

Docket



0000027201

BEFORE THE ARIZONA CORPORATI

WILLIAM A. MUNDELL
CHAIRMAN

JIM IRVIN
COMMISSIONER

MARC SPITZER
COMMISSIONER

IN THE MATTER OF:

THE CHAMBER GROUP, INC.
An Arizona Corporation, a/k/a
CHAMBER FINANCIAL GROUP and CHAMBER
FINANCIAL
1060 Sandretto Drive, Ste. A
Prescott, Arizona 86305; and
1550 South Alma School, Ste. #103
Mesa, Arizona 85210

JOSEPH L. HILAND
135 South Summit
Prescott, Arizona 86304

TYSON J. HILAND
3094 Shoshone Place
Prescott, Arizona 86301

TRAVIS D. HILAND
4801 North Meixner Road
Prescott, Arizona 86314

Respondents.

DATES OF PRE-HEARING CONFERENCES:

DATES OF HEARING:

PLACE OF HEARING:

PRESIDING ADMINISTRATIVE
LAW JUDGE:

APPEARANCES:

DOCKET NO. S-03438A-00-0000

Arizona Corporation Commission

DOCKETED

MAR 26 2002

DOCKETED BY

AWP

DECISION NO. 64672

OPINION AND ORDER

January 30 and March 19, 2001

April 30, May 1, 2, 3, and 4, 2001

Phoenix, Arizona

Marc E. Stern

Titus, Brueckner, and Berry, by Mr.
David R. Jordan, on behalf of the
Chamber Group, Inc., Mr. Joseph Hiland,
Mr. Tyson J. Hiland and Mr. Travis D.
Hiland;¹

Mr. Jamie B. Palfai, Special Assistant
Attorney General, and

¹ Initially, Respondents were represented by Mr. Michael Salcido, but subsequently retained alternate counsel.

Ms. Jennifer A. Boucek, Assistant
Attorney General, on behalf of the
Securities Division of the Arizona
Corporation Commission.

BY THE COMMISSION:

On December 22, 2000, the Securities Division ("Division") of the Arizona Corporation Commission ("Commission") filed a Temporary Order to Cease and Desist ("T.O.") and a Notice of Opportunity for Hearing ("Notice") against the Chamber Group, Inc. a/k/a Chamber Financial Group or Chamber Financial ("CGI"), Mr. Joseph L. Hiland, Mr. Tyson J. Hiland and Mr. Travis D. Hiland (collectively the "Respondents") in which the Division alleged multiple violations of the Arizona Securities Act ("Act") in connection with the offer and sale of securities in the form of certificates of deposit ("CDs"), viatical settlements, tax lien certificates and investment contracts for money voucher machines. As a result of the T.O., the Respondents were immediately ordered to cease and desist from violating the Act.

The Respondents were all duly served with the T.O. and the Notice.

On January 12, 2001, Respondent CGI and Messrs. Hiland filed a request for hearing.

On January 22, 2001, by Procedural Order, a pre-hearing conference was scheduled for January 30, 2001.

On January 30, 2001, the initial pre-hearing conference took place as scheduled with counsel for the Respondents and the Division present. At that time, Counsel for the Respondents consented to the extension of the T.O. pursuant to A.A.C. R14-4-307 until a final Commission Decision. The parties also stipulated to a hearing to commence on March 19, 2001.

On March 6, 2001, a Notice of Appearance and Motion for Continuance of Hearing were filed by Titus, Bruckner, & Barry, P.C. on behalf of the Respondents.

On March 19, 2001, at the time scheduled for hearing, an additional pre-hearing conference was held at which time substitute counsel for the Respondents indicated that he would be representing the Respondents in all further proceedings and would be filing a formal written consent executed by Respondents' former counsel to allow for the substitution of counsel.

Due to the substitution of counsel, it was agreed that a brief continuance would resolve the scheduling of the hearing and the parties stipulated for the hearing to commence on April 30, 2001.

1 On March 20, 2001, Respondents filed a written waiver of A.A.C. R14-4-307. Respondents
2 also filed a response in opposition to an earlier motion which had been filed by the Division to allow
3 for the presentation for telephonic testimony during the proceeding.

4 On April 6, 2001, by Procedural Order, the Division's motion to allow telephonic testimony
5 was granted.

6 On April 30, 2001, a full public hearing was commenced before a duly authorized
7 Administrative Law Judge of the Commission at its offices in Phoenix, Arizona. Respondents and
8 the Division appeared with counsel. Hearings were also conducted on May 1, 2, 3, and 4, 2001.
9 Testimony was taken from various witnesses and more than 150 exhibits were admitted into evidence
10 during the course of the proceeding. Following the conclusion of the hearing, the parties agreed that
11 the record would remain open for approximately 30 days in order to allow the Respondents to collect
12 certain evidence in the form of Certificates of Redemption for brokered CDs to be filed as a late-filed
13 exhibit R-3 after which closing memoranda would be filed.

14 On May 24, 2001, a Stipulation Regarding the Closing of the Record and the Date for
15 Submitting Post-Hearing Memoranda ("Stipulation") was filed by counsel for the Respondents and
16 the Division. The Stipulation stated that the record would be closed on June 4, 2001 and that
17 although Respondents' counsel had been considering the opportunity to call a final rebuttal witness,
18 Respondents waived this opportunity. Respondents also stipulated that they would file Exhibit R-3
19 by the aforementioned date. The parties further stipulated that closing memoranda would be filed not
20 later than 30 calendar days from the date that the final hearing transcript in the case was filed with
21 Docket Control.

22 On June 4, 2001, Respondents filed their Exhibit R-3 which was to consist of the Certificates
23 of Redemption.

24 On June 11, 2001, the Division filed a Motion to Preclude Admission of Respondents' Exhibit
25 R-3 ("Motion to Preclude").

26 On June 28, 2001, the Respondents filed a response to the Division's Motion to Preclude.

27 On July 3, 2001, by Procedural Order, the Division's Motion to Preclude was denied. The
28 matter was then taken under advisement pending submission of a Recommended Opinion and Order

1 to the Commission.

2 On December 4, 2001, a Recommended Opinion an Order was issued and was discussed at
3 the Commission's January 8, 2002 Open Meeting. It was decided that the Opinion and Order should
4 be amended to include a finding of a statutory violation of the anti-fraud provision of the Act, A.R.S.
5 § 44-1991 and that with respect to the issue of restitution, the matter should be referred back to the
6 Hearing Division to ascertain the correct amount to be ordered.

7 On January 10, 2002, pursuant to the Commission's direction, a Procedural Order was issued
8 scheduling a Procedural Conference.

9 On January 17, 2002, the Procedural Conference was held and the parties agreed to the filing
10 of additional exhibits and to the scheduling of a hearing on the matter of restitution.

11 On February 6, 2002, the Division filed what was captioned "Motion to Adopt Unopposed
12 Restitution Totals, Terms and Conditions for Inclusion into Proposed Order" ("Restitution Motion")
13 which included attached exhibits to establish the correct amount of restitution.

14 On February 6, 2002, the hearing was convened before the presiding Administrative Law
15 Judge. The Division and the Respondents were represented by counsel. The Respondents did not
16 object to the Restitution Motion and it was granted during the hearing. The exhibits attached to the
17 Restitution Motion were also admitted into evidence along with certain receivership records relevant
18 to the proceeding. The Restitution Motion is attached hereto, marked Exhibit A and incorporated
19 herein by reference.

20
21 * * * * *

22
23 Having considered the entire record herein and being fully advised in the premises, the
24 Commission finds, concludes, and orders that:

25 **FINDINGS OF FACT**

26 1. CGI, whose last two known addresses were 1060 Sandretto Drive, Ste. A, Prescott,
27 Arizona 86305, and 1550 South Alma School Road, Ste. 103, Mesa, Arizona 85210 was an Arizona
28 corporation that was incorporated on or about June 10, 1997, to conduct the business of "insurance

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1 sales and business benefits marketing and administration.” On December 12, 2000, according to the
2 Commission’s records, the corporate entity was dissolved and the Articles of Organization for The
3 Chamber Group, L.L.C. (“CGL.L.C.”) were filed listing Mr. Joseph Hiland, Mr. Travis Hiland, and
4 Mr. Tyson Hiland as managers at the aforementioned address in Mesa, Arizona attributable to CGI.

5 2. Respondent, Joseph Hiland, whose last known address is 135 South Summit, Prescott,
6 Arizona 86304, was an incorporator, CEO and a sales representative of CGI. At all times herein,
7 Respondent, Joseph Hiland, offered and sold a variety of investment programs to a number of
8 Arizona investors.

9 3. Respondent, Tyson Hiland, whose last known address is 3094 Shoshone Place,
10 Prescott, Arizona 86304, was a sales representative of CGI and in this capacity, offered and sold a
11 variety of investment programs to a number of Arizona investors.

12 4. Respondent, Travis Hiland, whose last known address is 4801 North Meixner Road,
13 Prescott Valley, Arizona, 86314, was the president and a sales representative of CGI and involved in
14 the sale of a number of investment programs to Arizona investors.

15 5. On December 22, 2000, the Division issued a T.O. and Notice alleging violations of
16 A.R.S. §§ 44-1841, 44-1842 and 44-1991 against Respondents CGI and Messrs. Hiland. With
17 respect to Respondent Travis Hiland, the Division alleged that he either directly or indirectly
18 controlled CGI and Respondents Tyson and Joseph Hiland within the meaning of A.R.S. §44-1999
19 and is therefore, liable to the same extent as CGI and Respondents Tyson and Joseph Hiland for the
20 multiple violations of A.R.S. § 44-1991. Additionally, the T.O. and Notice also alleged that
21 Respondents CGI and Messrs. Hiland engaged in activity violating A.R.S. §§ 44-3151 and 44-3241,
22 the Investment Management Act. (“IMA”).

23 6. During the latter half of 1998, Respondents CGI and Messrs. Hiland began the offer
24 and sale of a variety of investment programs initially in the form of brokered fractionalized CDs, life
25 settlement contracts, a/k/a viatical settlements, a tax lien certificate program in the form of an
26 investment contract and the “MVP” money voucher program, also an investment contract, that
27 involved the sale of money voucher machines that were operated and managed for investors by
28 Douglas Network Enterprises (“DNE”), a service company, that would perform all of the work and

1 send profits to investors.

2 7. Although not included within the T.O. and Notice, there was also some evidence
3 presented that as time passed during the offer and sale of the aforementioned investments, the
4 Respondents also made available opportunities to invest in a timeshare resort in the Yucatan.

5 8. The majority of the investments offered and sold by the Respondents initially were in
6 the area of the brokered CDs. These CDs were offered and sold by Respondents through a California
7 broker dealer, San Clemente Securities, Inc. ("San Clemente").

8 9. The Division contended that investor funds in the CD program were either directed to
9 San Clemente's wholly-owned subsidiary clearing correspondent, United Custodial Corporation
10 ("UCC") or CIBC Oppenheimer ("CIBC"), or independent clearinghouse, which would then credit
11 investors with ownership of a portion of a master CD owned by San Clemente. However, based on
12 the record, the investments in this proceeding were made through CIBC.

13 10. Based on the testimony of investor witnesses called by the Division, they were
14 unaware that their investment funds were being pooled together with those of other investors to
15 finance the purchase from various issuing banks of large master CDs by San Clemente which then
16 fractionalized the CDs to individual investors.

17 11. There is no evidence that any of these investors ever received physical custody of their
18 CDs because it was established that the CDs remained within the control of San Clemente or its
19 clearing house, CIBC or United Custodial.

20 12. Investors called by the Division testified that they believed the CDs which they
21 purchased from the Respondents had one year maturity dates with approximately a 2 percent higher
22 rate of return than the going rate of CDs offered by other investment organizations.

23 13. However, the CDs that were offered and sold by the Respondents were extended term
24 CDs, which, if an investor desired to liquidate his interest in the CD before the maturity date, would
25 result in a financial penalty due to a Market Value Adjustment ("MVA") upon the return of the
26 remainder of his principal investment².

27
28 ² The MVA fluctuated depending on the going interest rate and was part of a secondary market.

1 14. Respondent Joseph Hiland recalled that during 1998 he was contacted by a Mr. Jeff
2 Nichols who was marketing a program that illustrated the sale of CDs would provide CGI a method
3 to attract more clients to whom he could sell more annuities, which he was already selling because of
4 his background in the insurance business.

5 15. Subsequently, Respondent Joseph Hiland, became acquainted with San Clemente and
6 its principals who purportedly were the biggest marketers of CDs in California.

7 16. The brokered CDs issued by San Clemente and offered and sold by CGI and its
8 Respondent sales representatives were categorized as a "step rate CD." It was offered and sold with
9 an initial interest rate of approximately 9¼ percent (approximately two percent above the going rate)
10 for a period of one year after which it would step down "usually two points" and would have a term
11 of from 15 to 20 years.

12 17. According to the Respondents, investors in brokered CDs were all told that "the
13 principal is guaranteed by the FDIC³."

14 18. Respondents, through counsel, stipulated that the brokered CDs were securities under
15 the Act.

16 19. There is no evidence that the brokered CDs were either exempt from registration or
17 registered under the Act.

18 20. Respondents Travis and Tyson Hiland were also involved in the sale of the brokered
19 CDs.

20 21. There was also evidence that Respondents offered and sold approximately 150 viatical
21 contracts between approximately January 1999 through at least July 2000.

22 22. There is also evidence that CGI and its sales representatives, Respondents Joseph
23 Hiland and Tyson Hiland, also offered and sold investments for TLC America ("TLC") in its tax lien
24 program on at least 92 occasions between January 1999 and December 2000.

25 23. CGI had been contacted by a representative of TLC after inquiries the Respondents
26 had made after viewing promotional ads for the tax lien investment programs. All three individual
27

28 ³ Federal Deposit Insurance Corporation.

1 Respondents attended a seminar to learn about marketing the program.

2 24. It was established by the record that Respondents had also been involved in at least 30
3 sales of MVP money voucher machine programs offered by DNE through the use of investment
4 contracts which enabled investors to invest with the Respondents for the purchase and management
5 of DNE's money voucher machines which would be managed by DNE's management company.

6 25. Respondents presented no evidence during the proceeding that established that any of
7 the offerings at issue were either exempt from registration or registered under the Act.

8 26. During much of the time in question, neither CGI nor Messrs. Hiland were registered
9 as a dealer or salesmen in Arizona. However, from September 1999 through June 2000, one or more
10 of the Hiland Respondents were registered as salesmen with San Clemente.

11 27. Based on the record, there was also evidence establishing the fact that CGI and the
12 individually named Respondents transacted business without being licensed in Arizona as an
13 investment advisor or investment advisor representatives, in violation of the IMA.

14 28. In support of its case, the Division called five investor witnesses including: Ms.
15 Gloria Perry Peragine, Ms. Catherine N. Smith, Ms. Susan A. Heatherington, Mrs. Louis Maass, and
16 Mrs. Nancy del Valle; Ms. Julia Reinhold and Ms. Michelle Webb, two former employees; Mr.
17 Kenton Johnson, an employee of the receiver of TLC in California, Mr. David Greene, a regional
18 counsel for the National Association of Securities Dealers ("NASD"); and Division employees, Mr.
19 Michael Donovan, senior financial instrument examiner and Mr. Gary Kirst, investigator.

20 29. Ms. Gloria Perry Peragine, a retiree from Surprise, Arizona, testified that she has a
21 monthly income of \$1,100 primarily from Social Security benefits and that her only investing
22 experience was in bank issued CDs. Mrs. Gloria Perry Peragine first learned about CGI from her
23 son-in-law who had heard their ads on a radio show and also read about them in a newspaper.

24 30. CGI's newspaper ad promoted CDs with a 9 percent interest rate which caught her
25 attention.

26 31. As a result, she contacted CGI and made an appointment to meet with Respondent
27 Joseph Hiland. At this meeting, she informed him of her desire to invest in a 9 percent CD.
28 Respondent Joseph Hiland failed to inform her that her CD would have a 20-year maturity date.

1 32. Ms. Gloria Perry Peragine understood that her investment would only be for a period
2 of one year, and "there would be no problem in cashing it in a year."

3 33. Additionally, Ms. Gloria Perry Peragine indicated that Respondent Joseph Hiland
4 failed to disclose any commissions that he would receive or that her CD would be a fractionalized
5 interest in a broker issued CD from San Clemente.

6 34. It was Ms. Gloria Perry Peragine's understanding that if she "renewed" her CD after
7 one year, it would decrease its return to 7 percent. However, no mention was made of the fact that
8 the market value of the 20 year CD would vary based on the market established by San Clemente if
9 she decided to sell her CD.

