



NEW APPLICATION

ORIGINAL

BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

COMMISSIONERS

DOCKETED

TOM FORESE - Chairman
BOB BURNS
ANDY TOBIN
BOYD DUNN
JUSTIN OLSON

NOV 22 2017

DOCKETED BY

2017 NOV 22 A 9:32

RECEIVED
AZ CORP COMMISSION
DOCKET CONTROL

In the matter of:

DOCKET NO. S-21031A-17-0347

HOWARD PRICE WEALTH
MANAGEMENT, LLC, an Arizona limited
liability company, and

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

HOWARD M. PRICE III, CRD #4650960, a
single man,

Respondents.

NOTICE: THIS ORDER IS EFFECTIVE IMMEDIATELY

EACH RESPONDENT HAS 20 DAYS TO REQUEST A HEARING

EACH RESPONDENT HAS 30 DAYS TO FILE AN ANSWER

The Securities Division ("Division") of the Arizona Corporation Commission ("Commission") alleges that respondents HOWARD PRICE WEALTH MANAGEMENT, LLC and HOWARD M. PRICE III are engaging in or are about to engage in acts and practices that constitute violations of A.R.S. § 44-3101, *et seq.*, the Investment Management Act ("IM Act") and that the public welfare requires immediate action.

The Division alleges that respondents HOWARD PRICE WEALTH MANAGEMENT, LLC and HOWARD M. PRICE III have engaged in acts, practices, and transactions that constitute violations of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act").

The Division also alleges that HOWARD M. PRICE III directly or indirectly controls HOWARD PRICE WEALTH MANAGEMENT, LLC within the meaning of A.R.S. § 44-1999(B), so that they are jointly and severally liable under A.R.S. § 44-1999(B) to the same extent as

1 HOWARD PRICE WEALTH MANAGEMENT, LLC for its violations of the antifraud provisions
2 of the Securities Act.

3 **I.**

4 **JURISDICTION**

5 1. The Commission has jurisdiction over this matter pursuant to Article XV of the
6 Arizona Constitution, and the Securities Act and the IM Act.

7 **II.**

8 **RESPONDENTS**

9 2. HOWARD PRICE WEALTH MANAGEMENT, LLC ("HPWM") is a member
10 managed limited liability company that was organized under the laws of the state of Arizona in May
11 2013. HPWM has not been registered by the Commission as a securities salesman or dealer, and has
12 not been licensed by the Commission as an investment adviser or investment adviser representative.
13 For all times relevant, HOWARD M. PRICE III has been the statutory agent and sole managing
14 member of HPWM.

15 3. At all relevant times to this matter, HOWARD M. PRICE III ("PRICE") has been a
16 resident of Arizona.

17 4. Since at least November 20, 2007, until July 20, 2012, PRICE was registered with the
18 Financial Industry Regulatory Authority ("FINRA") and the Commission (CRD #4650960), in
19 association with dealer AXA Advisors, LLC ("AXA Advisors"), as a securities salesman, based in
20 Arizona.

21 5. Since at least January 31, 2008, until July 20, 2012, PRICE was licensed with the
22 Commission, in association with investment adviser AXA Advisors, as an investment adviser
23 representative, based in Arizona.

24 6. PRICE voluntarily terminated his employment with AXA Advisors on or about July-
25 20, 2012. Since leaving AXA Advisors, PRICE has not been employed by a registered securities
26 dealer, or a licensed investment adviser.

1 same investment advisory services that he provided when he was associated with AXA Advisors.
2 PRICE further represented to AZ Investor that he was still licensed as an investment adviser
3 representative and registered as a securities salesman in Arizona, and that HPWM was licensed to
4 provide investment advisory service in Arizona.

5 14. Based on PRICE's representations, AZ Investor decided to invest with the
6 Respondents on at least the following two occasions:

- 7 a) On or about July 19, 2013, Respondents sold securities to AZ Investor for the purpose
8 of funding the "management of Howard Price Wealth Management, LLC." The AZ
9 Investor invested \$40,000 and received a promissory note ("note"), and an investment
10 contract in the form a loan agreement, issued by the Respondents. The term of the
11 note ("2013 Note") was for 12 months with an annual percentage rate of 25% paid
12 monthly; and
- 13 b) On or about January 18, 2017, Respondents sold additional securities to AZ Investor
14 for the purpose of funding the "management of Howard Price Wealth Management,
15 LLC." The AZ Investor invested \$87,700 and received a note and an investment
16 contract in the form of a loan agreement, issued by the Respondents. The term of the
17 note ("2017 Note") was for 5 months with an annual percentage rate of 10% paid
18 monthly.

19 15. Upon information and belief, AZ Investor received a full return on his 2013 Note.
20 However, as of this date, AZ Investor has not received any return on his 2017 Note. Upon information
21 and belief, Respondents used certain funds deposited from AZ Investor's 2017 Note on personal
22 expenses not related to the investment.

23 **Client 1**

24 16. From at least September 2008 until at least July 2012, Client 1 was a client of PRICE's
25 while he was associated with AXA Advisors.
26

1 17. In or about January 2014, PRICE met with Client 1, and informed her that he had
2 formed his own investment advisory firm, HPWM. PRICE represented to Client 1, that he had a two-
3 year non-compete agreement with AXA Advisors, and the two-year period was over, and that he
4 wanted her to be his client at HPWM. Upon information and belief, PRICE did not have a two-year
5 non-compete agreement with AXA Advisors.

6 18. PRICE represented to Client 1 that he could make her more money if she rolled over
7 her individual retirement account ("IRA") from AXA Advisors into HPWM. PRICE provided Client-
8 1 with a one page biography, which described PRICE's qualifications and work experience,
9 including HPWM ("PRICE's Bio").

10 19. According to PRICE's Bio, "Howard began his financial services career in 2003 as a
11 financial advisor for Merrill Lynch. Howard transitioned to AXA Advisors in 2007, and now
12 employees [sic] a comprehensive wealth management process to assist clients achieve and realize
13 their stated objectives and goals...through his own firm, Howard Price Wealth Management, LLC."
14 In light of those statements, PRICE failed to disclose that since July 20, 2012, he has not been
15 registered as a securities salesman, or licensed as investment adviser representative. PRICE also
16 failed to disclose that HPWM has not been licensed as an investment adviser or investment adviser
17 representative.

18 20. According to PRICE's Bio, PRICE is "Registered to Officer [sic] Investment
19 Advisory Services in: AZ, LV [sic], NY, TX, WA." Contrary to that statement, PRICE and HPWM
20 are not registered or licensed to offer investment advisory services in any state.

21 21. Based on PRICE's representations, from February 2014 to April 2016, Client 1
22 withdrew at least \$273,000 in distributions from her IRA accounts with AXA Advisors, in order to
23 rollover the funds into an IRA with HPWM. Respondents entered into the following executed
24 agreements with Client 1:

- 25 a) On or about February 15, 2014, Respondents entered into an agreement with Client-
26 1, to "receive \$150,000 to be managed within Howard Price Wealth Management,

1 LLC. These funds are to be secured through a note under Howard Price Wealth
2 Management, LLC.” The term of the note was for 24 months with an annual
3 percentage rate of 4% paid semi-annually;

4 b) On or about July 15, 2014, Respondents entered into an agreement with Client 1, to
5 “receive \$50,000 to be managed within Howard Price Wealth Management, LLC.
6 These funds are secured through a note under Howard Price Wealth Management,
7 LLC.” The term of the note was for 12 months with an annual percentage rate of 2%
8 paid semi-annually;

9 c) On or about February 11, 2016, PRICE “received a ‘rollover’ check in the amount of
10 \$46,637.90” from Client 1, which was be applied in the following note: “I, Howard
11 Price, owner of Howard Price Wealth Management, LLC,” have entered into an
12 agreement with Client 1 “to manage \$224,637.90 within Howard Price Wealth
13 Management, LLC. \$224,000 is secured through a note Howard Price Wealth
14 Management LLC, and the remaining \$637.90 will remain in a stable value cash
15 fund.” The term of the note is for 24 months, with an annual percentage rate of 3%
16 paid semi-annually; and

17 d) On or about April 15, 2016, PRICE “received a ‘rollover’ check in the amount of
18 \$73,823.19” from Client 1, which was be applied in the following note: “I, Howard
19 Price, owner of Howard Price Wealth Management, LLC,” have entered into an
20 agreement with Client 1 “to manage \$299,581.19 within Howard Price Wealth
21 Management, LLC. \$299.000 is secured through a note under Howard Price Wealth
22 Management LLC, and the remaining \$581.19 will remain in a stable value cash
23 fund.” The term of the note is for 24 months, with an annual percentage rate of 3%
24 paid semi-annually.

25 22. All the above-mentioned agreements listed PRICE as Client 1’s “financial advisor.”
26

1 23. In or about February 2016, PRICE discussed with Client 1 about rolling over some
2 additional funds from her IRA held with AXA Advisors, and opening an IRA with E*TRADE
3 Securities LLC ("E*TRADE"). On or about February 8, 2016, Client 1 issued a check in the amount
4 \$3,000 to E*TRADE. Upon information and belief, on or about February 9, 2016, PRICE completed
5 an E*TRADE IRA application for the benefit of Client 1, which Client 1 signed. An E*TRADE
6 account was established in Client 1's name. PRICE created the username and password, and was
7 orally given discretionary authority by Client 1 to make transactions in Client 1's E*TRADE
8 account.

9 24. On March 8, 2016, PRICE sent Client 1 an email stating, "I made some investment
10 changes on Mon Feb 29, 2016 in your IRA at AXA...I increased your Templeton Global Equity
11 Managed Volatility Fund, and decreased your Guaranteed Interest Fund, in this IRA...I'm trying to
12 get your account value back over 75k before we talk about rolling over this IRA to your more stable
13 & conservative IRA at HPWM." Price further stated, "[m]y goal is for you to eventually own only
14 two IRA's: 1) [a]n income driven IRA @ HPWM, and 2) a speculative driven IRA at E*TRADE for
15 trading individual equities, such as the Consol Energy (CNX) you hold in this account. Upon
16 information and belief PRICE had access to, and made changes in Client 1's IRA held at AXA
17 Advisors.

18 25. On April 13, 2016, PRICE emailed Client 1 and stated, "I finally sold out your AXA
19 IRA this week, and now you can 'rollover' your proceeds of \$73,823.19 into your \$224,638 valued
20 IRA held at HPWM (my firm), so you don't incur any taxes!!!" PRICE further stated, "[a]lthough I
21 failed to get your AXA IRA over our goal of 75k before we roll [sic] over to your HPWM IRA...we
22 made great strives [sic], from \$71,862 in Feb to \$74,655 in March, the most important aspect of
23 pulling the trigger at \$73,823 this week was to GUARANTEE that you get those funds, once again,
24 invested at a 3.00% annual return!!!"

25 26. On April 20, 2016, PRICE emailed Client 1 and stated, "I successfully rolled your
26 check into your HPWM IRA...our goal of having one IRA with me and one IRA with E*TRADE

1 has come to fruition. And don't let that confuse you...I manage BOTH IRA's exclusively, it's just
2 that they are held at different companies. For instance, your E*TRADE account is set up to buy
3 individual equities at a discount, while your HPWM account is set to buy bonds so I can guarantee
4 you a fixed rate of return."

5 27. On or about November 1, 2017, PRICE emailed Client 1, stating that her E*TRADE
6 IRA value was \$7,241 and her HPWM IRA value was \$303,485. Upon information and belief, from
7 February 2014 until November 2017, Client 1 never received an account statement from any
8 brokerage account or from the Respondents regarding her HPWM IRA, even though Client 1
9 repeatedly requested updates on the status on her HPWM IRA from PRICE.

10 28. On or about November 2, 2017, PRICE sent a text message to Client 1's daughter
11 stating, "AXA Advisors uses LPL [LPL Financial LLC, hereinafter "LPL"] as their broker dealer, so
12 it only made sense that me/HPWM uses LPL too." Upon information and belief, PRICE informed
13 Client 1 that her HPWM IRA was being held at LPL. Client 1 and/or Client 1's daughter contacted
14 LPL and was informed by an LPL representative that no accounts were found at under Client 1's
15 name. Client 1's daughter then texted PRICE asking for an explanation.

16 29. On or about November 2, 2017, PRICE sent another text message to Client 1's
17 daughter stating, "(1) I have guaranteed from the beginning your mom would not lose any money,
18 and in fact she made 3.00% at HPWM, as agreed in her note, and (2) LPL is the broker dealer, and
19 that is the platform to make trades. No funds are currently at LPL because we are out of the stock
20 market...I will continue to make sure her retirement is safe...you [sic] mom shall receive her
21 distribution and dividends from her two IRA's totaling \$16,000 in three business days...you [sic]
22 mom will receive 100k from her IRA #2 within two weeks." Upon information and belief Client 1
23 did not receive the promised distribution and dividends.

24 **Client 2**

25 30. From at least March 2008 until at least July 2012, Client 2 was a client of PRICE's
26 while he was associated with AXA Advisors.

1 31. On or about December 17, 2012, Client 2 sent an email to PRICE, seeking financial
2 advice on at least four accounts that she held at AXA Advisors. Client 2 attached quarterly
3 performance reports and other relevant financial documents generated by AXA Advisors with the
4 email.

5 32. On December 17, 2012, PRICE responded to Client 2's email and stated "Ok. Good
6 stuff. Thanks!" On December 18, 2012, PRICE sent another email to Client 2 stating, "[d]o you have
7 a statement for your IRA? I would like to see when your last contribution was (I think it was for this
8 year: 2012). Everything else is what I needed." On December 21, 2012, Client 2 emailed PRICE the
9 requested IRA statement.

10 33. On January 17, 2013, PRICE emailed Client 2 stating, "[m]acro economics have
11 changed since our last conversation, and it was not necessary to make any changes until now." PRICE
12 then provided a detailed analysis of each of Client 2's AXA accounts, including recommending
13 changing the allocations in at least three of the accounts. PRICE further stated, "since I am no longer
14 with AXA Advisors," I am going need to do a few things: contact AXA Advisors; give them your
15 account numbers; and have AXA email you the Change Allocation/Change Investment Form that is
16 applicable to your respective accounts. "Once you receive this, email it to me" and I will help you
17 change the allocations according to my recommendations. Upon information and belief, PRICE
18 made the allocation changes in at least three of Client 2's AXA accounts.

19 34. In light of those above statements, PRICE failed to disclose that since July 20, 2012,
20 he has not been registered as securities salesman or licensed as an invest adviser or investment
21 adviser representative.

22 35. In or about 2015, PRICE informed Client 2, that he had formed his own investment
23 advisory firm, HPWM. PRICE recommended that Client 2 rollover her IRA at AXA Advisors into
24 an IRA with HPWM. PRICE further stated that HPWM uses LPL as its broker dealer. In light of that
25 statement, PRICE failed to disclose that HPWM was not licensed as an investment adviser or
26 investment adviser representative.

1 36. Based on PRICE's representations, Client 2 requested and received a \$180,000
2 distribution from her AXA IRA in order to rollover the funds into an IRA with HPWM.

3 37. On or about June 30, 2015, Respondents entered into an executed agreement with
4 Client 2, to "receive \$180,000...to be managed by HPWM. These funds are secured by a note" under
5 HPWM. The term of the note is for 36 months with a fixed annual percentage rate of 4% paid
6 annually. In the agreement, PRICE is listed as Client 2's "financial advisor."

7 38. On July 3, 2015, PRICE sent Client 2 a text message stating, that he sent her an email
8 disclosing how Respondents would be compensated. "What I didn't say is this: [e]ven though you
9 will see from my email that a commission from your 180k note is small or nil, I will be compensated
10 later from working with you, and eventually from the funds in the AXA annuity." Upon information
11 and belief, Respondents charged 1.3% annual fee to manage Client 2's HPWM IRA.

12 39. On September 8, 2015, Client 2 emailed PRICE stating "[o]ther than the initial
13 document confirming the 180k you received, I haven't seen anything regarding the investments. Is
14 there something you can send me please? Looking at all the statements etc., it's a little scary that
15 180K disappeared."

16 40. On September 9, 2015, PRICE emailed Client 2 stating "[s]orry I haven't sent you
17 anything on your new account and my investment matrix...I can ensure you all your funds are safe,
18 and the proper monthly maintenance is always done."

19 41. On or about March 5, 2016, Client 2 sent a text message to PRICE stating, that see
20 was looking at her 2015 1099 R from AXA, which listed the \$180,000 as a distribution, and that
21 according to her tax software "I'm showing a 70k tax obligation...what am I missing? I thought there
22 was to be minimal to no tax consequences on this transaction."

23 42. On or about March 5, 2016, PRICE responded to Client 2's text message stating, "I'll
24 look into your tax situation, because you are simply missing something from AXA, or something is
25 wrong with the 1099."
26

1 43. On July 19, 2017, PRICE executed a letter on HPWM's letterhead stating that Client-
2 2's \$180,000 distribution from AXA Advisors in the tax year 2015 was "indeed a non-taxable event,
3 and should be classified as 'rollover.'" And, Client 2 after receiving \$180,000 from AXA Advisors
4 immediately "deposited the \$180,000 into her IRA" held at HPWM. PRICE provided a copy of letter
5 to Client 2.

6 44. On or about August 6, 2017, PRICE emailed Client 2, wanting to set up a meeting to
7 discuss rolling over approximately \$412,000 from her IRA at AXA Advisors into her IRA at HPWM.
8 Upon information and belief, on or about August 11, 2017, PRICE filled out the rollover application,
9 which listed PRICE as Client 2's "financial professional." Client 2 signed the application and
10 submitted it to AXA Advisors. Upon information and belief, shortly thereafter the client
11 representative from AXA Advisors contacted Client 2, and informed her that there are issues with
12 PRICE's license, and that PRICE has not been licensed as an investment adviser representative since
13 he left AXA Advisors in July 2012. Client 2 was also informed that the funds would come out as a
14 distribution. Client 2 cancelled the rollover based on PRICE's non-licensure as an investment adviser
15 representative.

16 45. On August 8, 2017, PRICE emailed Client 2, an LPL statement purporting to be Client
17 2's, and that the account's balance on June 30, 2017, was \$2,589.95 over the \$187,200 current
18 balance because PRICE did not take out Respondents 1.3% annual fee.

19 46. On August 16, 2017, PRICE executed another letter on HPWM's letterhead stating
20 that Client 2's \$180,000 distribution from AXA Advisors in the tax year 2015 was "indeed a non-
21 taxable event, and should be classified as 'rollover.'" And, Client 2 after receiving \$180,000 from
22 AXA Advisors immediately "deposited the \$180,000 to HPWM, where the funds were invested into
23 IRRA [sic]" for the benefit of Client 2. A copy of an LPL Statement purporting to be Client 2's was
24 included with the letter, which PRICE gave to Client 2. The LPL Statement had a different account
25 number assigned to Client 2, from the LPL statement that PRICE provided to Client 2 on August 8,
26 2017.

1 47. On or about November 3, 2017, Client 2 sent an email to a representative from LPL,
2 regarding the LPL account statements that PRICE gave Client 2, and whether an alert could be placed
3 on the account to safeguard the funds. Upon information and belief, the purported LPL accounts that
4 PRICE represented were assigned to Client 2 was not under Client 2's name or the Respondents'
5 names.

6 48. Upon information and belief, Respondents provided Client 2 with fraudulent
7 investment reports showing that her funds were being invested with LPL.

8 **Client 3**

9 49. From at least September 2009 until July 2012, Client 3 was a client of PRICE's while
10 he was associated with AXA Advisors.

11 50. In or about October 2016, PRICE approached Client 3 at her job in Mesa Arizona,
12 and informed her that he had formed his own investment advisory firm, HPWM. Upon information
13 and belief, PRICE represented that she was losing money with her IRA at AXA Advisors, and that
14 he could make her more money if she rolled over her AXA IRA into an IRA at HPWM. PRICE
15 further represented that he would invest her money through a brokerage account held at LPL. In light
16 of that statement, PRICE failed to disclose that since July 20, 2012, he has not been registered as
17 securities salesman or licensed as an investment adviser or investment adviser representative.

18 51. Based on PRICE's representation, Client 3 requested and received at least \$13,300 in
19 distributions from her IRA at AXA Advisors, in order to rollover the funds into an IRA with HPWM.

20 52. On or about October 25, 2016, Respondents received a rollover check from Client 3,
21 in the amount of \$13,304.81. Respondents entered into an executed agreement with Client 3 "to
22 manage \$13,304.81" within HPWM. \$13,000 is secured through a note under HPWM, the remaining
23 \$304.81 will remain in a stable value cash fund. The term of the note is for 36 months, with an annual
24 percentage rate of 3.00% paid annually.

25 53. Upon information and belief, Respondents never provided Client 3 with monthly or
26 quarterly statements, even though Client 3 repeatedly asked for the statements. Upon further

1 information and belief, PRICE sent Client 3 text messages that assured her that her account was
2 doing well.

3 54. Upon information and belief, all the funds Respondents received from AZ Investor
4 and the Clients were deposited into HPWM's business account, and PRICE was sole signatory on
5 the account and the only person that had access or control of the account.

6 55. Upon information and belief, no brokerage accounts were ever opened and
7 established in any of the Clients' names, or funded by the Respondents. Respondents used a portion
8 of the Clients' funds on personal expenses not related to their investments.

9 **IV.**

10 **VIOLATION OF A.R.S. § 44-1841**

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

12 56. From on or about July 2013 to at least January 2017, Respondents have been offering
13 or selling securities in the form of promissory notes and investment contracts, within or from Arizona.

14 57. The securities referred to above are not registered pursuant to Articles 6 or 7 of the
15 Securities Act.

16 58. This conduct violates A.R.S. § 44-1841.

17 **V.**

18 **VIOLATION OF A.R.S. § 44-1842**

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

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

22 60. This conduct violates A.R.S. § 44-1842.

23 ///

24 ///

25 ///

26 ///

VI.**VIOLATION OF A.R.S. § 44-1991****(Fraud in Connection with the Offer or Sale of Securities)**

61. In connection with the offer or sale of securities within or from Arizona, Respondents are, directly or indirectly: (i) employing a device, scheme, or artifice to defraud; (ii) making untrue statements of material fact or omitting to state material facts that are necessary in order to make the statements made not misleading in light of the circumstances under which they are made; or (iii) engaging in transactions, practices, or courses of business that operate or would operate as a fraud or deceit upon offerees and investors. Respondents' conduct includes, but is not limited to, the following:

a) In or about 2013, Respondents misrepresented to AZ Investor that PRICE was registered as a securities salesman and licensed as investment adviser representative, when in fact PRICE has not been registered as securities salesman or licensed as investment adviser or investment adviser representative since July 20, 2012;

b) Respondents misrepresented to AZ Investor that HPWM was licensed as investment advisor or investment adviser representative; and

c) Respondents misrepresented to AZ Investor that the funds deposited for AZ Investor's 2017 Note would be only used towards the management of HPWM. Upon information and belief, Respondents used a portion of the funds deposited from AZ Investor's 2017 Note on personal expenses not related to the investment

62. This conduct violates A.R.S. § 44-1991.

VII.**CONTROL PERSON LIABILITY PURSUANT TO A.R.S. § 44-1999**

63. From at least July 2013 through at least January 2017, PRICE directly or indirectly controlled HPWM within the meaning of A.R.S. § 44-1999. Therefore, PRICE is jointly and severally liable to the same extent as HPWM for its violations of A.R.S. § 44-1991.

VIII.

VIOLATION OF A.R.S. § 44-3151

(Transactions by unregistered investment adviser or investment advisor representative)

64. Respondents are transacting business in Arizona as investment advisers or investment adviser representatives while not licensed or in compliance with Article 4 of the IM Act.

65. This conduct violates A.R.S. § 44-3151.

IX.

VIOLATION OF A.R.S. § 44-3241

(Fraud in the provision of investment advisory services)

66. Respondents are engaging in a transaction or transactions within or from Arizona involving the provision of investment advisory services in which Respondents are, directly or indirectly: (i) employing a device, scheme, or artifice to defraud; (ii) making untrue statements of material fact or omitting to state material facts that are necessary in order to make the statements made not misleading in light of the circumstances under which they are made; (iii) misrepresenting professional qualifications with the intent that the client rely on the misrepresentation; or (iv) engaging in transactions, practices, or courses of business that operate or would operate as a fraud or deceit. Respondents' conduct includes, but is not limited to, the following:

a) Respondents failed to disclose to Clients 1, 2, and 3, that since July 20, 2012, PRICE was not registered as securities salesman, or licensed as investment adviser or investment adviser representative in Arizona;

b) Respondents failed to disclose to Clients 1, 2, and 3, that HPWM has not been licensed as an investment adviser or investment adviser representative in Arizona;

c) In or about January 2014, Respondents provided Client 1 with PRICE's Bio, misrepresenting that PRICE was "Registered to Officer [sic] Investment Advisory Services in: AZ, LV [sic], NY, TX, WA." When in fact, neither PRICE nor HPWM are registered/licensed in any state to provide to offer investment advisory services;

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

3 IT IS FURTHER ORDERED that if a request for hearing is made, this Temporary Order shall
4 remain effective from the date a hearing is requested until a decision is entered unless otherwise
5 ordered by the Commission.

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

7 **XI.**

8 **REQUESTED RELIEF**

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

- 10 1. Order Respondents to permanently cease and desist from violating the Securities Act
11 and IM Act, pursuant to A.R.S. §§ 44-2032, 44-3292;
- 12 2. Order Respondents to take affirmative action to correct the conditions resulting from
13 Respondents' acts, practices, or transactions, including a requirement to make restitution pursuant to
14 A.R.S. §§ 44-2032, 44-3292;
- 15 3. Order Respondents to pay the state of Arizona administrative penalties of up to five
16 thousand dollars (\$5,000) for each violation of the Securities Act, pursuant to A.R.S. § 44-2036;
- 17 4. Order Respondents to pay the state of Arizona administrative penalties of up to one
18 thousand dollars (\$1,000) for each violation of the IM Act, pursuant to A.R.S. § 44-3296; and
- 19 5. Order any other relief that the Commission deems appropriate.

20 **XII.**

21 **HEARING OPPORTUNITY**

22 Each respondent may request a hearing pursuant to A.R.S. §§ 44-1972, 44-3212 and A.A.C.
23 Rule 14-4-307. **If a Respondent requests a hearing, the requesting respondent must also answer**
24 **this Temporary Order and Notice.** A request for hearing must be in writing and received by the
25 Commission within 20 days after service of this Temporary Order and Notice. The requesting
26 respondent must deliver or mail the request for hearing to Docket Control, Arizona Corporation

Commission, 1200 West Washington, Phoenix, Arizona 85007. Filing instructions may be obtained from Docket Control by calling (602) 542-3477 or on the Commission's Internet web site at www.azcc.gov/divisions/hearings/docket.asp.

If a request for hearing is timely made, the Commission shall schedule a hearing to begin 10 to 30 days from the receipt of the request unless otherwise provided by law, stipulated by the parties, or ordered by the Commission. **Unless otherwise ordered by the Commission, this Temporary Order shall remain effective from the date a hearing is requested until a decision is entered.** After a hearing, the Commission may vacate, modify, or make permanent this Temporary Order, with written findings of fact and conclusions of law. A permanent Order may include ordering restitution, assessing administrative penalties, or other action.

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

Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting Kacie Cannon, ADA Coordinator, voice phone number (602) 542-3931, e-mail kcannon@azcc.gov. Requests should be made as early as possible to allow time to arrange the accommodation.


XIII.

ANSWER REQUIREMENT

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

The Answer shall contain an admission or denial of each allegation in this Temporary Order and Notice and the original signature of the answering respondent or the respondent's attorney. A statement of a lack of sufficient knowledge or information shall be considered a denial of an allegation. An allegation not denied shall be considered admitted.

The officer presiding over the hearing may grant relief from the requirement to file an Answer for good cause shown.


Matthew J. Neubert
Director of Securities