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BEFORE THE ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION
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CARL J. KUNASEK
Chairman
JIM IRVIN
Commissioner
WILLIAM A. MUNDELL
Commissioner

In the matter of WILLIAM E. BERGH, individually and d/b/a NATIONAL FINANCIAL GROUP 13311 North 65th Drive Glendale, AZ 85304 And 11024 N. 28th Drive, Ste. 200 Phoenix, AZ 85029 CRD 1409200 THOMAS OTTO TABAT 24435 N. 38th Lane Glendale, AZ 85310 CRD 1011671, Respondents.	DOCKET NO. S-03374A-99-0000 **NOTICE OF OPPORTUNITY FOR HEARING REGARDING PROPOSED ORDER FOR RELIEF**

NOTICE: EACH RESPONDENT HAS 10 DAYS TO REQUEST A HEARING

For its proposed order for relief, the Securities Division (Division) of the Arizona Corporation Commission (Commission) alleges that respondents, singularly and in concert, have engaged in acts, practices and transactions, which constitute violations of A.R.S. § 44-1801 et seq., the Securities Act of Arizona (Securities Act or Act).

The Division alleges as follows:

I.

JURISDICTION

1. The Commission has jurisdiction over these matters pursuant to Article XV of the Arizona Constitution, and the Securities Act.

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II.

RESPONDENTS

2. WILLIAM E. BERGH (BERGH) individually and d/b/a NATIONAL FINANCIAL GROUP (NFG), whose last known address is 13311 North 65th Drive, Glendale, Arizona 85304, was registered with the Commission as a securities salesman with Legacy Financial Services, Inc. (Legacy) from August 16, 1996, to May 6, 1999. BERGH has been doing business as NFG since the 1980's. NFG's last known address is 11024 N. 28th Drive, Ste. 200, Phoenix, Arizona, 85029. BERGH and NFG are collectively referred to as "BERGH."

3. THOMAS OTTO TABAT (TABAT), whose last known address is 24435 N. 38th Lane, Glendale, AZ 85310, was registered with the Commission as a securities salesman with Legacy from February 19, 1998, to June 1, 1999. TABAT worked with BERGH from January 1984 to October 1985, and again from January 1998 to the present.

4. BERGH and TABAT may be collectively referred to as "RESPONDENTS."

III.

FACTS

5. Each of the preceding paragraphs is incorporated by reference.

6. From in or around October 1998 through in or around August 1999, RESPONDENTS offered and/or sold investments including securities in the form of investment contracts or evidences of indebtedness.

7. The investments were promoted as "private placements" or "business opportunities" involving pay telephones and cash machines, from which investors were to receive monthly profits.

8. From October 1998 through August 1999, RESPONDENTS offered and/or to elderly investors the following investments:

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a) Sale and lease-back arrangements where investors purchased pay telephones from Bee Communications, Inc. at a cost of $6,750 per unit and leased them back to ETS Payphones, Inc. (ETS) for a minimum income stream of $80.00 per month.

b) Membership interests in a limited liability company, Hotel Connect LLC, for a profit from the operations of a hotel long distance and operator service.

c) Cash Ticket Machines (CTM's) purchased from World Cash Providers, LLC, together with a Service Agreement with World Cash Providers Inc. to operate and maintain the equipment for a monthly fee in return for a share of the monthly profit from anticipated revenue.

9. Except for one sale in August 1999, the offers and/or sales referenced in paragraph 8 above were made during the time period when RESPONDENTS were registered salesmen under Legacy.

10. RESPONDENTS neither requested nor received approval from Legacy to engage in the offer or sale of these investments.

11. RESPONDENTS provided certifications to Legacy concerning their outside business activity and failed to report their involvement with these investments.

12. RESPONDENTS' sales of these investments were not recorded on the books and records of Legacy.

IV.

VIOLATION OF A.R.S. § 44-1841

(Offer and Sale of Unregistered / Unauthorized Securities)

13. Each of the preceding paragraphs is incorporated by reference.

14. RESPONDENTS offered and sold securities in the form of investment contracts or evidences of indebtedness within and/or from Arizona.

15. The securities referred to above were not registered under A.R.S. §§ 44-1871 through 44-1875, or 44-1891 through 44-1902; were not securities for which a notice filing has been made under

A.R.S. § 44-3321; were not exempt under A.R.S. §§ 44-1843 or 44-1843.01; were not offered or sold in exempt transactions under A.R.S. § 44-1844; and were not exempt under any rule or order promulgated by the Commission.

16. This conduct violates A.R.S. § 44-1841.

V.

GROUNDS FOR REVOCATION PURSUANT TO A.R.S. § 44-1962

(Denial, Revocation or Suspension of Registration of Salesman)

17. Each of the preceding paragraphs is incorporated by reference.

18. RESPONDENTS' conduct constitutes grounds for the revocation of RESPONDENTS' registrations as securities salesmen with the Commission pursuant to A.R.S. § 44-1962, based upon one or all of the following:

a) Violating Section 44-1841 of the Securities Act within the meaning of A.R.S. § 44-1962(2).

b) Engaging in dishonest or unethical practices within the meaning of A.R.S. § 44-1962(10) as defined by A.A.C. R14-4-130(A)(17). Specifically, RESPONDENTS' sales of the described securities were not recorded on the records of Legacy, the dealer with whom they were registered at the time of all of the transactions with the exception of one sale in August 1999.

c) Engaging in dishonest or unethical practices within the meaning of A.R.S. § 44-1962(10) by not complying with the rules and procedures of their dealer, Legacy. Specifically, RESPONDENTS engaged in outside business activity involving investments without reporting the activity to Legacy or obtaining the approval of Legacy to engage in such activity.

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VI.

REQUESTED RELIEF

The Division requests that the Commission grant the following relief against the RESPONDENTS:

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

2. Order RESPONDENTS, jointly and severally, to take affirmative action to correct the conditions resulting from their acts, practices or transactions, including without limitation a requirement to make restitution pursuant to, inter alia, A.R.S. § 44-2032;

3. Order RESPONDENTS, jointly and severally, to pay the state of Arizona an administrative penalty of up to five thousand dollars ($5,000) for each violation of the Securities Act, pursuant to A.R.S. § 44-2036;

4. Order the revocation of RESPONDENTS' registration as securities salesmen pursuant to A.R.S. § 44-1962;

5. Order any other relief that the Commission deems appropriate and authorized by law.

VII.

HEARING OPPORTUNITY

In accordance with A.R.S. § 44-1972 and A.A.C. R14-4-306, RESPONDENTS are notified that each respondent is afforded an opportunity for a hearing only by filing a written request for a hearing and cover sheet with Docket Control, Arizona Corporation Commission, 1200 West Washington Street, Phoenix, Arizona 85007, within 10 days after service of this Notice. RESPONDENTS are further notified that a cover sheet must accompany all filings. Failure to use the cover sheet may result in the delay of processing or the refusal to accept documents. RESPONDENTS may obtain a copy of the cover sheet by calling Docket Control at (602) 542-3477.

The date set for the hearing shall be within 15 to 30 days after the request for the hearing has been docketed, unless otherwise provided by law, stipulated by the parties, or ordered by the Commission.

Any respondent who does not request a hearing within the time prescribed is subject to the Commission issuing an order against that respondent containing such relief as the Commission deems appropriate, including but not limited to the relief requested above.

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 Cynthia Mercurio-Sandoval, ADA Coordinator, voice phone number 602/542-0838, e-mail csandoval@cc.state.az.us. Requests should be made as early as possible to allow time to arrange the accommodation.

Dated this 22th day of December, 1999.

Mark Sendrow
Director of Securities

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