10 35. There was no mention made that Ms. Gloria Perry Peragine would lose a portion of
11 her principal if she liquidated her CD before its term expired, nor was any mention made of the fact
12 that the CD was callable by the issuing bank.

13 36. Respondent Joseph Hiland also failed to disclose to Ms. Gloria Perry Peragine that he
14 was not registered an investment advisor, an investment advisor representative or a registered
15 salesman or that CGI was not registered as a dealer or investment advisor in Arizona.

16 37. Ms. Gloria Perry Peragine emphasized that the liquidity of her investment in the CD
17 was very important to her and that she couldn't leave her money in it for more than one year. Her
18 prior investing experience was with bank CDs which had either a six month or one-year term. This
19 factor was of particular importance to her because she is approximately 81 years old and if she lived
20 to when her CGI CD matured, she would be 101.

21 38. On June 11, 1999, Ms. Gloria Perry Peragine gave CGI and Respondent Joseph Hiland
22 her check for \$40,000 payable to CIBC to invest in a brokered CD.

23 39. Ms. Gloria Perry Peragine also identified a letter from Respondent Joseph Hiland in
24 which San Clemente certificates were referenced and mention was made of the fact that "our banks
25 are FDIC insured."

26 40. After one year, Ms. Gloria Perry Peragine contacted Respondent Joseph Hiland to
27 cash in her CD. At that time, she learned from Mr. Hiland that her interest in the CD was for a term
28 of 20 years and he told her that he was as surprised as she was at the maturity date.

41. At that point, Mr. Hiland, in order to off-set a loss of her principal due to the MVA, offered her an opportunity to invest in a time share resort in Mexico which, if she rolled over her investment, offered her the opportunity to make up the difference on the CD loss.

42. On or about September 6, 2000, Ms. Gloria Perry Peragine received a check in the amount of \$36,609.93 for the liquidation of her CD, which sum represented approximately a 10 percent loss of her principal, imposing a hardship upon her because of her limited financial resources.

43. Ms. Catherine N. Smith, a retiree from Prescott Valley, Arizona, testified that she had income of approximately \$800 a month from Social Security and her ex-husband's pension. Her previous investment experience came from investing in bank CDs.

44. Ms. Smith learned about CGI in approximately November 1998 through newspaper and radio ads which promoted high paying interest on CD investments.

45. Subsequently, Ms. Smith contacted CGI and met with Respondent Joseph Hiland to discuss her desire to invest in a CD.

46. Ms. Smith recalled Respondent Joseph Hiland commenting that CGI's CD investments would be callable⁴ in one year, paying 7 percent interest the first year and stepping down to 6 percent after that.

47. Respondent Joseph Hiland did not disclose that he was not a licensed investment advisor representative or that he was not a registered securities salesman. Additionally, he did not disclose that CGI was neither a registered securities dealer nor a registered investment advisory firm.

48. Ms. Smith emphasized that she was on a fixed income and, at her age, would not be interested in a 20 year CD because she was presently 76 years old and would be 96 when it matured.

49. On November 10, 1998, Ms. Smith invested \$21,000 with Respondents CGI and Mr. Joseph Hiland by writing a check to Oppenheimer Corporation. Her intent and confusion were evident when she wrote her check because she noted that it was for a 6 month CD in the memo space of the check.

50. Approximately one month later, Ms. Smith invested another \$10,000 with CGI and

⁴ This feature was exercisable only by the issuing banks.

1 Mr. Hiland in another brokered CD that "was callable in one year."

2 51. At the time Ms. Smith made these investments with the Respondents, she was
3 particularly concerned with their liquidity because she was in the process of building a house and
4 would need the funds available for projects related to its construction. It was not disclosed to Ms.
5 Smith that she was investing in a 20 year brokered CD.

6 52. Respondent Joseph Hiland failed to disclose what the phrase "callable in one year"
7 would mean to an investor and Ms. Smith believed that it meant that the CD matured in one year.

8 53. Additionally, Respondent Joseph Hiland failed to disclose information concerning San
9 Clemente's secondary market or the MVA for Ms. Smith's CDs in any of their discussions.
10 Previously, Ms. Smith had never experienced any fluctuation in the value or the interest rates paid by
11 her bank-issued CDs.

12 54. Respondent Joseph Hiland failed to disclose that Ms. Smith's CDs had been
13 fractionalized from a master CD issued to San Clemente or what commission he would earn in return
14 for the purchase of her two CDs.

15 55. In November 1999, Ms. Smith called CGI and spoke with Respondent Tyson Hiland
16 and informed him that she would be coming in to CGI to collect her principal investment. At that
17 time she was told that only the bank could call the CDs. He explained further that, if Ms. Smith
18 persisted in cashing in her San Clemente CDs, it would cost her approximately \$8,000 due to the
19 MVA.

20 56. Ultimately, Ms. Smith cashed in her two CDs because she did not believe that she
21 would be alive to collect the funds in 20 years and because she needed her funds to be liquid.

22 57. When Ms. Smith liquidated her two CDs, she suffered approximately a 15 percent loss
23 of principal or \$4,205 which is approximately 6 times her monthly income.

24 58. Ms. Smith indicated that, if she had known she would lose a portion of her principal
25 from the CD investments offered by CGI, she would not have invested.

26 59. Although Ms. Smith indicated that she was unaware of the 20-year maturity date of
27 her San Clemente CDs, Respondents provided evidence that she had received confirmations that
28 reflected a maturity date of 20 years.

1 60. It was apparent from Ms. Smith's testimony that she believed the term "callable"
2 could be equated with the word "matured".

3 61. When Ms. Smith invested, she had no idea which bank would be the issuing bank for
4 her CDs. However, she confirmed that she received the interest payments which were due on them.

5 62. Based on the record, it was not disclosed to Ms. Smith that she would have to pay a
6 penalty if she withdrew her investment prior to its maturity date and that the callability feature only
7 applied to the banks if they wished to pay off their CDs.

8 63. The record also established that Ms. Smith's confirmation statement failed to disclose
9 by whom the CD was callable.

10 64. Ms. Susan Heatherington, a self-employed Prescott Valley, Arizona resident, testified
11 that she had previous investing experience in real estate, but lacked any current experience with CDs
12 prior to her dealings with CGI.

13 65. Ms. Heatherington learned about CGI from a newspaper ad promoting one-year CDs
14 which paid 9 percent interest in May 1999.

15 66. After reading the ad, Ms. Heatherington called CGI and subsequently met with
16 Respondent Tyson Hiland. She told him that she had some money that she could invest for a period
17 of one year before she would have to pay some capital gains taxes. She recalled telling him at least
18 four times that she could only invest for a period of one year.

19 67. During their meeting, Respondent Tyson Hiland presented Ms. Heatherington with
20 some promotional materials concerning CGI's various offerings. Although Respondent Tyson
21 Hiland attempted to promote other offerings, Ms. Heatherington insisted on the CD offering because
22 of her concerns that the funds not be tied up for more than one year.

23 68. Respondent Tyson Hiland failed to disclose that he was not registered as a securities
24 salesman or as an investment advisor representative.

25 69. Ms. Heatherington recalled reviewing a CGI offering document referencing "never
26 risking principal" and stated that this representation was important to her because she could not
27 afford to lose money.

28 70. Ms. Heatherington's review of CGI's documents found no mention of any loss of

1 principal if CD funds were withdrawn before their maturity date.

2 71. CGI's promotional documentation provided to Ms. Heatherington with respect to San
3 Clemente's CDs cited their safety, security, diversification and purportedly the fact that they were
4 free from market risk and price fluctuation with principal and interest guaranteed.

5 72. On or about June 15, 1999, Ms. Heatherington gave Respondent Tyson Hiland a
6 \$25,000 check to invest in a CD. Ms. Heatherington believed that it was for a CD with LaSalle Bank
7 and could be purchased from San Clemente in \$5,000 units.

8 73. Respondent Tyson Hiland did not disclose to Ms. Heatherington that her CD had a 20
9 year term.

10 74. Respondent Tyson Hiland also failed to disclose the call feature on the CD or the
11 existence of a secondary market that would reflect fluctuating market value depending on the
12 prevailing interest rates.

13 75. Respondent Tyson Hiland also failed to disclose the commission which he would earn
14 in connection with her \$25,000 investment.

15 76. On its face, Ms. Heatherington's confirmation reflects a nine percent interest rate with
16 a maturity date of June 24, 2019 and a call date of June 24, 2000. The call feature was noted with the
17 further statement that, if the CD was not called by the bank within one year, the interest rate would be
18 stepped down to seven percent.

19 77. Ms. Heatherington's confirmation statement from San Clemente's reflects the fact that
20 the transaction was directed through CIBC, which was the clearinghouse to which she had made her
21 check payable.

22 78. Ms. Heatherington remained unaware that her CD would not fully mature after one
23 year until approximately May 2000, when she telephoned Respondent Tyson Hiland to learn how she
24 could redeem her CD. At that time, she recalled Respondent Tyson Hiland informing her that she
25 would lose a significant portion of her investment due to a "MVA penalty."

26 79. Ms. Heatherington was certain that Respondent Tyson Hiland had failed to disclose
27 the possibility of any such penalty before or at the time she invested in the CD in June 1999.

28 80. It was at this point that she learned the true maturity date of her CD after she

1 investigated into CGI's background and learned that the firm was not a registered dealer.

2 81. Shortly thereafter, Ms. Heatherington received a letter from CGI signed by
3 Respondent Tyson Hiland as "Senior Investment Advisor" who directed her to contact San Clemente
4 in order to get a "bid" and sell her CD.

5 82. Upon liquidating her CD through San Clemente, Ms. Heaterington suffered a loss of
6 \$3,100 or approximately 12 percent of her principal for cashing in her CD before its maturity date.

7 83. Mrs. Louis Maass, a retiree from Prescott, Arizona, first learned about CGI from radio
8 advertisements in early 1999 that described various investment opportunities.

9 84. In June 1999, Mrs. Maass and her husband contacted CGI and met Respondent Tyson
10 Hiland.

11 85. Respondent Tyson Hiland provided Mr. and Mrs. Maass with some informational
12 documents about CGI that stated it was a professional firm which specialized in financial services for
13 business owners, executives and retirees.

14 86. Mrs. Maass recalled discussing CGI's offerings such as the tax lien certificate and
15 viatical settlements.

16 87. Respondent Tyson Hiland provided the Maasses with a brochure on TLC. TLC's
17 brochure describes the investment as without risks and a "safe fixed rate investment" with
18 "guaranteed high returns."

19 88. Respondent Tyson Hiland failed to disclose that he was not licensed as an investment
20 advisor representative or a registered securities salesman. Additionally, he failed to disclose that CGI
21 was not registered as a securities dealer or as an investment advisor.

22 89. Respondent Tyson Hiland failed to disclose any risks involved in TLC or the amount
23 of his commission if they invested in TLC.

24 90. On or about June 11, 1999, the Maasses invested \$25,000 in TLC, giving a check for
25 \$25,000 to Respondent Tyson Hiland.

26 91. According to a so-called "real estate investment agreement" with TLC, Mr. and Mrs.
27 Maass expected a return of 14 percent per year on their investment.

28 92. Subsequently, Mr. and Mrs. Maass received a letter from TLC informing them that a

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1 certain property located in Corona, California, had been assigned to their account at a cost of
2 \$23,500.

3 93. On August 10, 2000, Mr. and Mrs. Maass rolled over their initial investment with TLC
4 which again promised the Maasses a 14 percent return on their subsequent investment utilizing their
5 original investment plus their purported \$3,500 in earnings.

6 94. At the time, Mr. and Mrs. Maass assumed that they had a safe investment.
7 Subsequently they learned that an enforcement action had been initiated against TLC by the
8 Securities and Exchange Commission ("SEC") in a federal District Court in California for securities
9 fraud.

10 95. After the SEC brought its action against TLC, Mr. and Mrs. Maass, in November
11 2000, learned that a receivership had been established with TLC's assets seized and frozen to protect
12 investors.

13 96. As of the date of the hearing, Mr. and Mrs. Maass had not received any return on their
14 investment in TLC.

15 97. As recently as February 15, 2001, Respondent Travis Hiland sent a letter to Mr. and
16 Mrs. Maass seeking to reassure them that their investment through CGI in TLC was not yet lost as an
17 attorney for a majority of the investors in TLC was seeking intervention in the proceeding in the
18 United States District Court.

19 98. Mrs. Maass invested a second time with CGI on September 7, 1999, when she and her
20 husband gave Respondent Tyson Hiland a check for \$25,000 for a brokered CD offered by CGI that
21 was to pay them 9 ¼ percent for what they thought was one year.

22 99. Mr. and Mrs. Maass' believed that their investment in a San Clemente CD would be
23 for a period of one year based on their prior experience with banks, savings and loans and credit
24 unions.

25 100. Due to inadequate disclosure, Mr. and Mrs. Maass had no idea that their CD was a
26 brokered CD and had a term of 15 years. Mrs. Maass testified that if she had known she was
27 purchasing a 15-year CD, she would not have invested because she is 66 years old.

28 101. Respondent Tyson Hiland also failed to disclose to Mr. and Mrs. Maass that a penalty

1 would be incurred if they chose to withdraw their principal from the CD investment before the
2 maturity date in 2014.

3 102. During discussions with Respondent Tyson Hiland, Mrs. Maass could not recall any
4 discussion concerning the one year call feature of CGI's CDs, any information about a secondary
5 market or that the value of the CD was subject to fluctuation depending upon prevailing interest rates.

6 103. Further, Respondent Tyson Hiland failed to disclose to Mr. and Mrs. Maass the
7 amount of commission he would earn from the sale of the CD.

8 104. Mrs. Maass testified that approximately one year after investing in the CD, she and her
9 husband were contacted by a CGI representative who indicated that there was a problem with the CD
10 investment and that investors were being notified.

11 105. Shortly thereafter, Mr. and Mrs. Maass met with Respondent Tyson Hiland who
12 recommended that they cash in their CD and invest the remaining principal in something known as a
13 "universal lease plan." They were promised that they could make up the difference on the loss of
14 principal from the liquidation of their CD if the investment was rolled into the universal lease plan
15 involving the leasing and management of properties by third parties of a property known as "Yucatan
16 Resorts" in Yucatan, Mexico.

17 106. On or about July 24, 2000, Mr. and Mrs. Maass were notified that their CD had been
18 sold resulting in approximately a \$2,500 loss or 10 percent of their investment, but they permitted the
19 monies from the liquidation of their CD to be rolled over into the universal lease investment program.

20 107. The only disclosure Mr. and Mrs. Maass received before investing in the lease
21 program was a one page flier; however, Respondent Tyson Hiland promised them that at the end of
22 24 months, they would received 100 percent of their principal from the CD investment (\$25,000). It
23 was disclosed that there was a 10 percent penalty if they cashed out of the lease plan in the first year
24 and a 5 percent penalty in the second year.

25 108. Mr. and Mrs. Maass were told that if they made the investment in the lease plan, CGI
26 would make up the difference from what they had lost on their investment in the CD. Prior to the
27 investment in the lease plan, it was not disclosed to Mr. and Mrs. Maass that the investment actually
28 involved a timeshare resort.

1 109. In early 2000, Mrs. Maass contacted Respondent Tyson Hiland to learn about other
2 investment opportunities (not yet realizing there was a problem with their CD investment) and she
3 and her husband were informed about opportunities to invest in a viatical settlement contract through
4 Carrington Estate Planning ("Carrington").

5 110. Although the concept sounded "morbid" to Mrs. Maass, after discussing this form of
6 investment with Respondent Tyson Hiland, who failed to provide any documentation or disclose any
7 risks, Mr. and Mrs. Maass on or about February 11, 2000 invested an additional \$25,000 with CGI in
8 a viatical settlement.

9 111. Although Mrs. Maass recalled Respondent Tyson Hiland advising her that there was
10 no guarantee when the insured party under the viatical contract would die, he failed to disclose the
11 amount of his commission on this investment.

12 112. The Maasses' viatical investment was actually split into portions of two policies which
13 entitled them to a fraction of the death benefits on both policies when the insureds died.

14 113. Mrs. Maass further testified that although there was no written disclosure on her
15 investment documents relating to the viatical contracts, she had been informed that she and her
16 husband could expect a return of approximately 12 percent on their viatical investments.

17 114. Although documents dated March 31, 2000, related to the Maasses' viatical
18 investments indicated that the viators (insureds) had life expectancies of 12 months or less, as of the
19 date of the hearing, Mrs. Maass was unaware if either had died, and had not yet received any return
20 on the viatical investments.

