by R. SMART was
26

1 for the SMART ENTERPRISES' business account, and not the SIMPLY SMART HOMES' business
2 account.

3 35. R. SMART is the sole authorized signatory for the SIMPLY SMART HOMES' and
4 SMART ENTERPRISES' business accounts. Both business accounts are maintained at the Wells
5 Fargo Bank.

6 36. According to Investor 3's JVA (as well as Investor 2's), "the Developers [R. SMART
7 and SIMPLY SMART HOMES] shall not have the authority, without the prior written approval of
8 the Investor's, to...commingle Investment Funds with any funds of the Developers or any other
9 funds." In light of that statement, R. SMART admitted that he uses the SMART ENTERPRISES'
10 business account for his personal living expenses, because "it's to keep from being sued...I learnt
11 that technique in an asset judgment class, many moons ago. The phrase that I keep hearing is own
12 nothing but control everything."

13 37. On or about February 26, 2016, R. SMART issued a check for \$11,000 from the
14 SMART ENTERPRISES' business account, to Burley and Associates. R. SMART admitted that the
15 \$11,000 check would not have cleared his account had Investor 3 not deposited funds into SMART
16 ENTERPRISES' business account. R. SMART further admits, "I wouldn't have written it if the
17 money wasn't in there." R. SMART stated that the \$11,000 check (for real estate investment classes
18 and training) had nothing to do with the Meadowbrook Property.

19 38. On or about March 11, 2016, R. SMART and SIMPLY SMART HOMES, signed
20 Investor 3's Note and JVA⁴.

21 39. According to Investor 3's JVA (as well as Investor 2's), "a first lien pursuant to a first
22 mortgage on the Property, held by a different lender, (the "First Lien Holder"), in the amount of
23 \$290,000.00 ("First Note")...the Property is not subject to any other liens, claims or encumbrances,
24 nor is it subject to any cloud of title." R. SMART and SIMPLY SMART HOMES stated to Investor
25

26 ⁴ On March 18, 2016, Investor 3 recorded their JVA, Note, and a Deed of Trust with the Maricopa County Recorder's Office.

1 3, that they were the only investors involved in the Meadowbrook Property, and that they were in the
2 2nd lien holder position on the Meadowbrook Property. When in fact, Investors 1 and 2 had already
3 invested, and Investor 2 was in the 2nd lien holder position on the Meadowbrook Property.

4 40. According to Investor 3's (as well as Investor 2's) Note, R. SMART and SIMPLY
5 SMART HOMES represented that, "[t]he Lender will be listed as a lender on the title of the Security
6 whether or not the Lender elects to perfect the security interest in the Security." Investors 2 and 3,
7 unbeknownst to each other, individually took it upon themselves to record their security interests
8 with the Maricopa County Recorder's Office.

9 41. According to Investor 3's JVA, R. SMART and SIMPLY SMART HOMES are
10 "responsible for acquiring, repairing, renovating, and selling the Property." Investor 3 did not
11 participate in the renovation or make any decisions involving the renovation of the Meadow Property.

12 42. Respondents used certain funds deposited by Investor 3 on real estate investment
13 classes, travel, dining, and other expenses not related to the Meadowbrook Property.

14 INVESTOR 4

15 43. At all relevant times, Investor 4 (husband and wife) were residents of Arizona.

16 44. On or about April 2016, Investor 4 were introduced to R. SMART, by a third party.
17 R. SMART stated to Investor 4 that he was a professional real estate investor, who had a history of
18 successfully buying homes through foreclosure, fixing, and then renting them for a profit. And, that
19 currently he was doing this with many homes and was looking for investors to contribute capital so
20 that he could buy more homes, fix them and/or upgrade them, and then rent them for a profit.

21 45. On or about April 4, 2016, Investor 4 invested \$50,000 with a promised 10% annual
22 rate of return. A Letter of Understanding and a JVA were executed.

23 46. According to Investor 4's JVA, R. SMART'S and SIMPLY SMART HOMES' role
24 was to "locate, negotiate for, acquire and manage investment properties... and be responsible for the
25 day-to-day operations." Investor 4's role was to "provide the money and qualify for financing."
26

1 Investor 4 did not participate in the acquisition, renovation, or management of any investment
2 properties.

3 47. On or about April 4, 2016, Investor 4's \$50,000 investment funds were deposited into
4 SIMPLY SMART HOMES' business account. At the time of the deposit, the SIMPLY SMART
5 HOMES' business account had a balance of approximately \$143. On or about April 5, 2016, R.
6 SMART did an online transfer of \$11,000 from the SIMPLY SMART HOMES' business account to
7 the SMART ENTERPRISES' business account. The online transfer was classified as "Burley Fee."
8 On or about April 19, 2016, R. SMART issued a check for \$4,389.86 from the SIMPLY SMART
9 HOMES' business account to a real estate investment class and training program.

10 48. Investor 4 was told that their investment funds would only be used towards buying
11 homes, fixing them, and then renting them for a profit.

12 49. Investor 4 was not told about the investors that invested [and never received a return
13 on their investments] in the Meadowbrook Property.

14 50. Investor 4 has only received \$1,250 back on their investment.

15 51. Respondents used certain funds deposited by Investor 4 on real estate investment
16 classes, travel, dining, and other expenses not related to the investment.

17 **COMMON TO ALL INVESTORS**

18 52. R. SMART failed to disclose to at least Investors 2-4 that he and SIMPLY SMART
19 HOMES stopped making payments on the Meadowbrook and Stancrest Property loans. R. SMART
20 also failed to disclose to at least Investors 2-4 that in January of 2016, he and SIMPLY SMART
21 HOMES had defaulted on both mortgage loans and Notices of Foreclosure were filed on both
22 properties.

23 53. Contrary to what R. SMART told Investors 2-4 the Meadowbrook Property was his
24 first time flipping a house in Arizona, using his own funding to acquire a home, and overseeing a
25 house renovation.

26 ...

1 54. R. SMART failed to disclose any risks associated with investing in real estate to at
2 least Investors 2 and 3.

3 55. R. SMART failed to disclose to at least Investors 2-4 that he had at least six judgments
4 totaling \$7,331.01 entered against him in the State of Utah, for unpaid state income tax liens.

5 56. From August 2015, until April 2016, four investors collectively invested
6 approximately \$110,000 in SIMPLY SMART HOME, of which \$1,250 was offset. The remaining
7 principal amount owed is \$108,750.

8 **II.**

9 **CONCLUSIONS OF LAW**

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

12 2. Respondents SIMPLY SMART HOMES, and R. SMART offered or sold securities
13 within or from Arizona, within the meaning of A.R.S. §§ 44-1801(15), 44-1801(21), and 44-
14 1801(26).

15 3. Respondents SIMPLY SMART HOMES, and R. SMART violated A.R.S. § 44-1841
16 by offering or selling securities that were neither registered nor exempt from registration.

17 4. Respondents SIMPLY SMART HOMES, and R. SMART violated A.R.S. § 44-1842
18 by offering or selling securities while neither registered as a dealer or salesman nor exempt from
19 registration.

20 5. Respondents SIMPLY SMART HOMES, and R. SMART violated A.R.S. § 44-1991
21 by (a) employing a device, scheme, or artifice to defraud, (b) making untrue statements or misleading
22 omissions of material facts, or (c) engaging in transactions, practices, or courses of business that
23 operate or would operate as a fraud or deceit.

24 6. Respondents SIMPLY SMART HOMES', and R. SMART'S conduct is grounds for
25 a cease and desist order pursuant to A.R.S. § 44-2032.

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1 7. Respondents SIMPLY SMART HOMES', and R. SMART'S conduct is grounds for
2 an order of restitution pursuant to A.R.S. § 44-2032.

3 8. Respondents SIMPLY SMART HOMES', and R. SMART'S conduct is grounds for
4 administrative penalties under A.R.S. § 44-2036.

5 9. Respondent R. SMART directly or indirectly controlled persons or entities within the
6 meaning of A.R.S. § 44-1999, including but not limited to SIMPLY SMART HOMES. Therefore,
7 Respondent R. SMART is jointly and severally liable under A.R.S. § 44-1999 to the same extent as
8 SIMPLY SMART HOMES for any violations of A.R.S. § 44-1991.

9 10. Respondent SMART ENTERPRISES directly or indirectly controlled persons or
10 entities within the meaning of A.R.S. § 44-1999, including but not limited to SIMPLY SMART
11 HOMES. Therefore, Respondent SMART ENTERPRISES is jointly and severally liable under
12 A.R.S. § 44-1999 to the same extent as SIMPLY SMART HOMES for any violations of A.R.S. §
13 44-1991.

14 **III.**
15 **ORDER**

16 THEREFORE, on the basis of the Findings of Fact, and Conclusions of Law, the Commission
17 finds that the following relief is appropriate, in the public interest, and necessary for the protection
18 of investors:

19 IT IS ORDERED, pursuant to A.R.S. § 44-2032, that Respondents SIMPLY SMART
20 HOMES, and R. SMART, and any of Respondents SIMPLY SMART HOMES', and R. SMART'S
21 agents, employees, successors and assigns, permanently cease and desist from violating the Securities
22 Act.

23 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that Respondent R. SMART,
24 individually, shall, jointly and severally with SIMPLY SMART HOMES, and SMART
25 ENTERPRISES, pay restitution to the Commission in the principal amount of \$108,750 as a result
26 of the conduct set forth in the Findings of Fact and Conclusions of Law. Payment is due in full on

1 the date of this Order. Payment shall be made to the "State of Arizona" to be placed in an interest-
2 bearing account controlled by the Commission. Any principal amount outstanding shall accrue
3 interest at the rate of 10% per annum from the date of purchase until the date of this Order. Interest
4 in the amount of \$12,361.64 has accrued from the date of purchase to April 5, 2017.

5 IT IS FURTHER ORDERED that the restitution ordered in the preceding paragraph will
6 accrue interest, as of the date of the Order, at the rate of the lesser of (i) ten percent per annum or (ii)
7 at a rate per annum that is equal to one per cent plus the prime rate as published by the board of
8 governors of the federal reserve system in statistical release H. 15 or any publication that may
9 supersede it on the date that the judgment is entered.

10 The Commission shall disburse the funds on a pro-rata basis to investors shown on the records
11 of the Commission. Any restitution funds that the Commission cannot disburse because an investor
12 refuses to accept such payment, or any restitution funds that cannot be disbursed to an investor
13 because the investor is deceased and the Commission cannot reasonably identify and locate the
14 deceased investor's spouse or natural children surviving at the time of the distribution, shall be
15 disbursed on a pro-rata basis to the remaining investors shown on the records of the Commission.
16 Any funds that the Commission determines it is unable to or cannot feasibly disburse shall be
17 transferred to the general fund of the state of Arizona.

18 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that Respondent R. SMART,
19 individually, shall, jointly and severally with Respondents SIMPLY SMART HOMES, AND
20 SMART ENTERPRSES, pay an administrative penalty in the amount of \$15,000 as a result of the
21 conduct set forth in the Findings of Fact and Conclusions of Law. Payment is due in full on the date
22 of this Order. Payment shall be made to the "State of Arizona." Any amount outstanding shall accrue
23 interest as allowed by law.

24 IT IS FURTHER ORDERED that the administrative penalty ordered in the preceding
25 paragraph will accrue interest at the rate of the lesser of (i) ten percent per annum or (ii) at a rate per
26 annum that is equal to one per cent plus the prime rate as published by the board of governors of the

1 federal reserve system in statistical release H. 15 or any publication that may supersede it on the date
2 that the judgment is entered.

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

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1 IT IS FURTHER ORDERED, that if Respondents fail to comply with this order, the
2 Commission may bring further legal proceedings against Respondent, including application to the
3 superior court for an order of contempt.

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

5 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

6
7 CHAIRMAN FORESE

COMMISSIONER DUNN

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10 COMMISSIONER TOBIN

COMMISSIONER LITTLE

COMMISSIONER BURNS

11 IN WITNESS WHEREOF, I, TED VOGT, Executive Director
12 of the Arizona Corporation Commission, have hereunto set my
13 hand and caused the official seal of the Commission to be
14 affixed at the Capitol, in the City of Phoenix, this _____ day
15 of _____, 2017.

16 _____
17 TED VOGT
18 EXECUTIVE DIRECTOR

19 _____
20 DISSENT

21 _____
22 DISSENT

23 This document is available in alternative formats by contacting Carolyn D. Buck, ADA
24 Coordinator, voice phone number (602) 542-3931, e-mail cdbuck@azcc.gov.

25 (MES)

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Exhibit A

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Investor	Investment Date	Investment Amount	Return	Net Principal Owed at Order Date
1	8/14/2015	10,000.00		10,000.00
2	1/26/2016	20,000.00		20,000.00
3	2/26/2016	30,000.00		30,000.00
4	4/4/2016	50,000.00	1,250.00	48,750.00
Totals:		110,000.00	1,250.00	108,750.00

1 SERVICE LIST FOR: SIMPLY SMART HOMES, LLC, et al.

2 SIMPLY SMART HOMES, LLC
3 2733 North Power Road, Suite 102
4 Mesa, AZ 85215

5 SMART ENTERPRISES, LLC
6 2733 North Power Road, Suite 102
7 Mesa, AZ 85215

8 RICHARD A. SMART
9 1654 North Sterling
10 Mesa, AZ 85207

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1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 COMMISSIONERS

3 TOM FORESE – Chairman
4 BOB BURNS
5 DOUG LITTLE
6 ANDY TOBIN
7 BOYD DUNN

6 In the matter of:)
7 SIMPLY SMART HOMES, LLC, an Arizona)
8 limited liability company,)
9 SMART ENTERPRISES, LLC, an Arizona)
10 limited liability company,)
11 RICHARD A. SMART, an unmarried man,)
12 Respondents.)

DOCKET NO: S-21002A-17-0016

**CERTIFICATION OF SERVICE OF
PROPOSED OPEN MEETING AGENDA
ITEM**

12 On this 21st day of March, 2017, the foregoing document was filed with Docket Control as a
13 Securities Division Memorandum & Proposed Order, and copies of the foregoing were mailed on
14 behalf of the Securities Division to the following who have not consented to email service. On this
15 date or as soon as possible thereafter, the Commission’s eDocket program will automatically email
16 a link to the foregoing to the following who have consented to email service.

18 SIMPLY SMART HOMES, LLC
19 2733 North Power Road, Suite 102
20 Mesa, AZ 85215
21 Respondent

22 SMART ENTERPRISES, LLC
23 2733 North Power Road, Suite 102
24 Mesa, AZ 85215
25 Respondent

26 RICHARD A. SMART
1654 North Sterling
Mesa, AZ 85207
Respondent

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