

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 CARL J. KUNASEK

Chairman

3 JIM IRVIN

Commissioner

4 WILLIAM A. MUNDELL

Commissioner

5 In the matter of)

6 SUPERIOR LEASING OF ARIZONA, INC.,)

7 An Arizona corporation,)
2655 W. Guadalupe Rd., #30)
8 Mesa, AZ 85202)

9 LLOYD H. ROCKWELL,)

10 An individual,)
3025 S. Cascade Pl.)
11 Chandler, AZ 85248)

12 MICHAEL R. FRENCH,)

13 An individual,)
5311 N. Stetson)
14 Prescott Valley, AZ 86314)

15 SUPERIOR HOLDING GROUP, INC.)

16 A Nevada corporation)
2655 W. Guadalupe Rd., #30)
17 Mesa, AZ 85202)

17 Respondents.)

DOCKET NO. S-03373A-99-0000

DECISION NO. _____

**ORDER TO CEASE & DESIST AND
CONSENT TO SAME**

18 I.

19 Respondents Superior Leasing of Arizona, Inc., Superior Holding Group, Inc. and Lloyd H.
20 Rockwell (collectively "Respondents") elect to permanently waive their right to a hearing and appeal
21 under Articles 11 and 12 of the Securities Act of Arizona (the Act) with respect to this Order to Cease and
22 Desist (Order); admit the jurisdiction of the Arizona Corporation Commission (Commission); neither
23 admit nor deny the Findings of Fact and Conclusions of Law contained in this Order; and consent to entry
24 of this Order by the Commission.

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II.

FINDINGS OF FACT

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4 1. SUPERIOR LEASING OF ARIZONA, INC. ("SLAZ"), is an Arizona corporation,
5 whose last known address is 2655 W. Guadalupe Rd., #30, Mesa, AZ 85202.

6 2. SUPERIOR HOLDING GROUP, INC. ("SHG"), is a Nevada corporation, whose last
7 known address is 2655 W. Guadalupe Rd., #30, Mesa, AZ 85202. SHG was not a Respondent in the
8 Temporary Cease and Desist Order filed on December 9, 1999, in this case, but consents and agrees to
9 be added as a party to this action and to be bound by all Orders and Decisions in this action.

10 3. LLOYD H. ROCKWELL ("ROCKWELL"), whose last known address is 3025 S.
11 Cascade Pl., Chandler, AZ 85248, is the president and principal shareholder of SLAZ and SHG.

12 4. The respondents may be collectively referred to as "RESPONDENTS."

13 5. RESPONDENTS have engaged in the offer or sale within or from Arizona of securities in
14 the form of promissory notes or investment contracts to the general public.
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16 6. SLAZ is in the automobile sale lease back business. SLAZ would purchase automobiles
17 from individuals in need of cash, and then lease the cars back to the individuals. According to
18 RESPONDENTS, SLAZ was collateralized by at least a five-to-one ratio on the value of the car to the
19 purchase price given to the individual. They told the investor that the default rate was less than one
20 percent and that there was not much risk in the investment. Additionally, RESPONDENTS stated that
21 there was no risk to the investor even if SLAZ was unable to reclaim the vehicle; the investor would get
22 paid regardless of that happening. RESPONDENTS offered investors interest rates on their investments
23 ranging from 18% to 60 % per annum.
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25 7. From 1997 through present, RESPONDENTS sold securities, in the form of promissory
26 notes to 125 investors, who invested a total of \$6,775,456.97.

1 8. MICHAEL R. FRENCH (“FRENCH”), whose last known address is 5311 N. Stetson,
2 Prescott Valley, AZ 86314, was a salesman for SLAZ and SHG.

3 9. Previously, on July 24, 1995, FRENCH had been convicted of making false statements in
4 connection with an application and use of a passport, in violation of 18 U.S.C. § 1542, a felony.
5 FRENCH was sentenced to, among other things, thirty-six months of probation. The terms of his
6 probation barred him from engaging in any profession involving fiduciary duties.

7 10. On October 10, 1995, FRENCH entered into a Consent Order with the Commission,
8 admitting to violations of the Securities Act concerning his application for registration as a securities
9 salesman in which he failed to disclose his indictment and later conviction for making false statements in
10 connection with an application and use of a passport. The Consent Order barred FRENCH from
11 committing further violations of the Securities Act. *In the Matter of the Salesman Registration of Michael*
12 *Richard French*, Docket No. S-3101-I.

13 11. On February 25, 1997, the Commission entered a Temporary Order to Cease and Desist
14 against FRENCH and others, for offering to sell or selling securities in violation of A.R.S. §§ 44-1841,
15 44-1842 and 44-1991. *In the Matter of the Offering and Sale of Securities by Interactive Television, Inc.,*
16 *et al.*, Docket No, S-3191-I. On December 18, 1997, the Commission entered a final order finding that
17 FRENCH, among others, violated the Securities Act and ordering them to cease and desist their activity
18 and pay restitution and an administrative penalty. According to the records of the Commission, FRENCH
19 has failed to pay any restitution or penalty on that order.

20 12. On June 17, 1998, FRENCH was sentenced to Federal prison for one year and one day, for
21 violating his probation. Upon his release from prison, he was placed on supervised release for twenty-four
22 months. Pursuant to the terms of his probation, FRENCH is prohibited from engaging in any
23 telemarketing programs, sales of securities, or any other matters in a similar related business, selling
24 investments or investment opportunities.
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1 c) Failing to disclose material information about the investment, including
2 disclosure statements, prospectuses or financial statements.

3 **IV.**

4 **ORDER**

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

8 IT IS ORDERED, pursuant to A.R.S. § 44-2032(1), RESPONDENTS shall Cease and Desist from
9 violations of the Act.

10 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032(1) and A.A.C. R14-4-308,
11 RESPONDENTS shall make a rescission offer to all current investors, whose names are held by the
12 Securities Division. All materials required by A.R.S. § 44-2032(1) and A.A.C. R14-4-308, shall be filed
13 with the Commission prior to or on June 26, 2000.

14 IT IS FURTHER ORDERED, in the event that all materials required by A.R.S. § 44-2032 and
15 A.A.C. R14-4-308, are not filed with the Commission prior to or on June 26, 2000 or if the Commission
16 does not approve the materials within sixty days after it initially receives them, pursuant to A.R.S. § 44-
17 2032, RESPONDENTS jointly and severally shall immediately make monetary restitution to all current
18 investors in the amount of \$6,775,456.97, plus interest at the statutory rate from the investor's date of
19 purchase, as set forth in the records held by the Securities Division.

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

4 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, RESPONDENTS shall pay, jointly
5 and severally, an administrative penalty in the amount of \$17,500.00 by certified check payable to the
6 Treasurer of the State of Arizona for deposit into its general fund upon entry of this Order.

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

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10 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

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12 CHAIRMAN

COMMISSIONER

COMMISSIONER

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14 IN WITNESS WHEREOF, I, Brian C. McNeil, Executive
15 Secretary of the Arizona Corporation Commission, have
16 hereunto set my hand and caused the official seal of the
17 Commission to be affixed at the Capitol, in the City of
18 Phoenix, this ____ day of _____, 2000.

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20 _____
21 BRIAN C. McNEIL
22 Executive Secretary

23
24 DISSENT

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

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

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3 1. RESPONDENTS SUPERIOR LEASING OF ARIZONA, INC. ("SLAZ"), SUPERIOR
4 HOLDING GROUP, INC. ("SHG") and LLOYD H. ROCKWELL (collectively "RESPONDENTS")
5 admit the jurisdiction of the Arizona Corporation Commission ("Commission") over the subject matter
6 of this proceeding, and acknowledge that they have been fully advised of their right to a hearing to
7 present evidence and call witnesses. RESPONDENTS knowingly and voluntarily waive all rights to a
8 hearing before the Commission and all other procedures otherwise available under Article 11 of the
9 Securities Act of Arizona (the "Act") and Title 44, The Arizona Administrative Code.
10 RESPONDENTS acknowledge that the accompanying Order for Relief and Consent Thereto
11 ("Order") constitutes a valid final order duly rendered by the Commission.
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13 2. RESPONDENTS knowingly and voluntarily waive any right they may have under
14 Article 12 of the Act to judicial review by any court by way of suit, appeal or extraordinary relief
15 resulting from the entry of this Order.

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

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

19 5. RESPONDENTS neither admit nor deny the Findings of Fact and Conclusions of Law
20 contained in the Order.
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22 6. RESPONDENTS consent to the entry of the Order.

23 7. RESPONDENTS acknowledge that this Order resolves only administrative violations
24 of the Act and that nothing contained in the Order purports to resolve any other issues which may exist
25 between RESPONDENTS and the State. Nothing in the Order shall be construed to restrict or
26 preclude any other agency or officer of the State of Arizona or its subdivisions from initiating other

1 civil or criminal proceedings against RESPONDENTS, now or in the future, that may be related to the
2 matter addressed by the Order and the Consent. Nothing in the Order shall be construed to restrict the
3 State's right in a future proceeding to bring an action against RESPONDENTS from or related to facts
4 not set forth in the Order.

5 8. RESPONDENTS acknowledge that they have been informed and understand that the
6 Commission or its designee, at the Commission's sole and exclusive discretion, may refer or grant
7 access to this matter, or any information or evidence gathered in connection with this matter, to any
8 person or entity having appropriate administrative, civil or criminal jurisdiction. RESPONDENTS
9 acknowledge that no representations regarding the above have been made so as to induce them to enter
10 into this Order, including the fact that no promise or representation has been made by the Commission
11 or its designee or staff with regard to any potential criminal liability or immunity from any potential
12 criminal liability.
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14 9. RESPONDENTS understand that it is the Commission's policy not to permit a
15 Respondent to settle an action by consenting to an order that imposes a sanction while denying the
16 allegations in the Notice. RESPONDENTS further understand that the Commission's acceptance of
17 a settlement in this matter is based upon compliance with this policy by RESPONDENTS in any
18 statements concerning this proceeding. If RESPONDENTS breach this agreement, the Commission
19 may move to vacate this Order and restore this case to its active docket.
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21 10. LLOYD H. ROCKWELL represents that he is the president of SLAZ and SHG and is
22 authorized to enter this Consent Order on their behalf.
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SUPERIOR LEASING OF ARIZONA, INC.,

BY: _____
Lloyd H. Rockwell
President

SUBSCRIBED AND SWORN TO BEFORE me this ____ day of _____, 2000

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SUPERIOR HOLDING GROUP, INC.,

BY: _____
Lloyd H. Rockwell
President

SUBSCRIBED AND SWORN TO BEFORE me this _____ day of _____, 2000

NOTARY PUBLIC

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BY: _____
Lloyd H. Rockwell

SUBSCRIBED AND SWORN TO BEFORE me this _____ day of _____, 2000

NOTARY PUBLIC

My Commission Expires:
