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BEFORE THE ARIZONA CORPORATION COMMISSION

WILLIAM A. MUNDELL
Chairman
JIM IRVIN
Commissioner
MARC SPITZER
Commissioner

In the matter of:)
)
REPUBLIC CASH ADVANCE, INC.)
2155 East University Drive, Suite 210)
Tempe, Arizona 85281)
QUICK CASH ADVANCE, INC.)
2155 East University Drive, Suite 210)
Tempe, Arizona 85281)
CURTIS J. BILLUPS)
51089 West Papago Road)
Maricopa, Arizona 85239)
MARK FERGUSON)
2155 East University Drive, Suite 210)
Tempe, Arizona 85281)
Respondents.)

Docket No. S-03467A-01-0000

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

NOTICE: THIS ORDER IS EFFECTIVE IMMEDIATELY

EACH RESPONDENT HAS 20 DAYS TO REQUEST A HEARING

The Securities Division (“Division”) of the Arizona Corporation Commission (“Commission”) alleges that Respondents REPUBLIC CASH ADVANCE, INC., QUICK CASH ADVANCE, INC., CURTIS J. BILLUPS, and MARK FERGUSON have engaged in and are about to engage in acts and practices that constitute violations of AR.S. § 44-1801, *et seq.*, the Securities Act of Arizona (“Securities Act”), and that the public welfare requires immediate action to prevent such further activities.

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I.

JURISDICTION

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

II.

RESPONDENTS

2. REPUBLIC CASH ADVANCE, INC. ("REPUBLIC"), whose last known address is 2155 East University Drive, Suite 210, Tempe, Arizona, is a Nevada corporation purportedly involved in the generation of investment capital for various Florida check cashing stores.

3. QUICK CASH ADVANCE, INC. ("QUICK CASH"), whose last known address is also 2155 East University Drive, Suite 210, Tempe, Arizona, is a Florida corporation affiliated with REPUBLIC, and is purportedly set to receive investment funds from REPUBLIC'S selling operations to finance its various Florida check cashing stores.

4. CURTIS J. BILLUPS ("BILLUPS"), whose last known address is 51089 West Papago Road, Maricopa, Arizona, is the president and CEO of both REPUBLIC and QUICK CASH.

5. MARK FERGUSON ("FERGUSON"), whose last known business address is 2155 East University Drive, Suite 210, Tempe, Arizona, is the project manager of the telemarketing office at the REPUBLIC/QUICK CASH offices in Tempe, and in that capacity oversees the offering and selling activities at those offices.

6. REPUBLIC, QUICK CASH, BILLUPS, and FERGUSON may be collectively referred to as "RESPONDENTS."

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1 REPUBLIC limited liability company purportedly charged with managing its Tampa, Florida check
2 cashing facility.

3 16. Prior to investing, this resident, who had no prior relationship with REPUBLIC,
4 received a “private placement memorandum” from REPUBLIC, listing BILLUPS as the president,
5 director and treasurer of the company.

6 17. In this private placement memorandum, REPUBLIC’S business address was again
7 listed as Phoenix, Arizona. This memorandum also included investing procedures, instructing
8 investors to forward their investment funds to an Indian School Road address in Phoenix, Arizona.

9 18. The investment literature stated that the securities offering was exempt from
10 registration on both the state and federal level. The state of Illinois found no such applicable
11 exemptions.

12 19. For multiple violations of the Illinois Securities Act, the Illinois Securities
13 Department subsequently issued an Order of Prohibition against REPUBLIC, Republic Cash
14 Advance of Tampa, L.L.C., and BILLUPS, as well as their officers, directors, employees and
15 affiliates, prohibiting each from engaging in the business of offering or selling securities in the state
16 of Illinois.

17 20. Approximately one year later, in June of 2000, a QUICK CASH sales representative
18 sold additional membership interests to an Illinois resident in a QUICK CASH limited liability
19 company, a company that was purportedly set up to manage a Fort Lauderdale, Florida check
20 cashing facility.

21 21. According to the private placement memorandum associated with this offering,
22 BILLUPS was again the president, director and treasurer of QUICK CASH. QUICK CASH was
23 the designated managing member of this Fort Lauderdale check cashing operation.

24 22. As prescribed in the investment literature, the business address for QUICK CASH
25 was located on Indian School Road in Phoenix, Arizona. Investors were instructed to forward their
26 investment funds to this Phoenix, Arizona address.

1 23. Also included in the investment literature was the claim that this securities offering
2 was exempt from registration on both the state and federal level. The state of Illinois again found no
3 such applicable exemptions.

4 24. For multiple violations of the Illinois Securities Act, the Illinois Securities
5 Department subsequently issued an Order of Prohibition against QUICK CASH, Quick Cash
6 Advance of Fort Lauderdale, L.L.C., and BILLUPS, as well as their officers, directors, employees
7 and affiliates, prohibiting further engagement in the business of offering or selling securities in the
8 state of Illinois.

9 25. The following year, REPUBLIC was still selling investments to support Florida
10 check cashing operations. In July of 2001, REPUBLIC sales representatives made unsolicited calls
11 to California residents for the purpose of offering these prospective investors an opportunity to
12 invest in a REPUBLIC promissory note issuance.

13 26. As represented by the sales agents, the “private placement” of these notes would
14 produce a return to the investor of approximately 5% in 90 days, at which time the investor could
15 recover his principal or choose to rollover his investment.

16 27. According to the investment literature that was subsequently sent to these
17 prospective investors, the investment funds from this offering were purportedly designated to
18 provide operating capital to 14 separate check cashing stores throughout Florida.

19 28. The investment literature again stated that these securities were exempt from
20 registration on the state level pursuant to state exemptions, and exempt on the federal level pursuant
21 to Rule 504 of Regulation D and/or Section 4(2) of the Securities Act of 1933.

22 29. The offering materials for this “private placement” were sent from the business
23 offices of REPUBLIC and QUICK CASH in Tempe, Arizona, and the investment funds for this
24 program were to be either mailed back to Tempe or wired directly into a REPUBLIC bank
25 account in Phoenix.

26 30. BILLUPS was once again listed as the acting president and CEO of REPUBLIC.

1 31. The promissory notes that made up this offering were not registered with the
2 Division, and no notice filings were made with the Division in connection with this security.

3 32. Neither the salesmen who solicited this offering, nor REPUBLIC, the issuer-dealer
4 of this security, were registered as salesmen or dealers in the state of Arizona.

5 33. The investment literature for this promissory note program did not mention that both
6 REPUBLIC and BILLUPS had previously received multiple cease and desist orders for securities
7 violations from other jurisdictions.

8 34. The investment literature also failed to mention that the promissory notes that made
9 up this securities offering were not registered in the state of Arizona, and that no other form of
10 notice filing for these securities had been filed with the state of Arizona.

11 35. The offering materials further failed to mention that neither the sales agents nor the
12 issuer associated with this offering were registered in any capacity as dealers or salesmen in the state
13 of Arizona.

14 36. RESPONDENTS are continuing to offer and sell securities in the form of
15 promissory notes and/or limited partnership interests from their Tempe, Arizona offices.

16 37. REPUBLIC and QUICK CASH are presently operating a telemarketing operation
17 from these offices, whereby sales agents are trained to offer and sell nine-month “factoring”
18 investments to a list of prospective investors whose names were obtained from an internet
19 advertising firm.

20 38. According to the sales agents’ representations, the prospective investors’
21 investment funds in this program are to be used to provide working capital for the many QUICK
22 CASH and REPUBLIC check cashing locations throughout Florida.

23 39. As part of these telemarketing operations, a REPUBLIC/QUICK CASH sales
24 executive, verbally referred to as “Raleigh Nannestad” (“Nannestad”), provides video instruction
25 to sales agents on how to be effective telemarketers of REPUBLIC’S investment products.

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1 40. Nannestad encourages the REPUBLIC sales agents to “make friends” with the
2 prospective investors in order to be successful in selling these securities.

3 41. The investment opportunity currently being offered by these REPUBLIC sales
4 agents is for a nine-month term, in which investors are promised a 20% return, or an annual rate
5 of return of approximately 27%.

6 42. This offering is only available for a minimum investment of \$10,000, and the
7 offer is claimed to be rescindable by REPUBLIC within five days of the offering.

8 43. Sales agents receive a commission of 7% for every investment they successfully
9 close. According to FERGUSON, sales agents in this office can make upwards of \$10,000 to
10 \$14,000 per week in sales commissions.

11 44. A minimum of three sales by two different REPUBLIC sales agents were made
12 from the Tempe, Arizona office within the first week of August, 2001.

13 45. According to scripts provided to the sales agents, prospective investors are asked
14 over the phone whether they have at least \$10,000 to invest. If the prospective investor responds
15 favorably to the unsolicited call, REPUBLIC’S secretary, known as “Terry,” forwards investment
16 literature to the prospective investor. Sales agents follow up with a second phone call in
17 approximately three days. Nannestad instructs sales agents to obtain a “yes” or “no” answer as
18 quickly as possible.

19 46. Nannestad predicts that this telemarketing operation will last approximately two to
20 five additional months, after which the operation will close down. Nannestad further stated that
21 the telemarketing operation is seeking to raise between two and three million dollars.

