

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 Melvin C. Bangle)

7 1586 West Maggio Way, Bldg. 9-1078)

Chandler, Arizona 85224)

8 Respondent.)

) DOCKET NO. S-03314A-99-0000

) DECISION NO. _____

) **ORDER TO CEASE & DESIST AND
) PROVIDE RESTITUTION AND CONSENT
) TO SAME**

10 **I.**

11 **INTRODUCTION**

12 Melvin C. Bangle (“Bangle”) elects to permanently waive his right to a hearing and appeal under
13 Articles 11 and 12 of the Securities Act of Arizona (the Act) with respect to this Order to Cease and Desist
14 (Order); admits the jurisdiction of the Arizona Corporation Commission (Commission); admits the
15 Findings of Fact and Conclusions of Law contained in this Order; and consents to entry of this Order by
16 the Commission.

18 **II.**

19 **FINDINGS OF FACT**

20 1. Respondent Bangle’s last known residential address is 1586 West Maggio Way, Bldg.
21 9-1078, Chandler, Arizona 85224.

22 2. Bangle was, at all relevant times, a resident of Arizona.

23 3. Prior to November 1998, Bangle worked as a consultant reviewing mining properties
24 and performing freelance work.

25 4. In June 1997, Bangle met with one or more Arizona residents to discuss an investment
26 in securities in the form of a bank debenture trading program (the “Program”) also referred to in

1 solicitation documents as a West European Capital Accumulation Program. Solicitation documents
2 describing the Program state that it is “a Money Center Instrument or Bank Debenture Purchase and
3 Resale Program, in which monetary securities are bought at beneficial lower price and then sold in the
4 money markets, at a higher price.” The solicitation documents go on to state that the client’s funds,
5 “are protected by a bank Guarantee, issued by one of the Top West European Banks.” Bangle
6 delivered such solicitation documents to Ebba Bernal at a meeting in her home.

7 5. Bangle pursued the Program at the request of Klaus Stick (“Stick”). Stick is associated
8 with International Business & Investment Companies (“IBIC”) which lists an office in Zurich
9 Switzerland and a post office box in Dallas, Texas. Included in the Program solicitation documents is
10 a letter from Stick to Bangle describing the substantial profit they would realize from the Program.

11 6. During the above-described meeting, Bernal gave Bangle \$15,000 in cash for
12 investment in the Program. In return, Bangle gave Bernal a receipt, which read:

13 “I, the undersigned do hereby acknowledge receipt of Fifteen Thousand
14 (\$15,000) from Ebba Bernal for investment into a Bank Trade Program
15 with Klaus Stick (International Business & Investment Co.) Zurich
Switzerland.”

16 “M.C. Bangle is to use the above mentioned funds as part of the fee for
17 leasing Ten Million Dollars (\$10,000,000) from Capital Trust of San
Diego. Said funds to be invested with Klaus Stick.”

18 “M.C. Bangle”

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III.

CONCLUSIONS OF LAW

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

5 2. Bangle offered and sold securities in the form of investments in a bank debenture trading
6 program within the State of Arizona.

7 3. The securities referred to above were not registered under A.R.S. §§44-1871 through
8 1875; 44-1891 through 1902; were not exempt securities under A.R.S. §44-1843 or 1843.01; were not
9 offered or sold in exempt transactions under A.R.S. §44-1844 and were not securities exempt under
10 any rule or order promulgated by the Commission.

11 4. The above conduct violates A.R.S. §44-1841.

12 5. In offering and selling the securities described above, Bangle violated A.R.S. §44-1842
13 by acting as a dealer without being registered in Arizona under Article 9 of the Act.

14 6. In connection with the offer and sale of securities described above, Bangle made untrue
15 statements of material fact or omitted to state any material fact necessary in order to make the
16 statements made, in the light of the circumstances under which they were made, not misleading in
17 violation of A.R.S. §§44-1991(A)(2) of the Act. In so doing, Bangle engaged in conduct that
18 constitutes grounds for the issuance of an order directing Bangle to Cease and Desist from any further
19 a violation of the Act and which directs him to provide restitution pursuant to A.R.S. §44-2032(1), and
20 which imposes an administrative penalty pursuant to A.R.S. §44-2036. Specifically, Bangle offered for
21 sale and sold a fictitious security in the form of a bank-trading program and misrepresented his
22 expertise in international banking.

