

## STATE OF ARIZONA CORPORATION COMMISSION

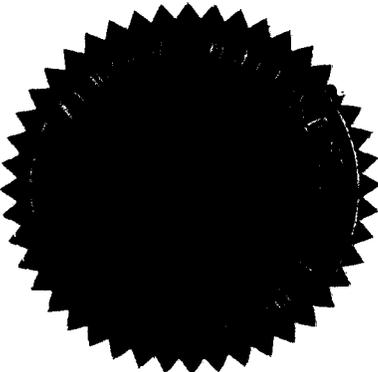
### To all to Whom these Presents shall Come Greeting:

I, BRIAN C. MCNEIL, EXECUTIVE SECRETARY OF THE ARIZONA CORPORATION COMMISSION, DO HEREBY CERTIFY THAT

The attached is a true, complete and correct copy of the ORDER TO CEASE AND DESIST, ORDER OF RESTITUTION, ORDER FOR ADMINISTRATIVE PENALTIES AND CONSENT TO SAME BY: DAVID NUTTER and NORTH AMERICAN INSURANCE SERVICES, L.L.C. as issued by this Commission on May 1, 2002, in DOCKET NO. S-03463A-01-0000, bearing Decision No. 64784, IN THE MATTER OF: \_\_\_\_\_

David Nutter

North American Insurance Services, L.L.C.



**IN WITNESS WHEREOF**, I HAVE HEREUNTO SET MY HAND AND AFFIXED THE OFFICIAL SEAL OF THE ARIZONA CORPORATION COMMISSION, AT THE CAPITOL, IN THE CITY OF PHOENIX, THIS 22nd DAY OF SEPTEMBER 2004 A.D.

EXECUTIVE SECRETARY

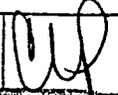
Decision

BEFORE THE ARIZONA CORPORATION COMMISSION

WILLIAM A. MUNDELL  
Chairman  
JIM IRVIN  
Commissioner  
MARC SPITZER  
Commissioner

Arizona Corporation Commission  
**DOCKETED**

MAY 01 2002

DOCKETED BY 

In the matter of )  
DAVID NUTTER )  
CRD #2346911 )  
336 W. Lamar Road )  
Phoenix, Arizona 85013 )  
NORTH AMERICAN INSURANCE SERVICES, )  
L.L.C. )  
8024 N. 24<sup>th</sup> Avenue, Suite 301 )  
Phoenix, Arizona 85021, )  
Respondents. )

DOCKET NO. S-03463A-01-0000

DECISION NO. 64784

**ORDER TO CEASE AND DESIST,  
ORDER OF RESTITUTION, ORDER  
FOR ADMINISTRATIVE PENALTIES,  
AND CONSENT TO SAME  
BY: DAVID NUTTER and NORTH  
AMERICAN INSURANCE SERVICES,  
L.L.C.**

DAVID NUTTER ("NUTTER") and NORTH AMERICAN INSURANCE SERVICES, L.L.C. ("NORTH AMERICAN") (collectively "RESPONDENTS") elect to permanently waive their right to a hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801, *et seq.* ("Securities Act") with respect to this Order To Cease And Desist, Order Of Restitution, Order For Administrative Penalties And Consent To Same ("Order"). RESPONDENTS admit the jurisdiction of the Arizona Corporation Commission ("Commission"); admit, only for purposes of this proceeding, the Findings of Fact and Conclusions of Law contained in this Order; and consent to the entry of this Order by the Commission.

I.

**FINDINGS OF FACT**

1. Beginning in December of 1997, RESPONDENTS offered and sold promissory notes to at least 16 people who invested at least \$750,000. The promissory notes were from one to

1 three years in duration and paid an annual interest rate of 10% to 12%. RESPONDENTS have  
2 repaid approximately \$150,000 of principal and interest as scheduled. As of the date of the  
3 Notice in this matter, RESPONDENTS owe 12 people approximately \$613,000. The due dates  
4 on the notes go through 2004.

5 2. RESPONDENTS borrowed funds from their clients and issued promissory notes with  
6 the term of the notes and the interest rate of the notes varying depending upon the client. The notes  
7 state that they were secured by the assets and accounts receivable of NORTH AMERICAN and  
8 NUTTER as its managing member. RESPONDENTS did not provide any financial information to  
9 clients regarding the assets and accounts receivable of NORTH AMERICAN.

10 3. NUTTER stated that the funds were used to continue the business while he attended  
11 educational seminars to expand the options for his clients. Specifically, NUTTER stated that the  
12 funds were used to pay for the seminars, traveling to the seminars, and to make up for the lost  
13 commissions while he was in training.

14 4. RESPONDENTS did not clearly disclose to investors the true purpose of the loans. At  
15 least one investor believed the funds were to be used to purchase businesses that were going out of  
16 business and RESPONDENTS borrowed the needed funds from their clients instead of the bank.  
17 Most investors do not know how their funds were to be used.

## 18 II.

### 19 CONCLUSIONS OF LAW

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

22 2. RESPONDENTS offered or sold securities within or from Arizona, within the meaning  
23 of A.R.S. §§ 44-1801(15), 44-1801(21), and 44-1801(26).

24 3. RESPONDENTS violated A.R.S. § 44-1841 by offering or selling securities that were  
25 neither registered nor exempt from registration.

26



1 necessary by the Director of Securities. The Division will be able to conduct the examinations until  
2 the restitution and administrative penalty outlined in this Order are paid in full.

3 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that RESPONDENTS shall,  
4 jointly and severally, pay restitution to investors shown on the records of the Commission in the  
5 amount of \$613,000, plus interest in the approximate amount of \$177,300.00 at the rate of the  
6 issued promissory notes from the date of each investment until paid in full. Payment shall be made  
7 by cashier's check or money order payable to the "State of Arizona" to be placed in an interest-  
8 bearing account maintained and controlled by the Arizona Attorney General. The Arizona  
9 Attorney General shall disburse the funds on a pro rata basis to investors. If all investors are paid  
10 in full, any excess funds shall revert to the state of Arizona. Payment shall be made in full by  
11 cashier's check or money order on the date of this Order.

12 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that RESPONDENTS shall  
13 jointly and severally pay an administrative penalty in the amount of \$20,000.00, payable to the  
14 "State of Arizona." Payment shall be made in full by cashier's check or money order on the date  
15 of this Order. If RESPONDENTS do not comply with this order for administrative penalties, any  
16 outstanding balance may be deemed in default and shall be immediately due and payable.

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1 IT IS FURTHER ORDERED that this Order shall become effective immediately.

2 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

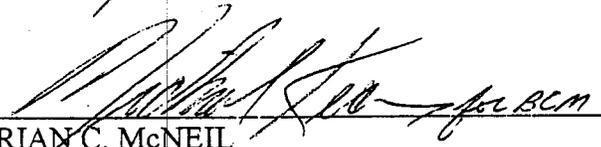
3  

4 CHAIRMAN

5 COMMISSIONER

6 COMMISSIONER

7 IN WITNESS WHEREOF, I, BRIAN C. McNEIL,  
8 Executive Secretary of the Arizona Corporation  
9 Commission, have hereunto set my hand and caused the  
10 official seal of the Commission to be affixed at the  
11 Capitol, in the City of Phoenix, this 1<sup>ST</sup> day of  
12 MAY, 2002.

13   
14 BRIAN C. McNEIL  
15 Executive Secretary

16 DISSENT

17 This document is available in alternative formats by contacting Shelly M. Hood, Executive  
18 Assistant to the Executive Secretary, voice phone number 602-542-3931, E-mail  
19 [shood@cc.state.az.us](mailto:shood@cc.state.az.us).

20 (wc)

**CONSENT TO ENTRY OF ORDER**

1  
2 1. DAVID NUTTER, an individual, admits the jurisdiction of the Commission over the  
3 subject matter of this proceeding. DAVID NUTTER acknowledges that he has been fully advised  
4 of his right to a hearing to present evidence and call witnesses and DAVID NUTTER knowingly  
5 and voluntarily waives any and all rights to a hearing before the Commission and all other rights  
6 otherwise available under Article 11 of the Securities Act and Title 14 of the Arizona  
7 Administrative Code. DAVID NUTTER acknowledges that this Order To Cease And Desist,  
8 Order Of Restitution, Order For Administrative Penalties And Consent To Same ("Order")  
9 constitutes a valid final order of the Commission.

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

13 3. DAVID NUTTER acknowledges and agrees that this Order is entered into freely and  
14 voluntarily and that no promise was made or coercion used to induce such entry.

15 4. DAVID NUTTER acknowledges that he has been represented by counsel in this matter,  
16 he has reviewed this Order with his attorney and understands all terms it contains.

17 5. DAVID NUTTER admits, only for purposes of this proceeding, the Findings of Fact and  
18 Conclusions of Law contained in this Order.

19 6. By consenting to the entry of this Order, DAVID NUTTER agrees not to take any  
20 action or to make, or permit to be made, any public statement denying, directly or indirectly, any  
21 Finding of Fact or Conclusion of Law in this Order or creating the impression that this Order is  
22 without factual basis. However, this Order is not intended to collaterally estop, factually bind or  
23 preclude DAVID NUTTER from defending himself in any administrative, civil or criminal  
24 proceedings to which the Commission is not a party. DAVID NUTTER will undertake steps  
25 necessary to assure that all of his agents and employees understand and comply with this  
26 agreement.

1           7. While this Order settles this administrative matter between DAVID NUTTER and the  
2 Commission, DAVID NUTTER understands that this Order does not preclude the Commission  
3 from instituting other administrative proceedings based on violations that are not addressed by this  
4 Order.

5           8. DAVID NUTTER understands that this Order does not preclude the Commission from  
6 referring this matter to any governmental agency for administrative, civil, or criminal proceedings  
7 that may be related to the matters addressed by this Order.

8           9. DAVID NUTTER understands that this Order does not preclude any other agency or  
9 officer of the state of Arizona or its subdivisions from instituting administrative, civil or criminal  
10 proceedings that may be related to matters addressed by this Order.

11           10. DAVID NUTTER agrees that he will not apply to the state of Arizona for registration  
12 as a securities dealer or salesman or for licensure as an investment adviser or investment adviser  
13 representative until the later of January 1, 2005 or upon satisfactory completion of the terms of this  
14 order and consent.

15           11. DAVID NUTTER agrees to cease all offers and sales of promissory notes. Further,  
16 DAVID NUTTER agrees to cease extending or "rolling over" current notes.

17           12. DAVID NUTTER agrees to submit an annual report beginning on one year from the  
18 date of this Order and Consent a list of all products sold during the year. The annual reporting  
19 requirement will be in place until the restitution and administrative penalty outlined in this Order  
20 are paid in full.

21           13. DAVID NUTTER agrees to permit the Division to examine his business affairs as  
22 deemed necessary by the Director of Securities. The Division will be allowed to conduct an exam  
23 without cause on an unannounced basis. The Division will be able to conduct examinations until  
24 the restitution and administrative penalty outlined in this Order are paid in full.

1 14. DAVID NUTTER agrees that he will not exercise any control over any entity that  
2 offers or sells securities or provides investment advisory services, within or from Arizona unless  
3 properly registered.

4 15. DAVID NUTTER agrees that until restitution and penalties are paid in full, he will  
5 notify the Director of the Securities Division within 30 days of any change in home address or any  
6 change in his ability to pay amounts due under this Order.

7 16. DAVID NUTTER understands that default shall render him liable to the Commission  
8 for its costs of collection and interest at the maximum legal rate.

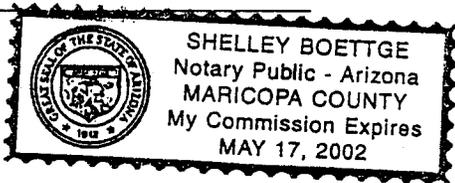
9 17. DAVID NUTTER consents to the entry of this Order and agrees to be fully bound by  
10 its terms and conditions. If DAVID NUTTER breaches any provision of this Order, the  
11 Commission may vacate this Order and restore this case to its active docket.

12  
13 David Nutter  
14 DAVID NUTTER

15 SUBSCRIBED AND SWORN TO BEFORE me this 15 day of April, 2002.

16 Shelley Boettge  
17 NOTARY PUBLIC

18 My Commission Expires:



**CONSENT TO ENTRY OF ORDER**

1  
2 1. NORTH AMERICAN INSURANCE SERVICES, L.L.C., through DAVID  
3 NUTTER, admits the jurisdiction of the Commission over the subject matter of this proceeding.  
4 NORTH AMERICAN INSURANCE SERVICES, L.L.C. acknowledges that it has been fully  
5 advised of its right to a hearing to present evidence and call witnesses and NORTH AMERICAN  
6 INSURANCE SERVICES, L.L.C. knowingly and voluntarily waives any and all rights to a  
7 hearing before the Commission and all other rights otherwise available under Article 11 of the  
8 Securities Act and Title 14 of the Arizona Administrative Code. NORTH AMERICAN  
9 INSURANCE SERVICES, L.L.C. acknowledges that this Order To Cease And Desist, Order Of  
10 Restitution, Order For Administrative Penalties And Consent To Same ("Order") constitutes a  
11 valid final order of the Commission.