22 47. The day-to-day operations of this Tempe telemarketing office are overseen by
23 FERGUSON, the project manager of this telemarketing unit. FERGUSON is in charge of the
24 hiring and policy decisions in the office.

25 48. FERGUSON will also make closing sales calls to vacillating investors, but only if
26 the need arises.

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IV.

VIOLATION OF A.R.S. § 44-1841

(Offer and Sale of Unregistered Securities)

49. From approximately April 1999 forward, RESPONDENTS offered or sold securities in the form of limited partnership interests and promissory notes within or from Arizona.

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

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

V.

VIOLATION OF A.R.S. § 44-1842

(Transactions by Unregistered Dealers or Salesmen)

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

53. 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)

54. 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; or (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:

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1 a) RESPONDENTS misrepresented to offerees and investors that the securities
2 being offered were exempt from state and federal securities registration provisions, when in fact the
3 securities were not eligible for such exemptions;

4 b) RESPONDENTS failed to disclose to offerees and investors that both
5 REPUBLIC and QUICK CASH, as well as their president, BILLUPS, had previously received cease
6 and desist orders from other state securities divisions;

7 c) RESPONDENTS failed to disclose to offerees and investors that
8 RESPONDENTS were not duly registered as either salesmen or dealers within the state of Arizona.

9 55. This conduct violates A.R.S. § 44-1991.

10 56. RESPONDENTS directly or indirectly controlled their sales agents' activities and
11 offering document disseminations within the meaning of A.R.S. § 44-1999. As a consequence,
12 RESPONDENTS are liable to the same extent as their sales agents for violations of A.R.S. § 44-
13 1991.

14 **VII.**

15 **TEMPORARY ORDER**

16 **Cease and Desist from Violating the Securities Act**

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

19 IT IS ORDERED, pursuant to A.R.S. §§ 44-2032, 44-1972 and A.A.C. R14-4-307, that the
20 RESPONDENTS, their agents, servants, employees, successors, assigns, and those persons in active
21 concert or participation with them CEASE AND DESIST from any violations of the Securities Act.

22 IT IS FURTHER ORDERED that this Temporary Order to Cease and Desist shall remain in
23 effect for 120 days unless sooner vacated, modified or made permanent by the Commission.

24 IT IS FURTHER ORDERED that this Order shall be effective immediately.

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VIII.

REQUESTED RELIEF

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

1. Order RESPONDENTS to permanently cease and desist from violating the Securities Act, pursuant to A.R.S. § 44-2032;
2. Order RESPONDENTS to take affirmative action to correct the conditions resulting from their acts, practices or transactions, including a requirement to make restitution pursuant to A.R.S. § 44-2032;
3. Order RESPONDENTS to pay the state of Arizona administrative penalties of up to five thousand dollars (\$5,000) for each violation of the Securities Act, pursuant to A.R.S. § 44-2036;
4. Order any other relief that the Commission deems appropriate.

IX.

HEARING OPPORTUNITY

RESPONDENTS may request a hearing pursuant to A.R.S. § 44-1972 and A.A.C. R14-4-307. A request for hearing must be in writing and received by the Commission within 20 days after service of this Temporary Order to Cease and Desist. Each RESPONDENT must deliver or mail the request for hearing to Docket Control, Arizona Corporation Commission, 1200 West Washington, Phoenix, Arizona 85007. A Docket Control cover sheet must also be filed with the request for hearing. A cover sheet form and instructions may be obtained from Docket Control at (602) 542-3477, or from the Commission's Internet web site located at www.cc.state.az.us/utility/forms/index.htm.

If a request for hearing is timely made, the Commission shall schedule a hearing to begin 5 to 15 days from the receipt of the request unless otherwise provided by law, stipulated by the parties, or ordered by the Commission. After a hearing, the Commission may vacate, modify or make permanent this Temporary Order, with written findings of fact and conclusions of law. A permanent

1 Order may include an order of restitution, the assessment of administrative penalties, and/or other
2 relief.

3 If a request for hearing is not timely made, the Division will request that the Commission
4 make permanent this Temporary Order, with written findings of fact and conclusions of law, which
5 may include an order of restitution, the assessment of administrative penalties, and/or other relief.

6 Persons with a disability may request a reasonable accommodation such as a sign language
7 interpreter, as well as request this document in an alternative format, by contacting Shelly M.
8 Hood, ADA Coordinator, voice phone number 602/542-3931, e-mail shood@cc.state.az.us.
9 Requests should be made as early as possible to allow time to arrange the accommodation.

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11 BY ORDER OF THE ARIZONA CORPORATION COMMISSION, this _____ day of
12 _____, 2001.

13 _____
14 Victor Rodarte
15 Assistant Director of Securities
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