

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 CARL J. KUNASEK

3 Chairman

4 JIM IRVIN

5 Commissioner

6 WILLIAM A. MUNDELL

7 Commissioner

8 In the matter of)

9 PREMIERE FINANCIAL GROUP, INC.,)

10 an Arizona corporation)

11 1256 West Chandler Blvd., #30)

12 Chandler, AZ 85224)

13 HERITAGE PROPERTIES, INC.,)

14 an Arizona corporation)

15 1256 West Chandler Blvd., #30)

16 Chandler, AZ 85224)

17 ESTATE GUARDIAN FINANCIAL SERVICES,)

18 INC.,)

19 a dissolved Arizona corporation)

20 500 W. Ray Road, #1)

21 Chandler, AZ 85224)

22 JOHN H. LAWSON, an individual,)

23 15643 S. 6th Place)

24 Phoenix, AZ 85048,)

25 Respondents.)

26 JOHN H. LAWSON, an individual,)

27 15643 S. 6th Place)

28 Phoenix, AZ 85048,)

29 PREMIERE FINANCIAL GROUP, INC.,)

30 an Arizona corporation)

31 1256 West Chandler Blvd., #30)

32 Chandler, AZ 85224,)

33 Respondents.)

**ORDER OF RELIEF AND CONSENT
THERE TO**

Decision No. _____

DOCKET NO. S-03297A-99-0000

DOCKET NO. S-03358A-99-0000

(Consolidated)

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

I.

INTRODUCTION

RESPONDENTS PREMIERE FINANCIAL GROUP, INC. ("PFG"), HERITAGE PROPERTIES, INC. ("HPI"), ESTATE GUARDIAN FINANCIAL SERVICES, INC. ("EGFSI") and JOHN H. LAWSON ("LAWSON"), collectively ("RESPONDENTS") elect to permanently waive their right to a hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona (the "Act") with respect to this Order of Relief and Consent Thereto (the "Order"). RESPONDENTS admit to the jurisdiction of the Arizona Corporation Commission (the "Commission"); admit, solely for purposes of this proceeding and any other administrative proceeding, present or future, before the Commission or any other agency of this State, the Findings of Fact and Conclusions of Law contained in this Order; and consent to entry of this Order by the Commission.

II.

FINDINGS OF FACT

1. PREMIERE FINANCIAL GROUP, INC. ("PFG"), whose last known address is 1256 West Chandler Blvd., #30, Chandler, AZ 85224, is an Arizona corporation.
2. HERITAGE PROPERTIES, INC. ("HPI"), whose last known address is 1256 West Chandler Blvd., #30, Chandler, AZ 85224, is an Arizona corporation. In some situations, HPI did business as RE/MAX, HERITAGE PROPERTIES, INC.
3. ESTATE GUARDIAN FINANCIAL SERVICES, INC. ("EGFSI"), whose last known address was 500 W. Ray Road, Chandler, AZ 85224, was an Arizona corporation at all times relevant. EGFSI was dissolved by order of the Commission on March 10, 1998.
4. JOHN H. LAWSON ("LAWSON"), whose last known address is 15643 S. 6th Place, Phoenix, AZ 85048, is the president and principal shareholder of PFG and HPI at all times relevant. LAWSON was the president and principal shareholder of EGFSI.

1 11. LAWSON gave different investors different information as to how the proceeds of
2 the promissory notes would be used, including that the company would use the funds to purchase
3 second mortgages, that it would purchase a nursing home or that it would use the funds to build a
4 storage facility. These statements were false.

5 12. LAWSON told investors that the investment was safe and no money could be lost.
6 Those statements were false.

7 13. LAWSON told at least one investor that the promissory note would be secured by
8 storage units. That statement was false.

9 14. Some of the notes stated that they were secured by second deeds of trust. Those
10 statements were false.

11 15. PFG, HPI, EGFSI and LAWSON did not provide the investors with any written
12 disclosure statements, offering documents or prospectuses regarding the promissory notes. They
13 did not provide the investors with any financial information regarding PFG, HPI, EGFSI or
14 LAWSON, despite the fact that the books and records of PFG, HPI and EGFSI showed a negative
15 net worth for the companies.
16

17 16. Despite the fact that the notes state that the company will provide financial
18 information at least annually, PFG, HPI and EGFSI have never provided such information to the
19 investors.
20

21 17. LAWSON failed to inform some investors as to the nature of their investment.
22 Some investors believed that they were purchasing certificates of deposit, secured promissory notes
23 or stock. Others simply had no idea. It was not until they received the promissory note some time
24 later that some of them realized the nature of their investment.

25 18. The funds raised from the promissory notes were mainly used for operating expenses
26 of PFG, HPI and EGFSI and personal expenses of LAWSON.

THE TEMPORARY CEASE AND DESIST ORDER

1
2 19. On or about January 21, 1999, as part of an investigation into the activities of PFG
3 and LAWSON, LAWSON sent a letter to the Division in which he represented that neither he nor
4 PFG would sell any securities until a final determination was made as to his activities then under
5 investigation by the Division. The Division relied upon those representations and in return granted
6 PFG and LAWSON additional time to respond to the Division's inquiries.

7 20. Despite those representations, in July 1999, LAWSON accepted and received
8 additional investments in the form of promissory notes or investment contracts. LAWSON
9 received two checks from an Arizona investor, written on an insurance account at IL Annuity &
10 Insurance Company. The two checks were dated on or about July 7, 1999 and July 20, 1999, for
11 the amounts of \$35,000.00 and \$6,000.00. The investor, who is 84 years old, does not recollect
12 giving those checks to LAWSON. She is unable to describe the nature of her investment with PFG
13 and LAWSON.

14 21. The checks were made out to Bank One and were deposited by LAWSON to the
15 account of John Lawson & Associates at Bank One. LAWSON had opened this new account on
16 July 8, 1999, just after the date of the investment. As of August 5, 1999, the balance in the account
17 was less than \$250.00.

18 22. LAWSON did not disclose to the investor that he had agreed with the Division not
19 to sell any further securities to investors. He further failed to disclose or provide to the investor
20 prior to and at the time of the investment, information regarding the nature of the investment, any
21 written disclosure statements, offering documents or prospectuses regarding the investment. He
22 did not provide the investor with any financial information regarding himself, despite the fact that
23 he had a negative net worth.
24
25
26

1 freezing their assets. The SEC alleged that Ameritech had been run as a Ponzi scheme, with the
2 obligations of older investors being paid off with funds from new investors.

3 29. The four Ameritech noteholders have redeemed their notes and received return of their
4 principal prior to the SEC's action against Ameritech.

5 **III.**

6 **CONCLUSIONS OF LAW**

7 1. The Commission has jurisdiction over this matter pursuant to the Act, A.R.S. § 44-
8 1801 et seq., and to Article XV of the Arizona Constitution.

9 2. From in or about 1995 through 1999, RESPONDENTS offered and/or sold securities
10 in the form of promissory notes and/or investment contracts, within and/or from Arizona.

11 3. The securities were not registered under A.R.S. §§ 44-1871 through 44-1875 or 44-
12 1891 through 44-1901; were not exempt from registration under A.R.S. §§ 44-1843 or 44-1843.01;
13 were not offered or sold in exempt transactions under A.R.S. § 44-1844; and were not securities
14 exempt under any rule or order promulgated by the Commission. This conduct violates A.R.S. § 44-
15 1841.
16

17 4. In connection with the offers to sell and the sale of securities, RESPONDENTS
18 acted as dealers and/or salesmen within and/or from Arizona, although not registered pursuant to the
19 provisions of Article 9 of the Securities Act, in violation of A.R.S. § 44-1842.

20 5. In connection with the offers and sales of securities within and/or from Arizona,
21 RESPONDENTS directly or indirectly: (i) made untrue statements of material fact or omitted to
22 state material facts which were necessary in order to make the statements made not misleading in
23 light of the circumstances under which they were made; and (ii) engaged in transactions, practices or
24 courses of business which operated or would operate as a fraud or deceit upon offerees and
25
26

1 investors, in violation of A.R.S. § 44-1991. RESPONDENTS' conduct includes, but is not limited
2 to, the following:

3 a. Failed to inform investors of the true financial condition of PFG, HPI, EGFSI and
4 LAWSON;

5 b. Informed investors that the promissory notes were secured notes when in fact they
6 were unsecured;

7 c. Informed investors that the notes were safe and the investors would not lose any
8 money, when in fact there was no basis for such a statement;

9 d. Informed investors that the proceeds from the sale of promissory notes were to be used
10 for specified projects when in fact they were mainly used for operating expenses of PFG, HPI and
11 EGFSI and personal expenses of LAWSON; and

12 e. Informed at least one investor that the notes would be secured by storage facilities in
13 Arizona and would be paid off from the money earned by that facility, when in fact there was no basis
14 for such a statement.
15

16 **IV.**

17 **ORDER**

18 THEREFORE, on the basis of the Findings of Fact and Conclusions of Law, the
19 Commission finds that the following Order is appropriate, in the public interest and necessary for the
20 protection of investors.

21 IT IS ORDERED, pursuant to A.R.S. § 44-2032, RESPONDENTS shall permanently cease
22 and desist from the conduct alleged herein.

23 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that RESPONDENTS jointly
24 and severally shall make monetary restitution in the amount of \$3,362,579.08 as set forth in the
25 records obtained by the Securities Division.
26

1 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, RESPONDENTS shall jointly
2 and severally pay an administrative penalty in the amount of \$50,000, by certified check payable to
3 the Treasurer of the State of Arizona for deposit into its general fund, due and payable after all
4 restitution payments required by this Order have been made.

5 IT IS FURTHER ORDERED that RESPONDENTS shall pay \$500,000, by certified check,
6 by November 29, 1999. In addition, RESPONDENTS shall pay, by certified funds:

- 7 a. On January 3, 2000, \$10,000 plus an additional 75% of all income greater than
8 \$10,000, net of taxes, for the prior three months, after reasonable monthly expenses
9 as allowed by guidelines set by the United States Bankruptcy Trustee's Office for
10 monthly expenses allowed in individual bankruptcy cases;
- 11 b. On April 3, 2000, \$20,000 plus an additional 75% of all income greater than
12 \$20,000, net of taxes, for the prior three months, after reasonable monthly expenses
13 as allowed by guidelines set by the United States Bankruptcy Trustee's Office for
14 monthly expenses allowed in individual bankruptcy cases ; and
- 15 c. On July 3, 2000, and every three months thereafter starting with September 1, 2000
16 until all restitution and penalty amounts are paid in full, \$30,000 plus an additional
17 75% of all income greater than \$30,000, net of taxes, for the prior three months, after
18 reasonable monthly expenses as allowed by guidelines set by the United States
19 Bankruptcy Trustee's Office for monthly expenses allowed in individual bankruptcy
20 cases.
21
22

23 IT IS FURTHER ORDERED that RESPONDENTS shall pay interest on all unpaid amounts
24 of restitution accruing from the date of entry of the Order, at the statutory rate of ten percent per
25 annum pursuant to A.A.C. R14-4-308, until the amounts are paid in full.

26 IT IS FURTHER ORDERED that with every quarterly payment, RESPONDENTS shall

1 provide to the Commission a sworn financial statement, in a format approved by the Commission,
2 listing all income and financial information of RESPONDENTS for the prior three month period.

3 IT IS FURTHER ORDERED that if RESPONDENTS are in complete compliance with this
4 Order, the Commission will not record a judgment or seek to utilize legally allowed methods of
5 collection against RESPONDENTS. If RESPONDENTS fail to provide the \$500,000 payment
6 within the time required, fail to make any quarterly payment, fail to provide the quarterly sworn
7 financial statements, provide untrue information in the sworn financial statement or otherwise fail to
8 completely and fully comply with this Order, the Commission, in its sole discretion, may then
9 declare RESPONDENTS in default and utilize all methods of collection allowed by law in order to
10 immediately collect and obtain the full restitution amount and penalty. RESPONDENTS shall be
11 allowed five business days beyond the due date for all payments or providing the sworn financial
12 statement before they can be declared in default.
13

14 IT IS FURTHER ORDERED that restitution funds shall be deposited in an interest bearing
15 account through the office of Arizona Attorney General for the benefit of investors. The Attorney
16 General shall disburse the available funds on a pro rata basis to investors as reflected in the records
17 of the Securities Division. If any disbursement check issued by the Attorney General either is not
18 deliverable or has not cleared the trust account within 120 days of the date of issuance, the funds
19 related to such check shall be redistributed to the known investors. If all investors are paid in full,
20 including interest, any returned funds shall revert to the State of Arizona payable to the Treasurer.
21

22 IT IS FURTHER ORDERED that at the time of executing the consent to this ORDER,
23 LAWSON shall execute a lien in favor of the Commission, in the amount of \$500,000, to be placed
24 against his separate property interest and his share of the community property interest in the boat
25 Mika, Coast Guard Registration Number 1026603. The Commission agrees that it will release the
26 lien if it receives payment of \$500,000 on or before November 29, 1999.

1 IT IS FURTHER ORDERED that at the time of executing the consent to this ORDER,
2 LAWSON shall also execute a lien in favor of the Commission, in the amount of \$75,000, to be
3 recorded against his residence at 15643 S. 6th Place, Phoenix, AZ 85048.

4 IT IS FURTHER ORDERED that this Order shall become effective immediately upon the
5 date set forth below.

6 BY ORDER OF THE ARIZONA CORPORATION COMMISSION
7

8
9 _____
CHAIRMAN

COMMISSIONER

COMMISSIONER

10
11 IN WITNESS WHEREOF, I, BRIAN C. MCNEIL,
12 Executive Secretary of the Arizona Corporation Commission,
13 have hereunto set my hand and caused the official seal of the
14 Commission to be affixed at the Capitol, in the City of
15 Phoenix, this ____ day of November, 1999.

16 _____
BRIAN C. MCNEIL
17 Executive Secretary

18 _____
DISSENT
19 (MD)
20
21
22
23

24 This document is available in alternative formats by contacting Cynthia Mercurio-Sandoval, ADA
25 Coordinator, voice phone number 602/542-0838, E-mail csandoval@cc.state.az.us.

26 n:\enforce\cases\lawson.md\pleadings\order and consent - final.doc

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

**CONSENT TO ENTRY OF ORDER BY THE CORPORATION COMMISSION AND
WAIVER OF HEARING**

1. RESPONDENTS PREMIERE FINANCIAL GROUP, INC. (“PFG”), HERITAGE PROPERTIES, INC. (“HPI”), ESTATE GUARDIAN FINANCIAL SERVICES, INC. (“EGFSI”) and JOHN H. LAWSON (“LAWSON”), collectively (“RESPONDENTS”), admit the jurisdiction of the Arizona Corporation Commission (“Commission”) over the subject matter of this proceeding, and acknowledge that they have been fully advised of their right to a hearing to present evidence and call witnesses. RESPONDENTS knowingly and voluntarily waive all rights to a hearing before the Commission and all other procedures otherwise available under Article 11 of the Securities Act of Arizona (the “Act”) and Title 44, The Arizona Administrative Code. RESPONDENTS acknowledge that the accompanying Order for Relief and Consent Thereto (“Order”) constitutes a valid final order duly rendered by the Commission.

2. RESPONDENTS knowingly and voluntarily waive any right they may have under Article 12 of the Act to judicial review by any court by way of suit, appeal or extraordinary relief resulting from the entry of this Order.

3. RESPONDENTS acknowledge and agree that this Order is entered into freely and voluntarily and that no promise was made or coercion used to induce them to enter into it.

4. RESPONDENTS acknowledge that they have been represented by counsel in this matter.

5. RESPONDENTS admit, solely for purposes of this proceeding and any other administrative proceeding, present or future, before the Commission or any other agency of this State, the Findings of Fact and Conclusions of Law contained in the Order.

6. RESPONDENTS consent to the entry of the Order.

1 7. RESPONDENTS acknowledge that this Order resolves only administrative
2 violations of the Act and that nothing contained in the Order purports to resolve any other issues
3 which may exist between RESPONDENTS and the State. Nothing in the Order shall be construed
4 to restrict or preclude any other agency or officer of the State of Arizona or its subdivisions from
5 initiating other civil or criminal proceedings against RESPONDENTS, now or in the future, that
6 may be related to the matter addressed by the Order and the Consent. Nothing in the Order shall
7 be construed to restrict the State's right in a future proceeding to bring an action against
8 RESPONDENTS from or related to facts not set forth in the Order.

9 8. RESPONDENTS acknowledge that they have been informed and understand that
10 the Commission or its designee, at the Commission's sole and exclusive discretion, may refer or
11 grant access to this matter, or any information or evidence gathered in connection with this matter,
12 to any person or entity having appropriate administrative, civil or criminal jurisdiction.
13 RESPONDENTS acknowledge that no representations regarding the above have been made so as
14 to induce them to enter into this Order, including the fact that no promise or representation has
15 been made by the Commission or its designee or staff with regard to any potential criminal liability
16 or immunity from any potential criminal liability.

17 9. RESPONDENTS understand that it is the Commission's policy not to permit a
18 Respondent to settle an action by consenting to an order that imposes a sanction while denying
19 the allegations in the Notice. RESPONDENTS further understand that the Commission's
20 acceptance of a settlement in this matter is based upon compliance with this policy by
21 RESPONDENTS in any statements concerning this proceeding. If Respondents breach this
22 agreement, the Commission may move to vacate this Order and restore this case to its active
23 docket.
24
25
26

10. John Lawson represents that he is the President of Premiere Financial Group, Inc. and Heritage Properties, Inc. and has been authorized by them to enter into this Order for and on behalf of them. John Lawson represents that he is authorized by law to enter into this Order for and on behalf of Estate Guardian Financial Services, Inc.

PREMIERE FINANCIAL GROUP, INC.,

BY: _____

John Lawson
President

SUBSCRIBED AND SWORN TO BEFORE me this ____ day of _____, 1999.

NOTARY PUBLIC

My Commission Expires:

HERITAGE PROPERTIES, INC.,

BY: _____

John Lawson
President

SUBSCRIBED AND SWORN TO BEFORE me this ____ day of _____, 1999.

NOTARY PUBLIC

My Commission Expires:

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

ESTATE GUARDIAN FINANCIAL
SERVICES, INC.,

BY: _____
John Lawson

TITLE:

SUBSCRIBED AND SWORN TO BEFORE me this ____ day of _____, 1999.

NOTARY PUBLIC

My Commission Expires:

JOHN H. LAWSON

SUBSCRIBED TO AND SWORN BEFORE ME this ____ day of _____, 1999.

NOTARY PUBLIC

My Commission Expires:
