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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

Arizona Corporation Commission

DOCKETED

OCT - 8 2008

DOCKETED BY [Signature]

In the matter of
PROPERTY QUEST D.J.E., INC., an
Arizona Corporation
DONALD J. EMMONS III and STACY S.
EMMONS, husband and wife
Respondents.

DOCKET NO. S-20617A-08-0468

DECISION NO. 70549

ORDER TO CEASE AND DESIST, ORDER
OF RESTITUTION, ORDER FOR
ADMINISTRATIVE PENALTIES AND
CONSENT TO SAME
BY: PROPERTY QUEST D.J.E., INC.,
DONALD J. EMMONS III AND STACY S.
EMMONS

Respondents PROPERTY QUEST D.J.E., INC., DONALD J. EMMONS III and STACY
S. EMMONS elect to permanently waive any right to a hearing and appeal under Articles 11 and
12 of the Securities Act of Arizona, A.R.S. § 44-1801 et seq. ("Securities Act") with respect to this
Order To Cease And Desist, Order Of Restitution, Order For Administrative Penalties And
Consent To Same ("Order"). PROPERTY QUEST D.J.E., INC., DONALD J. EMMONS III and
STACY S. EMMONS admit the jurisdiction of the Arizona Corporation Commission
("Commission"); neither admit nor deny the Findings of Fact and Conclusions of Law contained in
this Order; and consent to the entry of this Order by the Commission.

I.

FINDINGS OF FACT

1. PROPERTY QUEST D.J.E., INC. ("PROPERTY QUEST"), was at all relevant
times an Arizona corporation.

1           2.     DONALD J. EMMONS III (“EMMONS”), was at all relevant times an officer of  
2 PROPERTY QUEST.

3           3.     PROPERTY QUEST and EMMONS may be referred to collectively as  
4 “Respondents”

5           4.     STACY S. EMMONS (“S. EMMONS”), was at all relevant times the spouse of  
6 Respondent EMMONS. S. EMMONS is joined in this action under A.R.S. § 44-2031(C) solely for  
7 purposes of determining the liability of the marital community.

8           5.     At all times relevant, EMMONS was acting for his own benefit and for the benefit or  
9 in furtherance of his and S. EMMONS’ marital community.

10          6.     From 2004 through 2006 Respondents raised substantial funds from investors.  
11 Respondents repaid many of those investors. Respondents still owe about 45 investors  
12 \$5,110,399.56

13          7.     Beginning in about 2004, Respondents placed advertisements in Arizona and  
14 California newspapers seeking investors. The advertisements represented that investors could “earn  
15 40% on \$10K”.

16          8.     Respondents represented they were in the business of purchasing distressed and  
17 foreclosed properties, fixing up the properties and reselling them for a profit. The investment  
18 opportunity offered was for investors to provide the funds for the remodeling and rehabbing of the  
19 property. The investments were to be secured by a second deed of trust on the property. Some  
20 investors were told their investment would be secured by third or fourth positions on the property.

21          9.     Investors signed promissory notes that outlined the terms of the investment and the  
22 role of the investor and Respondents.

23          10.    Respondents represented that the investment involved “little risk” and the promissory  
24 notes were secured by a deed of trust. The only risk disclosed was that the timeframe to resell the  
25 property was not certain.

26

1 11. According to the Respondents, the average turnaround time on the investment was six  
2 to twelve months.

3 12. In some instances, the Respondents failed to record a deed of trust for the benefit of  
4 some of the investors' collateral interests in the property.

5 13. In some instances, the Respondents did not hold title to the real estate, as represented  
6 to the investors.

7 14. In a number of instances, Respondents did not renovate the property as represented to  
8 the investors.

9 15. In some instances, EMMONS and S. EMMONS provided some of the investors  
10 additional security on their investment by assigning a deed of trust (junior to that securing their  
11 purchase money note) on their personal residence located in Mesa, Arizona. The total amount of  
12 funds secured by the deeds of trust on the property far exceeded the value of the property.

13 **II.**

14 **CONCLUSIONS OF LAW**

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

17 2. Respondents offered or sold securities within or from Arizona, within the meaning  
18 of A.R.S. §§ 44-1801(15), 44-1801(21), and 44-1801(26).

19 3. Respondents violated A.R.S. § 44-1841 by offering or selling securities that were  
20 neither registered nor exempt from registration.

21 4. Respondents violated A.R.S. § 44-1842 by offering or selling securities while  
22 neither registered as dealers or salesmen nor exempt from registration.

23 5. Respondents violated A.R.S. § 44-1991 by making untrue statements or misleading  
24 omissions of material facts and engaging in transactions, practices, or courses of business that  
25 operate or would operate as a fraud or deceit.  
26

- a. The Respondents, in a number of instances, failed to record a deed of trust for the benefit of some of the investors' collateral interests in the property.
- b. The Respondents, in some instances, did not hold title to the real estate, as represented to the investors.
- c. The Respondents, in some instances, did not renovate the property as represented to the investors.
- d. In some instances, EMMONS and S. EMMONS provided some of the investors additional security on their investment by assigning a deed of trust (junior to that securing their purchase money note) on their personal residence located in Mesa, Arizona. The total amount of funds secured by the deeds of trust on the property far exceeded the value of the property.

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

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

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

**III.  
ORDER**

THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and Respondents' consent to the entry of this Order, attached and incorporated by reference, the Commission finds that the following relief is appropriate, in the public interest, and necessary for the protection of investors:

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

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

3 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that Respondents and S.  
4 EMMONS shall jointly and severally pay restitution to the Commission in the amount of  
5 \$5,110,399.56. Payment shall be made in full on the date of this Order. Any amount outstanding  
6 shall accrue interest at the rate of 10% per annum from the date of this Order until paid in full.  
7 Payment shall be made to the "State of Arizona" to be placed in an interest-bearing account  
8 controlled by the Commission. The Commission shall disburse the funds on a pro-rata basis to  
9 investors shown on the records of the Commission. Any restitution funds that the Commission  
10 cannot disburse because an investor refuses to accept such payment shall be disbursed on a pro-  
11 rata basis to the remaining investors shown on the records of the Commission. Any funds that the  
12 Commission determines it is unable to or cannot feasibly disburse shall be transferred to the  
13 general fund of the state of Arizona.

14 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that Respondents and S.  
15 EMMONS shall jointly and severally pay an administrative penalty in the amount of \$100,000.  
16 Payment shall be made to the "State of Arizona." Payment shall be made in full on the date of this  
17 Order. The payment obligations for these administrative penalties shall be subordinate to any  
18 restitution obligations ordered herein and shall become immediately due and payable only after  
19 restitution payments have been paid in full or upon Respondents' default with respect to  
20 Respondents' restitution obligations.

21 For purposes of this Order, a bankruptcy filing by any of the Respondents shall be an act of  
22 default. If any Respondent does not comply with this Order, any outstanding balance may be  
23 deemed in default and shall be immediately due and payable.

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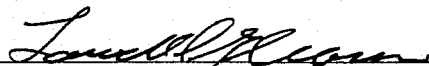
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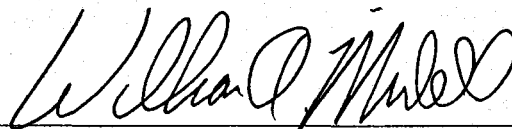
1 IT IS FURTHER ORDERED, that if any Respondent fails to comply with this order, the  
2 Commission may bring further legal proceedings against that Respondent, including application to  
3 the Superior Court for an order of contempt.

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

5 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

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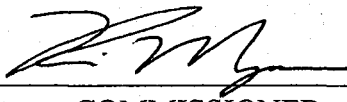
8 CHAIRMAN



COMMISSIONER

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COMMISSIONER

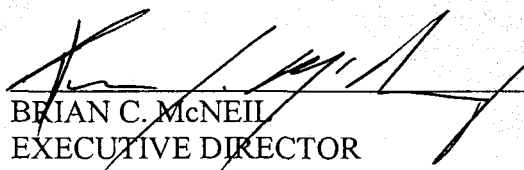


COMMISSIONER



COMMISSIONER

11  
12 IN WITNESS WHEREOF, I, BRIAN C. McNEIL,  
13 Executive Director of the Arizona Corporation  
14 Commission, have hereunto set my hand and caused the  
15 official seal of the Commission to be affixed at the  
16 Capitol, in the City of Phoenix, this 8<sup>th</sup> day of  
17 October, 2008.

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BRIAN C. McNEIL  
EXECUTIVE DIRECTOR

DISSENT

DISSENT

This document is available in alternative formats by contacting Linda Hogan, ADA Coordinator,  
voice phone number 602-542-3931, e-mail [lhogan@azcc.gov](mailto:lhogan@azcc.gov).

(wlc)

**CONSENT TO ENTRY OF ORDER**

1  
2 1. Respondent PROPERTY QUEST D.J.E., INC. admits the jurisdiction of the  
3 Commission over the subject matter of this proceeding. Respondent PROPERTY QUEST D.J.E.,  
4 INC. acknowledges that Respondent has been fully advised of Respondent's right to a hearing to  
5 present evidence and call witnesses and Respondent PROPERTY QUEST D.J.E., INC. knowingly  
6 and voluntarily waives any and all rights to a hearing before the Commission and all other rights  
7 otherwise available under Article 11 of the Securities Act and Title 14 of the Arizona  
8 Administrative Code. Respondent PROPERTY QUEST D.J.E., INC. acknowledges that this  
9 Order To Cease and Desist, Order Of Restitution, Order For Administrative Penalties and Consent  
10 To Same ("Order") constitutes a valid final order of the Commission.

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

14 3. Respondent PROPERTY QUEST D.J.E., INC. acknowledges and agrees that this  
15 Order is entered into freely and voluntarily and that no promise was made or coercion used to  
16 induce such entry.

17 4. Respondent PROPERTY QUEST D.J.E., INC. acknowledges that Respondent has  
18 been represented by an attorney in this matter, Respondent has reviewed this Order with  
19 Respondent's attorney, Charles Berry, Esq., Titus Brueckner & Berry P.C., and understands all  
20 terms it contains.

21 5. Respondent PROPERTY QUEST D.J.E., INC. neither admits nor denies the  
22 Findings of Fact and Conclusions of Law contained in this Order. Respondent PROPERTY  
23 QUEST D.J.E., INC. agrees that Respondent shall not contest the validity of the Findings of Fact  
24 and Conclusions of Law contained in this Order in any present or future administrative proceeding  
25 before the Commission or any other state agency concerning the denial or issuance of any license  
26 or registration required by the state to engage in the practice of any business or profession.

1           6.     By consenting to the entry of this Order, Respondent PROPERTY QUEST D.J.E.,  
2 INC. agrees not to take any action or to make, or permit to be made, any public statement denying,  
3 directly or indirectly, any Finding of Fact or Conclusion of Law in this Order or creating the  
4 impression that this Order is without factual basis. Respondent PROPERTY QUEST D.J.E., INC.  
5 will undertake steps necessary to assure that all of Respondent's agents and employees understand  
6 and comply with this agreement.

7           7.     While this Order settles this administrative matter between Respondent  
8 PROPERTY QUEST D.J.E., INC. and the Commission, Respondent PROPERTY QUEST D.J.E.,  
9 INC. understands that this Order does not preclude the Commission from instituting other  
10 administrative or civil proceedings based on violations that are not addressed by this Order.

11          8.     Respondent PROPERTY QUEST D.J.E., INC. understands that this Order does not  
12 preclude the Commission from referring this matter to any governmental agency for  
13 administrative, civil, or criminal proceedings that may be related to the matters addressed by this  
14 Order.

15          9.     Respondent PROPERTY QUEST D.J.E., INC. understands that this Order does not  
16 preclude any other agency or officer of the state of Arizona or its subdivisions from instituting  
17 administrative, civil, or criminal proceedings that may be related to matters addressed by this  
18 Order.

19          10.    Respondent PROPERTY QUEST D.J.E., INC. agrees that Respondent will not  
20 apply to the state of Arizona for registration as a securities dealer or for licensure as an investment  
21 adviser until such time as all restitution and penalties under this Order are paid in full.

22          11.    Respondent PROPERTY QUEST D.J.E., INC. agrees that Respondent will not  
23 exercise any control over any entity that offers or sells securities or provides investment advisory  
24 services within or from Arizona until such time as all restitution and penalties under this Order are  
25 paid in full.

26



1           12.    Respondent PROPERTY QUEST D.J.E., INC. agrees that Respondent will not sell  
2 any securities in or from Arizona without being properly registered in Arizona as a dealer, or  
3 exempt from such registration; Respondent will not sell any securities in or from Arizona unless  
4 the securities are registered in Arizona or exempt from registration; and Respondent will not  
5 transact business in Arizona as an investment adviser unless properly licensed in Arizona or  
6 exempt from licensure.

7           13.    Respondent PROPERTY QUEST D.J.E., INC. consents to the entry of this Order  
8 and agrees to be fully bound by its terms and conditions.

9           14.    Respondent PROPERTY QUEST D.J.E., INC. acknowledges and understands that  
10 if Respondent fails to comply with the provisions of the order and this consent, the Commission  
11 may bring further legal proceedings against Respondent, including application to the superior court  
12 for an order of contempt.

13           15.    Respondent PROPERTY QUEST D.J.E., INC. understands that default shall render  
14 Respondent liable to the Commission for its costs of collection and interest at the maximum legal  
15 rate.

16           16.    Respondent PROPERTY QUEST D.J.E., INC. agrees and understands that if  
17 Respondent fails to make any payment as required in the Order, any outstanding balance shall be  
18 in default and shall be immediately due and payable without notice or demand. Respondent  
19 PROPERTY QUEST D.J.E., INC. agrees and understands that acceptance of any partial or late  
20 payment by the Commission is not a waiver of default by Commission.

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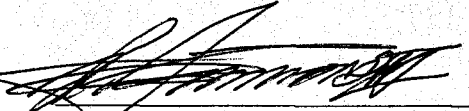
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1 17. DONALD J. EMMONS III represents that he is president of PROPERTY QUEST  
2 D.J.E., INC. and has been authorized by name of PROPERTY QUEST D.J.E., INC. to enter into  
3 this Order for and on behalf of it.

4  
5 PROPERTY QUEST D.J.E., INC.

6  
7 By   
8 DONALD J. EMMONS III,  
Its President

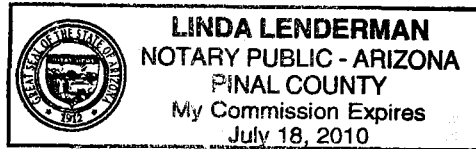
9 STATE OF ARIZONA )  
10 County of PINAL ) ss

11 SUBSCRIBED AND SWORN TO BEFORE me this 15th day of Sept., 2008.

12  
13   
14 NOTARY PUBLIC

15 My commission expires:

16 7-18-2010



**CONSENT TO ENTRY OF ORDER**

1  
2           1.       Respondents DONALD J. EMMONS III and S. EMMONS, husband and wife,  
3 admit the jurisdiction of the Commission over the subject matter of this proceeding. Respondents  
4 DONALD J. EMMONS III and S. EMMONS acknowledge that they have been fully advised of  
5 their right to a hearing to present evidence and call witnesses and Respondents DONALD J.  
6 EMMONS III and S. EMMONS knowingly and voluntarily waive any and all rights to a hearing  
7 before the Commission and all other rights otherwise available under Article 11 of the Securities  
8 Act and Title 14 of the Arizona Administrative Code. Respondents DONALD J. EMMONS III  
9 and S. EMMONS acknowledge that this Order To Cease and Desist, Order Of Restitution, Order  
10 For Administrative Penalties And Consent To Same ("Order") constitutes a valid final order of the  
11 Commission.

12           2.       Respondents DONALD J. EMMONS III and S. EMMONS knowingly and  
13 voluntarily waive any right under Article 12 of the Securities Act to judicial review by any court  
14 by way of suit, appeal, or extraordinary relief resulting from the entry of this Order.

15           3.       Respondents DONALD J. EMMONS III and S. EMMONS acknowledge and agree  
16 that this Order is entered into freely and voluntarily and that no promise was made or coercion  
17 used to induce such entry.

18           4.       Respondents DONALD J. EMMONS III and S. EMMONS acknowledge that they  
19 have been represented by an attorney in this matter, they have reviewed this Order with their  
20 attorney, Charles Berry, Esq., Titus Brueckner & Berry P.C., and understand all terms it contains.

21           5.       Respondent DONALD J. EMMONS III neither admits nor denies the Findings of  
22 Fact and Conclusions of Law contained in this Order. Respondent DONALD J. EMMONS III  
23 agrees that he shall not contest the validity of the Findings of Fact and Conclusions of Law  
24 contained in this Order in any present or future administrative proceeding before the Commission  
25 or any other state agency concerning the denial or issuance of any license or registration required  
26 by the state to engage in the practice of any business or profession.