21 115. Although Mr. and Mrs. Maass had rolled over their CD investment into the Yucatan
22 program as a means for them to recover their loss from the CD program, they elected to terminate
23 their investment in the Yucatan program prior to the required 24 months needed for recovery of
24 principal on their CD and in approximately March 2001 recovered the \$22,500 which had been
25 returned to them from their CD investment.

26 116. Mrs. Maass further pointed out that although she and her husband had attempted to
27 recover their funds invested in the viatical contracts, they have been unable to recover their
28 investment or get any information from Carrington.

1 117. Although Mr. and Mrs. Maass believed that they were the owners of their viatical
2 contracts, when they contracted the insurance companies, they learned that the policies were owned
3 by Carrington and the companies would not provide them information on whether they were listed as
4 beneficiaries on the policies.

5 118. In April 1999, Mrs. Nancy del Valle and her husband, former residents of Prescott,
6 Arizona, first learned about CGI when they read a local newspaper advertisement offering a high rate
7 of return without risk to their investment.

8 119. Subsequently, in July or early August of 1999, Mr. and Mrs. del Valle met with
9 Respondent Tyson Hiland at CGI's offices and primarily discussed the brokered CD investment
10 program since it was touted to be safe and have a high rate of return.

11 120. At the del Valles' initial meeting with Respondent Tyson Hiland, he provided them
12 with a promotional brochure captioned "Certificate Profile" which described CGI as an industry
13 leader with over 35 years of experience in the business and personal finance market. The brochure
14 emphasized high yields without risk for CGI's CDs, TLC programs, viatical settlements and
15 annuities.

16 121. The brochure failed to disclose that CGI's CDs had an early withdrawal penalty if an
17 investor cashed out before the term expired.

18 122. Mrs. del Valle testified that the most important concern which they had in their
19 investing activities was to protect their principal and to protect it against any losses.

20 123. Prior to investing in CGI's programs, Mrs. del Valle had invested in CDs with banks
21 that offered terms varying from 3 months to one year. With bank CDs, at the end of the term, Mrs.
22 del Valle always received back her full principal investment plus her interest.

23 124. The only apparent difference that Mrs. del Valle could see between those which she
24 had prior experience with and those offered by CGI was that CGI's paid a higher percentage rate than
25 those offered by the bank. She did not remember Respondent Tyson Hiland ever mentioning
26 anything to indicate that an investment in a CGI CD would be for a term of 20 years. If he had
27 disclosed this information, she and her husband would not have invested.

28 125. On August 11, 1999, Mrs. del Valle invested \$20,000 in CGI's brokered San

1 Clemente CD program which promised to earn her a return of 9 ¼ percent interest on the investment.

2 126. Respondent Tyson Hiland failed to disclose that he was neither a registered securities
3 salesman nor a licensed investment advisor representative. Respondent Tyson Hiland also failed to
4 disclose that CGI was neither registered as a securities dealer or licensed as an investment advisor in
5 Arizona. Additionally, Respondent Tyson Hiland failed to disclose that if the del Valles withdrew
6 their funds prior to the 20-year maturity date, they would incur a penalty and he also failed to disclose
7 the CD's callability feature by the issuing bank.

8 127. At no time did Respondent Tyson Hiland disclose the amount of commission he
9 would earn in connection with the sale of the del Valle's \$20,000 CD.

10 128. Subsequently, on October 19, 1999, the del Valles invested \$45,000 in a second
11 brokered CD believing again that the CD would have a term of one year and be payable at 9 ¼
12 percent when, in fact, this CD had a 15 year maturity date.

13 129. In June 2000, the del Valles learned that the CDs they had purchased from CGI and
14 Respondent Tyson Hiland did not have one-year maturity dates, but instead that they had the
15 extended maturity dates.

16 130. On or about July 25, 2000, the del Valles received confirmation that their \$45,000 CD
17 had been sold at their direction returning them only \$39,609 of the principal for approximately a
18 \$5,400 loss or 12 percent of their investment.

19 131. At or about this time, the del Valles liquidated their \$20,000 CD receiving back
20 approximately \$17,000 which equates to a loss of approximately \$3,000 or 15 percent.

21 132. During this timeframe, the del Valles were told by Respondent Tyson Hiland that CGI
22 was "looking around for a better investment for their clients who held the CDs" and were told about
23 DNE's money voucher machine program and a timeshare program in Mexico.

24 133. The del Valles were not interested in the Mexican timeshare investment but were
25 interested in the money voucher machine program.

26 134. Respondent Tyson Hiland explained how investors could purchase (for \$4,000) a
27 machine and DNE's management company would place it at a location where people could obtain
28 cash vouchers by using their credit cards in the machine which would charge that transaction against

1 their credit cards.

2 135. It was explained to Mr. and Mrs. del Valle that the machine would charge a \$2.00
3 transaction fee and that they would receive \$.60 for each transaction and that DNE would divide the
4 rest of the \$2 transaction fee with the owner of the location. Very little documentation was provided
5 to Mr. and Mrs. del Valle before they invested in this program.

6 136. The del Valles were enticed into investing in this program because Respondent Tyson
7 Hiland indicated that CGI would make up 10 percent of their loss of principal on their CDs from his
8 commission on the money machine program and with additional monies from DNE.

9 137. Respondent Tyson Hiland represented that Mr. and Mrs. del Valle could expect
10 approximately a 16 percent rate of return if they invested in the DNE money voucher machine
11 program. He also pointed out that in the event their rate of return fell below 16 percent, at the end of
12 each quarter, as investors in the program, they could opt to sell their machines back to DNE and
13 receive 100 percent of their principal that they had invested.

14 138. On August 11, 2000, Mr. and Mrs. del Valle invested \$58,259 of their own funds for
15 16 money voucher machines which were to cost \$64,000, with the remaining monies purportedly
16 paid by Respondent Tyson Hiland and DNE to complete the purchase price.

17 139. In order to ensure the proper operation of their money voucher machines, Mr. and
18 Mrs. del Valle entered into a contract with DNE because they did not have the inclination or the skill
19 necessary to operate the money voucher machines and instead relied on the expertise and skills of
20 DNE.

21 140. It took four months for the del Valles to receive their first check from DNE for
22 approximately \$854 for one month's operation of their money voucher machines.

23 141. Mrs. del Valle also disclosed that at the time she invested in the CDs, she and her
24 husband also invested in some annuities, a TLC tax lien certificate and an interest in a viatical
25 settlement.

26 142. Promotional materials provided to the del Valles with respect to the tax lien touted an
27 expected rate of return of from 12 to 14 percent and that their principal would remain "complete and
28 intact."

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1 143. According to Mrs. del Valle, their tax lien investment funds would be pooled with the
2 funds of other investors and utilized to purchase properties with tax liens on them and to make
3 improvements. TLC's management company was to see that the properties were refurbished and sold
4 for a profit that was to be distributed to investors.

5 144. On August 11, 1999, convinced that the tax lien program was a secure investment, Mr.
6 and Mrs. del Valle invested \$115,000 in that CGI program.

7 145. Subsequently, on November 4, 1999, Mr. and Mrs. del Valle invested a second time
8 with TLC when they invested an additional \$60,000 with CGI in the tax lien program.

9 146. Because the del Valles believed that their tax lien investments were progressing and
10 earning interest, in August 2000, Mr. and Mrs. del Valle rolled over their initial \$115,000 investment
11 with TLC plus a purported \$16,000 worth of interest into another one year tax lien certificate again
12 purportedly to pay 14 percent interest.

13 147. At no time did Mr. and Mrs. del Valle receive any payments of principal or interest
14 back from TLC.

15 148. On or about November 2, 2000, Mr. and Mrs. del Valle received a letter from Robb
16 Evans, a receiver firm appointed by the United States District Court for the Central District of
17 California, Southern Division, who had been appointed as a temporary receiver for TLC and related
18 companies' assets in a Securities and Exchange Commission ("SEC") fraud action.

19 149. Mr. and Mrs. del Valle are hopeful that they might receive up to \$.50 on the dollar on
20 their investment, but this is not a guaranteed amount.

21 150. After getting the receiver's letter, Mr. and Mrs. del Valle contacted CGI and learned
22 that TLC had been operated as a Ponzi scheme and investment monies had been diverted for purposes
23 other than purchasing tax distressed properties.

24 151. According to Mrs. del Valle, with respect to their viatical settlement investment, few
25 risks were ever pointed out by Respondent Tyson Hiland prior to their \$50,000 investment upon
26 which she was promised a 38 percent rate of return by Mr. Hiland. As of yet, they have not received
27 any monies on this investment.

28 152. Although Mrs. del Valle acknowledged receiving offering documents from CGI

1 which, on their face, indicated a maturity date beyond one year, she went on to state that Respondent
2 Tyson Hiland had failed to disclose or point it out to her that the CD document had a maturity date
3 far beyond the one year term that she expected it to be.

4 153. Based on the record, the only investment in which the del Valles are receiving a return
5 as expected appears to be the money voucher program from which they are receiving checks of
6 approximately \$850 a month.

7 154. To further support its allegations, the Division called Ms. Julia Reinhold, a former
8 insurance salesperson, who worked for CGI for approximately 5 or 6 weeks starting in July 2000.
9 She was terminated later over commission disputes.

10 155. Although Ms. Reinhold was hired as an insurance agent, since she had no clients, she
11 made client service calls for CGI and spoke with some clients who were surprised that their CDs had
12 20 year terms. She stated that "close to 0 percent knew they had a long-term CD."

13 156. Ms. Reinhold made appointments for CGI investors who had invested in CDs to come
14 in and speak with representatives of CGI with regards to rolling over their CD investments into a
15 Yucatan timeshare program in order to cover loses resulting from penalties on the early sale of their
16 interests in the CDs.

17 157. Ms. Reinhold explained that the entity offering the Yucatan timeshares would cover 5
18 percent of an individual's CD penalty and if, for instance, the penalty totaled 8 percent, then CGI
19 would "kick in 3 percent of their commission."

20 158. In this way, according to Ms. Reinhold, CGI was able to cover up to a 15 percent
21 penalty that may have been applied to a particular CD held by an investor.

22 159. CGI was able to do this because it received a 13 percent commission from the issuer
23 of the Yucatan timeshare interests.

24 160. During the approximately 6 weeks that Ms. Reinhold worked for CGI, she recalled
25 approximately 8 to 10 investors who rolled over their CD investments into interests in the Yucatan
26 timeshares.

27 161. Another former CGI employee from April, 1998 through May, 1999, Ms. Michelle
28 Webb, had previously been licensed as a securities sales representative before working for CGI.

1 162. Ms. Webb was approached by Respondent Joseph Hiland in the first part of 1998 to
2 work as independent contractor to expand and diversify CGI's investment options from just the
3 insurance programs offered previously into stocks, bonds and mutual funds, because she was a
4 registered securities salesperson with San Clemente.

5 163. When Ms. Webb began working with CGI, Respondent Joseph Hiland was primarily
6 dealing in insurance sales, but he subsequently began to sell CDs and tax lien certificates.

7 164. While at CGI, Ms. Webb indicated that she had sold CDs, tax lien certificates and
8 viatical settlements.

9 165. Ms. Webb's impression was that Respondent Travis Hiland primarily worked as an
10 office manager and that Respondents Joseph and Tyson Hiland were involved in the sales of the
11 various investment programs.

12 166. According to Ms. Webb, although Respondents Joseph and Tyson Hiland were not
13 registered securities salesmen, they would begin the process of opening an investor's account for a
14 brokered CD, accept payment and overnight the paperwork to San Clemente, where the documents
15 were completed and executed by a registered securities salesman.

16 167. Ms. Webb became concerned with the way in which the fractionalized CDs were
17 being offered and sold by CGI and this resulted in disputes between Ms. Webb and Respondent
18 Joseph Hiland. She indicated that as early as November 1998, Respondents were aware of the MVA.

19 168. While testifying against CGI and the other above-named Respondents' sales activities,
20 both Ms. Webb and Ms. Reinhold acknowledged that they had initiated separate legal proceedings
21 against the Respondents over commission disputes.

22 169. Mr. Kenton Johnson, a partner in Robb Evans, a California firm engaged in handling
23 the receivership of TLC, also testified in support of the Division's allegations against Respondents.
24 In October 2000, his firm was appointed by the United States District Court to be TLC's receiver in
25 the SEC action.

26 170. TLC had been placed in receivership following the SEC filing of documentation
27 detailing the sale of unregistered securities in a fraudulent manner coupled with the misapplication of
28 millions of dollars of investor funds as the result of a Ponzi scheme. Mr. Johnson stated that the

1 losses were caused by poor real estate investments, the misapplication of approximately \$5.5 million.
2 on race horses and racing dogs, a \$10 million investment in a prime bank scheme and \$20 million
3 was paid out to brokers in commissions. The receiver also found instances of personal travel on a
4 chartered jet aircraft by principals in TLC.

5 171. Mr. Johnson estimated that, after marketing expenses related to the receivership,
6 approximately \$65,000,000 worth of assets will remain for distribution to beneficiaries under the
7 receivership. He estimated that investors would receive approximately 50 percent of their
8 investments back.

9 172. Mr. Johnson noted that real estate properties controlled by TLC were either impaired
10 or distressed, but others varied in value, and in some cases, had no apparent defects.

11 173. From Mr. Johnson's review of computer records seized from TLC, he determined that
12 its investment programs each involved real estate investments.

13 174. According to Mr. Johnson, during 1999, CGI raised at least \$2,187,000 in investor
14 funds with TLC investment programs.

15 175. Mr. Johnson further testified that there was no evidence that Respondents had been
16 involved with the inner workings of TLC other than to secure investors in its investment programs.

17 176. To further support its case, the Division called a regional counsel of the National
18 Association of Securities Dealers ("NASD") of District Two from Los Angeles, California, Mr.
19 David Greene.

20 177. Mr. Greene testified that he was familiar with San Clemente's actions in the marketing
21 of their fractionalized brokered CDs as a result of a NASD action that resulted in approximately six
22 settlements with individuals and entities including San Clemente, its principals and certain
23 representatives. The NASD action involved fraud that resulted from intentional misrepresentations of
24 material fact in connection with the sale of San Clemente's brokered CDs.

25 178. However, Mr. Greene went on to indicate that the NASD action against San Clemente
26 involving brokered CDs that were "custodialized" through UCC, the wholly-owned subsidiary of San
27 Clemente, and not CIBC which appeared to be the custodian of the CDs sold to CGI's investors.

28 179. According to Mr. Greene, with respect to every UCC CD that he looked at or

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1 reviewed, although an investor would believe that the full amount of their invested funds would be
2 utilized to purchase a CD, approximately 4 percent of their investment would be utilized for fees and
3 commissions charged to the investor.

4 180. Contrary to the evidence in this proceeding, Mr. Greene was unaware of any
5 involvement of San Clemente in the operation of CIBC, and he apparently had not reviewed any CDs
6 involved in this proceeding.

7 181. A Division investigator, Mr. Gary Kirst, visited a branch office of CGI at the Fiesta
8 Mall in Mesa, Arizona where he discussed the money voucher machine program and the Yucatan
9 program and secured some business cards including Respondent Joseph Hiland's which described
10 him as a Certified Senior Advisor.

11 182. While at CGI's Mesa office, Mr. Kirst spoke with Respondent Joseph Hiland
12 concerning the money voucher machine program.

13 183. During the Division's investigation, Mr. Kirst reviewed documents provided by the
14 Respondents which indicated that CGI sold approximately 30 money voucher machine investments,
15 281 CD investments, 149 viatical contracts and 92 tax lien certificates.

16 184. An additional Division witness, Mr. Michael Donovan, who is a senior financial
17 institution examiner with the Division, previously worked as a registered salesman for approximately
18 16 years and has been employed by the Division for the past four years.

19 185. In May 1999, Mr. Donovan conducted an examination of CGI which he termed a
20 "branch office of San Clemente" where he found that the Respondents had been engaged in the offer
21 and sale of brokered CDs and other offerings.

22 186. During Mr. Donovan's examination of CGI, he found many of the brochures identified
23 by other investors and which described the offerings made by CGI.

24 187. Following up on Mr. Donovan's examination of CGI was an examination at San
25 Clemente's California home office in approximately September 1999 where he found advertising
26 materials that appeared in the Daily Courier in Prescott, Arizona promoting a 9 percent guaranteed
27 one-year return FDIC guaranteed CD and a 12 percent tax free rate of return in an unspecified
28 investment.

1 188. Based on the ad that appeared in the Daily Courier, Mr. Donovan concluded that it
2 was reasonable to presume that it was a one-year CD and not the longer term brokered CDs offered
3 and sold by San Clemente.