12 2. NORTH AMERICAN INSURANCE SERVICES, L.L.C. knowingly and voluntarily  
13 waives any right it may have under Article 12 of the Securities Act to judicial review by any court  
14 by way of suit, appeal, or extraordinary relief resulting from the entry of this Order.

15 3. NORTH AMERICAN INSURANCE SERVICES, L.L.C. acknowledges and agrees  
16 that this Order is entered into freely and voluntarily and that no promise was made or coercion  
17 used to induce such entry.

18 4. NORTH AMERICAN INSURANCE SERVICES, L.L.C. acknowledges that it has  
19 been represented by counsel in this matter, it has reviewed this Order with its attorney and  
20 understands all terms it contains.

21 5. NORTH AMERICAN INSURANCE SERVICES, L.L.C. admits, only for purposes  
22 of this proceeding, the Findings of Fact and Conclusions of Law contained in this Order.

23 6. By consenting to the entry of this Order, NORTH AMERICAN INSURANCE  
24 SERVICES, L.L.C. agrees not to take any action or to make, or permit to be made, any public  
25 statement denying, directly or indirectly, any Finding of Fact or Conclusion of Law in this Order  
26 or creating the impression that this Order is without factual basis. However, this Order is not

1 intended to collaterally estop, factually bind or preclude NORTH AMERICAN INSURANCE  
2 SERVICES, L.L.C. from defending itself in any administrative, civil or criminal proceedings to  
3 which the Commission is not a party. NORTH AMERICAN INSURANCE SERVICES, L.L.C.  
4 will undertake steps necessary to assure that all of its agents and employees understand and  
5 comply with this agreement.

6 7. While this Order settles this administrative matter between NORTH AMERICAN  
7 INSURANCE SERVICES, L.L.C. and the Commission, NORTH AMERICAN INSURANCE  
8 SERVICES, L.L.C. understands that this Order does not preclude the Commission from instituting  
9 other administrative proceedings based on violations that are not addressed by this Order.

10 8. NORTH AMERICAN INSURANCE SERVICES, L.L.C. understands that this  
11 Order does not preclude the Commission from referring this matter to any governmental agency  
12 for administrative, civil, or criminal proceedings that may be related to the matters addressed by  
13 this Order.

14 9. NORTH AMERICAN INSURANCE SERVICES, L.L.C. understands that this  
15 Order does not preclude any other agency or officer of the state of Arizona or its subdivisions from  
16 instituting administrative, civil or criminal proceedings that may be related to matters addressed by  
17 this Order.

18 10. NORTH AMERICAN INSURANCE SERVICES, L.L.C. agrees that it will not  
19 apply to the state of Arizona for registration as a securities dealer or for licensure as an investment  
20 adviser until the later of January 1, 2005 or upon satisfactory completion of the terms of this order  
21 and consent.

22 11. NORTH AMERICAN INSURANCE SERVICES, L.L.C. agrees to cease all offers  
23 and sales of promissory notes. Further, NORTH AMERICAN INSURANCE SERVICES, L.L.C.  
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4 Division to examine its business affairs as deemed necessary by the Director of Securities. The  
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6 will be able to conduct examinations until the restitution and administrative penalty outlined in this  
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9 exercise any control over any entity that offers or sells securities or provides investment advisory  
10 services, within or from Arizona unless properly registered.

11 15 NORTH AMERICAN INSURANCE SERVICES, L.L.C. agrees that until restitution  
12 and penalties are paid in full, NORTH AMERICAN INSURANCE SERVICES, L.L.C. will notify  
13 the Director of the Securities Division within 30 days of any change in address or any change in  
14 NORTH AMERICAN INSURANCE SERVICES, L.L.C.'s ability to pay amounts due under this  
15 Order.

16 16. NORTH AMERICAN INSURANCE SERVICES, L.L.C. understands that default  
17 shall render it liable to the Commission for its costs of collection and interest at the maximum legal  
18 rate.

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1 17. NORTH AMERICAN INSURANCE SERVICES, L.L.C. consents to the entry of  
2 this Order and agrees to be fully bound by its terms and conditions. If NORTH AMERICAN  
3 INSURANCE SERVICES, L.L.C. breaches any provision of this Order, the Commission may  
4 vacate this Order and restore this case to its active docket.

5 David Nutter  
6 DAVID NUTTER as Managing Member of  
7 NORTH AMERICAN INSURANCE  
8 SERVICES, L.L.C.

9 SUBSCRIBED AND SWORN TO BEFORE me this 15 day of April, 2002.

10 Shelley Boettge  
11 NOTARY PUBLIC

12 My Commission Expires:

