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BEFORE THE ARIZONA CORPORATION COMMISSION
Arizona Corporation Commission

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

DOCKETED

AUG 27 1999

DOCKETED BY *rad*

In the matter of)
PREMIUM FINANCIAL, L.L.C.)
4041 N. Central Ave., Suite 800)
Phoenix, Arizona 85012)
ALAN STUART BERNSTEIN)
2050 E. Missouri)
Phoenix, Arizona 85016)
JOHN WILSON NEAL)
8146 W. Wood Drive)
Peoria, Arizona 85381)
ROBERT WAYNE MCINTOSH)
12007 Colleyville Drive)
Austin, Texas 87733)
CAMERON MCINTOSH)
12007 Colleyville Drive)
Austin, Texas 87733)
DUKE BUSHONG)
3673 Via Baldona)
Oceanside, California 92056)
Respondents.)

DOCKET NO. S-03343A-99-0000

DECISION NO. 61925

**FINAL ORDER OF RELIEF AND
CONSENT TO SAME FOR
RESPONDENTS PREMIUM
FINANCIAL, L.L.C., ALAN STUART
BERNSTEIN, JOHN WILSON NEAL
AND DUKE BUSHONG**

I.

1. Premium Financial, L.L.C. ("PREMIUM"), Alan Stuart Bernstein, ("BERNSTEIN"), John Wilson Neal, ("NEAL"), and Duke Bushong, ("BUSHONG"), elect to permanently waive their rights to a hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona (the "Act") with respect to this Order for Relief and Consent to Same ("Order"); admit the jurisdiction of the Arizona Corporation Commission ("Commission"); admit the

1 Findings of Fact and Conclusions of Law contained in this Order and consent to entry of this
2 Order by the Commission.

3 **II.**

4 **Findings of Fact**

5 2. PREMIUM, CRD No. 45831, is a limited liability company formed in Arizona on
6 November 5, 1997. PREMIUM's last address of record is 4041 N. Central Ave., Suite 800,
7 Phoenix, AZ 85012. PREMIUM has never been registered in Arizona as a dealer.

8 3. BERNSTEIN, CRD No. 3103051, whose last address of record is 2050 E. Missouri,
9 Phoenix, Arizona 85016, was, at all times material hereto, a member of PREMIUM. BERNSTEIN
10 is also the former CEO and 80% owner of PREMIUM. BERNSTEIN has never been registered in
11 Arizona as a securities salesman.

12 4. NEAL, CRD No. 3103052, whose last address of record is 8146 W. Wood Drive,
13 Peoria, Arizona 85381, was, at all times material hereto, a member of PREMIUM. NEAL is also
14 the son of BERNSTEIN. He is currently PREMIUM's President, Financial and Operations
15 Principal, and sole owner. NEAL has never been registered in Arizona as a securities salesman.

16 5. BUSHONG, CRD No. 3181528, whose last address of record is 3673 Via Baldona,
17 Oceanside, California 92056. From on or about April 6, 1999, BUSHONG was employed as a
18 securities salesman in Arizona in association with Providential Securities, Inc.

19 6. In late March 1999, in connection with PREMIUM's application for membership in
20 the NASD, the NASD conducted an on-site examination of PREMIUM's office in Phoenix,
21 Arizona. The NASD's examination revealed that PREMIUM, through persons not registered with
22 an effectively registered dealer, was conducting an active, substantial securities business within or
23 from Arizona with retail customers.

24 7. The Division obtained documents and other information that showed that for a one-
25 month period from February 9, 1999 through March 11, 1999, securities transactions in options
26 and equities were effected by among others BERNSTEIN, and NEAL while not registered as

1 securities salesmen with a registered dealer. BERNSTEIN's and NEAL's customer transactions
2 were processed through Robert McIntosh's salesman account executive number at Providential
3 who was the only registered salesman in Arizona and employed by a registered dealer. From on or
4 about March 12, 1999 through April 4, 1999 BERNSTEIN, BUSHONG and NEAL effected
5 transactions while not registered as salesmen through Robert McIntosh's Providential account
6 executive number after Robert McIntosh's Arizona registration went into suspension, by operation
7 of A.R.S. §44-1949, when he terminated his association with PREMIUM and Providential on or
8 about March 12, 1999.

9 8. During the above time periods, commission payments paid by Providential were
10 deposited to PREMIUM's bank account and that various expenses, such as rent and officer
11 salaries, were paid from said funds, including salary payments to BERNSTEIN and NEAL.

12 9. The NASD also observed and the Division has obtained copies of business cards at
13 PREMIUM's reception desk which were available to any potential customer visiting the firm.
14 These business cards identified BERNSTEIN as PREMIUM's Chief Executive Officer and
15 PREMIUM as a "Member NASD". Although PREMIUM had applied for NASD membership, at
16 no time during its existence has PREMIUM been a member of the NASD. The NASD formally
17 denied PREMIUM's application for NASD membership on April 30, 1999.

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1 to the Treasurer of the State of Arizona for deposit into its general fund. \$500 shall be paid upon
2 entry of this Order and \$500 shall be paid every month thereafter beginning on September 15,
3 1999 until paid in full.

4 5. IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036 that BUSHONG shall
5 pay an administrative penalty of \$2,500. Said penalty shall be paid by cash or certified funds
6 payable to the Treasurer of the State of Arizona for deposit into its general fund. \$500 shall be
7 paid upon entry of this Order and \$500 shall be paid every month thereafter beginning on
8 September 15, 1999 until paid in full.

9 6. IT IS FURTHER ORDERED, Respondents shall have a ten day grace period in
10 which to make any payment due under this Order. Failure to make a payment within the grace
11 period shall be deemed a default and all amounts shall become immediately due and payable.

12 7. IT IS FURTHER ORDERED, that upon any default in payment BUSHONG's
13 registration as a salesman shall be automatically revoked pursuant to A.R.S. § 44-1962(2) without
14 Notice of Opportunity for Hearing.

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1 8. IT IS FURTHER ORDERED that this Order shall become effective immediately
2 upon the date set forth below.

3 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

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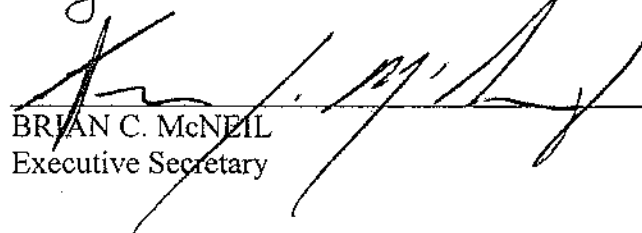
5 CHAIRMAN



6 COMMISSIONER

7 COMMISSIONER

8 IN WITNESS WHEREOF, I, BRIAN C. McNEIL,
9 Executive Secretary of the Arizona Corporation
10 Commission, have hereunto set my hand and caused the
11 official seal of the Commission to be affixed at the
12 Capitol, in the City of Phoenix, this 27th day of
13 August, 1999.

14 
15 BRIAN C. McNEIL
16 Executive Secretary

17 

18 DISSENT
19 (MJN)

20 N:\Enforce\Cases\Pleading\PremiumFinancial.ph\Premium Financial Final Order & Consent

1 CONSENT BY PREMIUM FINANCIAL, L.L.C. TO THE ENTRY, BY THE CORPORATION
2 COMMISSION, OF A CEASE AND DESIST ORDER, AND ORDER ASSESSING AN
3 ADMINISTRATIVE PENALTY AND WAIVER OF HEARING

4
5 1. Respondent, Premium Financial, L.L.C. ("Premium") admits the jurisdiction of the
6 Arizona Corporation Commission ("Commission") over the subject matter of this proceeding, and
7 acknowledges that it has been fully advised of its right to a hearing to present evidence and call
8 witnesses. Premium knowingly and voluntarily waives all rights to a hearing before the
9 Commission and all other procedures otherwise available under Article 11 of the Securities Act of
10 Arizona (the "Act") and Title 44, of The Arizona Administrative Code. Premium acknowledges
11 that the accompanying Order for Relief and Consent to Same ("Order") constitutes a valid final
12 order duly rendered by the Commission.

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

16 3. Premium acknowledges and agrees that this Order is entered into freely and
17 voluntarily and that no promise was made nor any coercion used to induce Premium to enter into
18 it.

19 4. Premium admits the Findings of Fact and Conclusions of Law contained in the
20 Order. Premium further agrees that it shall not challenge their validity in any present or future
21 administrative proceedings before the Commission or any other branch of state government
22 concerning the denial or issuance of any licenses or registration required by the State in order to
23 engage in the practice of any business or profession.

24 5. Premium consents to the entry of this Order and agrees to be fully bound by its
25 terms and conditions. Premium further acknowledges that, should it fail to comply with any and
26 all provisions of this Order, the Commission may enforce the Order and Consent in Superior Court

1 pursuant to A.R.S. § 44-2036.C or impose additional sanctions and costs and seek other
2 appropriate relief subject to Premium's right to a hearing pursuant to the Act.

3 6. Premium further understands that default will render it liable to the Commission for
4 its costs of collection and interest at the maximum legal rate.

5 7. Premium acknowledges that this Order resolves only the alleged administrative
6 violations of the Act set forth in this Order and that nothing contained in the Order purports to
7 resolve any other issues which may exist between Premium and the State of Arizona. Nothing in
8 the Order shall be construed to restrict or preclude any other agency or officer of the State of
9 Arizona or its subdivisions from initiating other civil or criminal proceedings against Premium.
10 now or in the future, that may be related to the matter addressed by the Order and the Consent
11 Nothing in the Order shall be construed to restrict the State of Arizona's right in a future
12 proceeding to bring an action against Premium from or related to facts not set forth in the Order.

13 8. Premium acknowledges that this Consent Order represents the complete and final
14 resolution of, and discharge of any basis for any civil or administrative proceeding by the
15 Commission against Premium for violations arising as a result of or in connection with any actions
16 or omissions by Premium pursuant to A.R.S. § 44 1842; provided, however, this release does not
17 apply to facts not known by the Commission or staff or not otherwise provided by Premium as of
18 the date of this Consent Order; provided, further, that this release does not apply to violations
19 arising from the sales practices of Premium in relation to the offer or sales of securities to
20 customers or accounts.

21 9. Premium acknowledges that this Consent Order, except as to the parties hereto,
22 does not limit or create any person's private remedies against Premium or others, or Premium's or
23 others' defenses thereto.

24 10. Premium acknowledges that, except as expressly provided in this Consent Order,
25 nothing herein is intended to or shall be construed to have created, compromised, settled, or
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1 adjudicated any claim, cause of action or right of any person, other than as between the
2 Commission and Premium in accordance with this Consent Order.

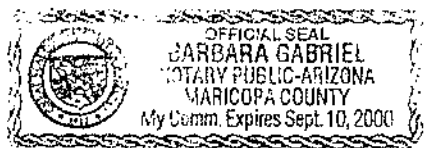
3 11. J. David ... represents that he is ... of Premium Financial,
4 L.L.C. and that as such he has been authorized by Premium Financial, L.L.C. to enter this Order
5 and Consent for, and on behalf of, Premium Financial, L.L.C.

6
7 [Signature]
8 PREMIUM FINANCIAL, L.L.C.

9 SUBSCRIBED AND SWORN TO BEFORE me this ... day of ...
10 1999.

11
12 [Signature]
13 NOTARY PUBLIC

13 My Commission Expires:
14 Sept 10 2000



1 CONSENT BY DUKE BUSHONG TO THE ENTRY, BY THE CORPORATION
2 COMMISSION, OF A CEASE AND DESIST ORDER, AND ORDER ASSESSING AN
3 ADMINISTRATIVE PENALTY AND WAIVER OF HEARING

4 1. Respondent, Duke Bushong ("Bushong") admits the jurisdiction of the Arizona
5 Corporation Commission ("Commission") over the subject matter of this proceeding, and
6 acknowledges that he has been fully advised of his right to a hearing to present evidence and call
7 witnesses. Bushong knowingly and voluntarily waives all rights to a hearing before the
8 Commission and all other procedures otherwise available under Article 11 of the Securities Act of
9 Arizona (the "Act") and Title 44 of, The Arizona Administrative Code. Bushong acknowledges
10 that the accompanying Order for Relief and Consent to Same ("Order") constitutes a valid final
11 order duly rendered by the Commission.

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

15 3. Bushong acknowledges and agrees that this Order is entered into freely and
16 voluntarily and that no promise was made nor any coercion used to induce Bushong to enter into it.

17 4. Bushong admits the Findings of Fact and Conclusions of Law contained in the
18 Order. Bushong further agrees that he shall not challenge their validity in any present or future
19 administrative proceedings before the Commission or any other branch of state government
20 concerning the denial or issuance of any licenses or registration required by the State in order to
21 engage in the practice of any business or profession.

22 5. Bushong consents to the entry of this Order and agrees to be fully bound by its
23 terms and conditions. Bushong further acknowledges that, should he fail to comply with any and
24 all provisions of this Order, the Commission may enforce the Order and Consent in Superior Court
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1 pursuant to A.R.S. § 44-203 or impose additional sanctions and costs and seek other
2 appropriate relief subject to Bushong's right to a hearing pursuant to the Act.

3 6. Bushong further understands that default will render him liable to the Commission
4 for its costs of collection and interest at the maximum legal rate.

5 7. Bushong acknowledges that this Order resolves only the alleged administrative
6 violations of the Act set forth in the Order and that nothing contained in the Order purports to
7 resolve any other issues which may exist between Bushong and the State of Arizona. Nothing in
8 the Order shall be construed to restrict or preclude any other agency or officer of the State of
9 Arizona or its subdivisions from initiating other civil or criminal proceedings against Bushong,
10 now or in the future, that may be related to the matter addressed by the Order and the Consent.
11 Nothing in the Order shall be construed to restrict the State of Arizona's right in a future
12 proceeding to bring an action against Bushong from or related to facts not set forth in the Order.

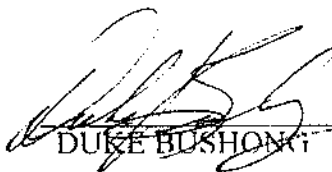
13 8. Bushong acknowledges that this Consent Order represents the complete and final
14 resolution of, and discharge of any basis for any civil or administrative proceeding by the
15 Commission against Bushong for violations arising as a result of or in connection with any actions
16 or omissions by Bushong pursuant to A.R.S. § 44 1842; provided, however, this release does not
17 apply to facts not known by the Commission or staff or not otherwise provided by Bushong as of
18 the date of this Consent Order; provided, further, that this release does not apply to violations
19 arising from the sales practices of Bushong in relation to the offer or sales of securities to
20 customers or accounts.

21 9. Bushong acknowledges that this Consent Order, except as to the parties hereto, does
22 not limit or create any person's private remedies against Bushong or others, or Bushong's or
23 others' defenses thereto.

24 10. Bushong acknowledges that, except as expressly provided in this Consent Order,
25 nothing herein is intended to or shall be construed to have created, compromised, settled, or
26

1 adjudicated any claim, cause of action, or right of any person, other than as between the
2 Commission and Bushong in accordance with this Consent Order.

3
4 11. Bushong states that as a part of the settlement reached herein, he will continue to
5 cooperate with the Securities Division (the "Division") in connection with this matter including,
6 but not limited to, providing a complete and accurate financial statement under penalty of perjury,
7 providing complete and accurate testimony at any hearing in this matter as may be requested by
8 the Division, and cooperating with the Division regarding the allegations in the present matter and
9 any other matters touching thereon.

10
11 
DUKE BUSHONG

12
13 SUBSCRIBED AND SWORN TO BEFORE me this 6th day of August,
14 1999.

15 
16 NOTARY PUBLIC

17 My Commission Expires: October 31, 2000



1
2 CONSENT BY JOHN WILSON NEAL TO THE ENTRY, BY THE CORPORATION
3 COMMISSION, OF A CEASE AND DESIST ORDER, AND ORDER ASSESSING AN
4 ADMINISTRATIVE PENALTY AND WAIVER OF HEARING

5
6 1. Respondent, John Wilson Neal ("Neal") admits the jurisdiction of the Arizona
7 Corporation Commission ("Commission") over the subject matter of this proceeding, and
8 acknowledges that he has been fully advised of his right to a hearing to present evidence and call
9 witnesses. Neal knowingly and voluntarily waives all rights to a hearing before the Commission
10 and all other procedures otherwise available under Article 11 of the Securities Act of Arizona (the
11 "Act") and Title 44 of, The Arizona Administrative Code. Neal acknowledges that the
12 accompanying Order for Relief and Consent to Same ("Order") constitutes a valid final order duly
13 rendered by the Commission.

14 2. Neal knowingly and voluntarily waives any right he may have under Article 12 of
15 the Act to judicial review by any court by way of suit, appeal or extraordinary relief resulting from
16 the entry of this Order.

17 3. Neal acknowledges and agrees that this Order is entered into freely and voluntarily
18 and that no promise was made nor any coercion used to induce Neal to enter into it.

19 4. Neal admits the Findings of Fact and Conclusions of Law contained in the Order.
20 Neal further agrees that he shall not challenge their validity in any present or future administrative
21 proceedings before the Commission or any other branch of state government concerning the denial
22 or issuance of any licenses or registration required by the State in order to engage in the practice of
23 any business or profession.

24 5. Neal consents to the entry of this Order and agrees to be fully bound by its terms
25 and conditions. Neal further acknowledges that, should he fail to comply with any and all
26 provisions of this Order, the Commission may enforce the Order and Consent in Superior Court

1 pursuant to A.R.S. § 44-2036.C or impose additional sanctions and costs and seek other
2 appropriate relief subject to Neal's right to a hearing pursuant to the Act.

3 6. Neal further understands that default will render him liable to the Commission for
4 its costs of collection and interest at the maximum legal rate.

5 7. Neal acknowledges that this Order resolves only the alleged administrative
6 violations of the Act set forth in the Order and that nothing contained in the Order purports to
7 resolve any other issues which may exist between Neal and the State of Arizona. Nothing in the
8 Order shall be construed to restrict or preclude any other agency or officer of the State of Arizona
9 or its subdivisions from initiating other civil or criminal proceedings against Neal, now or in the
10 future, that may be related to the matter addressed by the Order and the Consent. Nothing in the
11 Order shall be construed to restrict the State of Arizona's right in a future proceeding to bring an
12 action against Neal from or related to facts not set forth in the Order.

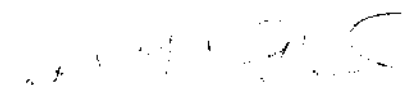
13 8. Neal acknowledges that this Consent Order represents the complete and final
14 resolution of, and discharge of any basis for any civil or administrative proceeding by the
15 Commission against Neal for violations arising as a result of or in connection with any actions or
16 omissions by Neal pursuant to A.R.S. § 44 1842; provided, however, this release does not apply to
17 facts not known by the Commission or staff or not otherwise provided by Neal as of the date of
18 this Consent Order; provided, further, that this release does not apply to violations arising from the
19 sales practices of Neal in relation to the offer or sales of securities to customers or accounts.

20 9. Neal acknowledges that this Consent Order, except as to the parties hereto, does not
21 limit or create any person's private remedies against Neal or others, or Neal's or others' defenses
22 thereto.

23 10. Neal acknowledges that, except as expressly provided in this Consent Order,
24 nothing herein is intended to or shall be construed to have created, compromised, settled, or
25 adjudicated any claim, cause of action, or right of any person, other than as between the
26 Commission and Neal in accordance with this Consent Order.

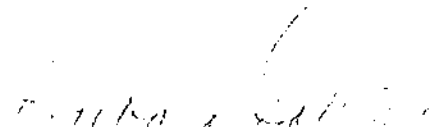
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11. Neal states that as a part of the settlement reached herein, he will continue to cooperate with the Securities Division (the "Division") in connection with this matter including, but not limited to, providing a complete and accurate financial statement under penalty of perjury, providing complete and accurate testimony at any hearing in this matter as may be requested by the Division, and cooperating with the Division regarding the allegations in the present matter and any other matters touching thereon.



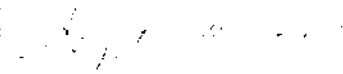
JOHN WILSON NEAL

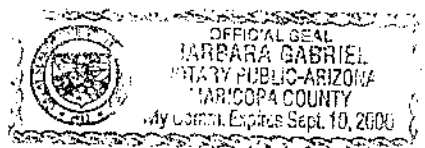
SUBSCRIBED AND SWORN TO BEFORE me this _____ day of _____, 1999 by John Wilson Neal



NOTARY PUBLIC

My Commission Expires:





1 CONSENT BY ALAN STUART BERNSTEIN TO THE ENTRY, BY THE CORPORATION
2 COMMISSION, OF A CEASE AND DESIST ORDER, AND ORDER ASSESSING AN
3 ADMINISTRATIVE PENALTY AND WAIVER OF HEARING

4
5 1. Respondent, Alan Stuart Bernstein ("Bernstein") admits the jurisdiction of the
6 Arizona Corporation Commission ("Commission") over the subject matter of this proceeding, and
7 acknowledges that he has been fully advised of his right to a hearing to present evidence and call
8 witnesses. Bernstein knowingly and voluntarily waives all rights to a hearing before the
9 Commission and all other procedures otherwise available under Article 11 of the Securities Act of
10 Arizona (the "Act") and Title 44 of, The Arizona Administrative Code. Bernstein acknowledges
11 that the accompanying Order for Relief and Consent to Same ("Order") constitutes a valid final
12 order duly rendered by the Commission.

13 2. Bernstein knowingly and voluntarily waives any right he may have under Article 12
14 of the Act to judicial review by any court by way of suit, appeal or extraordinary relief resulting
15 from the entry of this Order.

16 3. Bernstein acknowledges and agrees that this Order is entered into freely and
17 voluntarily and that no promise was made nor any coercion used to induce Bernstein to enter into
18 it.

19 4. Bernstein admits the Findings of Fact and Conclusions of Law contained in the
20 Order. Bernstein further agrees that he shall not challenge their validity in any present or future
21 administrative proceedings before the Commission or any other branch of state government
22 concerning the denial or issuance of any licenses or registration required by the State in order to
23 engage in the practice of any business or profession.

24 5. Bernstein consents to the entry of this Order and agrees to be fully bound by its
25 terms and conditions. Bernstein further acknowledges that, should he fail to comply with any and
26 all provisions of this Order, the Commission may enforce the Order and Consent in Superior Court

1 pursuant to A.R.S. § 44-2036.C or impose additional sanctions and costs and seek other
2 appropriate relief subject to Bernstein's right to a hearing pursuant to the Act.

3 6. Bernstein further understands that default will render him liable to the Commission
4 for its costs of collection and interest at the maximum legal rate.

5 7. Bernstein acknowledges that this Order resolves only the alleged administrative
6 violations of the Act set forth in the Order and that nothing contained in the Order purports to
7 resolve any other issues which may exist between Bernstein and the State of Arizona. Nothing in
8 the Order shall be construed to restrict or preclude any other agency or officer of the State of
9 Arizona or its subdivisions from initiating other civil or criminal proceedings against Bernstein,
10 now or in the future, that may be related to the matter addressed by the Order and the Consent.
11 Nothing in the Order shall be construed to restrict the State of Arizona's right in a future
12 proceeding to bring an action against Bernstein from or related to facts not set forth in the Order.

13 8. Bernstein acknowledges that this Consent Order represents the complete and final
14 resolution of, and discharge of any basis for any civil or administrative proceeding by the
15 Commission against Bernstein for violations arising as a result of or in connection with any actions
16 or omissions by Bernstein pursuant to A.R.S. § 44 1842; provided, however, this release does not
17 apply to facts not known by the Commission or staff or not otherwise provided by Bernstein as of
18 the date of this Consent Order; provided, further, that this release does not apply to violations
19 arising from the sales practices of Bernstein in relation to the offer or sales of securities to
20 customers or accounts.

21 9. Bernstein acknowledges that ~~the~~ Consent Order, except as to the parties hereto,
22 does not limit or create any person's private remedies against Bernstein or others. or Bernstein's or
23 others' defenses thereto.

24 10. Bernstein acknowledges that, except as expressly provided in this Consent Order,
25 nothing herein is intended to or shall be construed to have created, compromised, settled, or
26

