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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

SUSAN BITTER SMITH - Chairman  
BOB STUMP  
BOB BURNS  
DOUG LITTLE  
TOM FORESE

Arizona Corporation Commission

DOCKETED

APR 23 2015

DOCKETED BY

In the matter of:

DOCKET NO. S-20876A-13-0014

JAMES F. LIEBES, CRD #2332174, a single  
man and

DECISION NO. 75024

LANESBOROUGH FINANCIAL GROUP,  
LLC, an Arizona limited liability company,

Respondents.

OPINION AND ORDER

DATE OF PRE-HEARING  
CONFERENCE:

March 14, 2013

DATES OF STATUS CONFERENCES:

April 23, 2013 and June 12, 2014

DATE OF HEARING:

May 20, 2014

PLACE OF HEARING:

Phoenix, Arizona

ADMINISTRATIVE LAW JUDGE:

Marc E. Stern and Mark Preny<sup>1</sup>

APPEARANCES:

Mr. Ryan J. Millecam, Staff Attorney, on behalf of the  
Securities Division of the Arizona Corporation  
Commission.

**BY THE COMMISSION:**

On January 28, 2013, the Securities Division ("Division") of the Arizona Corporation Commission ("Commission") filed a Notice of Opportunity for Hearing ("Notice") against James F. Liebes and Lanesborough Financial Group, LLC, an Arizona limited liability company ("LFG") (collectively "Respondents"), in which the Division alleged multiple violations of the Arizona Securities Act ("Act") as an unregistered dealer or salesman in connection with the offer and sale of securities.

The Respondents were duly served with copies of the Notice.

<sup>1</sup> The proceedings were held before Administrative Law Judge Marc E. Stern. Administrative Law Judge Marc E. Stern and Administrative Law Judge Mark Preny drafted the Recommended Opinion and Order.

1 On February 11, 2013, Respondents James F. Liebes and LFG filed a request for hearing in  
2 this matter.

3 On February 28, 2013, by Procedural Order, a pre-hearing conference was scheduled on  
4 March 14, 2013.

5 On March 14, 2013, the parties appeared through counsel at the pre-hearing conference, and  
6 requested that a status conference be scheduled in approximately 30 days while the issues raised by  
7 the Notice are discussed.

8 On March 18, 2013, by Procedural Order, a status conference was scheduled on April 23,  
9 2013.

10 On April 23, 2013, the Division and Respondents appeared through counsel, and while the  
11 parties are attempting to resolve the issues raised in the Notice, the Division requested that a hearing  
12 be scheduled.

13 On April 26, 2013, by Procedural Order, a hearing was scheduled on December 2, 2013.

14 On May 16, 2013, a Motion to Withdraw was filed by counsel for Respondents James F.  
15 Liebes and LFG stating that his clients had failed to fulfill their financial obligations which were  
16 owed for legal services despite warnings that counsel would withdraw "if his bills were not made  
17 current." In support of his Motion to Withdraw, counsel cited Rule 1.16 of the Arizona Rules of  
18 Professional Conduct where the rule is set forth. Counsel served a copy of his Motion to Withdraw  
19 upon his clients and certified that his clients had been notified in writing of the status of the case  
20 including pending matters related to the proceeding.

21 On June 6, 2013, by Procedural Order, the Motion to Withdraw was granted and the hearing  
22 was scheduled to commence on December 2, 2013, as previously ordered.

23 On November 15, 2013, the Division filed a pleading which was captioned as "Motion to  
24 Consolidate Hearings and Recommendation to Continue December 2<sup>nd</sup> Hearing". The Division's  
25 pleading stated that while the proceeding was pending, the Division had found evidence that  
26 Respondents had allegedly "committed additional ongoing violations" of the Act. As a result, the  
27 Division, on November 5, 2013, filed a Temporary Order to Cease and Desist in Docket No. S-  
28 20876A-13-0376 ("TC&D"). The Division stated that Respondents were not served with the TC&D

1 until November 14, 2013, and pursuant to A.R.S. § 44-1972 and A.A.C. R14-4-307, Respondents had  
2 20 days to request a hearing and within 30 days of service, file their Answers. The Division stated  
3 further that the proceedings were interrelated and should be consolidated; however, Respondents had  
4 not yet responded to the TC&D and it was unknown if Respondents would either request a hearing or  
5 file an Answer in that proceeding.

6 On November 20, 2013, by Procedural Order, the hearing was vacated, and the Motion to  
7 Consolidate the two proceedings was held in abeyance until Respondents either defaulted or  
8 requested a hearing in the TC&D proceeding.

9 On January 29, 2014, the Commission issued Decision No. 74302, a Default Order, in Docket  
10 No. S-20876A-13-0376 because the Respondents had neither requested a hearing nor filed an Answer  
11 in the proceeding.

12 On February 12, 2014, the Division filed a Motion to Schedule Hearing in this proceeding.

13 On February 19, 2014, by Procedural Order, a hearing was scheduled to commence on May  
14 20, 2014.

15 On May 8, 2014, the Division filed a Motion to Allow Telephonic Testimony stating that it  
16 would be unduly burdensome for an out of state witness to appear at the hearing scheduled in  
17 Phoenix. Respondents did not file a response to this request.

18 On May 14, 2014, by Procedural Order, the Division's Request was granted.

19 On May 20, 2014, a full public hearing was convened before a duly authorized Administrative  
20 Law Judge ("ALJ") of the Commission at its offices in Phoenix, Arizona. The Division was present  
21 with counsel, but Respondents failed to enter an appearance. At the conclusion of the proceeding,  
22 after the Division had presented its evidence, the matter was taken under advisement pending  
23 submission of a Recommended Opinion and Order to the Commission. However, as the proceeding  
24 concluded, a representative of the Division arrived with an email from Respondent Liebes requesting  
25 a continuance. The request had been received by the Division that morning, but Respondent Liebes  
26 had not sent the email to the Hearing Division. Mr. Liebes requested a continuance until the fall  
27 because he represented that he would not be in a position to retain counsel until August.

28 On May 22, 2014, by Procedural Order, a status conference was scheduled to allow an

1 opportunity for Respondent Liebes to appear to address the issues raised by his email, which was  
2 treated as a motion to continue, and to determine the time required for a continuance in order for  
3 Respondent to present his evidence.

4 On June 12, 2014, at the status conference, the Division appeared through counsel and  
5 Respondent Liebes again failed to appear to further discuss the need for a continuance. Notice of the  
6 proceeding had been mailed by both regular and certified U.S. mail to Respondent Liebes at his home  
7 address, with neither mailing having been returned at that time.<sup>2</sup> The Division's counsel stated that  
8 he also sent a copy of the May 22, 2014 Procedural Order scheduling the status conference to the  
9 email address from which Respondent Liebes had used to request the continuance. Neither the  
10 Division nor the Hearing Division was contacted by Respondent Liebes after the issuance of the May  
11 22, 2014 Procedural Order.

12 On June 13, 2014, by Procedural Order, Mr. Liebes' Motion to Continue was denied as he  
13 failed to provide further information concerning his request for a continuance. A deadline was  
14 ordered for the Division to file a closing brief.

15 On July 31, 2014, the Division filed its post-hearing brief.

16 \* \* \* \* \*

## 17 DISCUSSION

### 18 I. Testimony

19 This is an action brought against Respondents James F. Liebes and Lanesborough Financial  
20 Group, LLC., for alleged violations of the Arizona Securities Act. The Division alleges that during  
21 the years 2010, 2011 and 2012, the Respondents acted as securities dealers and/or salesmen by  
22 brokering twenty transactions of shares of stock, by engaging in activity including: locating buyers  
23 for the shares of stock, offering the shares for sale to buyers, negotiating sales prices, and locating  
24 professionals to provide services facilitating the transfers. The Division further asserts that during  
25 this time period, the Respondents made offers to sell stock in two additional transactions that did not  
26 close. The Division alleges that the Respondents were not properly registered as dealers or salesmen,  
27

28 <sup>2</sup> The copy sent via certified mail was later returned as unclaimed on July 28, 2014.

1 and therefore violated A.R.S. § 44-1842. The Division asserts that the Respondents have committed  
2 a total of ninety-eight violations of the Act. The Division requests that the Respondents be ordered to  
3 pay an administrative penalty of \$50,000 and restitution in a total amount of \$138,275.02.

4 **II. Testimony**

5 Michael Brokaw

6 Mr. Brokaw testified that he is a senior special investigator employed by the Arizona  
7 Corporation Commission.<sup>3</sup> In that capacity, Mr. Brokaw was assigned to conduct the Division's  
8 investigation of Mr. Liebes and LFG.<sup>4</sup> Mr. Brokaw testified that Mr. Liebes was a resident of  
9 Maricopa County, Arizona from 2010 through 2013.<sup>5</sup> Mr. Brokaw testified that he investigated the  
10 employment background of Mr. Liebes and found that he worked as a registered securities salesman  
11 from April 1993 through December 2009.<sup>6</sup> From December 25, 2009 through October 9, 2013, Mr.  
12 Liebes was not registered with the Commission as a securities salesman or dealer.<sup>7</sup> Mr. Brokaw  
13 testified that the articles of organization for LFG, filed on October 21, 2008, identify the company as  
14 being located in Maricopa County, Arizona, and managed by its members, with Mr. Liebes named as  
15 the sole member.<sup>8</sup> From December 1, 2008 through October 9, 2013, LFG was not registered with  
16 the Commission as a securities dealer.<sup>9</sup>

17 Mr. Brokaw testified that pursuant to his investigation, he requested documents from  
18 LifeLock, Inc. ("LifeLock"), to determine whether Mr. Liebes was involved with the sale of  
19 LifeLock stock.<sup>10</sup> The Division received a letter from counsel for LifeLock, dated April 4, 2012,  
20 accompanied by "a spreadsheet of third party purchases/sales of LifeLock stock in which LifeLock  
21 believes that James Liebes and/or Lanesborough Financial Group was involved for transactions  
22 closing after January 1, 2010."<sup>11</sup> On April 17, 2012, counsel for LifeLock sent a letter to the Division  
23 accompanied by a CD of e-mails related to "secondary market sales involving James Liebes and/or

24 <sup>3</sup> Tr. at 12.

25 <sup>4</sup> Tr. at 14.

<sup>5</sup> *Id.*

26 <sup>6</sup> Tr. at 16-18; Exh. S-4.

<sup>7</sup> Tr. at 18-19; Exh. S-1.

27 <sup>8</sup> Tr. at 15-16; Exh. S-3.

<sup>9</sup> Tr. at 19; Exh. S-2.

<sup>10</sup> Tr. at 19-20.

28 <sup>11</sup> Tr. at 20; Exh. S-5.

1 Lanesborough Financial Group.”<sup>12</sup> Also received on the CD were stock agreements and other  
 2 documents associated with transactions.<sup>13</sup> Mr. Brokaw testified that on July 23, 2012, the Division  
 3 received an e-mail from LifeLock’s counsel identifying three “secondary resales that are in process  
 4 that involve Jim Liebes,” one of which the Division was able to confirm as having closed.<sup>14</sup>

5 The documents provided to the Division by LifeLock identified the following sales of  
 6 LifeLock stock in which the Respondents were involved:

- 7 1. January 4, 2010: 48,000 shares sold by N.D. to three separate  
 8 buyers for a total purchase price of \$144,000.<sup>15</sup>
- 9 2. January 15, 2010: 125,000 shares sold by R.M. to 14 separate  
 10 buyers for a total purchase price of \$410,853.50.<sup>16</sup>
- 11 3. February 11, 2010: 50,000 shares sold by R.A.L. Revocable Trust  
 12 to a single buyer for a total purchase price of \$150,000.<sup>17</sup> Mr.  
 13 Liebes received a six percent commission (\$9,000) from the seller  
 14 for this transaction.<sup>18</sup>
- 15 4. April 15, 2010: 10,158 shares sold by B.G. to a single buyer for a  
 16 total purchase price of \$40,632.<sup>19</sup>
- 17 5. June 15, 2010: 35,000 shares sold by R.A.L. Revocable Trust to  
 18 five separate buyers for a total purchase price of \$175,000.<sup>20</sup> Mr.  
 19 Liebes received a six percent commission (\$10,500) from the seller  
 20 for this transaction.<sup>21</sup>
- 21 6. August 11, 2010: 29,444 shares sold by R.A.L. Revocable Trust to  
 22 two separate buyers for a total purchase price of \$132,498.<sup>22</sup> Mr.

23 <sup>12</sup> Tr. at 21-22; Exh. S-6.

24 <sup>13</sup> Tr. at 22-23; Exhs. S-7 to S-16.

<sup>14</sup> Tr. at 30-32; Exh. S-29.

25 <sup>15</sup> Exh. S-5.

<sup>16</sup> Tr. at 25; Exhs. S-5, S-8.

26 <sup>17</sup> Tr. at 25-26; Exhs. S-5, S-9, S-18.

<sup>18</sup> Tr. at 38-39; Exh. S-18.

27 <sup>19</sup> Exhs. S-5, S-7, S-10.

<sup>20</sup> Tr. at 26; Exhs. S-5, S-18.

28 <sup>21</sup> Tr. at 39; Exh. S-18.

<sup>22</sup> Tr. at 26; Exhs. S-5, S-9, S-18.

Liebes received a six percent commission (\$7,950) from the seller for these transactions.<sup>23</sup>

7. August 27, 2010: 10,000 shares sold by J.L. to a single buyer for a total purchase price of \$45,000.<sup>24</sup>

8. October 18, 2010: 5,555 shares sold by R.A.L. Revocable Trust to a single buyer for a total purchase price of \$24,997.50.<sup>25</sup> Mr. Liebes received a six percent commission (\$1,500) from the seller in this transaction.<sup>26</sup>

9. October 18, 2010: 10,000 shares sold by J.L. to a single buyer for a total purchase price of \$45,000.<sup>27</sup>

10. November 30, 2010: 131,053 shares sold by G.W. to five separate buyers for a total purchase price of \$610,001.75.<sup>28</sup> Mr. Liebes received a commission between four and six percent from the seller for this transaction.<sup>29</sup>

11. December 7, 2010: 18,392 shares sold by G.W. to a single buyer for a total purchase price of \$82,764.<sup>30</sup> Mr. Liebes received a commission between four and six percent from the seller for this transaction.<sup>31</sup>

12. December 7, 2010: 9,167 shares sold by S.M. to a single buyer for a total purchase price of \$41,251.50.<sup>32</sup>

13. December 7, 2010: 16,388 shares sold by LGTV II, LLC to two

<sup>23</sup> Tr. at 39-40; Exh. S-18. We note that the Division's Post Hearing Brief incorrectly states the total commission from these two transactions as being \$7,750. Division Post-Hearing Brief at 8. The Division's subsequently stated totals for commissions are short by \$200 as a result. Division Post-Hearing Brief at 9, 15.

<sup>24</sup> Exhs. S-5, S-11.

<sup>25</sup> Tr. at 26; Exhs. S-5, S-9, S-18.

<sup>26</sup> Tr. at 39; Exh. S-18.

<sup>27</sup> Exhs. S-5, S-11.

<sup>28</sup> Tr. at 26-28; Exhs. S-5, S-12.

<sup>29</sup> Tr. at 28.

<sup>30</sup> Tr. at 26-28; Exhs. S-5, S-12.

<sup>31</sup> Tr. at 28.

<sup>32</sup> Exhs. S-5, S-13.

1 separate buyers for a total purchase price of \$73,746.<sup>33</sup>

2 14. March 21, 2011: 25,000 shares sold by L.G. to a single buyer for a  
3 total purchase price of \$110,000.<sup>34</sup> Mr. Liebes received a ten  
4 percent commission (\$11,000) from the seller for this transaction.<sup>35</sup>

5 15. May 12, 2011: 4,583 shares sold by K.M. to a single buyer for a  
6 total purchase price of \$20,623.50.<sup>36</sup>

7 16. June 14, 2011: 15,000 shares sold by L.G. to two separate buyers  
8 for a total purchase price of \$75,000.<sup>37</sup> Mr. Liebes received a ten  
9 percent commission (\$7,500) from the seller for this transaction.<sup>38</sup>

10 17. June 21, 2011: 15,046 shares sold by LGTV II, LLC to two  
11 separate buyers for a total purchase price of \$75,230.<sup>39</sup>

12 18. June 21, 2011: 20,000 shares sold by J.L. to two separate buyers  
13 for a total purchase price of \$100,000.<sup>40</sup>

14 19. December 2, 2011: 33,602 shares sold by B.T. to a single buyer for  
15 a total purchase price of \$159,609.50.<sup>41</sup> Mr. Liebes received a ten  
16 percent commission (\$15,960.95) from the seller for this  
17 transaction.<sup>42</sup>

18 20. Shortly after July 23, 2012: 20,000 shares sold by I.G. to a single  
19 buyer for a total purchase price of \$125,000.<sup>43</sup> Mr. Liebes received  
20 a six percent commission (\$7,500) from the seller for this  
21

22 <sup>33</sup> Exhs. S-5, S-13.

23 <sup>34</sup> Tr. at 28-29; Exhs. S-5, S-14.

24 <sup>35</sup> Tr. at 28-29.

25 <sup>36</sup> Exhs. S-5, S-15.

26 <sup>37</sup> Tr. at 28-29; Exh. S-5.

27 <sup>38</sup> Tr. at 28-29.

28 <sup>39</sup> Exh. S-5.

<sup>40</sup> *Id.*

<sup>41</sup> Exhs. S-5, S-16, S-17.

<sup>42</sup> Tr. at 50-51; Exh. S-17. We note that the Division's Post Hearing Brief incorrectly states the total commission from these two transactions as being \$15,690.95. Division Post-Hearing Brief at 8-9. This typographical error is not reflected in the total commission amounts subsequently stated by the Division. Division Post-Hearing Brief at 9, 15.

<sup>43</sup> Tr. at 30-32; Exh. S-29.



1 transaction.<sup>44</sup>

2 Mr. Brokaw testified that he contacted some of the investors identified in the LifeLock  
3 documents.<sup>45</sup> Mr. Brokaw spoke with James Baselice, one of the purchasers of stock from the  
4 January 15, 2010 transaction.<sup>46</sup> According to Mr. Baselice, Mr. Liebes' role in the transaction was to  
5 find buyers for the stock and connect buyers and sellers to complete the transaction.<sup>47</sup> Mr. Baselice  
6 also stated that he had no direct communication with the seller and that all communication was done  
7 by Mr. Liebes.<sup>48</sup>

8 Mr. Brokaw also testified that he spoke with Bill Harris, trustee for the R.A.L. Revocable  
9 Trust.<sup>49</sup> According to Mr. Harris, Mr. Liebes acted as the broker for the purchase and sale of  
10 LifeLock shares held by the trust.<sup>50</sup>

11 Mr. Brokaw testified that he spoke with Arizona resident Gary Woods, the seller of LifeLock  
12 stock in the November 30 and December 7, 2010 transactions.<sup>51</sup> Mr. Woods was a former employee  
13 of LifeLock who knew Mr. Liebes as the "go-to guy" for buying and selling LifeLock shares.<sup>52</sup> Mr.  
14 Woods told Mr. Brokaw that Mr. Liebes acted as broker for his two sales of LifeLock stock.<sup>53</sup> As  
15 broker, Mr. Liebes connected the sellers and buyers, did all the communication, saw that necessary  
16 legal work was performed, and then charged a commission for his fees.<sup>54</sup> Mr. Woods informed Mr.  
17 Brokaw that he had no contact with the buyers and that he had paid Mr. Liebes a commission  
18 between four and six percent on the transactions.<sup>55</sup>

19 Mr. Brokaw also contacted Linda Gustafson regarding her sales of LifeLock stock on March  
20 21 and June 14, 2011. Mr. Brokaw testified that Ms. Gustafson and her husband knew Mr. Liebes  
21 through a California financial group with whom Mr. Liebes had been associated.<sup>56</sup> The Gustafsons

22 <sup>44</sup> Tr. at 31-32.

23 <sup>45</sup> Tr. at 25.

24 <sup>46</sup> *Id.*

25 <sup>47</sup> *Id.*

26 <sup>48</sup> *Id.*

27 <sup>49</sup> Tr. at 26.

28 <sup>50</sup> Tr. at 26.

<sup>51</sup> Tr. at 26-27.

<sup>52</sup> Tr. at 27.

<sup>53</sup> *Id.*

<sup>54</sup> Tr. at 27-28.

<sup>55</sup> Tr. at 28.

<sup>56</sup> Tr. at 29.

1 informed Mr. Brokaw that Mr. Liebes acted as broker for their two sales of LifeLock stock and that  
2 they had paid him a ten percent commission for both.<sup>57</sup>

3 Mr. Brokaw spoke with Ira Gaines, who sold shares of stock shortly after July 23, 2012.<sup>58</sup>  
4 Mr. Gaines informed Mr. Brokaw that Mr. Liebes acted as broker for the transaction by finding the  
5 buyers and sellers, initiating the legal work and, pursuant to a contract, charging a 6 percent  
6 commission of \$7,500 on the sale.<sup>59</sup>

7 Mr. Brokaw also testified that in the course of his investigation he received bank records  
8 pursuant to a subpoena, and that an examination under oath of Mr. Liebes was conducted.<sup>60</sup>

9 William Masterson Harris

10 Mr. Harris testified that he is a California resident formerly employed as the chief financial  
11 officer for the Lurie Company where his duties included working on investments for Robert Lurie  
12 and his family.<sup>61</sup> Mr. Harris testified that he had met Mr. Liebes approximately ten years ago when  
13 Mr. Liebes worked with the Shemano Group in San Francisco, and that he and Mr. Lurie participated  
14 in several investments presented by Mr. Liebes.<sup>62</sup> Mr. Harris testified that after Mr. Liebes left the  
15 Shemano Group, Mr. Liebes moved to Arizona and conducted business under Lanesborough  
16 Financial Group.<sup>63</sup> One of the investments Mr. Liebes brought to Mr. Harris was LifeLock stock.<sup>64</sup>

17 Mr. Harris testified that the transactions conducted with Mr. Liebes included sales of  
18 LifeLock stock by the Robert A. Lurie Revocable Trust.<sup>65</sup> Specifically, Mr. Liebes brokered deals  
19 and received commissions for sales of LifeLock stock as follows: 1) a \$9,000 commission on  
20 January 20, 2010 for the sale of 50,000 shares; 2) a \$10,500 commission on May 26, 2010 for the sale  
21 of 35,000 shares; 3) a total commission of \$2,700 on June 25, 2010 for two sales totaling 9,999  
22 shares; 4) a \$6,750 commission on July 2, 2010 for the sale of 25,000 shares; 5) a \$10,000

23  
24 <sup>57</sup> *Id.*

25 <sup>58</sup> Tr. at 31; Exh. S-29.

26 <sup>59</sup> Tr. at 31-32.

27 <sup>60</sup> Tr. at 32-33; Exhs. S-20, S-21.

28 <sup>61</sup> Tr. at 35-36, 44.

<sup>62</sup> Tr. at 36.

<sup>63</sup> Tr. at 37.

<sup>64</sup> Tr. at 41.

<sup>65</sup> Tr. at 37, 44.

1 commission on June 8, 2011 for the sale of 47,339 shares.<sup>66</sup> Mr. Liebes found the buyers for these  
 2 sales, generally contacting Mr. Harris with a buyer's offered price, though once or twice the purchase  
 3 price was negotiated.<sup>67</sup> Mr. Liebes also referred Mr. Harris to a lawyer, Chris Rogers, who drafted  
 4 purchase-sale agreements for most, if not all, of the transactions.<sup>68</sup> Mr. Harris testified that he had no  
 5 prior relationship with any of the buyers in these transactions and that usually all interactions with the  
 6 buyers was conducted by Mr. Liebes and Mr. Rogers.<sup>69</sup> Mr. Harris testified that he believed Mr.  
 7 Liebes brokered stock transactions full-time.<sup>70</sup>

8 Brian George Tritch

9 Mr. Tritch testified that he is an Arizona resident who was involved in initial funding  
 10 meetings for LifeLock.<sup>71</sup> At these meetings, Mr. Tritch met Mr. Liebes, who was present for the  
 11 Shemano Group working to raise capital for LifeLock.<sup>72</sup> Subsequently, when Mr. Tritch sought to  
 12 sell his shares of LifeLock, friends referred him to Mr. Liebes as being someone who could find  
 13 buyers and broker a sale.<sup>73</sup> On or about November 1, 2011, Mr. Tritch entered into an agreement  
 14 with Mr. Liebes whereby Mr. Liebes would receive a ten percent commission for brokering the sale  
 15 of Mr. Tritch's 33,602 shares of LifeLock stock.<sup>74</sup> Mr. Tritch testified that, as agreed, Mr. Liebes  
 16 located a buyer, the shares were sold, and a commission fee of \$15,960.95 was paid to Mr. Liebes.<sup>75</sup>

17 Avi Knishinsky

18 Mr. Knishinsky is an Arizona resident.<sup>76</sup> Mr. Knishinsky's brother, who was aware of his  
 19 interest in stock, introduced him to Mr. Liebes.<sup>77</sup> Mr. Knishinsky testified that he understood Mr.  
 20 Liebes brokered stock transactions and he met with Mr. Liebes regarding an investment opportunity  
 21 in LifeLock stock.<sup>78</sup> Mr. Knishinsky and his brother each agreed to purchase 10,000 shares of

22 <sup>66</sup> Tr. at 38-41; Exh. S-18.

23 <sup>67</sup> Tr. at 41, 45.

24 <sup>68</sup> Tr. at 42.

25 <sup>69</sup> Tr. at 43.

26 <sup>70</sup> Tr. at 46.

27 <sup>71</sup> Tr. at 47-48.

28 <sup>72</sup> *Id.*

<sup>73</sup> Tr. at 48-49.

<sup>74</sup> Tr. at 50; Exh. S-17.

<sup>75</sup> Tr. at 50-51, 53-54.

<sup>76</sup> Tr. at 55-56.

<sup>77</sup> Tr. at 56.

<sup>78</sup> Tr. at 56-57.

1 LifeLock stock.<sup>79</sup> Mr. Knishinsky testified that he did not know the seller other than by name in the  
 2 purchase agreement, and that he had no interaction with her in connection with the transaction.<sup>80</sup> Mr.  
 3 Knishinsky also testified that Chris Rogers was involved in the transaction as an attorney  
 4 representing the seller, but that Mr. Knishinsky's understanding was that Mr. Liebes had brought Mr.  
 5 Rogers in as an escrow agent.<sup>81</sup> Mr. Knishinsky learned that Mr. Liebes and Mr. Rogers had worked  
 6 together in many prior transactions.<sup>82</sup>

7 Mr. Knishinsky testified that Mr. Liebes informed him that the purchase price was set by the  
 8 seller at \$4.45 per share, which Mr. Knishinsky paid for the 10,000 shares he purchased.<sup>83</sup> Mr.  
 9 Knishinsky understood that Mr. Liebes was to be paid a ten percent commission on the sale.<sup>84</sup> Mr.  
 10 Knishinsky's brother funded a similar transaction with Mr. Liebes to receive a commission on that  
 11 sale as well.<sup>85</sup> The combined purchase price for both Mr. Knishinsky and his brother totaled  
 12 \$89,000.<sup>86</sup>

13 Mr. Knishinsky testified that while he and his brother paid for the transactions, they did not  
 14 receive the stock as a third party held a right of first refusal.<sup>87</sup> Mr. Knishinsky was not informed of  
 15 this situation before making his payment on January 10, 2011.<sup>88</sup> Even though Mr. Knishinsky  
 16 received no stock, the purchase money was immediately released to the seller and Mr. Liebes  
 17 received his commission.<sup>89</sup> Mr. Knishinsky testified that, per Mr. Rogers, Mr. Liebes and Mr. Rogers  
 18 had prefunded several stock transactions like this before.<sup>90</sup> Mr. Knishinsky and his brother were  
 19 returned their money on or about March 27, 2011.<sup>91</sup>

20 James F. Liebes

21 Mr. Liebes did not appear at the hearing on May 20, 2014. However, Mr. Liebes did appear

22 <sup>79</sup> Tr. at 57; Exh. S-19.

23 <sup>80</sup> Tr. at 57-58.

24 <sup>81</sup> Tr. at 58; Exh. S-19.

25 <sup>82</sup> Tr. at 58.

26 <sup>83</sup> Tr. at 59-60.

27 <sup>84</sup> Tr. at 59.

28 <sup>85</sup> Tr. at 60.

<sup>86</sup> Exh. S-19.

<sup>87</sup> Tr. at 60-61, 63-64; Exh. S-19.

<sup>88</sup> Tr. at 60-61, 63, 65; Exh. S-19.

<sup>89</sup> Tr. at 61-64.

<sup>90</sup> Tr. at 62.

<sup>91</sup> Tr. at 61, 65; Exh. S-19.

1 and give sworn testimony at an Examination Under Oath on June 7, 2012.<sup>92</sup> Mr. Liebes testified that  
 2 he has always been the sole member of LFG and that he is the custodian of records for LFG.<sup>93</sup> When  
 3 asked whether he or LFG possessed any documents that would be responsive to the Division's  
 4 subpoenas in this case, Mr. Liebes asserted his Fifth Amendment privilege.<sup>94</sup> When asked to describe  
 5 his role in transactions involving the sales of LifeLock stock from 2010, Mr. Liebes asserted his Fifth  
 6 Amendment privilege.<sup>95</sup> When asked if he has engaged at least part-time as an agent or broker in the  
 7 business of offering, selling or dealing securities, or if he has engaged in the business of effecting  
 8 transactions in securities for other persons, Mr. Liebes asserted his Fifth Amendment privilege.<sup>96</sup>  
 9 When asked if he received compensation in the form of a commission for engaging in such services,  
 10 Mr. Liebes asserted his Fifth Amendment privilege.<sup>97</sup> When asked if he had been involved in twelve  
 11 or more such securities transactions in 2010, and eight or more such securities transactions in 2011,  
 12 Mr. Liebes asserted his Fifth Amendment privilege.<sup>98</sup>

### 13 III. Legal Argument

#### 14 Violation of Registration Requirement

15 The Division contends that Respondents Mr. Liebes and LFG have violated A.R.S. § 44-1842  
 16 by selling and offering to sell securities within or from Arizona without being registered as dealers.<sup>99</sup>  
 17 The Division asserts that Respondents Mr. Liebes and LFG meet the statutory definition of dealers.<sup>100</sup>

18 \_\_\_\_\_  
 19 <sup>92</sup> Exh. S-20.

<sup>93</sup> Exh. S-20 at 6-8.

<sup>94</sup> Exh. S-20 at 8, 10.

<sup>95</sup> Exh. S-20 at 19-20.

<sup>96</sup> Exh. S-20 at 20-21.

<sup>97</sup> Exh. S-20 at 23.

<sup>98</sup> *Id.*

<sup>99</sup> A.R.S. § 44-1842. Transactions by unregistered dealers and salesmen prohibited; classification

A. It is unlawful for any dealer to sell or purchase or offer to sell or buy any securities, or for any salesman to sell or offer for sale any securities within or from this state unless the dealer or salesman is registered as such pursuant to the provisions of article 9 of this chapter.

B. A person violating this section is guilty of a class 4 felony.

<sup>100</sup> A.R.S. § 44-1801 provides, in pertinent part:

In this chapter and chapter 13 of this title, unless the context otherwise requires ...

9. "Dealer":

(a) Means a person who directly or indirectly engages full-time or part-time in this state as agent, broker or principal in the business of offering, buying, selling or otherwise dealing or trading in securities issued by another person, and who is not a salesman for a registered dealer or is not a bank or savings institution the business of which is supervised and regulated by an agency of this state or the United States.

(b) Means an issuer, other than an investment company, who, directly or through an officer, director, employee or agent who is not registered as a dealer under this chapter, engages in selling securities issued by such issuer.

Specifically, the Division contends that Respondents Mr. Liebes and LFG engaged full-time in conducting securities transactions, as evidenced by Mr. Liebes' employment as a securities salesman since 1993, his being known as a securities broker from 2010 through 2012, and the LifeLock stock transactions with which he was involved during that period. The Division contends that Mr. Liebes acted as an agent<sup>101</sup> by "act[ing] on behalf of sellers in finding and communicating with buyers, negotiating the sale price, obtaining legal counsel, and communicating with Lifelock counsel."<sup>102</sup> The Division further contends that Mr. Liebes acted as a broker<sup>103</sup> by finding buyers for persons who contacted him to sell their LifeLock shares, handling the negotiation of sales prices generally without any direct correspondence between the buyer and seller, arranging counsel for the transactions, and being involved in communications through all stages of the transaction. The Division asserts that Mr. Liebes conducted these actions through his entity, LFG, which thereby also acted as a broker. The Division asserts that the actions of Mr. Liebes meet the statutory definition of sale<sup>104</sup> or offer to sell.<sup>105</sup> The Division contends that since Mr. Liebes and LFG were not registered as securities dealers for the relevant time period between 2010 through 2012, as established by the testimony and evidence of record, the Respondents have violated A.R.S. § 44-1842.

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(c) Does not include a person who sells or offers to sell securities exclusively to dealers registered under this chapter, and who has no place of business within this state.

(d) Does not include a person who buys or sells securities for his own account, either individually or in a fiduciary capacity, but not as part of a regular business.

<sup>101</sup> Not defined statutorily by the Securities Act or the Federal Securities Exchange Act, "agent" is defined in Black's Legal Dictionary as "One who is authorized to act for or in place of another; a representative." *Black's Law Dictionary* 64 (7th Ed. 1999).

<sup>102</sup> Division Post-Hearing Brief at 11.

<sup>103</sup> Undefined by the Arizona Securities Act, under the Federal Securities Exchange Act, broker "means any person engaged in the business of effecting transactions in securities for the account of others." 15 U.S.C. § 78c (a)(4)(A).

<sup>104</sup> A.R.S. § 44-1801 provides, in pertinent part:

In this chapter and chapter 13 of this title, unless the context otherwise requires ...

21. "Sale" or "sell" means a sale or any other disposition of a security or interest in a security for value, and includes a contract to make such sale or disposition. A security given or delivered with, or as a bonus on account of, a purchase of securities or other thing shall be conclusively presumed to constitute a part of the subject of the purchase and to have been sold for value.

<sup>105</sup> A.R.S. § 44-1801 provides, in pertinent part:

In this chapter and chapter 13 of this title, unless the context otherwise requires ...

15. "Offer to sell" or "offer for sale" means an attempt or offer to dispose of, or solicitation of an order or offer to buy, a security or interest in a security for value or any sale or offer for sale of a warrant or right to subscribe to another security of the same issuer or of another issuer. Any sale or offer for sale of a security which gives the holder thereof a present or future right or privilege to convert such security into another security of the same issuer or of another issuer shall be deemed an offer to sell the security to be acquired pursuant to such right or privilege, but the existence thereof shall not be construed as affecting the registration or exemption under this chapter of the security to which it attaches.

1 The Division further contends that, pursuant to A.R.S. § 44-2033 the Respondents bear the  
 2 burden of proof to establish an exemption from registration.<sup>106</sup> The Respondents, having failed to  
 3 participate in the hearing, have presented no evidence that an exemption may apply. During his  
 4 examination under oath, Mr. Liebes repeatedly asserted his Fifth Amendment privilege not to testify  
 5 when asked questions regarding his involvement in transactions of LifeLock stock and whether he  
 6 had acted as an agent or broker in the sale of securities since 2010. The Division contends that an  
 7 adverse inference should be drawn from Mr. Liebes' invocation of his Fifth Amendment right. In  
 8 civil proceedings, an adverse inference may be drawn from a party's invocation of Fifth Amendment  
 9 privilege when the party's silence is countered by independent evidence of the fact being  
 10 questioned.<sup>107</sup> The Division further contends that even if the securities or transactions in this case  
 11 were exempt, the Respondents were required to be registered as dealers under the Commission rules,  
 12 in particular A.A.C. R-14-4-104(4) and A.A.C. R-14-4-104(5).<sup>108</sup>

13 The evidence of record establishes that the Respondents acted as securities dealers who sold  
 14 and offered to sell securities within Arizona from 2010 through 2012. During this time, the  
 15 Respondents were not registered as required by the Act. The Respondents have failed to submit  
 16 evidence that any of these transactions were exempt from registration. Even if one or more of these  
 17 transactions were found exempt, the record contains no evidence that the Respondents were not  
 18 required to be registered as dealers under the Commission rules. The weight of the evidence

19  
 20 <sup>106</sup> **A.R.S. § 44-2033. Burden of proof of exemptions**

21 In any action, civil or criminal, when a defense is based upon any exemption provided for in this chapter, the burden of  
 22 proving the existence of the exemption shall be upon the party raising the defense, and it shall not be necessary to  
 23 negative the exemption in any petition, complaint, information or indictment, laid or brought in any proceeding under this  
 24 chapter.

25 <sup>107</sup> *Doe ex rel. Rudy-Glanzer v. Glanzer*, 232 F.3d 1258, 1264 (9th Cir. 2000); *see also Montoya v. Superior Court In &*  
 26 *For Cnty. of Maricopa*, 173 Ariz. 129, 131, 840 P.2d 305, 307 (Ct. App. 1992).

27 <sup>108</sup> A.A.C. R14-4-104 provides, in pertinent part:

28 Notwithstanding A.R.S. §§ 44-1843 and 44-1844, a dealer or salesman shall register under A.R.S. Title 44, Chapter 12,  
 Article 9 before engaging in transactions in any of the following: ...

4. Securities transactions exempt from registration under A.R.S. § 44-1844(A)(1), R14-4-126(E), or R14-4-126(F) if the  
 dealer or salesman is engaged principally and primarily in the business of making a series of private offerings. For the  
 purposes of this Section, "series" means in excess of four private offerings within, from, or outside Arizona in any  
 consecutive 12-month period.

5. Securities transactions exempt from registration under A.R.S. § 44-1844(A)(4) if the dealer or salesman receives  
 compensation or engages or offers to engage in repeated or successive transactions of a similar character. "Repeated or  
 successive transactions of similar character" include transactions that occur sufficiently close in time to reasonably  
 indicate continuity or association, whether the transactions are made on behalf of one or more securities owners, and  
 whether the securities are of the same or different issuers.

1 establishes that the Respondents violated A.R.S. § 44-1842 by engaging in securities transactions as  
2 unregistered dealers.

3 Restitution

4 The Division contends that the Commission should order the Respondents pay restitution in  
5 the amount of \$138,275.02. The Division reaches this sum from the above-identified twenty stock  
6 transactions by stating that the sellers in transaction numbers 3, 5, 6, 8, 10, 11, 14, 16, 19 and 20 paid  
7 commissions totaling \$98,421.58, assuming a four percent commission was paid by Mr. Woods in  
8 transactions 10 and 11. The Division then applies the most conservative reported commission, four  
9 percent, to the remaining transactions to reach a total of \$39,853.44 for those ten transactions.

10 The Commission has the authority to order restitution pursuant to A.R.S. § 44-2032.<sup>109</sup> The  
11 evidence of record established that the Respondents received total commissions of \$70,910.95 from  
12 eight transactions (nos. 3, 5, 6, 8, 14, 16, 19, and 20). An order of restitution in this amount for the  
13 benefit of the sellers in these eight transactions is appropriate.

14 The weight of the evidence further established that Mr. Woods paid the Respondents a  
15 commission for the two sales of his stock (transaction nos. 10 and 11). However, the record is  
16 inconclusive as to the amount of the commissions for these two transactions. As for the remaining  
17 ten transactions, the Division contends that the lowest rate of commission otherwise in evidence, four  
18 percent, should be applied to the purchase prices to determine restitution. The record contains  
19 insufficient evidence as to what commissions, if any, the Respondents received for these twelve  
20 transactions. The Division bore the burden of proof to establish both the necessity and the amount of  
21 any award of restitution. We cannot assume facts not in evidence to make an order of restitution.  
22 Accordingly, we decline to order restitution arising from these twelve transactions.

23  
24  
25 <sup>109</sup> A.R.S. § 44-2032 provides, in pertinent part:

26 If it appears to the commission, either on complaint or otherwise, that any person has engaged in, is engaging in or is  
27 about to engage in any act, practice or transaction that constitutes a violation of this chapter, or any rule or order of the  
28 commission under this chapter, the commission, in its discretion may:

1. Issue an order directing such person to cease and desist from engaging in the act, practice or transaction, or doing any  
other act in furtherance of the act, practice or transaction, and to take appropriate affirmative action within a reasonable  
period of time, as prescribed by the commission, to correct the conditions resulting from the act, practice or transaction  
including, without limitation, a requirement to provide restitution as prescribed by rules of the commission. ...



1        Administrative Penalties

2        The Division recommends that the Respondents be ordered to pay an administrative penalty in  
3 the amount of \$50,000. The Division alleges that the Respondents committed a total of ninety-eight  
4 violations of the Securities Act. The Division asserts that the Respondents committed two violations  
5 of A.R.S. § 44-1842 by offering securities, without being registered, to two individuals in  
6 transactions that did not close. The Division contends that the Respondents committed forty-eight  
7 violations of A.R.S. § 44-1842 by selling LifeLock stock, without being registered, to forty-eight  
8 buyers in twenty transactions. The Division further asserts that those forty-eight sales should also be  
9 counted as forty-eight offers and, therefore, forty-eight additional violations of A.R.S. § 44-1842.  
10 The Division argues that Mr. Liebes' prior registration and knowledge of licensing requirements  
11 make the violations especially egregious.

12        The evidence of record established that the Respondents acted as unregistered dealers in forty-  
13 eight sales of stock, each of which constituted a violation of A.R.S. § 44-1842. In brokering these  
14 sales, the Respondents offered for sale, or solicited offers to buy, shares in LifeLock stock, thereby  
15 constituting an additional forty-eight violations of A.R.S. § 44-1842. The Respondents also acted as  
16 unregistered dealers in an additional two offers for sale that did not close, constituting another two  
17 violations of A.R.S. § 44-1842.

18        Pursuant to A.R.S. § 44-2036(A), the Commission has authority to assess an administrative  
19 penalty.<sup>110</sup> As the Division notes, Mr. Liebes did have knowledge of the registration requirements.  
20 However, in considering an appropriate amount of an administrative penalty, we have considered  
21 other factors that we find to be mitigating: the lack of any allegation of fraud; the amount of  
22 restitution; the number of transactions as compared to the number of violations; the degree of harm to  
23 either investors or sellers in those transactions; and the return of investment funds to those buyers  
24 whose transactions did not close. Under the totality of the circumstances, we find it reasonable and  
25 appropriate to assess a total administrative penalty of \$20,000 in this case.

26 \_\_\_\_\_  
27 <sup>110</sup> A.R.S. § 44-2036 provides, in pertinent part:

28 A. A person who, in an administrative action, is found to have violated any provision of this chapter or any rule or order  
of the commission may be assessed an administrative penalty by the commission, after a hearing, in an amount of not to  
exceed five thousand dollars for each violation.

\* \* \* \* \*

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

### FINDINGS OF FACT

1. James F. Liebes was an Arizona resident from 2010 through 2013.<sup>111</sup>
2. From 1993 through December 24, 2009, Mr. Liebes worked as a registered securities salesman.<sup>112</sup>
3. From December 25, 2009 to October 9, 2013, Mr. Liebes was not registered with the Commission as a securities salesman or dealer.<sup>113</sup>
4. On October 21, 2008, LFG was organized as a member managed Arizona limited liability company with Mr. Liebes as the sole member.<sup>114</sup>
5. From December 1, 2008 to October 9, 2013, LFG was not registered with the Commission as a securities dealer.<sup>115</sup>
6. Though not registered as a securities dealer or salesman, Mr. Liebes had developed a reputation for brokering sales of LifeLock stock.<sup>116</sup>
7. From 2010 through 2012, Mr. Liebes brokered 20 transactions of LifeLock stock which included sales to forty-eight purchasers.<sup>117</sup>
8. Mr. Liebes role in these transactions included locating buyers, handling communications between the buyers and sellers, and ensuring that necessary legal work was performed.<sup>118</sup>
9. Mr. Liebes conducted these transactions through LFG, emailing buyers and sellers from an LFG email address with a footer containing LFG contact information, and entering sales service contracts under LFG.<sup>119</sup>

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<sup>111</sup> Tr. at 14.

<sup>112</sup> Tr. at 17-18; Exh. S-4.

<sup>113</sup> Tr. at 18-19; Exh. S-1.

<sup>114</sup> Exh. S-3.

<sup>115</sup> Tr. at 19; Exh. S-2.

<sup>116</sup> Tr. at 48-49.

<sup>117</sup> Tr. at 25-32; Exhs. S-5-S-18, S-29.

<sup>118</sup> Tr. at 25, 27-28, 32, 41-43, 45.

<sup>119</sup> Tr. at 37; Exhs. S-7, S-10, S-17, S-18, S-19.

10. Mr. Liebes received commissions totaling at least \$70,910.95 from sellers for his work in these transactions.<sup>120</sup>

11. On or about January 10, 2011, Mr. Liebes, through LFG, received a total of \$89,000 from two persons seeking to purchase a combined 20,000 shares of LifeLock stock based upon an offer made to them by Mr. Liebes.<sup>121</sup>

12. The two January 2011 sales did not close, and the two buyers did not receive their money back until March 27, 2011.<sup>122</sup>

13. These findings of fact are based upon the Discussion above, and those findings are also incorporated herein.

## CONCLUSIONS OF LAW

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

2. The findings and conclusions of law contained in the Discussion above are incorporated herein.

3. Within or from Arizona, the Respondents offered or sold securities, within the meaning of A.R.S. § 44-1801.

4. Respondents acted as a dealer and/or a salesman within the meaning of A.R.S. § 44-1801(9) and (22).

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

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 to order administrative penalties pursuant to A.R.S. § 44-2036.

<sup>120</sup> Tr. at 28-29, 31-32, 38-40, 50-51; Exhs. S-17, S-18.

<sup>121</sup> Tr. at 57; Exh. S-19.

<sup>122</sup> Tr. at 60-65; Exh. S-19.

ORDER

IT IS THEREFORE ORDERED that pursuant to the authority granted to the Commission under A.R.S. § 44-2032, Respondents James F. Liebes, and Lanesborough Financial Group shall cease and desist from their actions, as described above, in violation of A.R.S. § 44-1842.

IT IS FURTHER ORDERED that pursuant to the authority granted to the Commission under A.R.S. § 44-2032, Respondents James F. Liebes, and Lanesborough Financial Group shall make restitution in the amount of \$70,910.95, payable to the Arizona Corporation Commission within 90 days of the effective date of this Decision. Such restitution shall be made pursuant to A.A.C. R14-4-308 subject to legal setoffs by the Respondents and confirmed by the Director of Securities.

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

IT IS FURTHER ORDERED that the ordered restitution shall bear interest at the rate of the lesser of 10 percent *per annum*, or at a rate *per annum* that is equal to one percent plus the prime rate as published by the Board of Governors of the Federal Reserve System of Statistical Release H.15, or any publication that may supersede it on the date that the judgment is entered.

IT IS FURTHER ORDERED that the Commission shall disburse the restitution funds on a pro rata basis to the investors shown on the records of the Commission. Any restitution funds that the Commission cannot disburse because an investor refuses to accept such payment, or any restitution funds that cannot be disbursed to an investor because the investor is deceased and the Commission cannot reasonably identify and locate the deceased investor's spouse or natural children surviving at the time of distribution, shall be disbursed on a pro rata basis to the remaining investors shown on the records of the Commission. Any funds that the Commission determines it is unable to or cannot feasibly disburse shall be transferred to the general fund of the State of Arizona.

IT IS FURTHER ORDERED that Respondents James F. Liebes and Lanesborough Financial Group shall pay to the State of Arizona administrative penalties in the amount of \$20,000 for Lanesborough Financial Group's and Mr. Liebes' multiple violations of the registration provisions of the Securities Act, pursuant to A.R.S. §§ 44-2036. Said administrative penalties shall be payable by either cashier's check or money order payable to "the State of Arizona" and presented to the Arizona

1 Corporation Commission for deposit in the general fund for the State of Arizona.

2 IT IS FURTHER ORDERED that the payment obligations for these administrative penalties  
3 shall be subordinate to the restitution obligations ordered herein and shall become immediately due  
4 and payable only after restitution payments have been paid in full or upon Respondents' default with  
5 respect to Respondents' restitution obligations.

6 IT IS FURTHER ORDERED that if Respondents fail to pay the administrative penalties  
7 ordered hereinabove, any outstanding balance plus interest, at the rate of the lesser of ten percent *per*  
8 *annum* or at a rate *per annum* that is equal to one percent plus the prime rate as published by the  
9 Board of Governors of the Federal Reserve System in Statistical Release H.15 or any publication that  
10 may supersede it on the date that the judgment is entered, may be deemed in default and shall be  
11 immediately due and payable, without further notice.

12 IT IS FURTHER ORDERED that if any of the Respondents fail to comply with this Order,  
13 any outstanding balance shall be in default and shall be immediately due and payable without notice  
14 or demand. The acceptance of any partial or late payment by the Commission is not a waiver of  
15 default by the Commission.

16 IT IS FURTHER ORDERED that default shall render Respondents liable to the Commission  
17 for its cost of collection and interest at the maximum legal rate.

18 IT IS FURTHER ORDERED that if any of the Respondents fail to comply with this Order,  
19 the Commission may bring further legal proceedings against the Respondent(s) including application  
20 to the Superior Court for an order of contempt.

21 ...

22 ...

23 ...

24 ...

25 ...

26 ...

27 ...

28 ...

1 IT IS FURTHER ORDERED that pursuant to A.R.S. § 44-1974, upon application the  
 2 Commission may grant a rehearing of this Order. The application must be received by the  
 3 Commission at its offices within twenty (20) calendar days after entry of this Order. Unless otherwise  
 4 ordered, filing an application for rehearing does not stay this Order. If the Commission does not grant  
 5 a rehearing within twenty (20) calendar days after filing the application, the application is considered  
 6 to be denied. No additional notice will be given of such denial.

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

8 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

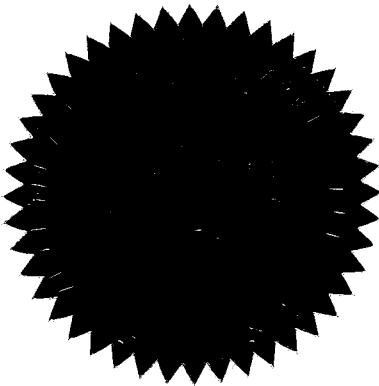
9  
10  
11 CHAIRMAN

COMMISSIONER

12  
13 COMMISSIONER

COMMISSIONER

COMMISSIONER



15 IN WITNESS WHEREOF, I, JODI JERICH, Executive  
 16 Director of the Arizona Corporation Commission, have  
 17 hereunto set my hand and caused the official seal of the  
 18 Commission to be affixed at the Capitol, in the City of Phoenix,  
 19 this 23rd day of April 2015.

20 JODI JERICH  
 21 EXECUTIVE DIRECTOR

22 DISSENT \_\_\_\_\_

23 DISSENT \_\_\_\_\_

24 MP:ru

1 SERVICE LIST FOR:

JAMES F. LIEBES and LANESBOROUGH  
FINANCIAL GROUP, LLC.

2  
3 DOCKET NO.:

S-20876A-13-0014

4 James F. Liebes  
5 6301 E. Vista Drive  
6 Paradise Valley, AZ 85253

7 Lanesborough Financial Group, LLC  
8 7373 E. Doubletree Ranch Road, Suite 125  
9 Scottsdale, AZ 85258

10 Matt Neubert, Director  
11 Securities Division  
12 ARIZONA CORPORATION COMMISSION  
13 1300 West Washington Street  
14 Phoenix, AZ 85007  
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