4 189. Mr. Donovan had conducted his examination of San Clemente in order to determine
5 whether its CDs entitled them to an exemption from registration under the Act.

6 190. During his examination of San Clemente, Mr. Donovan also saw other CGI
7 promotional materials which featured Respondent Joseph Hiland's photograph and contained a
8 description of a CD it was offering as "the hottest certificate in town, 12 percent guaranteed one-year
9 return."

10 191. During his examination of San Clemente, Mr. Donovan found documentation that
11 Respondent Joseph Hiland had sold approximately 50 CDs between October 1998 and June 1999.
12 During the same period, the documents revealed that Respondent Joseph Hiland sold two tax lien
13 certificates and five viatical contracts.

14 192. Mr. Donovan went on to describe the difference between a traditional CD offered and
15 sold by a bank which has a fixed rate of return for a fixed period of time and a guaranteed return of
16 principal at the end of the term. The instrument has the financial backing of the institution along with
17 federal insurance issued by either the FDIC or the FSLIC. In the majority of instances, there is a
18 direct relationship between the financial institution and the investor who is a depositor at the bank.
19 With respect to brokered CDs, Mr. Donovan explained that there is an intermediary between the
20 issuing bank and the investor as in this case, San Clemente.

21 193. With respect to a San Clemente CD, San Clemente held what is called a "master CD"
22 that was fractionalized out to the individual investors and San Clemente's CDs also had a "call"
23 feature exercisable only by the issuing bank.

24 194. Although the evidence established that federally backed insurance is available to the
25 holder of a traditional bank CD, in the instance of the brokered CDs which have been fractionalized
26 here, the record was not entirely clear whether the holder of the brokered CD would be known to the
27 banking institution which had issued the master CD to the broker dealer that had fractionalized it.

28 195. Mr. Donovan also pointed out that traditional CDs issued directly from a banking

1 institution to an investor do not normally have the callability feature.

2 196. Because brokered CDs are generally for longer terms, San Clemente maintained a
3 secondary market for their fractionalized CDs which were subject to the MVA due to fluctuations in
4 interest rates. Additionally, if the seller of brokered CDs did not established and/or maintain a
5 secondary market, investors would have little, if any, options but to hold their long term CDs until
6 maturity.

7 197. Another significant difference between traditional CDs and brokered CDs is the step-
8 down provision that allows the brokered CDs to pay a higher interest rate during its first year and
9 then it drops down to a lower rate of interest until its maturity date.

10 198. Based on Mr. Donovan's investigation, he did not believe that San Clemente had taken
11 the steps necessary to identify individual investors as the beneficial owners of the fractionalized CDs
12 who should receive federal insurance in the event of a default by the issuing bank.

13 199. According to Mr. Donovan's investigation, UCC, the wholly-owned subsidiary of San
14 Clemente, was shown as the beneficial owner on the master CDs from the issuing banks even if
15 CIBC was the clearing agent.

16 200. The record did not establish with respect to the brokered CDs offered and sold by San
17 Clemente whether UCC or CIBC actually had physical custody of the master CDs.

18 201. Based on the record, Mr. Donovan believed that if the brokered CDs had FDIC
19 insurance which could pass to the beneficial owner, then these securities would be exempt from
20 registration. However, the evidence from San Clemente was without sufficient documentation to
21 establish that individual investors were listed with the bank as the beneficial owners of the brokered
22 CDs.

23 202. Under cross-examination, Mr. Donovan acknowledged that his understanding of the
24 federal insurance program to guarantee the payment of principal to investors in the event of a default
25 by the banks was based on hearsay.

26 203. Mr. Donovan was unable to identify any CD transaction involving CGI and its
27 investors that had been cleared through UCC rather than CIBC.

28 204. However, based on the recollection of Mr. Donovan with the president of San

1 Clemente, Mr. Cooke Christopher, the beneficial owners of CDs in early transaction were not
2 identified to issuing banks. No evidence was presented whether these investors were clients of CGI.

3 205. In some instances, Mr. Donovan found evidence that individual investors were shown
4 as the beneficial owners of the brokered CDs.

5 206. Following the presentation of the Division's evidence, CGI and the individually
6 named Respondents either testified on their own behalf, called witnesses to attack the character of
7 certain of the Division's witnesses and also called several investor witnesses.

8 207. Ms. Barbara Wigent, who was formerly employed by Ms. Webb as a clerical worker
9 from March until April 2000, testified that she had seen or knew that Ms. Webb had been involved in
10 forging signatures including Respondent Joseph Hiland's signature on documents.

11 208. Another employee of CGI, Ms. Sharyn White, who is CGI's office manager, testified
12 that while not being engaged in sales presentations, she was aware of the manner in which various
13 offerings were made.

14 209. Ms. White maintained that Respondent Joseph Hiland consistently made a clear
15 presentation concerning the brokered CDs to prospective investors. She also stated that Respondents
16 Travis and Tyson Hiland followed the lead of Respondent Joseph Hiland in their presentations.

17 210. Ms. White contended that only a few customers were confused about the extended
18 term of the CDs offered and sold by CGI.

19 211. Ms. White terminated Ms. Reinhold's employment because she (Ms. White) felt that
20 Ms. Reinhold was detrimental to the office and characterized her as a disgruntled, prejudiced former
21 employee.

22 212. Mr. Paul Wesson, a 79 year-old retiree from Prescott, Arizona, testified on behalf of
23 CGI and Respondent Joseph Hiland with respect to his purchased of two brokered CDs, one with a
24 term of 15 years and one with a term of 20 years.

25 213. According to Mr. Wesson, these CDs are part of a living trust which will pay the
26 income to him while he is alive and after he passes away, his children will inherit the income and the
27 principal held by the trust. Unlike other investor witnesses, Mr. Wesson was aware of the interest
28 rate step-down and the pre-payment penalty or MVA if the CDs were liquidated earlier than their

1 maturity dates.

2 214. An additional investor witness called by the Respondents, Mr. Lyle McDonald from
3 Dewey, Arizona, dealt with Respondent Joseph Hiland and invested in CGI's brokered CDs and
4 annuities.

5 215. Mr. McDonald was aware of the pre-payment penalty which existed on the brokered
6 CDs and the fact that his CD had a 20-year term instead of a one-year term.

7 216. Although Mr. McDonald was 77 years old, he was enticed to invest by the higher
8 interest rate on the first year of the CD and, since he did not need the funds in the foreseeable future,
9 was willing to leave the CD to his heirs.

10 217. However, at times, Mr. McDonald's testimony was somewhat confusing and it did not
11 appear that he had a clear understanding of his investment because he referenced a callability feature
12 by Conseco, an insurance company.

13 218. Respondent Joseph Hiland acknowledged that he was a principal in CGI and had been
14 an insurance agent for 37 years. He was also involved in consulting and financial planning work.

15 219. In approximately 1995, he started CGI, specializing in employee benefits plans, group
16 health insurance, group disability, and other business insurance products.

17 220. Approximately three years ago, as a result of its employee benefits business,
18 Respondent Joseph Hiland decided that CGI should emphasize financial planning utilizing the sale of
19 individual life insurance sales and disability contracts. Subsequently, he expanded the focus of the
20 types of products that CGI was offering after he was contacted to market CDs and told that it would
21 result in the development of other lines of business for his firm.

22 221. In 1998, Respondent Joseph Hiland was introduced to San Clemente and its principals,
23 Mr. Tom Sunderland and Mr. Cooke Christopher.

24 222. San Clemente was introduced as the "biggest marketer" of CDs in California. At this
25 point, Respondent Joseph Hiland was introduced into the marketing arena of brokered CDs which
26 had extended maturity dates of 15 to 20 years and also featured a stepped-up interest rate for the first
27 year which was reduced by two points for the remainder of their terms.

28 223. According to Respondent Joseph Hiland, San Clemente's Mr. Sunderland, who was a

1 registered securities salesman, advised him that CGI and its sales representatives did not need to be
2 registered to sell CDs.

3 224. Respondent Joseph Hiland also pointed out that in these early stages, he was
4 unfamiliar with the differences between traditional CDs and broker issued CDs.

5 225. Because of Respondent Joseph Hiland's inexperience, when the Respondents
6 contacted the Division to learn whether they had to be registered securities salesmen in order to sell
7 CDs, no mention was made that the Respondents would be dealing in brokered CDs and not
8 traditional CDs issued by banks which would be exempt from registration. As a result, they were told
9 that CDs were not securities and the Respondents did not pursue the issue of becoming licensed
10 securities salesmen further at that time.

11 226. In approximately August 1998, Respondents began selling brokered CDs, viatical
12 settlements, tax lien certificates and annuities.

13 227. Respondent Joseph Hiland testified that because of his background in the insurance
14 business, he was aware of viatical settlement offerings being made in his industry and began to
15 market the products of Carrington, a Phoenix area seller of viatical settlements.

16 228. According to Respondent Joseph Hiland, CGI became engaged in the marketing of
17 viatical settlements and tax lien certificates after he or one of the other co-Respondents read a
18 promotional ad in a magazine or insurance journal and made follow-up inquiries.

19 229. Prior to engaging in the offer and sale of TLC's tax lien certificates, the Hiland
20 Respondents attended a seminar concerning TLC's offering in order to learn more about the nature of
21 this form of investment, but since it was purportedly backed by real property, the Respondents felt it
22 represented a secure investment.

23 230. According to Respondent Joseph Hiland, he and Respondents Tyson and Travis
24 Hiland offered and sold the brokered CDs through a uniform presentation that he developed using a
25 diagram for prospective investors in order to explain the callability feature by issuing banks, the
26 longer maturity dates and the step-down of interest rates after one year. Investors were specifically
27 told the brokered CDs were insured by the FDIC.

28 231. Respondent Joseph Hiland also maintained that the Respondents pointed out to

1 prospective investors that a penalty would attach to an early termination of a brokered CD due to the
2 MVA.

3 232. Although the Division's investor witnesses testified that they were concerned with the
4 lack of liquidity in their CDs and that they were unaware of the situation when they invested,
5 according to Respondent Joseph Hiland, the issue had been addressed by the Respondents.

6 233. CIBC's confirmations supported the Respondents' claims of FDIC insurance on the
7 brokered CDs.

8 234. Respondent Joseph Hiland denied the allegations made by Ms. Gloria Perry Peragine
9 against him.

10 235. Respondent Joseph Hiland also denied the allegations made against him by investor
11 Ms. Catherine Smith.

12 236. In a number of instances, Respondent Joseph Hiland denied that he intended to
13 mislead investors utilizing CGI's promotional brochures claiming that the brochures were couched in
14 general terms.

15 237. Respondent Joseph Hiland denied that he had any idea that the principals involved in
16 TLC were diverting funds to purposes other than those promoted to CGI, the other Respondents and
17 investors.

18 238. CGI utilized promotional advertising referring to higher than normal rates of interest
19 with a one-year term on its CDs in order to get people to call and make inquiries and when they
20 "would come in and we would talk to them, and we would thoroughly explain how a callable step-
21 rate CD worked."

22 239. Respondent Joseph Hiland's explanation of a brochure was "it may be incomplete
23 because we didn't put the seven percent there, but this is an advertisement." However, Mr. Hiland
24 failed to give an explanation as to why the lowering of the interest rate was omitted other than it was
25 "an advertisement."

26 240. Respondent Joseph Hiland described the acrimony that occurred when Ms. Webb was
27 discharged on May 27, 1999 after he discovered that she and his bookkeeper were attempting to take
28 accounts from his firm and open their own office.

1 241. Although Respondent Joseph Hiland claimed that a letter he sent in July 1999 to the
2 Division stating that the Respondents began their sales of CDs at that time was a mistake, he could
3 not explain the inconsistency after he admitted the sale of CDs in late July 1998/early August 1998,
4 which is contrary to the letter and documentation sent with it. The later assertion (July 1999)
5 coincided with the period in which he became a licensed securities salesman.

6 242. During the time in which CGI promoted itself as a "professional firm specializing in
7 financial services", neither it or nor its representatives were licensed as either an investment advisor
8 or investment advisor representatives, respectively.

9 243. Although CGI and the other Respondents maintain that CDs which had been called by
10 the issuer banks resulted in no loss of principal to the investors, late filed documentation did not
11 establish whether this was the case.

12 244. Respondents failed to provide any documentary evidence that the brokered CDs were
13 specifically covered with FDIC or FSLIC insurance for the individual investors rather than the holder
14 of the master certificate, in this case, San Clemente. While it should be noted that CIBC's
15 confirmations consistently referenced federal deposit insurance, there was no evidence to determine
16 who would benefit in the event of a default.

17 245. Respondents, in representing that the brokered CDs were covered by federal deposit
18 insurance, were purportedly relying upon representations of representatives of the banks and other
19 third parties.

20 246. Respondent Joseph Hiland acknowledged that he had offered to make up losses to
21 some investors who suffered losses when cashing in their CD investments before their maturity dates
22 by rolling their investments into the Yucatan time-share investment.

23 247. Respondent Joseph Hiland further acknowledged that he failed to disclose that CGI
24 would earn a 13 percent commission when the investor invested in the Yucatan offering.

25 248. With respect to a letter which he had sent to investor Gloria Peraginie, Respondent
26 Joseph Hiland admitted that documentation concerning CGI's CD offering did not mention that the
27 CD had the following features: a 20 year maturity date; a call feature to exercised by the financial
28 institution; and there was no mention of the MVA in the secondary market for the CDs which had

1 been established by San Clemente.

2 249. Based on the record, there was very little evidence of a due diligence investigation
3 with respect to the viatical settlements or TLC.

4 250. In a number of instances, Respondent Joseph Hiland was unresponsive to questions
5 concerning his presentation of the viatical settlement offering.

6 251. Respondent Joseph Hiland admitted that he was unaware that the Act had been
7 amended in July 2000 to define a viatical settlement as a security.

8 252. After Respondent Joseph Hiland admitted telling investors that an investment with
9 TLC would be safe and secure, he was unable to explain how the investment would earn profits that
10 could be paid out to investors.

11 253. Respondent Joseph Hiland admitted that the total amount of investments made by
12 Arizona investors into CGI's TLC offering alone was at least \$2,187,000.

13 254. Respondent Joseph Hiland was evasive when questioned about the money voucher
14 machine offering and how he explained the risk of loss of principal to prospective investors.

15 255. Respondent Joseph Hiland failed to explain why documentation concerning the
16 brokered CDs did not disclose that an investor would be subject to a MVA if he cashed out of his CD
17 before its maturity date.

18 256. Respondent Joseph Hiland was also unable to explain why investors were unaware of
19 the basis of the transaction which would recapture their lost principal from their CD investment if
20 they invested their monies for another two years in the Yucatan timeshare program.

21 257. The record established that CGI gave investors three choices if they wished to cash out
22 of their brokered CDs at the end of the first year or before their maturity date as follows: investors
23 could continue to retain their interest in their CD and receive interest until it was called or it reached
24 its maturity date; investors could withdraw their funds and suffer a loss based on the MVA; and if
25 investors wished to liquidate their CDs and recover their lost principal due to the MVA, they could
26 roll over their investment into CGI's Yucatan program for another 24 months to recover their loss of
27 principal.

28 258. Respondent Travis Hiland testified that he was involved in sales for CGI and also

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1 created marketing materials for the offerings made by CGI.

2 259. Respondent Travis Hiland had been licensed as a life insurance salesman for 10 years
3 prior to becoming involved in the offerings in the instant proceeding.

4 260. Respondent Travis Hiland also maintained that CGI had investigated the requirements
5 of being registered with respect to the sale of brokered CDs and insisted that he had been advised by
6 the Division, the NASD and others that a license was not required.

7 261. The training that CGI's representatives received with respect to the offer and sale of
8 the brokered CDs by San Clemente had been limited to an individual involved in marketing the sale
9 of brokered CDs and "more extensively" by San Clemente officials.

10 262. Respondent Travis Hiland insisted that he warned investors that if they liquidated their
11 CD prior to its maturity date or prior to its being called, they would be subject to "some kind of
12 variable penalty, which is market value adjustment."

13 263. Respondent Travis Hiland identified an advertising brochure which promoted a 9
14 percent guaranteed one year FDIC insured CD, but made no mention that CGI's brokered CDs had
15 extended maturity dates and were subject to MVAs.

16 264. With respect to the money voucher machines, Respondent Travis Hiland maintained
17 that investors had a guarantee from DNE to protect their principal and projected returns which were
18 to be paid to them. In the event that the machine was stolen, purportedly insurance would cover the
19 loss and make the investor whole.

20 265. Although Respondent Travis Hiland was aware of the MVA which would come into
21 play in the event that a CD was liquidated, he was unable to explain in any way whatsoever how the
22 MVA was calculated and what amount an investor would receive if they cashed out of their CD prior
23 to its date of maturity.

24 266. Respondent Tyson Hiland, who worked primarily as a sales representative of CGI, has
25 been licensed as an insurance agent since December 1998.

26 267. After initially being involved in the sale of group medical insurance, Respondent
27 Tyson Hiland testified that he had started dealing in various offerings, such as annuities and CDs.

28 268. Respondent Tyson Hiland was trained to make his sales presentations of the various

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1 investment products offered and sold by CGI by Respondents Joseph and Travis Hiland.

2 269. With respect to the CDs, Respondent Tyson Hiland testified that he had discussed the
3 MVA with investors admitting that he had no idea what it would be if an investor had a need to
4 liquidate his CD before it reached its maturity date.

5 270. Respondent Tyson Hiland denied that investor Susan Heatherington had informed him
6 that she needed to get her money out of her CD within one year. He also denied that she had told him
7 that she needed the money in order to pay taxes.

8 271. With respect to Respondent Tyson Hiland's dealings with investor Catherine Smith,
9 he recalled that she had not expressed any displeasure with CGI or her investment in her CD until she
10 appeared to testify in support of the Division's allegations.

11 272. Respondent Tyson Hiland, in describing his sales presentations, spoke in terms of
12 "teaching" investors about the offerings.

13 273. In all instances, Respondent Tyson Hiland maintained that he had made a thorough
14 presentation to investors who testified in support of the Division's allegations.

15 274. Respondent Tyson Hiland believed that Mrs. Lois Maass understood the ramifications
16 of an investment in a viatical settlement and willingly accepted the alternative of a Yucatan
17 investment for two years in order to recover her loss resulting from the MVA when she liquidated her
18 CD.

19 275. Respondent Tyson Hiland denied that he had pressured Mrs. Maass into the
20 liquidation of her CD.

21 276. Respondent Tyson Hiland described the receivership of the TLC program as the
22 triggering factor for Mrs. Maass' decision to liquidate her viatical settlement, the Yucatan program,
23 and her tax lien certificate.

24 277. Respondent Tyson Hiland indicated that due to the TO, he could only help her
25 liquidate her Yucatan investment because the TO restrained action on the viatical settlements and
26 TLC.

27 278. Respondent Tyson Hiland diversified Mr. and Mrs. del Valle's investments into
28 almost all of CGI's various financial offerings and maintained that he thoroughly explained how the

1 programs operated.

2 279. Respondent Tyson Hiland denied that he had left out any information or given Mr. and
3 Mrs. del Valle false information, and they did not become unhappy with CGI's services until after
4 TLC went into receivership.

5 280. Respondent Tyson Hiland was unaware where, in CGI's promotional documentation,
6 the call feature of San Clemente's CDs was discussed.

7 281. Under cross-examination, Respondent Tyson Hiland was unable to explain how the
8 TLC investment program could pay a fixed rate of interest to an investor.

9 282. Respondent Tyson Hiland was unaware what would happen to a viatical investor's
10 investment if a lapse in the payment of insurance premiums occurred.

11 283. Upon the conclusion of rebuttal testimony to the Division's allegations by the
12 Respondents, the Respondents had admitted into evidence Exhibit R-2, a list of ten investors who had
13 invested in the brokered CD program and who purportedly had their CDs called by the issuing
14 financial institutions receiving back the full face value of their fractionalized CDs. Although this
15 hand-written list included the interest rates which the investors earned, it did not reflect the total
16 amount of interest paid monthly to the individual investors.

17 284. On June 4, 2001, Respondents submitted Exhibit R-3 captioned "Notice of Filing
18 Evidence of Redemption" ("Notice of Redemption") which contained documents that purportedly
19 were redemption certificates and established that investor CDs had been redeemed for their full face
20 value when called by issuing banks. Without further explanation, the documents are inconclusive to
21 establish whether CGI investors were receiving the full face value of their CDs when they were
22 called by the issuing financial institutions, and the documents do not correlate directly with Exhibit
23 R-2 and do not contain any specific Certificates of Redemption as such.

24 285. Subsequently, the Division filed a Motion to Preclude Exhibit R-3, but, by Procedural
25 Order, the Division's Motion to Preclude Respondents' Exhibit R-3 was denied and the exhibit
26 remained in evidence.

27 286. Based upon the preponderance of the evidence, it is established that the brokered CDs,
28 tax lien certificates, viatical settlements and money voucher machine investment programs offered

1 and sold by Respondents, CGI, and Messrs. Joseph Hiland, Tyson Hiland and Travis Hiland were not
2 lawful investments in conformity with the Act.

3 287. We find that the CDs in question were not exempt from the registration. Indeed,
4 Respondents stipulated that San Clemente's CDs were securities under the Act and in raising a claim
5 of exemption from the registration requirements of the Act, Arizona law places the burden upon the
6 Respondents to prove the existence of any exemptions and in this case, the proof was lacking. The
7 tax lien certificate program and the money voucher machine programs constitute securities under the
8 Act involving investment contracts as defined in S.E.C. v. W. J. Howey Co., 328, US 293 (1946).

9 288. With respect to the viatical settlements offered and sold by the Respondents, the Act
10 now defines a viatical settlement as a security and has done so since July 2000. Additionally, in a
11 recent court decision, Siporin v. Carrington, 347 Ariz. Adv. Rep. 5 (App. 2001), the Arizona Court of
12 Appeals concluded that viatical settlements fell within the definition of an investment and were
13 securities under the Act, reversing an earlier lower court decision. While this case conflicts with a
14 federal Court of Appeals decision for the District of Columbia rendered in 1996, we believe that
15 Arizona investors are better protected by the Arizona decision. The fact that there had not been an
16 amendment to the Act to define a viatical settlement as a security or the fact that there was no
17 Arizona case law defining a viatical settlement as a security prior to viatical sales by the Respondents
18 does not negate the offer and sale of these investments from regulation under the Act.

19 289. With respect the violations of the Act by CGI and Respondents Joseph and Tyson
20 Hiland, based on the record, we believe that there is insufficient evidence to find that Respondent
21 Travis Hiland acted as a control person within the meaning of A.R.S. § 44-1999.

22 290. With respect to the offer and sale of the various investment programs by the above-
23 named Respondents, there is evidence that these transactions involved extensive registration
24 violations of the Act. We also believe that the evidence establishes that the Respondents displayed a
25 lack of knowledge due to an almost total lack of due diligence so that the offerings could be offered
26 and sold with full disclosure of the risks involved. The record further establishes that the
27 Respondents breached their fiduciary duties by displaying an excessive level of negligence and
28 ineptitude in the offer and sale of these programs. Under the circumstances, we find substantial

1 evidence to establish a violation of A.R.S. § 44-1991 by the Respondents.

2 291. While there is some evidence that investors have received income from the various
3 programs and in some cases may have received their principal investments back, because of the
4 ongoing nature of these investments, with the exception of the TLC program, it is unclear what the
5 exact status or desire of individual investors will be with respect to these offerings.

6 292. With respect to the allegations by the Division involving violations of the IMA, it is
7 clear that the evidence establishes that Respondents violated the IMA by representing CGI as either
8 an investment advisor and themselves as investment advisor representatives.

9 293. With respect to the offerings described hereinabove, we believe that Respondents CGI
10 and Messrs. Hiland should be ordered to permanently cease and desist from the violations of the Act
11 and the IMA.

12 294. With respect to an order of restitution, we believe that the respective amounts of
13 restitution and the terms and conditions of the Restitution Motion as set forth in Exhibit A and
14 incorporated herein by reference are reasonable and should be adopted. In total, the current amount
15 of restitution jointly and severally owed by Respondents for each of the four programs is as follows:
16 Brokered CD program: \$8,085,220; Viatical program: \$4,156,020; TLC tax lien program:
17 \$3,548,613; and MVP money voucher program \$476,000.

18 295. With respect to the administrative penalties for the violations of the Act by the
19 Respondents, we believe that because of the number of registration violations alone, the Division's
20 recommendation that the Respondents be jointly and severally liable for an administrative penalty of
21 \$113,100 is reasonable, and that said sum should be reduced by half if the restitution/rescission
22 requirements of this Decision are satisfied.

23 296. With respect to administrative penalties being assessed against the Respondents for
24 their violations of the IMA, we believe that for the licensing violations alone, the Division's
25 recommendation that the Respondents be jointly and severally liable for an administrative penalty of
26 \$20,000 is reasonable, and that said sum should be reduced by half if the restitution/rescission
27 requirements of this Decision are satisfied.

28 **CONCLUSIONS OF LAW**

1 1. The Commission has jurisdiction over this matter pursuant to Article XV of the
2 Arizona Constitution and A.R.S. §§ 40-1801 and 44-3101, et seq.

3 2. The investments in the brokered CDs, tax lien certificates, viatical settlements and
4 money voucher machine programs offered and sold by Respondents CGI, Mr. Joseph Hiland, Mr.
5 Tyson Hiland and Mr. Travis Hiland were securities within the meaning of A.R.S. § 44-1801.

6 3. The securities were neither registered nor exempt from registration, in violation of
7 A.R.S. § 44-1841.

8 4. The actions and conduct of the Respondents CGI, Mr. Joseph Hiland, Mr. Tyson
9 Hiland and Mr. Travis Hiland constitute the offer and/or sale of securities within the meaning of
10 A.R.S. §§ 44-1801(15) and 44-1801(21).

11 5. Respondents CGI, Mr. Joseph Hiland, Mr. Tyson Hiland and Mr. Travis Hiland
12 offered and/or sold unregistered securities within or from Arizona in violation of A.R.S. § 44-1841.

13 6. Respondent CGI, is a dealer within the meaning of A.R.S. § 44-1801(9).

14 7. Respondents Mr. Joseph Hiland, Mr. Tyson Hiland and Mr. Travis Hiland are
15 salesmen within the meaning of A.R.S. § 44-1801(22).

16 8. Respondents CGI, Mr. Joseph Hiland, Mr. Travis Hiland and Mr. Tyson Hiland
17 offered and/or sold securities within the Arizona without being registered as a dealer or salesmen in
18 violation of A.R.S. § 44-1842.

19 9. Respondents CGI, Mr. Joseph Hiland, Mr. Travis Hiland and Tyson Hiland are found
20 herein to have violated the Act and should cease and desist pursuant to A.R.S. § 44-2032 from any
21 future violations of A.R.S. §§ 44-1841 and 44-1842 and all other provisions of the Act.

22 10. With respect to the aforementioned offerings, the amounts and terms and conditions of
23 the Restitution Motion as set forth in Exhibit A should be adopted.

24 11. With respect to the above-described offerings, Respondents CGI, Mr. Joseph Hiland,
25 Mr. Travis Hiland and Mr. Tyson Hiland should be assessed jointly and severally administrative
26 penalties pursuant to A.R.S. § 44-2036 as follows: for the violations of A.R.S. § 44-1841 the sum of
27 \$56,550; and for the violation of A.R.S. § 44-1842, the sum of \$56,550.

28 12. The actions and conduct of the Respondents, CGI, Mr. Joseph Hiland, Mr. Travis

1 Hiland and Mr. Tyson Hiland constitute the actions of an investment advisor or investment advisor
2 representatives within the meaning of A.R.S. §§ 44-3101(2) and 44-3101(3).

3 13. With respect to the offerings described above, Respondents CGI, Mr. Joseph Hiland,
4 Mr. Travis Hiland and Mr. Tyson Hiland transacted business as either an investment advisor or an
5 investment advisor representatives in violation of A.R.S. § 44-3151.

6 14. With respect to the sales activities of CGI, Mr. Joseph Hiland, Mr. Travis Hiland and
7 Mr. Tyson Hiland during the periods in which the above-described offerings took place, CGI acted as
8 an investment advisor and the other above-named Respondents acted as investment advisor
9 representatives in violation of the IMA and they should cease and desist pursuant to A.R.S. § 44-3292
10 from any further violations of A.R.S. § 44-3101, et seq. and all other provisions of the IMA.

11 15. With respect to the above-described offerings, Respondents CGI, Mr. Joseph Hiland,
12 Mr. Travis Hiland and Mr. Tyson Hiland should be assessed jointly and severally an administrative
13 penalty pursuant to A.R.S. § 44-3296 in the amount of \$20,000.

14 **ORDER**

15 IT IS THEREFORE ORDERED that pursuant to the authority granted to the Commission
16 under A.R.S. § 44-2032, Respondents Chamber Group, Inc., Mr. Joseph Hiland, Mr. Travis Hiland
17 and Mr. Tyson Hiland shall cease and desist from their actions described hereinabove in violation of
18 A.R.S. §§ 44-1841 and 44-1842.

19 IT IS FURTHER ORDERED that pursuant to the authority granted to the Commission under
20 A.R.S. § 44-3292, Chamber Group, Inc., Mr. Joseph Hiland, Mr. Travis Hiland and Mr. Tyson
21 Hiland shall cease and desist from their actions described hereinabove in violation of A.R.S. § 44-
22 3151.

23 IT IS FURTHER ORDERED that pursuant to the authority granted to the Commission under
24 A.R.S. § 44-2036, Respondents Chamber Group, Inc., Mr. Joseph Hiland, Mr. Travis Hiland and Mr.
25 Tyson Hiland shall jointly and severally pay as and for administrative penalties: for the violation of
26 A.R.S. § 44-1841, \$56,550; and for the violation of A.R.S. § 44-1842, \$56,550.

27 IT IS FURTHER ORDERED that the administrative penalties hereinabove shall be made
28 payable to the State Treasurer for deposit in the general fund for the State of Arizona.

1 IT IS FURTHER ORDERED that the administrative penalties hereinabove shall bear interest
2 at the rate of 10 percent per year for any outstanding balance after 60 days from the effective date of
3 this Decision.

4 IT IS FURTHER ORDERED that the administrative penalties assessed hereinabove against
5 the above-named Respondents shall be reduced by 50 percent per statutory violation if restitution
6 and/or rescission is made in accordance with the terms of this Decision hereinafter.

7 IT IS FURTHER ORDERED that pursuant to the authority granted to the Commission under
8 A.R.S. § 44-3296, Respondents Chamber Group, Inc., Mr. Joseph Hiland, Mr. Travis Hiland and Mr.
9 Tyson Hiland shall jointly and severally pay as and for an administrative penalty, for the violation of
10 A.R.S. §§ 44-3151 the sum of \$20,000.

11 IT IS FURTHER ORDERED that pursuant to the authority granted to the Commission under
12 A.R.S. §§ 44-2032 and 44-3292 and A.A.C. R14-4-308, Respondents Chamber Group, Inc., Mr.
13 Joseph Hiland, Mr. Travis Hiland and Mr. Tyson Hiland shall jointly and severally make restitution
14 consistent with Findings of Fact No. 294 and Conclusion of Law No. 10 hereinabove subject to the
15 amounts and terms and conditions of the Restitution Motion as set forth in Exhibit A, and shall be
16 payable in full 30 days following the date of this Decision.

17 IT IS FURTHER ORDERED that the restitution order hereinabove shall bear interest at the
18 rate of 10 percent per year for the period from the dates of investment to the date of payment of
19 restitution by Respondents.

20 ...

21 ...

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1 IT IS FURTHER ORDERED that all restitution payments hereinabove shall be deposited into
2 an interest-bearing account(s) if appropriate, until distributions are made.

3 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

4 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

5
6   
7 CHAIRMAN COMMISSIONER COMMISSIONER
8

9 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive
10 Secretary of the Arizona Corporation Commission, have
11 hereunto set my hand and caused the official seal of the
12 Commission to be affixed at the Capitol, in the City of Phoenix,
13 this 26TH day of MARCH, 2002.

14 
15 BRIAN C. McNEIL
16 EXECUTIVE SECRETARY

17 DISSENT _____
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28

1 SERVICE LIST FOR: THE CHAMBER GROUP, INC. ET AL.
2 DOCKET NO. S-03438A-00-0000
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HEARING

BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

WILLIAM A. MUNDELL

Chairman

JIM IRVIN

Commissioner

MARC SPITZER

Commissioner

RECEIVED

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AZ CORP COMMISSION
DOCUMENT CONTROL

ARIZONA CORPORATION COMMISSION
HEARING DIVISION

In the matter of:

Docket No. S-03438A-00-0000

THE CHAMBER GROUP, INC.,

an Arizona Corporation, a/k/a

CHAMBER FINANCIAL GROUP and

CHAMBER FINANCIAL

1060 Sandretto Drive, Suite A

Prescott, Arizona 86305; and

1550 South Alma School, Suite #103

Mesa, Arizona 85210

JOSEPH L. HILAND

135 South Summit

Prescott, Arizona 86304

TYSON J. HILAND

3094 Shoshone Place

Prescott, Arizona 86301

TRAVIS D. HILAND

4801 North Meixner Road

Prescott Valley, Arizona 86314,

Respondents.

MOTION TO ADOPT UNOPPOSED
RESTITUTION TOTALS, TERMS, AND
CONDITIONS FOR INCLUSION INTO
PROPOSED ORDER

- In lieu of an evidentiary hearing to adjudicate the amount of restitution to be awarded in the above-captioned matter, the Securities Division ("Division") hereby submits an uncontested motion for the presiding Administrative Law Judge to adopt the following restitution awards, governed by the following terms and conditions:

...

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DECISION NO. _____

EXHIBIT A

1 1) The restitution award shall initially be premised on the known investment figures for
2 each of the four programs sold by Respondents. At the outset, these restitution figures will be based
3 on investor listings previously disclosed by the Respondents to the Division. These restitution
4 amounts will be subject to upward corrections from known Chamber Group ("Chamber") investors
5 who were missing or otherwise omitted from these listings. These additional investors will include
6 investors who testified at trial, other Chamber investors involved in one or more of the subject
7 programs as clearly and convincingly established by the Division, and further TLC America tax lien
8 investors as reflected in the federal court-appointed receiver's investment records.

9 2) These four base restitution figures shall not be static; they may be supplemented by the
10 Division upon the receipt of additional clear and convincing evidence that other investors had invested
11 through Respondents in one or more of the Respondents' four programs, and may be reduced upon a
12 showing by either party, through clear and convincing evidence, that an investor or investment amount
13 was listed in error.

14 3) The base restitution figures will be continuously subject to a legal set-off provision
15 serving to reduce these restitution figures when warranted. With the base restitution figures
16 established, the Division shall apply any known legal set-offs from its investigative files to reduce
17 these amounts accordingly. The Respondents will have the ongoing opportunity to provide evidence
18 that additional legal set-offs are in order for one or more of the listed investors or investment amounts
19 in one or more of the four investment programs. This evidence must be clear and convincing, and
20 might include such evidence as refund checks for principal received by investors, investor affidavits,
21 brokerage house receipts, or any other reliable grounds for a cognizable legal set-off.

22 4) Concerning set-off evidence submitted by Respondents, the Division would have the
23 authority to verify these amounts through phone calls or other means of verification. Each set-off
24 would be applied to the restitution amount for the appropriate investment program as soon as such
25 amounts were verified or otherwise accepted by the Division.
26

1 5) In addition to the set-off provision, the base restitution figures shall also be subject to
2 reduction modifications from investors who elect to "opt-out" from the restitution awards for their
3 investments in one or more of the brokered CD, viatical and/or MVP money voucher programs.
4 Concerning these three investment programs, Respondents are authorized to draft a letter to active
5 client/investors in these programs to present these investors with the option of remaining with their
6 investments in lieu receiving restitution. For any such investors who choose to opt out of the
7 restitution option, the initial restitution figure would be reduced accordingly. The Division shall have
8 the authority to review this communication to investors, and to mandate modifications, should it
9 determine that one or more of the opt-out letters mischaracterize the current state of affairs in that
10 particular investment.

11 6) With respect to the opt-out letters, Respondents must provide the Division with a draft
12 of any such letter a minimum of 15 days prior to mailing any of the letters to current investors. Only if
13 the Division mandates no modifications by the close of this period shall the Respondents be free to
14 proceed with the mailing of these letters. All such opt-out letters shall also include a "selection form"
15 to be filled out by recipient investors. Copies of these forms, which shall include the investors'
16 signatures, addresses, and phone numbers, shall be provided to the Division in order to qualify for an
17 opt-out restitution credit. Once any particular opt-out letters are mailed to investors, these recipient
18 investors shall have 60 days to review and return the aforementioned "selection form." Once this time
19 period has expired, the Division will deem all non-responses as "declines" to the opt-out provision.

20 7) After totaling the restitution figures, applying all legal set-offs, and accounting for any
21 "opt-out" investors, the Respondents are obligated to pay the remaining restitution figures to the
22 Division for pro rata distribution to investors. Respondents will be granted ownership over the
23 investors' investment interests as soon as full restitution is made. The restitution figures for each of the
24 four investment programs will also be subject to on-going modifications based on any newly
25 discovered legal set-offs.
26

1 8) The amount of restitution to be awarded in this matter for each of the four investment
2 programs, as discussed above, is detailed numerically in Exhibits S-A1 through S-A5, attached hereto.
3 In total, the current amount of restitution jointly and severally owed by Respondents for each of the
4 four programs is as follows: Brokered CD program: \$8,085,220; Viatical program: \$4,156,020; TLC
5 tax lien program: \$3,548,613; MVP money voucher program: \$476,000.

6 9) The foregoing restitution amounts shall be reflected in the Proposed Order and shall be
7 payable in full 30 days following the date upon which the Commission formally approves the final
8 Administrative Order. All payments shall be submitted by certified check and shall be made payable
9 to the "State of Arizona."

10 Respondents have provided NOTICE of non-opposition as to the above restitution totals and to
11 the associated terms and conditions for purposes of the restitution section of the Proposed Order. In
12 light of this NOTICE, the supplemental restitution hearing in this matter, currently scheduled for
13 February 6, 2002, has been jointly waived.

14 RESPECTFULLY SUBMITTED this 6th day of February, 2002.

15
16 By: 

JAMIE B. PALFAI

Special Assistant Attorney General

MOIRA McCARTHY

Assistant Attorney General

Attorneys for the Securities Division

Arizona Corporation Commission

1 ORIGINAL AND TEN (10) COPIES of the foregoing
2 filed this 6th day of February, 2002, with

3 Docket Control
4 Arizona Corporation Commission
5 1200 West Washington
6 Phoenix, AZ 85007

7 COPY of the foregoing hand-delivered this
8 6th day of February, 2002, to:

9 Mr. Marc Stern
10 Hearing Officer
11 Arizona Corporation Commission/Hearing Division
12 1200 West Washington
13 Phoenix, AZ 85007

14 COPY of the foregoing mailed
15 this 6th day of February, 2002, to:

16 David Jordan, Esq.
17 TITUS BRUECKNER & BERRY, P.C.
18 7373 North Scottsdale Road, Suite B-252
19 Scottsdale, AZ 85253-3527
20 Attorney for Respondents

21 By: James Paltai
22
23
24
25
26

THE CHAMBER GROUP

\$ 8,085,220	Brokered CD Investments
4,156,020	Viatical Investments
3,548,613	TLC Tax Lien Investments
476,000	MVP Money Voucher Investments
<u>\$ 16,265,854</u>	ADJUSTED INVESTMENT TOTAL



THE CHAMBER GROUP

BROKERED CD INVESTMENTS:

Client Name	Submit Date	Investment	Set-off Amount	Adjusted Investment Total
Adams, Phil		2,800.00		2,800.00
Amburn, Elmer & Mary	1/10/00	5,000.00		5,000.00
Anderson, Dennis & Margar...	9/15/99	25,000.00		25,000.00
Anderson, Rennie & Daisy	10/29/99	15,000.00		15,000.00
Andros, Stephen & Jacquiel	12/8/99	10,000.00		10,000.00
Aninsa, Fernando & Monica	8/27/99	5,000.00		5,000.00
Annis, Marjorie E.	8/9/99	10,000.00		10,000.00
Armstrong, Mary	12/29/99	20,000.00		20,000.00
Avery, Norma	11/15/99	5,000.00		5,000.00
Axley, Claude Sr. & Mary	11/22/99	25,000.00		25,000.00
Bambauer, Gil & M	8/20/99	35,000.00		35,000.00
Bambauer, Gil & M	9/10/99	10,000.00		10,000.00
Bartusek, James	9/16/99	5,000.00		5,000.00
Baughn, Ernest & Gary	8/5/99	50,000.00		50,000.00
Beekman, Ed & Rosie	10/29/99	8,000.00		8,000.00
Behm, Bob & Sara -	8/27/99	5,000.00		5,000.00
Bell, Arthur (IRA)	9/15/99	30,000.00		30,000.00
Bell, Arthur (IRA)	9/15/99	8,000.00		8,000.00
Bennett Oil Company	10/8/99	10,000.00		10,000.00
Berndt, Robert & Iris	10/1/99	30,000.00		30,000.00
Beveridge, Dan	10/27/99	30,000.00		30,000.00
Biscoe, Don	12/3/99	22,000.00		22,000.00
Black, William Joyce	8/4/99	8,000.00		8,000.00
Bourgeois, Mildred & Leon	8/26/99	10,000.00		10,000.00
Bowser, Marjorie	8/12/99	39,000.00		39,000.00
Brady, William & Susan	11/9/99	5,000.00		5,000.00
Brady, William & Susan	11/11/99	25,000.00		25,000.00
Brady, William & Susan	12/16/99	5,000.00		5,000.00
Braun, Brown	5/27/99	20,000.00		20,000.00
Bristow, Fred & Virginia	1/5/00	8,000.00		8,000.00
Brownfield, Royce & Barbar...	12/13/99	14,000.00		14,000.00
Brownfield, Royce & Barbar...	9/1/99	50,000.00		50,000.00
Bucci, Marian	12/9/99	10,000.00		10,000.00
Buchta, Deborah & Michael	10/15/99	5,000.00		5,000.00
Burgat, Wendell	10/13/99	10,000.00		10,000.00
Butler, Donna (IRA)	9/2/99	11,000.00		11,000.00
Carlson, Arthur	12/15/99	5,000.00		5,000.00
Carlson, Arthur	1/20/00	5,000.00		5,000.00
Carlson, Vernon & Vera	9/10/99	5,000.00		5,000.00
Cecil, Irma	11/11/99	5,000.00		5,000.00
Claeys, Charleene	1/24/00	100,000.00		100,000.00
Claeys, Walter	1/24/00	100,000.00		100,000.00



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DECISION NO.

BROKERED CD INVESTMENTS:

Client Name	Submit Date	Investment	Set-off Amount	Adjusted Investment Total
Coe, John	7/14/99	10,000.00		10,000.00
Compton, Bonnie	9/15/99	50,000.00		50,000.00
Cooper, Clarence	9/22/99	20,000.00		20,000.00
Cooper, William & Gloria	10/13/99	25,000.00		25,000.00
Cranford, James & Arlene	2/26/99	49,000.00		49,000.00
Cranford, James & Arlene	6/9/99	10,000.00		10,000.00
Crawford, Gordon		20,000.00		20,000.00 ①
Crisp, Thomas & Ellen	1/7/00	50,000.00		50,000.00
Cuvelier, Joseph	6/8/99	60,000.00		60,000.00
Daniels, Don	9/10/99	15,000.00		15,000.00
Daniels, Jo Ann	9/10/99	50,000.00		50,000.00
Darman, Marion	10/22/99	10,000.00		10,000.00
Davis, Lyle & Beatrice	11/10/99	5,000.00		5,000.00
DeBauer, Donald	9/2/99	20,000.00		20,000.00
DeBauer, Donald & Elanor	8/15/99	30,000.00		30,000.00
Dedicos, George	8/6/99	30,000.00		30,000.00
Dedicos, George	5/25/99	15,000.00		15,000.00
Del Valle, Nancy	8/25/99	20,000.00	17,000.00	3,000.00
Del Valle, Rene & Nancy	10/20/99	45,000.00	39,609.25	5,390.75
Diesel Power Specialists In...	9/24/99	32,000.00		32,000.00
Done, Alee	5/18/99	40,000.00		40,000.00
Dooley, Richard J. & Mattie	8/16/99	10,000.00		10,000.00
Driscoll, Dennis	8/4/99	5,000.00		5,000.00
Driscoll, Dennis (IRA)	8/4/99	2,000.00		2,000.00
Driscoll, Dennis (#2)	8/6/99	5,000.00		5,000.00
Durham, Danny	7/22/99	60,000.00		60,000.00
Eckert, Alma	5/6/99	48,000.00		48,000.00
Eleid, Art	7/7/99	7,000.00		7,000.00
Elliot, Don		50,000.00		50,000.00 ①
Elliot, Don		50,000.00		50,000.00 ①
Ellis, Selma	9/9/99	5,000.00		5,000.00
Ennis, Sara	12/14/99	10,000.00		10,000.00
Epperson, Leon	7/28/99	23,000.00		23,000.00
Eppler, Judith & Robert	9/10/99	5,000.00		5,000.00
Evans, Don	1/12/00	10,000.00		10,000.00
Fahringer, Elsa	9/7/99	10,000.00		10,000.00
Fass, Vernon	1/21/00	10,000.00		10,000.00
Fehrman, Arthur (Marie To...	12/4/99	15,346.80		15,346.80
Ferguson, (John) Family Tru...	11/15/99	10,000.00		10,000.00
Ferguson, (John) Family Tru...	12/14/99	5,000.00		5,000.00
Ferguson, (John) Family Tru...	12/14/99	3,000.00		3,000.00
Ferguson, (John) Family Tru...	12/15/99	2,000.00		2,000.00
Ferguson, John	11/9/99	20,000.00		20,000.00
Fields, Patricia	9/10/99	5,000.00		5,000.00
Fields, Patricia	12/14/99	8,000.00		8,000.00

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DECISION NO. _____

BROKERED CD INVESTMENTS:

Client Name	Submit Date	Investment	Set-off Amount	Adjusted Investment Total
Filippino Fam Trust	8/19/99	5,000.00		5,000.00
Filippino, Eric & Arthur	8/19/99	5,000.00		5,000.00
Fink, John & Maxine	9/8/99	8,000.00		8,000.00
Fox, Patricia	8/13/99	10,000.00		10,000.00
Frisbee, Burton & Susan	9/1/99	60,000.00		60,000.00
Fuller Family Trust	1/17/00	30,000.00		30,000.00
Gangi, Judy	8/30/99	100,000.00		100,000.00
Gangi, Judy & Sal	8/30/99	200,000.00		200,000.00
Gangi, Sal	8/30/99	100,000.00		100,000.00
Gannon, Michael & Joy	9/16/99	75,000.00		75,000.00
Gannon, Michael & Joy	9/16/99	25,000.00		25,000.00
Garavetto, Oscar	11/11/99	5,000.00		5,000.00
Gerard, Arnold & Marilyn	9/24/99	35,000.00		35,000.00
Ghera, Ronald J & Martana	8/17/99	12,000.00		12,000.00
Gifford, Myron	6/15/99	40,000.00		40,000.00
Gohlich, Edward & Marjorie	9/2/99	50,000.00		50,000.00
Goode, James T. & Janis K.	7/22/99	5,000.00		5,000.00
Goodrich, Bernadine & Don	11/30/99	8,000.00		8,000.00
Graham, Anna Maria	9/10/99	100,000.00		100,000.00
Graves, Robert	9/10/99	550,000.00		550,000.00
Grider, Charley & Hope	8/16/99	10,000.00		10,000.00
Grider, Hope	1/20/00	15,000.00		15,000.00
Grillo, Barbara	5/11/99	50,000.00		50,000.00
Grillo, Barbara	8/30/99	54,000.00		54,000.00
Gurstein, Donald & Sandra	10/8/99	50,000.00		50,000.00
Hall, Larry & Patricia	1/6/00	15,000.00		15,000.00
Hamlin, Robert	11/10/99	5,000.00		5,000.00
Haupt, Lillian (IRA)	10/15/99	9,000.00		9,000.00
Hawkins, Ed & Leila	9/15/99	10,000.00		10,000.00
Herkert, Kimberly	11/5/99	45,000.00		45,000.00
Hetherington, Susan & Robert		25,000.00	21,900.00	3,100.00
Illgner, Jack	9/2/99	40,000.00		40,000.00
Illgner, Donna	9/2/99	15,000.00		15,000.00
Ingram, Virginia	9/29/99	10,000.00	8,800.00	1,200.00
Ingram, Virginia	8/20/99	10,000.00	9,000.00	1,000.00
Jenkins, Dale	11/15/99	20,000.00		20,000.00
Jewett, Dominique		3,000.00		3,000.00
Johnson, Daryl & Janice	9/16/99	20,000.00	17,500.00	2,500.00
Johnson, Kristin	8/18/99	10,000.00		10,000.00
Kalo, Steve	8/20/99	2,000.00		2,000.00
Kanson, Joe & Suzanne	8/23/99	30,000.00		190,000.00
Kanson, Joe & Suzanne	12/29/99	50,000.00		50,000.00
Kanson, Marion	8/23/99	60,000.00		60,000.00
Kanson, Marion	8/23/99	30,000.00		30,000.00
Karges, Ed & Wanda	9/10/99	100,000.00		100,000.00

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DECISION NO.

BROKERED CD INVESTMENTS:

Client Name	Submit Date	Investment	Set-off Amount	Adjusted Investment Total
Karsten Family Trust	4/16/99	22,000.00		22,000.00
Kelbel, Bruce & Doris	11/30/99	10,000.00		10,000.00
Kendall, Karl & Pamela	10/25/99	10,000.00		10,000.00
Kilbourne, Jim & Nancee	9/28/99	10,000.00		10,000.00
Kilbourne, Jim & Nancee	9/15/99	20,000.00		20,000.00
King, Arthur	9/22/99	4,000.00		4,000.00
Kirkpatrick, Beverly	8/31/99	30,000.00		30,000.00
Kirschbaum, Judy	8/27/99	20,000.00		20,000.00
Klabe, Donald	4/29/99	10,000.00		10,000.00
Kleinman, Meg	11/11/99	25,000.00		25,000.00
Knight, Edward Jr.	10/25/99	20,000.00		20,000.00
Knight, Edward Jr. & Beatric...	10/25/99	10,000.00		10,000.00
Krasky, Joseph & Imogene	12/13/99	5,000.00		5,000.00
Kratzer, Billy	7/3/99	30,000.00		30,000.00
Lackner, Victoria	8/26/99	10,000.00		10,000.00
Lambson, Marnie	9/8/99	10,000.00		10,000.00
Lamontagne, Napoleon	4/26/99	70,000.00		70,000.00
Langford, Maxine & Ivins	10/22/99	14,000.00		14,000.00
Larson, Glenn W.	3/15/99	47,000.00		47,000.00
Lewis, Selma	9/10/99	5,000.00		5,000.00
Maass, Philip J.	9/8/99	25,000.00	22,570.00	2,430.00
MacDermid Trust	1/1/00	6,000.00		6,000.00
MacDermid, David & Ouida	7/30/99	15,000.00		15,000.00
MacDermid, David & Ouida	12/10/99	14,000.00		14,000.00
Mady, Walter & Patricia	9/16/99	10,000.00		10,000.00
Mandosolo, Frances	2/26/99	50,000.00		50,000.00
Manzi, Philip	8/25/99	50,000.00		50,000.00
Marks, Norman	9/22/99	14,000.00		14,000.00
Marshall, Fred & Lena	9/8/99	50,000.00		50,000.00
Martin, Bonnie	4/6/99	25,000.00		25,000.00
Maximoff, Mitchell	4/9/99	50,000.00		50,000.00
Maxwell, Phyllis & James	11/18/99	25,000.00		25,000.00
Maxwell, William & Darlene	8/31/99	10,000.00		10,000.00
McColm, William	10/1/99	50,000.00		50,000.00
McDonald, Lyle & L.R.	8/19/99	20,000.00		20,000.00
McIntosh, Dean	9/8/99	20,000.00		20,000.00
Merrill, Dennis & Betty	9/8/99	90,000.00		90,000.00
Metcalfe, Marilyn	10/29/99	30,000.00		30,000.00
Meyers, Jim		25,000.00		25,000.00
Miller, Aletha	9/10/99	10,000.00		10,000.00
Miller, Boyd & Nancy	8/30/99	45,000.00		45,000.00
Millspaugh, Marilyn	9/8/99	10,000.00		10,000.00
Minnich, Charles & Mildred	11/4/99	11,000.00		11,000.00
Minnich, Charles & Mildred	11/19/99	10,000.00		10,000.00
Mitchell, Wayman & Nelda	8/23/99	40,000.00		40,000.00
Mobley, Dorothy	1/7/00	5,000.00		5,000.00

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BROKERED CD INVESTMENTS:

Client Name	Submit Date	Investment	Set-off Amount	Adjusted Investment Total
Mobley, Dorothy & Michael	8/19/99	5,000.00		5,000.00
Mobley, Dorothy & Michael	1/7/00	5,000.00		5,000.00
Moody, Virginia	3/15/99	25,000.00		25,000.00
Morello, Anthony	9/8/99	10,000.00		10,000.00
Morris, Daniel & Linda	12/15/99	100,000.00		100,000.00
Murane, Ralph	9/22/99	10,000.00		10,000.00
Naughton, Dennis	9/20/99	5,000.00		5,000.00
Niewold, Ann	8/6/99	20,000.00		20,000.00
Norris, Lester	4/9/99	50,000.00		50,000.00
North, Max	9/30/99	5,000.00		5,000.00
O'Brien, James & Irene	8/13/99	10,000.00	9,225.00	775.00
O'Neil, Philip	3/17/00	20,000.00		20,000.00
Onusko, Zarraida	1/8/00	100,000.00		100,000.00
Oppertshauser, John	2/26/99	20,000.00		20,000.00
Oppertshauser, John	11/22/99	20,000.00		20,000.00
Oravec, Joseph	3/26/99	10,000.00		10,000.00
Osman, Donald & Geraldine	11/18/99	5,000.00		5,000.00
Parker, Barbara	11/5/99	18,000.00		18,000.00
Parker, Doug	6/10/99	20,000.00		20,000.00
Parker, Doug	10/13/99	85,000.00		85,000.00
Patel, Jayesh C.	6/16/99	50,000.00		50,000.00
Patel, Jayesh C.	6/16/99	30,000.00		30,000.00
Patel, Jayesh C.	8/27/99	30,000.00		30,000.00
Patel, Jayesh C.	12/31/99	35,000.00		35,000.00
Patel, Jyotsana	6/2/99	40,000.00		40,000.00
Patel, Vinu	3/15/99	10,000.00		10,000.00
Patel, Vinu	1/3/00	30,000.00		30,000.00
Patel, Vinubhai	6/1/99	20,000.00		20,000.00
Patel, Vinubhai	10/13/99	30,000.00		30,000.00
Peragine, Gloria Perry		40,000.00	36,609.93	3,390.07
Perkins, George & Delores	8/16/99	15,000.00		15,000.00
Perkins, George and Jeann...	1/18/00	40,000.00		40,000.00
Perper, Robert & Marianne	8/25/99	25,000.00		25,000.00
Perper, Robert & Marianne	9/28/99	80,000.00		80,000.00
Perper, Robert & Marianne	10/20/99	3,000.00		3,000.00
Perper, Robert & Rochelle	10/14/99	3,000.00		3,000.00
Perper, Rochelle & Marinne	10/20/99	6,000.00		6,000.00
Perperr, Robert & Marianne	10/14/99	6,000.00		6,000.00
Plank, Jan & Da 3	11/25/99	15,000.00		15,000.00
Plummer, Hubert "Red"	9/1/99	5,000.00		5,000.00
Plummer, Hubert "Red"	9/9/99	5,000.00		5,000.00
Powell, Allen & Marius	9/8/99	5,000.00		5,000.00
Powell, Dorothy	9/2/99	10,000.00		10,000.00
Puglia, Elsie	11/2/99	30,000.00		30,000.00
Ramsey, H.L.	1/27/00	55,000.00		55,000.00
Rancho Vista Hills Homeow...	9/22/99	5,000.00		5,000.00

BROKERED CD INVESTMENTS:

Client Name	Submit Date	Investment	Set-off Amount	Adjusted Investment Total
Randall, Jonna & Beryl	10/25/99	100,000.00		100,000.00
Ray, James & C. Frances	9/10/99	50,000.00		50,000.00
Ray, James & C. Frances	9/10/99	50,000.00		50,000.00
Reck, Joseph	12/3/99	30,000.00		30,000.00
Reilly, Margaret	9/14/99	5,000.00		5,000.00
Reilly, Margaret	12/4/99	15,500.31		15,500.31
Reynolds, Norman & Joan	9/2/99	20,000.00		20,000.00
Reynolds, Norman & Joan	10/1/99	50,000.00		50,000.00
Risch Family Trust	1/17/00	5,000.00		5,000.00
Risch Family Trust	11/4/99	5,000.00		5,000.00
Risch, Family Living Trust	6/11/99	25,000.00		25,000.00
Risch, Rev. Eugene H.	8/26/99	5,000.00		5,000.00
Risch, Rev. Eugene H.	10/18/99	5,000.00		5,000.00
Roberts, Ray	5/29/99	21,000.00		21,000.00
Romano, Robert	9/8/99	10,000.00		10,000.00
Romano, Robert (Trust)	8/11/99	100,000.00		100,000.00
Rose, Oliver or Patricia	12/9/99	10,000.00		10,000.00
Rousseau, Lee	10/8/99	10,000.00		10,000.00
Rutledge, David & Mary	10/19/99	10,000.00		10,000.00
Rutledge, David and Mary	1/4/00	4,000.00		4,000.00
Samuel, James & Sheila	9/30/99	10,000.00		10,000.00
Sawyer, Tom	9/10/99	90,000.00		90,000.00
Schimbert, Dave & Joyce	9/18/99	50,000.00		50,000.00
Schmitz, Jerry & Ruth Ann	9/17/99	10,000.00		10,000.00
Schnelli, Louis	8/13/99	100,000.00		100,000.00
Schultz, Carl	9/2/99	10,000.00		10,000.00
Schultz, Gladys	10/29/99	40,000.00		40,000.00
Shelfo, Joseph & Diane	8/9/99	25,000.00		25,000.00
Simmons, Margaret & Elme...	8/2/99	5,000.00		5,000.00
Smith, Catherine		21,000.00	18,270.00	2,730.00 ①
Smith, Catherine		10,000.00	8,525.00	1,475.00 ①
Snyder, Alex	12/15/99	24,000.00		24,000.00
Snyder, Alex	1/18/00	24,000.00		24,000.00
Snyder, Alex	1/18/00	15,000.00		15,000.00
Staich, Rita	4/16/99	7,000.00		7,000.00
Stanley, Frank Jr. IRA	12/13/99	54,000.00		54,000.00
Stanley, Mary Louise	12/13/99	51,000.00		51,000.00
Stone, Paul & Elizabeth	10/25/99	10,000.00		10,000.00
Stoner, Ronald	10/29/99	8,000.00		8,000.00
Stull, William & Arlene	11/5/99	100,000.00		100,000.00
Sullivan, Elmer & Sally	8/9/99	30,000.00		30,000.00
Summit Forests, Inc.	11/18/99	100,000.00		100,000.00
Tekavek, Thomas & Susan	1/20/00	100,000.00		100,000.00
Tekavek, Thomas (IRA)	1/20/00	67,382.51		67,382.51
Tellman, Fred	11/2/99	9,000.00		9,000.00
Thomason, Don	10/4/99	100,000.00		100,000.00

BROKERED CD INVESTMENTS:

Client Name	Submit Date	Investment	Set-off Amount	Adjusted Investment Total
Thompson, Roger	6/22/99	8,000.00		8,000.00
Thompson, Roger	8/15/99	5,000.00		5,000.00
Treuel, Jeanette (IRA)	9/29/99	30,000.00		30,000.00
Vail, Dallas & Mary Lou		25,000.00		25,000.00
Van Horne, Peter & Dorothy	9/9/99	5,000.00		5,000.00
Van Horne, Peter & Dorothy	9/10/99	5,000.00		5,000.00
Van Horne, Peter & Dorothy	9/11/99	5,000.00		5,000.00
Van Horne, Peter & Dorothy	9/12/99	5,000.00		5,000.00
Vohs, Louis A. & Kathryn E.	7/21/99	5,000.00		5,000.00
Vohs, Louis A. & Kathryn E.	8/20/99	5,000.00		5,000.00
Weisend, James & Dorothy	10/27/99	11,000.00		11,000.00
Wells, Sterling	3/26/99	34,000.00		34,000.00
Wesson, Paul & Violet	7/12/99	60,000.00		60,000.00
Wesson, Paul & Violet	10/29/99	40,000.00		40,000.00
Whitcomb, Harold	11/4/99	20,000.00		20,000.00
Wilson, Barbara F. & Gibso...	7/21/99	10,000.00		10,000.00
Woods, George (Trust)	11/19/99	10,000.00		10,000.00
Worthington, Wilma & Earl	8/23/99	9,000.00		9,000.00
Wright, Donald M.		35,000.00		35,000.00
Young, Craig & Kimberly	9/28/99	10,000.00		10,000.00
Young, Craig & Kimberly	11/9/99	10,000.00		10,000.00
Zduniak, Thaddeus & Grego...	12/13/99	5,000.00		5,000.00
Zuhlke, Robert & Frances	6/24/99	25,000.00		25,000.00

TOTALS \$ 8,134,229.62 \$ 209,009.18 \$ 8,085,220.44

- ① These investors and/or investments were absent from Respondents' investor/client listings provided to the Securities Division in March of 2001.
- ② This investment entry was revised to reflect the actual amount invested on this submit date.

THE CHAMBER GROUP

EXHIBIT

S-A3

VIATICAL INVESTMENTS:

Client Name	Submit Date	Investment	Set-off Amount	Adjusted Investment Total
Alexander, Jay & J	5/4/99	25,000.00		25,000.00
Alexander, Jay & Jill	5/4/99	25,000.00		25,000.00
Armbruster, Ruthann	7/11/00	25,000.00		25,000.00
Axley, Claude and Mary	7/18/00	10,000.00		10,000.00
Axley, Claude Sr. & Mary	11/22/99	75,000.00		75,000.00
Baird, April	12/17/99	15,000.00		15,000.00
Baldwin, Harold & Jane	11/9/99	10,000.00		10,000.00
Bambauer, Gil & Martha	7/10/99	25,000.00		25,000.00
Banta, Harold	7/10/00	10,000.00		10,000.00
Beatty, Patricia	1/21/00	25,445.35		25,445.35
Behm, Bob & Sara	7/20/99	10,000.00		10,000.00
Beveridge, Dan	10/27/99	10,000.00		10,000.00
Bussart, Irene	9/29/99	17,000.00		17,000.00
Chadderdon, Bruce	7/10/00	25,000.00		25,000.00
Chatterdon, Bruce (Donna...	1/27/00	15,000.00		15,000.00
Conroy, James	7/17/00	25,000.00		25,000.00
Cotter, Richard	2/9/00	20,000.00		20,000.00
Dalton, Jack and Doris	4/27/00	15,000.00		15,000.00
Daniels, Jo Ann	5/4/99	60,000.00		60,000.00
Danielson, Donald and Ona	7/13/00	15,000.00		15,000.00
Danielson, Richard & Rea	10/22/99	106,000.00		106,000.00
Deitrich, Clay	8/11/99	10,000.00		10,000.00
Deitrich, Clay	8/11/99	10,000.00		10,000.00
Deitrich, Clay	8/11/99	10,000.00		10,000.00
Del Valle, Rene	8/10/99	50,000.00		50,000.00
Dischner, James	6/17/99	50,000.00		50,000.00
Dischner, James	6/17/99	20,000.00		20,000.00
Easterday Jr., John	1/28/00	10,000.00		10,000.00
Eckert, Mary & Gilbert	11/9/99	10,000.00		10,000.00
Edwards, Paul	7/19/00	100,000.00		100,000.00
Elliot, Don		112,000.00		112,000.00
Embly, K. Morgan	8/13/99	10,000.00		10,000.00
Epperson, Walt & Leona	7/23/99	10,000.00		10,000.00
Eppler, Robert	9/10/99	21,000.00		21,000.00
Eskridge, Robert	5/5/00	65,000.00		65,000.00
Fox, Patricia	8/13/99	10,000.00		10,000.00
Fredrikson, Glenn & Joan	11/10/99	50,000.00		50,000.00
French, Lowell A.	4/7/00	30,000.00		30,000.00
Fuller, John	1/17/00	20,000.00		20,000.00
Garavetto, Oscar	11/11/99	12,000.00		12,000.00
Gifford, Myron	12/17/99	10,000.00		10,000.00
Girardi, Ralph	12/9/99	50,000.00		50,000.00
Goodwin, George	8/10/99	30,000.00		30,000.00
Goodwin, George and Made...	7/14/00	10,000.00		10,000.00

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VIATICAL INVESTMENTS:

Client Name	Submit Date	Investment	Set-off Amount	Adjusted Investment Total
Graham, Anna Maria	7/21/99	100,000.00		100,000.00
Graham, Anna Maria	9/10/99	100,000.00		100,000.00
Gray, Carl and Deborah	7/14/00	50,000.00		50,000.00
Griest, Norman	7/7/00	30,000.00		30,000.00
Harwood, Elizabeth	11/11/99	48,115.00		48,115.00
Hawkins, Ed & Leila	9/10/99	10,000.00		10,000.00
Heath, Nancy	7/18/00	35,000.00		35,000.00
Hecker, Bernard P.	4/7/00	15,000.00		15,000.00
Hemmer, Charles & Jean	9/10/99	20,000.00		20,000.00
Henichek, Thomas	12/15/99	15,000.00		15,000.00
Henry, Donald	7/25/00	44,000.00		44,000.00
Henson, Albert & Betty	10/15/99	10,000.00		10,000.00
Henwood, William & Margar...	9/28/99	100,000.00		100,000.00
Hooker, Family Trust	11/18/99	10,000.00		10,000.00
Hooker, JD	9/1/99	10,000.00		10,000.00
Hooker, John D.	7/11/00	10,000.00		10,000.00
Hooker, John Dee	11/18/99	10,000.00		10,000.00
Horst, Oren and Diane	7/14/00	50,000.00		50,000.00
Huddleston, Barbara	8/12/00	12,000.00		12,000.00
Humphrey, David	11/18/99	28,368.46		28,368.46
Hunt, Douglas	2/9/00	10,000.00		10,000.00
Hunt, Douglas and Ione	7/11/00	16,000.00		16,000.00
Jenkins, Dale	11/15/99	20,000.00		20,000.00
Kailiwai-Barnett, Florence	11/12/99	10,000.00		10,000.00
Karges, Ed & Wanda	6/17/99	40,000.00		40,000.00
Karges, Ed & Wanda	9/8/99	60,000.00		60,000.00
Karges, Ed & Wanda	6/17/99	30,000.00		30,000.00
Lackner, Don	8/11/99	50,000.00		50,000.00
Lackner, Don	8/14/99	50,000.00		50,000.00
Lackner, Donald	2/14/00	20,000.00		20,000.00
Lackner, Donald	7/18/00	70,000.00		70,000.00
Lackner, Donald & Victoria	11/19/99	50,000.00		50,000.00
Lackner, Victoria	2/16/00	20,000.00		20,000.00
Lamb, Darwin and Mavoure	2/15/00	125,000.00		125,000.00
Lamb, Mavourneen	2/28/00	80,000.00		80,000.00
Lambson, Mamie	1/21/99	14,000.00		14,000.00
Larson, Glenn	7/14/00	25,000.00		25,000.00
Larson, Glenn W.	7/23/99	25,000.00		25,000.00
Leland, Harry	10/8/99	20,000.00		20,000.00
Loomis, Merlin	5/4/99	20,000.00		20,000.00
Maass, Lois & Phillip		25,000.00		25,000.00
Mace, Mavis	11/3/99	30,000.00		30,000.00
Mace, Mavis	11/18/99	26,891.85		26,891.85
Madison, Boots & Kathy	7/1/99	20,000.00		20,000.00
Malone, Christine	7/7/00	10,000.00		10,000.00
Marks, Norman	9/20/99	10,634.00		10,634.00
Marshall, Frederick	12/4/99	30,000.00		30,000.00

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VIATICAL INVESTMENTS:

Client Name	Submit Date	Investment	Set-off Amount	Adjusted Investment Total
Marshall, Frederick & Lena	12/8/99	10,000.00		10,000.00
Marshall, Lena and Frederick	2/24/00	20,000.00		20,000.00
Mattingly, Family Trust	2/11/00	10,000.00		10,000.00
McCabe, Robin and Nancy	7/14/00	20,000.00		20,000.00
Meliti, Christine and Frank	4/6/00	10,000.00		10,000.00
Mendibles, Albert	3/14/00	10,000.00		10,000.00
Merrill, Dennis & Betty	9/3/99	40,000.00		40,000.00
Moore, Joyce A.	2/23/00	10,000.00		10,000.00
Morrison, Eugenia	7/6/00	20,000.00		20,000.00
Morrison, Jeanne	2/9/00	18,000.00		18,000.00
Murphy, Alan & Betty	11/16/99	10,000.00		10,000.00
Murphy, Alan & Betty	12/13/99	10,000.00		10,000.00
Musselman, Phyllis	9/23/99	20,000.00		20,000.00
Musselman, Phyllis	7/17/00	20,000.00		20,000.00
Naughton, Dennis & Ann	9/22/99	20,000.00		20,000.00
Nelson, Scott	2/7/00	50,000.00		50,000.00
Parker, Douglas	7/7/00	84,762.24		84,762.24
Perper, Robert	8/25/99	25,000.00		25,000.00
Perper, Robert and Marianne	11/15/99	50,000.00		50,000.00
Peters, John & Helen	11/15/99	25,000.00		25,000.00
Plancich, Gordon	1/21/00	21,596.06		21,596.06
Pogue, Oliver J.	1/8/00	10,000.00		10,000.00
Pogue, Roy	5/30/00	10,000.00		10,000.00
Raney, William	12/8/99	10,000.00		10,000.00
Reck, Joseph	9/24/99	50,000.00		50,000.00
Reiss, Edward and Rosema...	7/18/00	20,000.00		20,000.00
Riggs, Kenneth	11/18/99	10,000.00		10,000.00
Roach, George & Leona	11/2/99	100,000.00		100,000.00
Rodgers, Jodi & Vernon	12/17/99	50,000.00		50,000.00
Rodgers, Vernon and Joan	2/23/00	10,000.00		10,000.00
Ryan, Dianne and Michael	5/5/00	10,000.00		10,000.00
Schimmel, Bob & Martha	10/22/99	90,000.00		90,000.00
Schmid, Kathryn	9/8/99	10,000.00		10,000.00
Schmidt, Celia	2/20/00	23,494.00		23,494.00
Schmitz, Jerry	8/3/99	10,000.00		10,000.00
Schmitz, Jerry	8/10/99	15,000.00		15,000.00
Schmitz, Ruth Ann	9/17/99	50,000.00		50,000.00
Shepherd, Don and Vivian	2/25/00	50,000.00		50,000.00
Stoesz, O.D. and Elizabeth	2/10/00	10,000.00		10,000.00
Stoesz, O.D. and Elizabeth	2/10/00	10,000.00		10,000.00
Strodtbeck, Charles & Hele...	12/17/99	20,000.00		20,000.00
Svoboda, William	12/31/99	25,000.00		25,000.00
Tanner, Norman and Evely...	2/16/00	23,000.00		23,000.00
Thielen, Pat	4/6/00	10,000.00		10,000.00
Valdez, Thomas	7/25/00	30,000.00		30,000.00
Wallace, Paul and Mariko A.	7/13/00	20,000.00		20,000.00
Weatherhead, Robert	10/3/00	32,711.47		32,711.47

VIATICAL INVESTMENTS:

Client Name	Submit Date	Investment	Set-off Amount	Adjusted Investment Total
Weatherhead, Robert	10/3/00	14,001.55		14,001.55
Williams, Judith	10/27/99	20,000.00		20,000.00
Wilson, John and Ann	7/18/00	10,000.00		10,000.00
Wolfe, Robert V.	4/7/00	10,000.00		10,000.00
TOTALS		\$ 4,156,019.98	\$ -	\$ 4,156,019.98

\$ -

- ① These investors and/or investments were absent from Respondents' investor/client listings provided to the Securities Division in March of 2001.

THE CHAMBER GROUP

TLC TAX LIEN INVESTMENTS:

Client Name	Submit Date	Investment	Set-off Amount	Adjusted Investment Total
Berndt	7/30/99	40,000.00		40,000.00
Berndt, Robert and Iris	7/21/00	40,000.00		40,000.00
Brown, Lois	9/2/99	7,000.00		7,000.00
Brown, Louie	8/24/00	100,000.00		100,000.00
Brown, Louis	9/2/99	93,000.00		93,000.00
Burgat, Wendel	7/2/99	20,000.00		20,000.00
Conroy,	7/28/00	1,750.00		1,750.00
Conroy, James	7/17/00	25,000.00		25,000.00
Conroy, James D.	7/1/99	25,000.00		25,000.00
Cranford, James & Arlene	1/8/99	52,250.00		52,250.00
Cranford, James & Arlene	11/15/99	50,000.00		50,000.00
Crisp, Thomas & Ellen	10/8/99	50,000.00		50,000.00
Dalton, Jack & Doris	10/27/99	75,000.00		75,000.00
Daniels, Jo Ann	9/10/99	100,000.00		100,000.00
Danielson, D.	7/1/99	20,000.00		20,000.00
Danielson, Richard	11/16/99	170,000.00		170,000.00
Danielson, Richard	11/16/99	49,086.92		49,086.92
Daw, Matt & Annemarie	8/10/99	20,000.00		20,000.00
Daw, Matthew and Annema...	7/31/00	22,800.00		22,800.00
Del Valle, Rene	8/11/99	115,000.00		115,000.00
Del Valle, Rene and Nancy	11/5/99	60,000.00		60,000.00
Del Valle, Rene and Nancy	8/14/00	131,100.00		131,100.00
Dischner, James	6/17/99	20,000.00		20,000.00
Dischner, James	7/13/00	20,000.00		20,000.00
Eppler, Robert	7/19/99	20,000.00		20,000.00
Eppler, Robert and Judith	7/14/00	20,000.00		20,000.00
Fraser, G & S	8/10/99	20,000.00		20,000.00
Gifford, Myron	7/30/99	21,500.00		21,500.00
Gifford, Myron	12/3/99	28,000.00		28,000.00
Gifford, Myron	7/28/00	24,527.00		24,527.00
Graham, Anna Maria	8/10/99	100,000.00		100,000.00
Graham, Anna Maria	8/15/00	107,000.00		107,000.00
Harwood, Elizabeth	11/11/99	30,000.00		30,000.00
Harwood, Elizabeth	11/12/99	30,000.00		30,000.00
Harwood, Elizabeth	2/11/00	44,030.00		44,030.00
Hemmer, Family Trust	3/10/99	20,000.00		20,000.00
Hemmer, Charles	10/1/00	22,800.00		-
Howard, Beverly	10/19/99	30,000.00		30,000.00
Hughes, Richard & Suzann...	10/27/99	20,500.00		20,500.00
Humble, Nan	10/8/99	20,000.00		20,000.00
Ingram, Virginia	10/27/99	20,000.00		20,000.00
Jackson, Beatrice	11/19/99	20,000.00		20,000.00

64672

DECISION NO.

③

EXHIBIT

S-A4

TLC TAX LIEN INVESTMENTS:

Client Name	Submit Date	Investment	Set-off Amount	Adjusted Investment Total
Jackson, Victor	8/20/99	20,000.00		20,000.00
Jackson, Victor	8/18/00	20,000.00		20,000.00
Johnson, Ray (Bud)	9/16/99	25,000.00		25,000.00
Kalo, Steve	9/28/99	28,340.00		26,000.00 ③
Kalo, Steve	9/28/99	1,660.00		- ③
Kalo, Steve	9/12/00	30,000.00		- ③
Knight Trust (Edward)	8/10/99	20,000.00		20,000.00
Knight, Ed	8/15/00	20,000.00		20,000.00
Knight, Edward	9/22/99	71,754.24		71,754.24
Kotraba, Donald and Janice	10/6/00	82,000.00		82,000.00
Kotrada,	10/13/99	82,000.00		82,000.00
Lambson, Mamie	9/2/99	20,000.00		20,000.00
Lambson, Mamie	9/26/00	22,800.00		- ③
Leland, Harry	10/8/99	40,000.00		40,000.00
Maass, Lois & Philip	6/11/99	25,000.00		25,000.00
Maass, Philip and Lois	8/16/00	28,500.00		28,500.00
Manzi, Philip	7/12/99	20,000.00		20,000.00
Manzi, Philip	8/26/99	50,000.00		50,000.00
Manzi, Philip	8/26/99	47,000.00		47,000.00
Manzi, Philip	8/12/00	20,015.00		20,015.00
Manzi, Philip	8/25/00	57,000.00		57,000.00
Manzi, Philip	8/25/00	47,000.00		47,000.00
Manzi, Philip	8/25/00	47,000.00		20,000.00
Markle, J. Wayne & Kathlee...	10/1/99	20,000.00		- ③
Markle, J. Wayne and Kathl...	10/9/00	20,000.00		- ③
Martin, A. Duane & Sandra	10/8/99	100,000.00		100,000.00
McColm, William & JoAnn	9/14/99	20,000.00		20,000.00
McKeon, Jack & Wanda	9/22/99	25,000.00		25,000.00
Merrill, Dennis and Betty	9/8/99	40,000.00		40,000.00
Merrill, Dennis and Betty	9/18/00	40,000.00		40,000.00
Pentecost, Magdalena	8/20/99	50,000.00		50,000.00
Perkins, George & Delores	8/16/99	16,000.00		16,000.00
Perkins, George & Jeanne	8/16/99	16,000.00		16,000.00
Ray, James & C. Frances	8/20/99	50,000.00		50,000.00
Reynolds, Norman & Joan	10/22/99	20,000.00		20,000.00
Richmond, Robert & Elizab...	9/28/99	20,000.00		20,000.00
Riggs, Kenneth & Bertha	10/25/99	20,000.00		20,000.00
Rinker, Daniel & Virgie	9/23/99	20,000.00		20,000.00
Schultz, Gladys	10/29/99	40,000.00		40,000.00
Schultz, Gladys	10/9/00	40,000.00		40,000.00
Schultz, Jerry	8/23/99	20,000.00		20,000.00
Schultz, John and Gladys	8/24/00	20,000.00		20,000.00
Theil, Alice	7/12/00	100,000.00		100,000.00
Theil, Anna	6/11/99	100,000.00		100,000.00
Theil, Anna	7/14/00	100,000.00		100,000.00
Trojanek, Francis	11/23/99	25,000.00		25,000.00

TLC TAX LIEN INVESTMENTS:

Client Name	Submit Date	Investment	Set-off Amount	Adjusted Investment Total
Wilson, Ann and John	8/20/99	20,000.00		20,000.00
Wilson, Ann and John	7/12/00	22,800.00		22,800.00

TOTALS

\$ 3,648,213.16 \$ - \$ 3,548,613.16

- ③ These investments reflect roll-overs from previous investments;
investment amounts have been revised for restitution purposes.

THE CHAMBER GROUP

MVP MONEY VOUCHER INVESTMENTS:

Client Name	Submit Date	Investment	Set-off Amount	Adjusted Investment Total
Armbruster, Paul	11/16/00	16,000.00		16,000.00
Buchtä, Michael and Debor...	11/3/00	4,000.00		4,000.00
Burgat, Wendall and Ruby	9/27/00	12,000.00		12,000.00
Compton, Bonnie	9/27/00	20,000.00		20,000.00
Davis, Lyle L.	11/3/00	4,000.00		4,000.00
Daw, AnneMarie and Matth...	11/3/00	8,000.00		8,000.00
Del Valle, Rene and Nancy	8/14/00	64,000.00		64,000.00
Gilliam, James L.	5/12/00	12,000.00		12,000.00
Halkett, Ian	12/12/00	40,000.00		40,000.00
Ingram, Virginia	10/13/00	20,000.00		20,000.00
Jackson, Victor	8/18/00	8,000.00		8,000.00
Kirkpatrick, Beverly	9/26/00	20,000.00		20,000.00
Larsen, Gwendolyn	9/26/00	8,000.00		8,000.00
Lau...on, Loren	6/27/00	16,000.00		16,000.00
Lund, Sharon and Craig	12/20/00	4,000.00		4,000.00
Manzi, Philip Jr.	7/7/00	20,000.00		20,000.00
Orr, Wanda	9/29/00	20,000.00		20,000.00
Popp, Gerwain L.	11/30/00	8,000.00		8,000.00
Risch, Rev. Eugene	11/30/00	20,000.00		20,000.00
Rutledge, David and Mary	9/27/00	12,000.00		12,000.00
Ryan, Edward	6/13/00	16,000.00		16,000.00
Schroeder, Gilbert and Mar...	9/1/00	36,000.00		36,000.00
Shepherd, Don and Vivian	9/19/00	28,000.00		28,000.00
Staskon, Frank	10/24/00	4,000.00		4,000.00
Terrey, Robert and Mary	10/24/00	8,000.00		8,000.00
Traynor, Josephine	7/7/00	12,000.00		12,000.00
Valdez, Thomas	7/27/00	8,000.00		8,000.00
Whitcomb, Harold	7/27/00	20,000.00		20,000.00
Zabloudil, Robert and Dorot...	7/25/00	8,000.00		8,000.00

TOTAL

\$ 476,000.00 \$ - \$ 476,000.00

64672

DECISION NO.

EXHIBIT

S-A5