

BEFORE THE ARIZONA CORPORATION COMMISSION

CARL J. KUNASEK
Chairman
JIM IRVIN
Commissioner
WILLIAM A. MUNDELL
Commissioner

In the matter of)
)
SCOTT A. GOULD)
4542 North 52nd Place)
Phoenix, Arizona)
)
Respondent.)
)
)
_____)

DOCKET NO. S-03275A-99-0000
**NOTICE OF OPPORTUNITY FOR
HEARING REGARDING PROPOSED
ORDER FOR RELIEF**

NOTICE: RESPONDENT HAS 10 DAYS TO REQUEST A HEARING

For its proposed order for relief, the Securities Division (the “Division”) of the Arizona Corporation Commission (the “Commission”) alleges that respondent SCOTT A. GOULD has engaged in acts, practices and transactions, which constitute violations of A.R.S. § 44-1801 et seq., the Securities Act of Arizona (the “Securities 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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1 **II.**

2 **RESPONDENTS**

3 2. SCOTT A. GOULD (“GOULD”), whose last known address is 4542 North 52nd Place,
4 Phoenix, Arizona was, at all times relevant, conducting business involving the offer and sale of securities within
5 or from the State of Arizona.

6 **III.**

7 **FACTS**

8 3. Each of the preceding paragraphs is incorporated by reference.

9 4. The Arizona Corporation Commission ordered GOULD to Cease and Desist from violations
10 of the Securities Act on April 5, 1995. That decision, number 59055, also ordered GOULD to make a
11 rescission offer to all investors who had purchased promissory notes (“Notes”). The Notes had been
12 provided to investors in return for money, which GOULD used to fund construction loans. GOULD
13 consented to entry of the Order and waived the hearing. GOULD was ordered to pay an administrative
14 penalty of \$5,000. That amount was reduced to \$1,000 after the rescission terms were met. GOULD paid
15 \$145,000 in rescission to three investors.

16 5. The subpoena served in reference to the 1995 action required production of records including
17 the Notes. GOULD identified 33 individuals and couples who had loaned him money and received a Note in
18 return. The individuals included his parents, sister, grandmother, close friends and his brother-in-law’s family
19 members. GOULD failed to disclose to the Division the names of some investors during the 1994
20 investigation. A number of these individuals have subsequently been identified.

21 6. After the Cease and Desist Order by the Commission in 1995, GOULD continued to borrow
22 money from individuals and finance construction loans. The money received from lenders was pooled with
23 other investor funds and used to make loans to commercial builders of single family residences. GOULD
24 provided investors with Notes paying between 3% – 15% for use of their money. The commercial builders
25 are charged interest rates ranging between 18 – 21%. The funds received from investors for the Notes were
26 placed into a bank account in the name of SCOTT A. GOULD and under the signatory power of GOULD.

1 7. GOULD has never provided investors with disclosure documents. Individuals investing
2 money were not given a prospectus, offering circular or any essential information. GOULD simply told
3 investors that their money was “quite safe.”

4 8. GOULD was not a registered securities dealer in the state of Arizona.

5 9. GOULD borrows money from individuals, signing Notes that are not registered for sale in the
6 state of Arizona, nor offered in reliance upon an available exemption from registration.

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8 **IV.**

9 **VIOLATION OF A.R.S. § 44-1841**

10 **(Offer and Sale of Unregistered / Unauthorized Securities)**

11 10. Each of the preceding paragraphs is incorporated by reference.

12 11. From on or about April 1995 to , GOULD offered and/or sold securities in the form
13 of promissory notes, within and/or from Arizona.

14 12. The securities referred to above were not registered under A.R.S. §§ 44-1871 through 44-
15 1875, or 44-1891 through 44-1902; were not securities for which a notice filing has been made under A.R.S.
16 § 44-3321; were not exempt under A.R.S. §§ 44-1843 or 44-1843.01; were not offered or sold in exempt
17 transactions under A.R.S. § 44-1844; and were not exempt under any rule or order promulgated by the
18 Commission.

19 13. This conduct violates A.R.S. § 44-1841.

20 **V.**

21 **VIOLATION OF A.R.S. § 44-1842**

22 **(Transactions by Unregistered Dealers and Salesmen)**

23 14. Each of the preceding paragraphs is incorporated by reference.

24 15. In connection with the offers to sell and the sale of securities, GOULD acted as a dealer
25 and/or salesmen within and/or from Arizona, although not registered pursuant to the provisions of Article 9 of
26 the Securities Act.