1           6.       By consenting to the entry of this Order, Respondents DONALD J. EMMONS III  
2 and S. EMMONS agree not to take any action or to make, or permit to be made, any public  
3 statement denying, directly or indirectly, any Finding of Fact or Conclusion of Law in this Order  
4 or creating the impression that this Order is without factual basis. Respondents DONALD J.  
5 EMMONS III and S. EMMONS will undertake steps necessary to assure that all of their agents  
6 and employees understand and comply with this agreement.

7           7.       While this Order settles this administrative matter between Respondents DONALD  
8 J. EMMONS III and S. EMMONS and the Commission, Respondents DONALD J. EMMONS III  
9 and S. EMMONS understand that this Order does not preclude the Commission from instituting  
10 other administrative or civil proceedings based on violations that are not addressed by this Order.

11           8.       Respondents DONALD J. EMMONS III and S. EMMONS understand that this  
12 Order does not preclude the Commission from referring this matter to any governmental agency  
13 for administrative, civil, or criminal proceedings that may be related to the matters addressed by  
14 this Order.

15           9.       Respondents DONALD J. EMMONS III and S. EMMONS understand that this  
16 Order does not preclude any other agency or officer of the state of Arizona or its subdivisions from  
17 instituting administrative, civil, or criminal proceedings that may be related to matters addressed  
18 by this Order.

19           10.      Respondent DONALD J. EMMONS III agrees that he will not apply to the state of  
20 Arizona for registration as a securities dealer or salesman or for licensure as an investment adviser  
21 or investment adviser representative until such time as all restitution and penalties under this Order  
22 are paid in full.

23           11.      Respondent DONALD J. EMMONS III agrees that he will not exercise any control  
24 over any entity that offers or sells securities or provides investment advisory services within or  
25 from Arizona until such time as all restitution and penalties under this Order are paid in full.  
26

1           12.     Respondent DONALD J. EMMONS III agrees that he will not sell any securities in  
2 or from Arizona without being properly registered in Arizona as a dealer or salesman, or exempt  
3 from such registration; he will not sell any securities in or from Arizona unless the securities are  
4 registered in Arizona or exempt from registration; and he will not transact business in Arizona as  
5 an investment adviser or an investment adviser representative unless properly licensed in Arizona  
6 or exempt from licensure.

7           13.     Respondent DONALD J. EMMONS III and Respondent DONALD J. EMMONS  
8 III's spouse, STACY S. EMMONS, acknowledge that any restitution or penalties imposed by this  
9 Order are obligations of the Respondent as well as the marital community


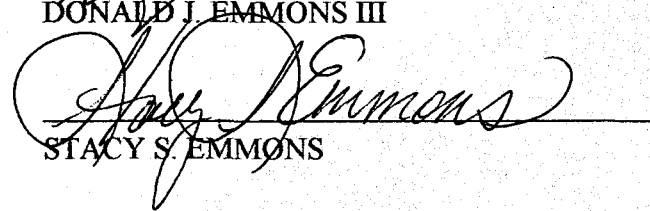
10          14.     Respondents DONALD J. EMMONS III and S. EMMONS consent to the entry of  
11 this Order and agree to be fully bound by its terms and conditions.

12          15.     Respondents DONALD J. EMMONS III and S. EMMONS acknowledge and  
13 understand that if they fail to comply with the provisions of the order and this consent, the  
14 Commission may bring further legal proceedings against them, including application to the  
15 superior court for an order of contempt.

16          16.     Respondents DONALD J. EMMONS III and S. EMMONS understand that default  
17 shall render them liable to the Commission for its costs of collection and interest at the maximum  
18 legal rate.

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1 17. Respondents DONALD J. EMMONS III and S. EMMONS agree and understand  
2 that if they fail to make any payment as required in the Order, any outstanding balance shall be in  
3 default and shall be immediately due and payable without notice or demand. Respondents  
4 DONALD J. EMMONS III and S. EMMONS agree and understand that acceptance of any partial  
5 or late payment by the Commission is not a waiver of default by Commission.

6  
7   
8 DONALD J. EMMONS III  
9   
10 STACY S. EMMONS

11 STATE OF ARIZONA )  
12 County of PINAL ) ss

13 SUBSCRIBED AND SWORN TO BEFORE me this 15th day of Sept., 2008.

14  
15   
16 NOTARY PUBLIC

17 My commission expires:  
18 7-18-2010

