

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 COMMISSIONERS

3 JEFF HATCH-MILLER, Chairman
4 WILLIAM A. MUNDELL
5 MARC SPITZER
6 MIKE GLEASON
7 KRISTIN K. MAYES

6 In the matter of)	
)	DOCKET NO. S-03550A-04-0000
7 ARTHUR B. COOPER)	
CRD #1856331)	
8 8032 E. Redwing)	DECISION NO. <u>68511</u>
Scottsdale, Arizona 85250)	
)	
9 LINDA EBINGER-COOPER)	ORDER TO CEASE AND DESIST, ORDER
CRD# 1353173)	OF RESTITUTION, ORDER OF
10 8032 E. Redwing)	REVOCATION, ORDER FOR
11 Scottsdale, Arizona 85250)	ADMINISTRATIVE PENALTIES AND
)	CONSENT TO SAME BY RESPONDENTS
)	
12 Respondents.)	
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13)	

14 RESPONDENTS ARTHUR B. COOPER and LINDA EBINGER-COOPER, elect to
15 permanently waive any right to a hearing and appeal under Articles 11 and 12 of the Securities Act
16 of Arizona, A.R.S. § 44-1801 *et seq.* (“Securities Act”) with respect to this Order To Cease And
17 Desist, Order of Restitution, Order of Revocation, Order for Administrative Penalties and Consent
18 to Same (“Order”). RESPONDENTS admit the jurisdiction of the Arizona Corporation
19 Commission (“Commission”); admit only for purposes of this proceeding and any other
20 administrative proceeding before the Commission the Findings of Fact and Conclusions of Law
21 contained in this Order; and consent to the entry of this Order by the Commission.

22 **I.**

23 **FINDINGS OF FACT**

24 1. ARTHUR B. COOPER (“A. COOPER”) CRD #1856331, whose last known
25 address is 8032 E. Redwing, Scottsdale, Arizona 85250, was a registered securities salesman with
26 Fox & Co. Investments, Inc. (“Fox & Co.”), in Arizona from about May of 1988 through December

1 of 2001 when A. COOPER became disqualified for membership under the National Association of
2 Securities Dealers (“NASD”) by-laws due to a felony conviction. A. COOPER’s registration was then
3 in suspension pursuant to A.R.S. §44-1949 until December 31, 2001 when it lapsed.

4 2. LINDA EBINGER-COOPER (“L. EBINGER-COOPER”), CRD #1353173, whose
5 last known address is 8032 E. Redwing, Scottsdale, Arizona 85250, was a registered securities
6 salesperson with Fox & Co. from March of 2001 through April 27, 2004 when she voluntarily
7 terminated her registration.

8 3. A. COOPER and L. EBINGER-COOPER are husband and wife. At all times
9 relevant, A. COOPER and L. EBINGER-COOPER were acting for their own benefit, and for the
10 benefit or in furtherance of their marital community.

11 4. A. COOPER and L. EBINGER-COOPER may be collectively referred to as
12 “RESPONDENTS.”

13 5. From in or about January of 2001 through in or about April of 2003, RESPONDENTS
14 offered and sold interests in Wolf Pines in two different offerings. Wolf Pines was a manager
15 controlled limited liability company.

16 6. The initial investment involved the offer and sale of investment contracts in the form
17 of membership interests in Wolf Pines I, L.L.C. (“Wolf Pines”), a manager managed Limited Liability
18 Company. RESPONDENTS offered and sold interests in Wolf Pines to approximately six individuals
19 raising about \$175,000. In addition, RESPONDENTS also invested approximately \$50,000 of their
20 own funds in Wolf Pines.

21 7. Wolf Pines was an Arizona Limited Liability Company formed in January of 2001, by
22 RESPONDENTS, to invest in Silver Wolf Development L.L.C. (“Silver Wolf”). Silver Wolf was also
23 an Arizona Limited Liability Company formed by two individuals not named in this proceeding, in
24 March of 2000. Silver Wolf was to develop a manufactured housing community in Show Low,
25 Arizona.

1 8. L. EBINGER-COOPER was the managing member of Wolf Pines. In addition, L.
2 EBINGER-COOPER was the secretary for Silver Wolf. The Wolf Pines offering documents stated
3 that L. EBINGER-COOPER was to receive a “6% interest in the Corporation. The purpose of this
4 special consideration is to compensate such manager for structuring the L.L.C. and for their day to
5 day operation of the corporation.” The document states that L. EBINGER- COOPER “hopes to earn
6 6% of the total profits through the completion of the project.”

7 9. RESPONDENTS and the Wolf Pines investors were to receive 100% of the profit
8 from the lot sales. Silver Wolf was to receive the profits from the sale of the manufactured homes.

9 10. Silver Wolf purchased the property located in Show Low with a down payment from
10 Wolf Pines and a carry-back mortgage from the sellers (“Property Owners”). The Property Owners
11 then subordinated their note from Silver Wolf to the lien of the subdivision loan. Eventually, Silver
12 Wolf failed to make its payments to the subdivision lender and the Property Owners and the
13 subdivision lender foreclosed on the property.

14 11. WOLF PINES received \$125,000 in investment funds from approximately four
15 individuals in January of 2001 during the time period that A. COOPER was a registered securities
16 salesman with Fox & Co. At least two of the investors were clients of A. COOPER at Fox & Co. at
17 the time of the investment.

18 12. RESPONDENTS obtained two additional investors in July of 2001 raising an
19 additional \$50,000 for WOLF PINES during the time.

20 13. The Wolf Pines offering was not recorded on the books and records of,
21 RESPONDENTS’ dealer Fox & Co., with whom A. COOPER was registered as securities salesman
22 at the time of the sales. L. EBINGER-COOPER was registered with Fox & Co. for the last two sales
23 taking place in July of 2001.

24 14. In about March of 2003, prior to the foreclosure of the property, RESPONDENTS
25 approached the Property Owners and offered them a way to stop the foreclosure sale by investing in a
26 new offering in Wolf Pines. RESPONDENTS promised \$10,000 plus a fifty percent interest in Wolf

1 Pines if they would transfer their Deed of Trust into Wolf Pines, once the Deed of Trust was paid in
2 full, the Property Owners would receive fifty percent of the profits. However, the Property Owners
3 did not receive the \$10,000 as promised.

4 15. To induce the Property Owners to complete the transaction, A. COOPER informed the
5 Property Owners that he was on a leave of absence from his brokerage firm, Fox & Co. A. COOPER
6 provided the Property Owners a business card which stated he was a securities salesman with Fox &
7 Co. That claim is false. At the time the representations were made, A. COOPER had been terminated
8 from employment with Fox & Co. and was disqualified from membership with the NASD in the
9 future due to a felony conviction.

10 16. RESPONDENTS also represented that they had an investor who would invest a
11 million dollars to pay off the first lien holder which would result in Wolf Pines owning the property,
12 with the Property Owners receiving a fifty percent membership interest in Wolf Pines. The Property
13 Owners would receive fifty percent of the profits once the Deed of Trust Note was paid in full.
14 RESPONDENTS represented to the Property Owners that they would attend the foreclosure sale and
15 buy the property using the funds from their million dollar investor. However, the RESPONDENTS
16 did not bid at the foreclosure sale. As a result, the subject property was lost to the first lien holder.

17 17. L. EBINGER-COOPER was a registered representative with Fox & Co. at the time of
18 the transaction with the Property Owner. This transaction was not recorded on the books and records
19 of L. EBINGER- COOPER'S dealer, Fox & Co., with whom she was registered at the time of the
20 sale.

21 18. RESPONDENTS failed to disclose to two investors in the first Wolf Pines
22 investment and the Property Owners that A. COOPER pled guilty to one count of theft, a class six
23 felony.

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II.

CONCLUSIONS OF LAW

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

5 2. ARTHUR B. COOPER and LINDA EBINGER-COOPER offered or sold securities
6 within or from Arizona, within the meaning of A.R.S. §§ 44-1801(15), 44-1801(21), and 44-
7 1801(26).

8 3. ARTHUR B. COOPER and LINDA EBINGER-COOPER violated A.R.S. § 44-
9 1841 by offering or selling securities that were neither registered nor exempt from registration.

10 4. In violation of A.R.S. § 44-1842, RESPONDENT L. EBINGER-COOPER sold
11 securities in the form of investment contracts while not registered as a dealer or salesman from
12 January of 2001 through March of 2001.

13 5. In violation of A.R.S. § 44-1842, RESPONDENT A. COOPER sold securities in the
14 form of investment contracts while not registered as a dealer or salesman from January of 2002
15 through April of 2003.

16 6. ARTHUR B. COOPER and LINDA EBINGER-COOPER offered and sold
17 securities within or from Arizona by directly or indirectly making untrue statements or misleading
18 omissions of material facts which were in violation of A.R.S. §44-1991.

19 7. In violation of A.R.S. § 44-1962, RESPONDENT L. EBINGER-COOPER a)
20 effected securities transactions which were not listed on the books and records of the dealer with
21 whom she was registered with at the time of the transactions; b) employed manipulative or
22 deceptive device or contrivance in connection securities transactions; c) engaged in dishonest or
23 unethical practices in the securities industry.

1 prior to fulfilling RESPONDENTS' restitution obligations. If RESPONDENTS do not comply
2 with this order for administrative penalties, any outstanding balance may be deemed in default and
3 shall be immediately due and payable.

4 The Commission and RESPONDENTS acknowledge that the RESPONDENTS are subject
5 to the jurisdiction of the United States Bankruptcy Court in the matter entitled *In re Cooper*, case
6 no. 2:05-bk-26746-RJH. Accordingly, RESPONDENTS obligation to pay restitution and penalties
7 under the terms of this Order and the Commission's right to execute upon its judgment shall be
8 subject to the applicable provisions of the United States Bankruptcy Code.

9 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-1962, that RESPONDENT LINDA
10 EBINGER-COOPER's securities salesman registration is revoked.

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1 IT IS FURTHER ORDERED, that if any RESPONDENT fails to comply with this order,
2 the Commission may bring further legal proceedings against any RESPONDENT including
3 application to the superior court for an order of contempt.

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

5 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

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7
8 /s/ William A. Mundell
CHAIRMAN COMMISSIONER

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11 /s/ Marc Spitzer /s/ Lowell S. Gleason /s/ Kristen K. Mayes
COMMISSIONER COMMISSIONER COMMISSIONER

12 IN WITNESS WHEREOF, I, BRIAN C. McNEIL,
13 Executive Director of the Arizona Corporation
14 Commission, have hereunto set my hand and caused
15 the official seal of the Commission to be affixed at
16 the Capitol, in the City of Phoenix, this 6th day
17 of March, 2006.

18 /s/ Brian C. McNeil
BRIAN C. McNEIL
Executive Director

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DISSENT

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DISSENT

23 This document is available in alternative formats by contacting Linda Hogan, Executive
24 Assistant to the Executive Director, voice phone number 602-542-3931, E-mail lhogan@azcc.gov.

CONSENT TO ENTRY OF ORDER

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1. RESPONDENTS ARTHUR B. COOPER (“A. COOPER”) a married man, and LINDA EBINGER-COOPER (“L. EBINGER-COOPER”), his wife, admit the jurisdiction of the Commission over the subject matter of this proceeding. RESPONDENTS acknowledge that they have been fully advised of their rights to a hearing to present evidence and call witnesses and RESPONDENTS knowingly and voluntarily waive any and all rights to a hearing before the Commission and all other rights otherwise available under Article 11 of the Securities Act and Title 14 of the Arizona Administrative Code. RESPONDENTS acknowledge that this Order To Cease And Desist, Order of Restitution, Order of Revocation, Order for Administrative Penalties and Consent to Same (“Order”) constitutes a valid final order of the Commission.

2. RESPONDENTS knowingly and voluntarily waive any right under Article 12 of the Securities Act to judicial review by any court by way of suit, appeal, or extraordinary relief resulting from the entry of this Order.

3. RESPONDENTS acknowledge and agree that this Order is entered into freely and voluntarily and that no promise was made or coercion used to induce such entry.

4. RESPONDENTS acknowledge that they have been represented by an attorney in this matter, they have reviewed this Order with their attorney and understand all terms it contains.

5. RESPONDENTS admit, only for purposes of this proceeding and any other administrative proceeding before the Commission, the Findings of Fact and Conclusions of Law contained in this Order.

6. By consenting to the entry of this Order, RESPONDENTS agree not to take any action or to make, or permit to be made, any public statement denying, directly or indirectly, any Finding of Fact or Conclusion of Law in this Order or creating the impression that this Order is without factual basis. RESPONDENTS will undertake steps necessary to assure that all of their agents and employees understand and comply with this agreement.

1 7. While this Order settles this administrative matter between RESPONDENTS and
2 the Commission, RESPONDENTS understand 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. RESPONDENTS understand that this Order does not preclude the Commission
6 from referring this matter to any governmental agency for administrative, civil, or criminal
7 proceedings that may be related to the matters addressed by this Order.

8 9. RESPONDENTS understand 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. RESPONDENTS agree that they will not apply to the state of Arizona for
12 registration under the Securities Act of Arizona or under the Arizona Investment Management Act
13 for at least five years from the entry date of this Order *and* until such time as each of them have
14 complied with all terms and conditions of this Order, including the payment in full of all restitution
15 and administrative penalties as required under this Order.

16 11. RESPONDENTS agree that they will not exercise any control over any entity that
17 offers or sells securities or provides investment advisory services within or from Arizona until
18 each of them have (a) complied with all terms and conditions promulgated under this Order, and
19 (b) obtained the legal authority to do so.

20 12. RESPONDENTS acknowledge and understand that if they fail to comply with the
21 provisions of the order and this consent, the Commission may bring further legal proceedings
22 against them, including application to the superior court for an order of contempt.

23 13. RESPONDENTS understand that default shall render them liable to the
24 Commission for its costs of collection and interest at the maximum legal rate.

25 14. RESPONDENTS agree and understand that if they fail to make any payment as
26 required in the Order, any outstanding balance shall be in default and shall be immediately due and

1 payable without notice or demand. RESPONDENTS agree and understand that acceptance of any
2 partial or late payment by the Commission is not a waiver of default by the Commission.

3 15. RESPONDENTS agree that they will continue to cooperate with the Securities
4 Division including, but not limited to, providing complete and accurate testimony at any hearing in
5 this matter and cooperating with the state of Arizona in any related investigation or any other
6 matters arising from the activities described in this Order.

7 16. RESPONDENTS ARTHUR B. COOPER and LINDA EBINGER-COOPER
8 acknowledge that any restitution, rescission or penalties imposed by this Order are obligations of
9 the RESPONDENTS as well as the marital community.

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17. RESPONDENTS s ARTHUR B. COOPER and LINDA EBINGER-COOPER
consent to the entry of this Order and agree to be fully bound by its terms and conditions.

/s/ Arthur B. Cooper
ARTHUR B. COOPER

State of Arizona)
County of Maricopa)

SUBSCRIBED AND SWORN TO BEFORE me this 16 day of February,
2006.

/s/ Leslie Romestan
NOTARY PUBLIC

My Commission Expires:
September 9, 2007

/s/ Linda Ebinger-Cooper
LINDA EBINGER-COOPER

State of Arizona)
County of Maricopa)

SUBSCRIBED AND SWORN TO BEFORE me this 16 day of February, 2006.

/s/ Leslie Romestan
NOTARY PUBLIC

My Commission Expires:
September 9, 2007