

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 WILLIAM A. MUNDELL

Chairman

3 JIM IRVIN

Commissioner

4 MARC SPITZER

Commissioner

5 In the matter of:

) Docket No. S-03491A-02-0000

6 AMERICAN NATIONAL MORTGAGE)
7 PARTNERS, L.L.C.)

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

8 15021 N. 74th Street, Suite 100)
9 Scottsdale, Arizona 85260)

10 SECURA INNOVATIVE INVESTMENT,)
11 INC.)

12 15021 N. 74th Street, Suite 100)
13 Scottsdale, Arizona 85260)

14 SECURA MORTGAGE MANAGEMENT,)
15 L.L.C.)

16 15021 N. 74th Street, Suite 100)
17 Scottsdale, Arizona 85260)

18 CASH FLOW UNIVERSITY, INC.)

19 15021 N. 74th Street, Suite 100)
20 Scottsdale, Arizona 85260)

21 SECURA FUND ARIZONA, L.L.C.)

22 15021 N. 74th Street, Suite 100)
23 Scottsdale, Arizona 85260)

24 LARRY WILLIAM DUNNING and SHEILA)

25 DUNNING, husband and wife)

26 5635 E. Lincoln Dr., #23)

Paradise Valley, Arizona 85253-4121)

PHIL VIGARINO and JANE DOE)

VIGARINO, husband and wife)

15021 N. 74th Street, Suite 100)
Scottsdale, Arizona 85260)

ROBERT K. REHM)

15021 N. 74th Street, Suite 100)
Scottsdale, Arizona 85260)

1 MARK KESLER and JANE DOE KESLER,)
 husband and wife)
 2 10783 W. Encanto Blvd)
 Avondale, Arizona 85323)
 3)
 FRANK CASPARE and GAIL CASPARE,)
 4 husband and wife)
 27 Taconic)
 5 Millwood, NY 10546-1125)
 6 Respondents.)
 _____)
 7)

8

9 **NOTICE: THIS ORDER IS EFFECTIVE IMMEDIATELY**

10 **EACH RESPONDENT HAS 20 DAYS TO REQUEST A HEARING (See IX)**

11 **EACH RESPONDENT HAS 30 DAYS TO FILE AN ANSWER (See X)**

12 The Securities Division (“Division”) of the Arizona Corporation Commission

13 (“Commission”) alleges that Respondents AMERICAN NATIONAL MORTGAGE PARTNERS,

14 L.L.C., SECURA INNOVATIVE INVESTMENT, INC., SECURA MORTGAGE

15 MANAGEMENT, L.L.C., CASH FLOW UNIVERSITY, INC., SECURA FUND ARIZONA,

16 L.L.C., LARRY WILLIAM DUNNING, PHIL VIGARINO, ROBERT K. REHM, MARK

17 KESLER and FRANK CASPARE engaged in or are about to engage in acts and practices that

18 constitute violations of A.R.S. § 44-1801, *et seq.*, the Arizona Securities Act (“Securities Act”) and

19 that the public welfare requires immediate action.

20 **I.**

21 **JURISDICTION**

22 1. The Commission has jurisdiction over this matter pursuant to Article XV of the

23 Arizona Constitution and the Securities Act.

24 ...

25 ...

26 ...

**II.
RESPONDENTS**

1
2 2. AMERICAN NATIONAL MORTGAGE PARTNERS, L.L.C. (“ANMP”) whose
3 last known business address is 15021 N. 74th Street, Suite 100, Scottsdale, Arizona 85260, is an
4 Arizona limited liability company (“L.L.C.”) formed on January 3, 2002. As of April 10, 2002,
5 ANMP is registered with the Arizona State Banking Department as a mortgage banker.

6 3. SECURA INNOVATIVE INVESTMENT, INC. (“SIII”) whose last known business
7 address is 15021 N. 74th Street, Suite 100, Scottsdale, Arizona 85260, was incorporated in Arizona
8 on January 22, 2002.

9 4. SECURA MORTGAGE MANAGEMENT, L.L.C. (“SMM”) whose last known
10 business address is 15021 N. 74th Street, Suite 100, Scottsdale, Arizona 85260, is an Arizona limited
11 liability company, formed on January 30, 2002. On June 19, 2002, SMM became registered with
12 the Arizona State Banking Department as a mortgage banker. SMM is a wholly owned subsidiary
13 of SIII.

14 5. CASH FLOW UNIVERSITY, INC. (“CASH”) whose last known business address
15 is 15021 N. 74th Street, Suite 100, Scottsdale, Arizona 85260, was incorporated in Arizona on
16 February 11, 2002. CASH paid for the ANMP advertisements soliciting investments that ran in the
17 Arizona Republic newspapers.

18 6. SECURA FUND ARIZONA, L.L.C. (“SFA”) whose last known business address is
19 15021 N. 74th Street, Suite 100, Scottsdale, Arizona 85260, is an Arizona Limited Liability
20 Company formed on March 11, 2002. SFA is managed by SMM. SFA filed an intra-state
21 registration on March 15, 2002. The registration is pending.

22 7. LARRY WILLIAM DUNNING (“DUNNING”) whose last known home address is
23 5635 E. Lincoln Dr., #23, Paradise Valley, Arizona 85253-4121, was at all relevant times
24 associated in varying capacities with ANMP, SII, SMM, CASH, and SFA. DUNNING solicited
25 investors in investments offered by ANMP and SFA. DUNNING is represented to offerees as
26 being a principal in CASH.

1 8. SHEILA DUNNING is the wife of DUNNING. SHEILA DUNNING is joined in
2 this action under A.R.S. § 44-2031(C) solely for purposes of determining the liability of the
3 marital community.

4 9. At all times relevant to this action, DUNNING and SHEILA DUNNING acted for
5 their own benefit and for the benefit or in furtherance of the marital community.

6 10. PHIL VIGARINO (“VIGARINO”) whose last known business address is 15021 N.
7 74th Street, Suite 100, Scottsdale, Arizona 85260, was at all relevant times the president and director
8 of United Equity Holdings, Inc. VIGARINO also acted as a salesperson for ANMP and SFA.

9 11. JANE DOE VIGARINO, is the wife of VIGARINO. JANE DOE VIGARINO is
10 joined in this action under A.R.S. § 44-2031(C) solely for purposes of determining the liability of
11 the marital community.

12 12. At all time relevant to this action, VIGARINO and JANE DOE VIGARINO acted
13 for their own benefit and for the benefit or in furtherance of the marital community.

14 13. ROBERT K. REHM (“REHM”) whose last known business address is 15021 N. 74th
15 Street, Suite 100, Scottsdale, Arizona 85260, was at all relevant times the chairman of the board of
16 SII. SII is the parent company of SMM who is the manager of SFA. REHM and FRANK
17 CASPARE were members of an L.L.C. that was the sole member of Creative Financial Funding,
18 L.L.C.

19 14. MARK KESLER (“KESLER”) whose last known home address is 10783 W.
20 Encanto Blvd Avondale, Arizona 85323, was at all relevant times the chief executive officer and
21 director of United Equity Holdings, Inc. KESLER also acted as a sales person for ANMP and
22 SFA.

23 15. JANE DOE KESLER is the wife of KESLER. JANE DOE KESLER is joined in
24 this action under A.R.S. § 44-2031(C) solely for purposes of determining the liability of the
25 marital community
26

1 Federal Financial Corporation, Paul J. Meka, DUNNING, REHM, Tom Gaffney and Derreck
2 Manteau (“Creative Respondents”). Creative Respondents were advertising investment
3 opportunities in local newspapers and conducting seminars. The Creative Respondents offered and
4 sold notes and used the funds to lend money to borrowers who collateralized the loans with real
5 property.

6 26. On November 8, 2001, U.S. Federal Financial Corporation, Tom Gaffney and
7 Derreck Manteau (“U.S. Federal Action”) entered into a consent with the Commission. U.S.
8 Federal Financial Corporation, Tom Gaffney and Derreck Manteau agreed to cease and desist from
9 the offer and sale of securities in violation of the Arizona Securities Act, pay restitution of \$1,000
10 and an administrative penalty of \$2,500.

11 27. On March 25, 2002, Creative Financial Funding, L.L.C., American Money Power,
12 Inc. dba Money Power, Federal Capital, L.L.C., Corporate Fiducial Services, Inc., Paul J. Meka
13 and DUNNING (“Creative Action”) entered into a cease and desist order with the Commission. In
14 the Creative Action the Respondents agreed to cease and desist from future violations of the
15 Arizona Securities Act, pay restitution in the amount of \$7.9 million to be paid pursuant to the
16 terms of the notes and administrative penalties. Creative Financial Funding, L.L.C., American
17 Money Power, Inc. dba Money Power, Federal Capital, L.L.C. and Corporate Fiducial Services,
18 Inc. agreed to jointly and severally pay \$25,000. DUNNING paid a \$10,000 administrative penalty
19 and Paul J. Meka paid a \$5,000 administrative penalty.

20 28. On March 25, 2002, the Division filed a Motion to Withdraw the Temporary Cease
21 and Desist Order against REHM. It was approved on March 26, 2002.

22
23 **BACKGROUND CURRENT ACTION**
UNITED EQUITY HOLDINGS, INC.

24 29. In or about January of 2002, United Equity Holdings, Inc. (“United Equity”) was
25 incorporated in Arizona. Also in January of 2002, United Equity Holdings was registered as a
26 trade name in Arizona.

1 For instance, (1) VIGARINO stated that everyone in RESPONDENT ENTITIES office building
2 came from Creative although no new business is conducted in Creative 's name; (2) VIGARINO
3 explained that the Creative name was not going to be used anymore because RESPONDENT
4 ENTITIES wanted to be a national company; (3) KESLER explained that he obtained an offerees'
5 name through United Equity; and (4) KESLER explained that Secura paid for the United Equity
6 advertisements and therefore, if an offeree called on the United Equity advertisement, Secura was
7 able to contact that person.

8 36. KESLER described the Secura offer as involving funding "really good" loans,
9 including a loan to a borrower who never missed a payment in three years.

10 37. Like the Creative and U.S. Federal offers , RESPONDENTS describe the essential
11 elements of the current offers as follows: (1) RESPONDENTS find investors, through advertising
12 and word of mouth; (2) RESPONDENTS find potential borrowers who have real estate that can act
13 as collateral for a loan; (3) RESPONDENTS put the investor and the borrower together; (4) the
14 borrowers then provide real estate as collateral and the collateral is always sufficient to cover the
15 loan in the event of default of the borrower; (5) the borrower quit claims the real estate to an entity
16 controlled by RESPONDENTS to secure the loan obligation; (6) the investors are reflected as
17 having a beneficial interest in the real estate securing the loan obligation; (7) RESPONDENT
18 ENTITIES make their money through the fees that are charged to the borrower; (8) investors
19 receive the interest payments made by the borrower through the RESPONDENT ENTITIES; and
20 (9) in the event of default of the borrower the RESPONDENTS will foreclose on the real estate and
21 any proceeds from the ultimate sale will pay off the investments.

22 38. In or about May of 2002, ANMP began offering the above described investment
23 program to the public. The offering documents, once again are virtually identical to the Money
24 Power brochure that was authored by DUNNING. Money Power was an entity named in the
25 Creative Action and was ordered to cease and desist by the Commission.

26

1 39. RESPONDENTS mailed letters to prior investors in the Creative Action. The letter
2 stated the individuals could increase their net worth by \$100,000 and increase their income by
3 about \$20,000 per year. The letter also stated that Creative is now using the business names of
4 ANMP and SMM. The letter also disclosed that ANMP and SMM filed a \$15,000,000 intrastate
5 offering under the name of SFA. The letter was signed by VIGARINO and KESLER for ANMP
6 and SMM.

7 40. In about May of 2002, advertisements for ANMP began and have continued through
8 the date of this Order. The newspaper advertisements include the following: “earn 20% annually,”
9 “invest with confidence,” “secured” and “high return doesn’t always mean high risk.” The invoices
10 for the advertisements are billed to CASH. DUNNING used his credit card to pay for some of the
11 advertisements. KESLER represented that DUNNING was a principal of CASH. KESLER
12 explained that CASH is a “seminar program that educates people on deeds and mortgages etc.”

13 41. When potential investors respond to the advertisements for ANMP, RESPONDENT
14 INDIVIDUALS state that another program will begin in about a month that will accept a minimum
15 of \$1,000 investment. The new program is SFA, an intra-state offering. When an investor invests in
16 SFA, the funds are placed into a pool. RESPONDENTS will decide which loans to fund and the
17 interest rate to charge the borrower. Investors are free to invest in either ANMP or SFA. Both the
18 ANMP and SFA investments are essentially the same as that described in paragraph 37 above.

19 42. VIGARINO, KESLER and DUNNING have all offered the ANMP and SFA
20 investment programs.

21 43. VIGARINO gave an example of a recent foreclosure of an office building in Tempe,
22 Arizona. VIGARINO stated that RESPONDENTS former business address was an office building
23 worth \$1.5 million. According to VIGARINO they worked out of the building for about six
24 months and then sold the building. VIGARINO represented that “nobody lost a dime of money”
25 and that everyone was paid off.

26

1 44. According to Maricopa County records, the building is still in the name of
2 Corporate Fiducial Services, Inc. one of the named Respondents in the Creative Action. The
3 investors did not receive a cash payout on their investment. Instead, the investors still hold
4 promissory notes but with a different borrower.

5 45. RESPONDENTS have consistently explained that ANMP and SFA investments
6 were not risky because the investment is secured by real estate. RESPONDENTS state there is a
7 common misunderstanding that the higher the return the higher the risk. RESPONDENT
8 INDIVIDUALS state that is not true. The ANMP advertisements claim that high returns do not
9 always mean high risk.

10 46. Although RESPONDENT ENTITIES have been in existence only a short time,
11 RESPONDENT ENTITIES' salespeople represent that they have had the same client for years.
12 VIGARINO claims to have been with ANMP for a year and a half when in fact the business is only
13 a few months old. VIGARINO represents that he works with someone who has been doing this
14 program for twenty years, who is DUNNING.

15 47. RESPONDENT INDIVIDUALS represented that if they do not provide offerees all
16 the facts, then they can get in trouble. Although Creative's name is mentioned many times, no
17 RESPONDENT fail to disclose the Commission's Order against Creative.

18 48. On or about March 15, 2002, SFA filed registration documents for an intra-state
19 offering. According to the documents, SFA is managed by SMM. The offering documents explain
20 that SMM is a wholly owned subsidiary of SIII.

21 49. When offerees and investors contact ANMP regarding the advertisements in the
22 newspaper, RESPONDENTS offer the opportunity to invest in the intra-state offering in addition
23 to, the ANMP offering. Although the documents have been filed with the Division, the offering has
24 not been approved for registration.

25 50. RESPONDENTS' current investment programs are nothing more than a
26 continuation of the prior offering that the Commission ordered terminated and have continued to

1 violate the Securities Act. The RESPONDENT INDIVIDUALS have ignored the Commission's
2 Order.

3 **IV.**
4 **VIOLATION OF A.R.S. § 44-1841**
5 **(Offer and Sale of Unregistered Securities)**

6 51. From on or about March of 2002 through the present, RESPONDENTS offered or sold
7 securities in the form of notes, investment contracts and/or evidence of indebtedness , within or from
8 Arizona

9 52. The securities referred to above were not registered pursuant to Articles 6 or 7 of the
10 Securities Act.

11 53. This conduct violates A.R.S. § 44-1841.

12 **V.**
13 **VIOLATION OF A.R.S. § 44-1842**
14 **(Transactions by Unregistered Dealers or Salesmen)**

15 54. RESPONDENTS offered or sold securities within or from Arizona while not
16 registered as dealers or salesmen pursuant to Article 9 of the Securities Act.

17 55. This conduct violates A.R.S. § 44-1842.

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

21 56. In connection with the offer or sale of securities within or from Arizona,
22 RESPONDENTS directly or indirectly: (i) employed a device, scheme or artifice to defraud; (ii) made
23 untrue statements of material fact or omitted to state material facts which were necessary in order to
24 make the statements made not misleading in light of the circumstances under which they were made;
25 or (iii) engaged in transactions, practices or courses of business which operated or would operate as a
26 fraud or deceit upon offerees and investors. RESPONDENTS' conduct includes, but is not limited to,
the following:

- 1 a) RESPONDENTS failed to disclose to offerees and investors that the predecessor
2 companies and some named individuals were subject to an Order of the Commission.
3 b) RESPONDENTS failed to disclose to offerees and investors that the SFA program
4 has not been approved for sale in Arizona by the Arizona Corporation Commission,
5 Securities Division and are not able to offer and sell the program until such
6 application is approved.
7 c) RESPONDENTS misrepresented to offerees and investors that a recent foreclosure
8 had taken place on collateral securing one of the loans and that all the investors were
9 paid back and no one lost any money, when in fact, the property was sold in
10 exchange for another promissory note.

11 57. This conduct violates A.R.S. § 44-1991.

12 58. RESPONDENTS DUNNING, REHM and CASPARE are directly or indirectly
13 control persons within the meaning of A.R.S. § 44-1999. Therefore, DUNNING, REHM and
14 CASPARE are liable to the same extent as the controlled persons for their violations of A.R.S. § 44-
15 1991.

16 59. RESPONDENTS DUNNING, REHM and CASPARE made, participated in or
17 induced the sale of securities within the meaning of A.R.S. § 44-2003(A). Therefore,
18 RESPONDENTS DUNNING, REHM and CASPARE are jointly and severally liable for the above
19 violations of A.R.S. §§ 44-1841, 44-1842 and 44-1991.

20 **VII.**
21 **TEMPORARY ORDER**
22 **Cease and Desist from Violating the Securities Act**

23 THEREFORE, based on the above allegations, and because the Division has determined that
24 the public welfare requires immediate action,

25 IT IS ORDERED, pursuant to A.R.S. §§ 44-2032 and A.A.C. R14-4-307, that
26 RESPONDENTS, their agents, servants, employees, successors, assigns, and those persons in active
concert or participation with them CEASE AND DESIST from any violations of the Securities Act.

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 this Order shall be effective immediately.

4 **VIII.**
5 **REQUESTED RELIEF**

6 The Division will request that the Commission grant the following relief against
7 RESPONDENTS:

8 1. Order RESPONDENTS to permanently cease and desist from violating the
9 Securities Act, pursuant to A.R.S. § 44-2032 ;

10 2. Order RESPONDENTS to take affirmative action to correct the conditions resulting
11 from their acts, practices or transactions, including a requirement to make restitution pursuant to
12 A.R.S. § 44-2032;

13 3. Order RESPONDENTS to pay the state of Arizona administrative penalties of up to
14 five thousand dollars (\$5,000) for each violation of the Securities Act, pursuant to A.R.S. § 44-2036;

15 4. Order that the marital communities of DUNNING and SHEILA DUNNING,
16 VIGARINO and JANE DOE VIGARINO, KESLER and JANE DOE KESLER and CASPARE
17 and GAIL CASPARE be subject to any order of restitution, rescission, administrative penalties, or
18 other appropriate affirmative action, pursuant to A.R.S. § 25-215; and

19 5. Order any other relief that the Commission deems appropriate.

20 **IX.**
21 **HEARING OPPORTUNITY**

22 RESPONDENTS, including RESPONDENT SPOUSES, may request a hearing pursuant to
23 A.R.S. § 44-1972 and A.A.C. Rule 14-4-307. If any RESPONDENT or RESPONDENT SPOUSE
24 requests a hearing, the RESPONDENT or RESPONDENT SPOUSE must also answer this
25 Temporary Order and Notice. (See X.) A request for hearing must be in writing and received by the
26 Commission within 20 days after service of this Temporary Order to Cease and Desist. Each
RESPONDENT or RESPONDENT SPOUSE must deliver or mail the request for hearing to Docket

1 Control, Arizona Corporation Commission, 1200 West Washington, Phoenix, Arizona 85007. A
2 Docket Control cover sheet must also be filed with the request for hearing. A cover sheet form and
3 instructions may be obtained from Docket Control at (602) 542-3477 or on the Commission's
4 Internet web site at www.cc.state.Arizona.us/utility/forms/index.htm.

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

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

15 Persons with a disability may request a reasonable accommodation such as a sign language
16 interpreter, as well as request this document in an alternative format, by contacting Shelly M.
17 Hood, Executive Assistant to the Executive Secretary, voice phone number 602/542-3931, e-mail
18 shood@cc.state.Arizona.us. Requests should be made as early as possible to allow time to arrange
19 the accommodation.

20 **X.**
21 **ANSWER REQUIREMENT**

22 Pursuant to A.A.C. R14-4-305, if any RESPONDENT or RESPONDENT SPOUSE, requests
23 a hearing, within 30 calendar days after the date of service of this Temporary Order to Cease and
24 Desist and Notice of Opportunity for Hearing, RESPONDENTS and RESPONDENT SPOUSES
25 must deliver or mail an answer to this Temporary Order and Notice to Docket Control, Arizona
26 Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007. A Docket Control
cover sheet must accompany the answer. A cover sheet form and instructions may be obtained

1 from Docket Control by calling (602) 542-3477 or on the Commission's Internet web site at
2 www.cc.state.Arizona.us/utility/forms/index.htm.

3 Additionally, RESPONDENTS and RESPONDENT SPOUSES must serve the answer upon
4 the Division. Pursuant to A.A.C. R14-4-303, service upon the Division may be made by mailing
5 or by hand-delivering a copy of the Answer to the Division at 1300 West Washington, 3rd Floor,
6 Phoenix, Arizona, addressed to Wendy Coy.

7 The answer shall contain an admission or denial of each allegation in this Temporary Order and
8 Notice and the original signature of RESPONDENTS, RESPONDENT SPOUSES or the
9 RESPONDENT'S attorney. A statement of a lack of sufficient knowledge or information shall be
10 considered a denial of an allegation. An allegation not denied shall be considered admitted.

11 When RESPONDENTS and RESPONDENT SPOUSES intend in good faith to deny only a
12 part or a qualification of an allegation, RESPONDENTS and RESPONDENT SPOUSES shall
13 specify that part or qualification of the allegation and shall admit the remainder. RESPONDENTS
14 and RESPONDENT SPOUSES waive any affirmative defense not raised in the answer.

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

17 BY ORDER OF THE ARIZONA CORPORATION COMMISSION, this _____ day of
18 _____, 2002.

19 _____
20 Mark Sendrow
21 Director of Securities