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IV.

ORDER

THEREFORE, on the basis of the Findings and Conclusions of Law, the Commission issues the following Order.

1. IT IS ORDERED, pursuant to A.R.S. §44-2032, that Bangle CEASE AND DESIST from violations of the Act, including but not limited to:

a. offering to sell or selling securities within or from the State of Arizona unless the securities are registered with the Commission pursuant to Article 6 or 7 of the Act or exempt therefrom;

b. offering to sell or selling securities within or from the State of Arizona unless prior registration as a dealer or salesman is obtained under Article 9 of the Act or unless exempt therefrom; and

c. engaging in fraudulent practices within the meaning of A.R.S. §44-1991 of the Act.

2. IT IS ORDERED, pursuant to A.R.S. §44-2032(1), that Bangle shall make monetary restitution, upon entry of this Order, in the amount of \$15,000.00 to Bernal together with interest at the statutory rate of ten percent per annum pursuant to A.A.C. R14-4-308 of the Act.

3. IT IS ORDERED, pursuant to A.R.S. §44-2036, that Bangle shall pay an administrative penalty in the amount of \$5,000.00, by cash or certified funds payable to the Treasurer of the State of Arizona for deposit into its general fund, due and payable upon entry of this Order.

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

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4 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

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7 CHAIRMAN

COMMISSIONER

COMMISSIONER

8 IN WITNESS WHEREOF, I, Brian C. McNeil, Executive
9 Secretary of the Arizona Corporation Commission, have
10 hereunto set my hand and caused the official seal of the
11 Commission to be affixed at the Capitol, in the City of
12 Phoenix, this ____ day of _____, 2000.

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14 _____
15 BRIAN C. McNEIL
16 Executive Secretary

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18 _____
19 DISSENT

20 (PH/AB)

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

23 N:\Enforce\Cases\Bangle.ph\Pleading\Consent to Cease and Desist

CONSENT BY MELVIN C. BANGLE

TO THE ENTRY, BY THE CORPORATION COMMISSION, OF A

CEASE AND DESIST ORDER, ORDER OF RESTITUTION AND

ORDER ASSESSING AN ADMINISTRATIVE PENALTY AND WAIVER OF HEARING

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5 1. Respondent, Melvin C. Bangle, an individual, admits the jurisdiction of the Arizona
6 Corporation Commission (“Commission”) over the subject matter of this proceeding, and solely, with
7 respect to this matter, knowingly and voluntarily waives any and all rights to a hearing before the
8 Commission and all other procedures otherwise available under Article 11 of the Securities Act of
9 Arizona (the “Act”), Title 44 and The Arizona Administrative Code. Bangle acknowledges that the
10 accompanying Order to Cease and Desist and Provide Restitution and Consent to Same (“Order”)
11 constitutes a valid final order duly rendered by the Commission.

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

15 3. Bangle acknowledges and agrees that this Order is entered into freely and voluntarily
16 and that no promise was made or coercion used to induce Bangle to enter into it.

17 4. Bangle acknowledges that he has been represented by counsel in this matter and that he
18 has reviewed this Order with his attorney and understands all terms and obligations contained herein.

19 5. Bangle consents to the issuance of the Findings of Fact and Conclusions of Law
20 contained in the Order. Bangle further agrees that he shall not challenge their validity in any present or
21 future administrative proceedings before the Commission or any other branch of state government
22 concerning the denial or issuance of any licenses or registration required by the State in order to
23 engage in the practice of any business or profession.

24 6. Bangle consents to the entry of this Order and agrees to be fully bound by its terms and
25 conditions. Bangle further acknowledges that should he fail to comply with any and all provisions of
26 this Order, the Commission may enforce the Order and Consent in Superior Court pursuant to A.R.S.

1 §44-2036(C) or impose additional sanctions and costs and seek other appropriate relief subject to
2 Bangle's right to a hearing pursuant to the Act.

3 7. Bangle further understands that default will render him liable to the Commission for its
4 costs of collection and interest at the maximum legal rate.

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

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

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20 _____
21 MELVIN C. BANGLE

22 SUBSCRIBED AND SWORN TO before me this _____ day of _____, 1999.

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24 _____
25 Notary Public

26 My Commission Expires: