



ORIGINAL

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

2007 NOV 16 P 2:19

MIKE GLEASON, Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
KRISTIN K. MAYES
GARY PIERCE

AZ CORP COMMISSION
DOCUMENT CONTROL

In the matter of:
RONALD JAMES STRAYER (a/k/a RJ STRAYER) and JANE DOE STRAYER, husband and wife;
JEFFREY STANFORD RYAN, and LISA SCOTT, husband and wife; and
RJSR Land Development CR, a Costa Rican corporation
Respondents.

DOCKET NO. S-20564A-07-0643

TEMPORARY ORDER TO CEASE AND DESIST AND NOTICE OF OPPORTUNITY FOR HEARING

Arizona Corporation Commission

DOCKETED

NOV 16 2007

DOCKETED BY [Signature]

NOTICE: THIS ORDER IS EFFECTIVE IMMEDIATELY

EACH RESPONDENT HAS 20 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 RONALD JAMES STRAYER (a/k/a RJ STRAYER) and JANE DOE STRAYER, husband and wife, JEFFREY STANFORD RYAN and LISA SCOTT, husband and wife, and RJSR Land Development CR, a Costa Rican corporation, are engaging in or are about to engage in acts and practices that constitute violations of A.R.S. § 44-1801, et seq., the Arizona Securities Act ("Securities Act"), and that the public welfare requires immediate action.

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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. RONALD JAMES STRAYER (a/k/a RJ STRAYER) (“STRAYER”) is an individual residing in Scottsdale, Arizona.

3. JEFFREY STANFORD RYAN (“RYAN”) is an individual residing in Phoenix, Arizona.

4. RSJR Land Development CR is a corporation organized under the laws of Costa Rica (“RSJRLDCR”).

5. JANE DOE STRAYER has been at all relevant times the spouse of Respondent STRAYER, LISA SCOTT has been at all relevant times the spouse of Respondent RYAN.

6. JANE DOE STRAYER and LISA SCOTT may be referred to collectively as “Respondent Spouses.” Respondent Spouses are joined in this action under A.R.S. §44-2031(C) solely for purposes of determining the liability of the marital communities.

7. STRAYER, RYAN, and RSJRLDCR may be referred to individually or collectively as “Respondents” as the context requires.

8. At all relevant times, Respondents has been acting for their own benefit and for the benefit or in furtherance of the marital communities.

III.
FACTS

9. Since at least June 29, 2007, Respondents have been directly or indirectly engaged in the offer and sale of securities to the general public in Arizona in the form of stock in RSJRLDCR (“RSJRLDCR Stock”).

1 10. Arizona investors are being solicited through the use of an internet website,
2 www.rjsrgroup.com (“Website”).

3 11. In addition to the Website, from at least October 7, 2007 through October 29, 2007,
4 Respondents offered for sale the RSJRLDCR Stock through advertisements in the *Arizona*
5 *Republic* (“AZ Republic Ads”), and *Arizona Central*, the electronic media version of the *Arizona*
6 *Republic*, (“AZ Central Postings”).

7 12. Respondents inform potential investors that the purpose of RSJRLDCR is to
8 acquire, develop, and then sell approximately 600 acres of real estate located in the Guanacaste
9 Province of Costa Rica known as “Vistas Rincon” (“Development”).

10 13. Upon request for information regarding RSJRLDCR, the principals, or the
11 Development, offerees are directed to the Website.

12 14. Although the Website contains general information regarding the Development
13 including an estimated budget and timeline, potential investors are not apprised as to the financial
14 condition of RSJRLDCR nor afforded any material background information regarding its officers.

15 15. Respondents represent that the officer of RSJRLDCR are STRAYER, President,
16 RYAN, Secretary, David Stanford Ryan, Treasurer, and Carolyn Prater Ryan, “Corporation
17 Supervisor,” (“RSJRLDCR Officers”).

18 16. Upon information and belief, David Stanford Ryan and Carolyn Prater Ryan are
19 husband and wife, the parents of RYAN, and residents of Costa Rica.

20 17. According to the Website, Respondents represent that Costa Rican corporate laws
21 are similar to that of an American “C” type corporation with by-laws, shareholders, officers, etc.”

22 18. Respondents make the incorporation documents and by-laws of RSJRLDCR
23 available to potential investors upon request; however, these documents are in Spanish, and
24 Respondents do not offer an English language translation to potential investors.

25 19. According to the Website, 50% the RSJRLDCR Stock will be owned by the 4
26 RSJRLDCR Officers, and the remaining 50% will be owned by a maximum of 18 investors

1 (“RSJRLDCR Investors”).

2 20. Potential RSJRLDCR Investors are informed by Respondents that, despite being
3 shareholders, only the President (i.e., STRAYER) and Secretary (i.e., RYAN) of RSJRLDCR have
4 voting rights and the authority to make changes to the corporate by-laws.

5 21. The Website does not disclose the cost per share for the RSJRLDCR Stock; rather,
6 Respondents represent that the return to the RSJRLDCR Investors shall be 50% of the “net
7 proceeds” from the sale of the Development, which sale should be completed within 2 years.
8 Respondents do not provide a definition of “net proceeds” on the Website.

9 22. The AZ Republic Ads and the AZ Central Postings state that the cost per share for
10 the RSJRLDCR Stock is \$75,000, and that investors should receive in excess of a 200% return on
11 their investment within 2 years.

12 23. The agreement for the acquisition of RSJRLDCR Stock provided by Respondents to
13 potential investors states that upon the sale of the Development, the proceeds of sale shall be
14 distributed to the “Owners” (i.e., RSJRLDCR Officers) and “Buyers” (i.e., RSJRLDCR Investors)
15 as follows:

16 [T]he BUYERS will get their initial investment back, provided that after all
17 expenses are paid, the balance is greater than the initial investment. By expenses it
18 is understood closing costs, taxes and any other contingency fee inherent to a
19 transaction of this nature.

20 If the amount of the balance allows it, the BUYERS will receive, additionally, a
21 10% of the initial investment. The remaining balance of the net sale will be
22 distributed in equal percentages, that is 50% each, between all the shareholders who
23 appear as BUYERS and the OWNERS.

24 If the sale of the property turns out to be less than the original shareholders’
25 investment, the money obtained will be equally divided amongst the shareholders
26 and the OWNERS, that is 50% each.

23 24. STRAYER informed at least one potential Arizona investor that the cost per share
24 for the RSJRLDCR Stock is \$70,000, no financial statements for RSJRLDCR were available, and
25 that as of November 16, 2007, Respondents were still seeking investors in RSJRLDCR.

26 25. STRAYER did not inquire of at least one potential Arizona investor whether or not

1 he could sustain the loss of the investment.

2 26. According to the Website, the only requirements to become a RSJRLDCR Investor
3 are the commitment of money and the maintenance of a United States Passport for the duration of
4 the investment period.

5 27. Respondents fail to disclose to potential investors that none of them are registered to
6 sell stock or to act as a financial intermediary (i.e., solicit funds from investors) in Costa Rica.

7 **IV.**

8 **VIOLATION OF A.R.S. §44-1841**

9 **(Offer and Sale of Unregistered Securities)**

10 28. From on or about June 29, 2007, Respondents have been offering or selling
11 securities in the form of stock, within or from Arizona.

12 29. The securities referred to above are not registered pursuant to Articles 6 or 7 of the
13 Securities Act.

14 30. This conduct violates A.R.S. § 44-1841.

15 **V.**

16 **VIOLATION OF A.R.S. §44-1842**

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

18 31. Respondents are offering or selling securities within or from Arizona while not
19 registered as dealers or salesmen pursuant to Article 9 of the Securities Act.

20 32. This conduct violates A.R.S. § 44-1842.

21 **VI.**

22 **VIOLATION OF A.R.S. §44-1991**

23 **(Fraud in Connection with the Offer or Sale of Securities)**

24 33. In connection with the offer or sale of securities within or from Arizona,
25 Respondents are, directly or indirectly: (i) employing a device, scheme, or artifice to defraud; (ii)
26 making untrue statements of material fact or omitting to state material facts that are necessary in

1 order to make the statements made not misleading in light of the circumstances under which they are
2 made; or (iii) engaging in transactions, practices, or courses of business that operate or would
3 operate as a fraud or deceit upon offerees and investors. Respondents' conduct includes, but is not
4 limited to, the following:

5 a) Failing to disclose to potential investors that none of the Respondents
6 are registered to sell stock or to act as a financial intermediary in Costa Rica;

7 b) Failing to provide to disclose to potential investors material information
8 about RJSRLDCR or the investment including disclosure statements, prospectuses or financial
9 statements; and

10 c) Failing to disclose to potential investors any material background
11 information about RJSRLDCR or its principals;

12 34. This conduct violates A.R.S. § 44-1991.

13 **VII.**

14 **TEMPORARY ORDER**

15 **Cease and Desist from Violating the Securities Act [or IM Act]**

16 THEREFORE, based on the above allegations, and because the Commission has determined
17 that the public welfare requires immediate action,

18 IT IS ORDERED, pursuant to A.R.S. § 44-1972(C) and A.A.C. R14-4-307, that
19 Respondents, their agents, servants, employees, successors, assigns, and those persons in active
20 concert or participation with Respondents CEASE AND DESIST from any violations of the
21 Securities Act.

22 IT IS FURTHER ORDERED that this Temporary Order to Cease and Desist shall remain in
23 effect for 180 days unless sooner vacated, modified, or made permanent by the Commission.

24 IT IS FURTHER ORDERED that this Order shall be effective immediately.

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1 **VIII.**

2 **REQUESTED RELIEF**

3 The Division requests that the Commission grant the following relief:

- 4 1. Order Respondents to permanently cease and desist from violating the Securities Act
5 pursuant to A.R.S. §44-2032;
- 6 2. Order Respondents to take affirmative action to correct the conditions resulting from
7 Respondents' acts, practices, or transactions, including a requirement to make restitution pursuant to
8 A.R.S. §44-2032;
- 9 3. Order Respondents to pay the state of Arizona administrative penalties of up to five
10 thousand dollars (\$5,000) for each violation of the Securities Act, pursuant to A.R.S. § 44-2036;
- 11 4. Order that the marital communities of Respondents and Respondent Spouses are
12 subject to any order of restitution, rescission, administrative penalties, or other appropriate
13 affirmative action pursuant to A.R.S. § 25-215; and
- 14 5. Order any other relief that the Commission deems appropriate.

15 **IX.**

16 **HEARING OPPORTUNITY**

17 Each respondent [including Respondent Spouses] may request a hearing pursuant to A.R.S.
18 §44-1972 and A.A.C. Rule 14-4-307. **If a Respondent or Respondent Spouse requests a**
19 **hearing, the requesting respondent must also answer this Temporary Order and Notice.** A
20 request for hearing must be in writing and received by the Commission within 20 days after service
21 of this Temporary Order and Notice. The requesting respondent must deliver or mail the request for
22 hearing to Docket Control, Arizona Corporation Commission, 1200 West Washington, Phoenix,
23 Arizona 85007. Filing instructions may be obtained from Docket Control by calling (602) 542-3477
24 or on the Commission's Internet web site at www.azcc.gov/divisions/hearings/docket.asp.

25 If a request for hearing is timely made, the Commission shall schedule a hearing to begin 10
26 to 30 days from the receipt of the request unless otherwise provided by law, stipulated by the parties,

1 or ordered by the Commission. **Unless otherwise ordered by the Commission, this Temporary**
2 **Order shall remain effective from the date a hearing is requested until a decision is entered.**

3 After a hearing, the Commission may vacate, modify, or make permanent this Temporary Order,
4 with written findings of fact and conclusions of law. A permanent Order may include ordering
5 restitution, assessing administrative penalties, or other action.

6 If a request for hearing is not timely made, the Division will request that the Commission
7 make permanent this Temporary Order, with written findings of fact and conclusions of law, which
8 may include ordering restitution, assessing administrative penalties, or other relief.

9 Persons with a disability may request a reasonable accommodation such as a sign language
10 interpreter, as well as request this document in an alternative format, by contacting Linda Hogan,
11 ADA Coordinator, voice phone number 602/542-3931, e-mail lhogan@azcc.gov. Requests should
12 be made as early as possible to allow time to arrange the accommodation.

13 X.

14 ANSWER REQUIREMENT

15 Pursuant to A.A.C. R14-4-305, if a Respondent or Respondent Spouse requests a hearing,
16 the requesting respondent must deliver or mail an Answer to this Temporary Order and Notice to
17 Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007,
18 within 30 calendar days after the date of service of this Temporary Order and Notice. Filing
19 instructions may be obtained from Docket Control by calling (602) 542-3477 or on the
20 Commission's Internet web site at www.azcc.gov/divisions/hearings/docket.asp.

21 Additionally, the answering respondent must serve the Answer upon the Division. Pursuant
22 to A.A.C. R14-4-303, service upon the Division may be made by mailing or by hand-delivering a
23 copy of the Answer to the Division at 1300 West Washington, 3rd Floor, Phoenix, Arizona, 85007,
24 addressed to JULIE COLEMAN, Assistant Chief Counsel of Enforcement.

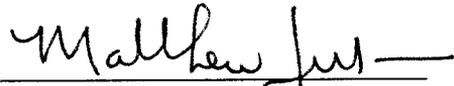
25 The Answer shall contain an admission or denial of each allegation in this Temporary Order
26 and Notice and the original signature of the answering respondent or the respondent's attorney. A

1 statement of a lack of sufficient knowledge or information shall be considered a denial of an
2 allegation. An allegation not 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. 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 BY ORDER OF THE ARIZONA CORPORATION COMMISSION, this 16th day of
9 November, 2007.

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11 Matthew J. Neubert
12 Director of Securities

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