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

The Securities Division (“Division”) of the Arizona Corporation Commission (“Commission”) alleges that Respondents have engaged in acts, practices and transactions, which constitute violations of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.*, (“Securities Act”).

**I.  
JURISDICTION**

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

**II.  
RESPONDENTS**

2. NETGO, INC. (“NETGO”), whose last known address is 4300 N. Miller Road, Suite 230, Scottsdale, AZ 85251, is an Arizona corporation.

3. SDIC, PARTNERSHIP (“SDIC”) whose last known address is 4300 N. Miller Road, Suite 230, Scottsdale, AZ 85251, is a South Dakota partnership, headquartered in Scottsdale, Arizona.

4. CAMELBACK LTD. (“CAMELBACK”), is a Turks and Caicos corporation, doing business at 4300 N. Miller Road, Suite 230, Scottsdale, AZ 85251.

5. NEIL DAVID LEWIS (“LEWIS”), whose last known address is 7680 East Mariposa, Scottsdale, AZ, is president of NETGO and general partner of SDIC.

6. M-CORP INTERNATIONAL (“M-CORP.”) is a dba of RESPONDENT NORMAN MICHAEL MILLER, who is located 5221 Southern Hills, Frisco, Texas 75034.

7. M-CORP INTERNATIONAL, LTD. (“MCIL”) is a Turks and Caicos corporation, located at 5221 Southern Hills, Frisco, Texas 75034.

8. NORMAN MICHAEL MILLER (“MILLER”) whose last known address is 5221 Southern Hills, Frisco, Texas 75034, is the “Registered Agent” of MCIL pursuant to a power of attorney.

9. The respondents may be collectively referred to as “RESPONDENTS”.

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**III.**  
**FACTS.**

10. From on or about April 15, 1996 through present, RESPONDENTS offered for sale and sold interests in SDIC and CAMELBACK within or from Arizona to investors. The offering materials indicated that the invested funds were to be pooled and used in a program directed by RESPONDENTS alleged to create very high profits. At present, RESPONDENTS have obtained funds from at least 100 investors, in the principal amount of at least \$2,156,000.

11. LEWIS created a marketing organization known as International Mergers and Acquisitions (“IMA”). IMA recruits members for a fee. Once a person becomes a member of IMA, it can attend training seminars and obtain referrals for work in the area of the members’ expertise. The referrals come from other IMA representatives or through LEWIS. IMA alleges that it has at least 55 members throughout the world.

12. RESPONDENTS sent numerous materials regarding investment programs to IMA members. The materials regarding the investments stated that all investors’ funds would be completely safe, with a guaranteed rate of return, as the funds would be backed by a guarantee from a “Prime Bank.” The materials stated that those funds would remain in a bank or brokerage account and be used to generate a line of credit that would then be traded, returning profits. The materials claimed that the investor had no risk and would be in control of their investment at all times. RESPONDENTS claimed that due to weekly trading and compounding, returns would start at 60%. RESPONDENTS called the program a Credit Enhancement Loan Program, although these programs were also known as roll programs or prime bank loan programs.

13. Between April 1996 and June 18, 1996, SDIC and LEWIS had raised \$300,000 from members of IMA to invest in a high return loan program. Subsequently, on September 25, 1996, SDIC and LEWIS placed the \$300,000 in funds into another alleged high return loan program. SDIC and LEWIS promised investors that there would be a 100% annual return, with collateral of 110% invested

1 in "U.S. Treasuries." SDIC and LEWIS also promised that the funds would be deposited with "a major  
2 accounting firm." MILLER also joined in that program, and assisted SDIC and LEWIS in arranging the  
3 investment. On October 16, 1996, SDIC, LEWIS and MILLER wired \$300,000 from the bank  
4 account in Arizona to a Texas bank to invest in a prime bank program. On July 30, 1997, SDIC and  
5 LEWIS requested that the \$300,000 be returned. The funds were then refunded to SDIC.

6 14. MILLER then suggested that SDIC and LEWIS join in another high yield investment  
7 program. SDIC signed a "Private Placement Agreement" with MCIL on July 29, 1997. MILLER  
8 signed on behalf of MCIL as its Registered Agent.

9 15. MILLER appeared at IMA meetings in 1997 and 1998 which he discussed the program  
10 and informed the potential investors about it. MILLER informed investors that there was no risk to any  
11 principal invested in the program. He informed investors that the money already invested was held in  
12 Certificates of Deposit and were pledged as collateral in the program.

13 16. SDIC, LEWIS, MILLER, MCIL and M-CORP. put the \$300,000 they had raised  
14 from investors into that program, plus \$200,000 more that RESPONDENTS had solicited from  
15 investors. RESPONDENTS informed investors that they were "piggy-backed" with a \$650,000,000  
16 investor. LEWIS informed investors that the program would continue until January or February 1999.  
17 RESPONDENTS then sent a report to the investors promising that the \$300,000 invested, if  
18 compounded, would yield \$164,829,450 in one year.

19 17. LEWIS formed NETGO in 1998. It ostensibly was created to replace LEWIS as an  
20 investment administrator for the prime bank scheme. NETGO allegedly had the SDIC investors issue  
21 powers of attorney to it to act as the administrator of the investment and the investment proceeds.  
22 Some of the money for the scheme went through the NETGO bank account.

23 18. SDIC, LEWIS, MILLER, NETGO, MCIL and M-CORP. continued to raise money  
24 from investors. Between December 15, 1997 and April 13, 1998, RESPONDENTS raised  
25 \$1,659,000 from investors, many of whom were members of IMA or referred by other IMA members.  
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1 That sum was deposited in SDIC and NETGO bank accounts, and then wired to a M-CORP. bank  
2 account in Texas. From that account, the funds were wired to a foreign bank account.

3 19. On April 13, 1998, SDIC and LEWIS entered into an Amendment to the Private  
4 Placement Agreement with MCIL, with MILLER signing as the “Registered Agent” of MCIL,  
5 acknowledging that SDIC had now put \$2,159,000 into the program.

6 20. Investors then received materials from RESPONDENTS and signed an agreement,  
7 amending their previous agreement described *supra*, that stated:

8 “The sole business objective of the Agreement [with MCIL] is the investment of funds  
9 into a high yield trading program involving the trading of instruments of U.S.  
10 Government Security. The Security is a 90-day Treasury Bill that will be for the  
11 principal amount of the funds, plus twenty-percent (20%).” The agreement went on to  
12 state, “Participant shall be entitled, on a best efforts basis, to receive a projected profit  
13 yield based on the [amount] invested which will be utilized with the other S.D.I.C.  
14 Partnership funds to purchase 90-day U.S. Treasuries as follows:

15 Each transaction (contract) shall be for 120% of the principal amount in 90-day  
16 Treasury Bills, which will be immediately liquidated on a discount yield to maturity basis  
17 for 96.5%. 50% of the profit yield will be retained by S.D.I.C. Partnership and utilized  
18 along with the principal into another contract. The profit yields and principal will be  
19 compounded into approximately 40 contracts over a 12-month period. (NOTE: the  
20 other 50% will go to the Facilitator/Program.)”

21 21. RESPONDENTS sent out weekly updates to program members, informing them that  
22 they were receiving a return of 9.67% per contract. Each contract lasted one week according to the  
23 reports to investors. RESPONDENTS stated that the investment was receiving an annualized return of  
24 over 500% per annum.

25 22. In December 1998, RESPONDENTS proposed that the investors exchange their  
26 partnership interests in SDIC to stock interests in CAMELBACK. RESPONDENTS were told that to

1 remain with the program they had to become a CAMELBACK stockholder, otherwise their principal  
2 would be returned to them. The investors were also told that the \$2,159,000 invested in SDIC was now  
3 worth over \$96,000,000. All investors then agreed that their partnership interests in SDIC would be  
4 exchanged for stock in CAMELBACK.

5 23. According to LEWIS, all communication of the program came through MILLER,  
6 including the location of the funds, allegedly somewhere in Europe, the bank involved, which LEWIS  
7 claimed was unknown by him, and the returns. RESPONDENTS in turn disseminated this information to  
8 the investors. According to the information that RESPONDENTS have disseminated, the investors  
9 have received astronomical returns. No investor has received any actual principal or profit since this  
10 program began in 1997. No investor has received any documentation sufficient to independently verify  
11 the returns actually exist.

12 24. In 2001, LEWIS filed a lawsuit against MILLER. Subsequent to the lawsuit, he solicited  
13 funds from the investors, ostensibly to fund the lawsuit. Upon information and belief, he informed investors  
14 that those investors who provided him with those additional funds would receive priority in any recovery  
15 from the investment and/or the lawsuit.

16 25. MILLER was convicted in Texas in 1991 of securities fraud and theft. He did not inform  
17 investors of his criminal record.

#### 18 IV.

#### 19 VIOLATION OF A.R.S. § 44-1841

#### 20 (Offer or Sale of Unregistered Securities)

21 1. From on or about 1997, RESPONDENTS offered or sold securities in the form of  
22 investment contracts, within or from Arizona.

23 2. The securities referred to above were not registered pursuant to the provisions of Articles  
24 6 or 7 of the Securities Act.

25 3. This conduct violates A.R.S. § 44-1841.

#### 26 V.

**VIOLATION OF A.R.S. § 44-1842**

**(Transactions by Unregistered Dealers or Salesmen)**

4. RESPONDENTS offered or sold securities within or from Arizona, while not registered as dealers or salesmen pursuant to the provisions of Article 9 of the Securities Act.

5. This conduct violates A.R.S. § 44-1842.

**VI.**

**VIOLATION OF A.R.S. § 44-1991**

**(Fraud in Connection with the Offer or Sale of Securities)**

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

- a) RESPONDENTS made the untrue statement that there was a trading market for discounted debt instruments from major banks that generated very high profits with no risk to the investor, while in fact no such market exists;
- b) RESPONDENTS made the untrue statement that investor funds would be held in escrow or in Certificates of Deposit for safekeeping until transfer to the trading bank, while in fact funds were misused for other purposes;
- c) RESPONDENTS misrepresented the risk of the program to investors;
- d) RESPONDENTS made untrue statements as to the return that investors could expect from their investments.
- e) RESPONDENTS failed to disclosed MILLER's criminal history for securities fraud and theft.



