

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2
3 CARL J. KUNASEK
4 Chairman
5 JIM IRVIN
6 Commissioner
7 WILLIAM A. MUNDELL
8 Commissioner

6	In the matter of)	DOCKET NO. S-03439A-00-0000
7)	
8	TOWER EQUITIES, INC.)	NOTICE OF OPPORTUNITY FOR
9	8141 N. Main Street)	HEARING REGARDING PROPOSED
10	Dayton, Ohio 45415-1747)	ORDER OF REVOCATION AND FOR
11	CRD #16195)	OTHER AFFIRMATIVE ACTION
12)	
13	PHILIP A. LEHMAN)	
	Tower Equities, Inc.)	
	8141 N. Main Street)	
	Dayton, Ohio 45415-1747)	
	CRD #1345038,)	
)	
	Respondents.)	

14 **NOTICE: RESPONDENTS HAVE 10 DAYS TO REQUEST A HEARING**

15 The Securities Division (“Division”) of the Arizona Corporation Commission (“Commission”) alleges
16 that facts exist which warrant revocation of respondents’ Arizona registrations as securities dealer and salesman,
17 pursuant to the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* (“Securities Act”).

18 **I.**

19 **JURISDICTION**

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

22 **II.**

23 **RESPONDENTS**

24 2. TOWER EQUITIES, INC. (“TOWER EQUITIES”), is an Ohio corporation, the last known
25 address of which is 8141 N. Main Street, Dayton, Ohio 45415-1747. TOWER EQUITIES is a registered
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1 securities dealer in Arizona, and an investment adviser registered with the United States Securities and
2 Exchange Commission (the "SEC") since in or about 1988.

3 3. PHILIP A. LEHMAN, whose last known business address is that of TOWER EQUITIES, is
4 a registered securities salesman in Arizona and the sole shareholder, chairman, vice president and chief
5 compliance officer of TOWER EQUITIES.

6 **III.**

7 **FACTS**

8 4. On or about September 7, 2000, the SEC entered its order in Administrative Proceeding No.
9 3-10024 before the SEC. Among other things in the order, the SEC:

10 A. Suspended LEHMAN from association with any broker, dealer, investment adviser or
11 investment company for a period of nine months, effective on the second Monday following
12 entry of the order;

13 B. Ordered LEHMAN to cease and desist from committing or causing any violation of the
14 anti-fraud provisions of the federal securities laws or investment adviser law; and

15 C. Ordered TOWER EQUITIES to cease and desist from committing or causing any violation
16 of the anti-fraud provisions of the federal securities laws or investment adviser law.

17 5. The SEC order resulted from Offers of Settlement submitted by TOWER EQUITIES and
18 LEHMAN after public administrative proceedings and cease and desist proceedings had been commenced
19 against them by the SEC on September 22, 1999.

20 6. TOWER EQUITIES and LEHMAN neither admitted nor denied the findings of fact made by
21 the SEC in its order. The SEC found that TOWER EQUITIES and LEHMAN had willfully violated the
22 Securities Act of 1933, the Securities Exchange Act of 1934, and the Investment Advisers Act of 1940, in that
23 they made misrepresentations of material facts and omitted to state material facts to investors regarding several
24 offerings -- specifically, offerings of Tower Venture 97-A, Ltd., an Ohio limited liability company, Lifetime
25 Assets, LLC, an Ohio limited liability company of which LEHMAN was the president and managing partner,
26 Baylor/Gavic, LLC, an Ohio limited liability company of which LEHMAN was the president and managing

1 partner, and Wellington, LLC, an Ohio limited liability company of which LEHMAN was the president and
2 managing partner. From in or about February 1997 to in or about December 1998, TOWER EQUITIES and
3 LEHMAN raised a total of approximately \$16.5 million from their investment advisory clients for these four
4 issuers, according to the SEC's findings. The purported use of investment proceeds in each of the offerings was
5 "transactions" involving "traders" and European banks, which transactions could not, in fact, exist. TOWER
6 EQUITIES and LEHMAN told investors they could expect to earn returns of up to 100% on their investment
7 within 25 days, or an annualized rate of 1,440 percent, with minimal risk. In one of the offerings TOWER
8 EQUITIES and LEHMAN represented to investors that a portion of the proceeds would be used to purchase
9 viatical insurance policies for which investors could expect to earn a return of approximately 33% after one
10 year. However, TOWER EQUITIES and LEHMAN had no reasonable basis for this representation since they
11 had no agreement with any viatical company to purchase viatical insurance policies and had not conducted
12 adequate due diligence.

13 7. At all relevant times LEHMAN was a person controlling TOWER EQUITIES.

14 **IV.**

15 **REVOCATION PURSUANT TO A.R.S. § 44-1961**

16 **(Denial, Revocation or Suspension of Dealer Registration)**

17 8. RESPONDENT TOWER EQUITIES' conduct is grounds to revoke RESPONDENT'S
18 registration as a securities dealer with the Commission pursuant to A.R.S. § 44-1961. Specifically, TOWER
19 EQUITIES:

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VII.

HEARING OPPORTUNITY

RESPONDENTS may request a hearing pursuant to A.R.S. § 44-1972 and A.A.C. R14-4-306. A request must be in writing and received by the Commission within 10 business days after service of this Notice of Opportunity for Hearing. Each RESPONDENT must deliver or mail the request to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007. A Docket Control cover sheet must accompany the request. A cover sheet form and instructions may be obtained from Docket Control by calling (602) 542-3477 or on the Commission's Internet web site at www.cc.state.az.us/utility/forms/index.htm.

If a request for a hearing is timely made, the Commission shall schedule the hearing to begin 20 to 60 days from the receipt of the request unless otherwise provided by law, stipulated by the parties, or ordered by the Commission. If a request for a hearing is not timely made, the Commission may, without a hearing, enter an order against each RESPONDENT granting the relief requested by the Division in this Notice of Opportunity for Hearing.

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 Shelly M. Hood, ADA Coordinator, voice phone number 602/542-3931, e-mail shood@cc.state.az.us. Requests should be made as early as possible to allow time to arrange the accommodation.

Dated this _____ day of December, 2000.

Mark Sendrow
Director of Securities