

BEFORE THE ARIZONA CORPORATION COMMISSION

Betty Camargo

Arizona Corporation Commission

DOCKETED

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CARL KUNASEK
Chairman

JIM IRVIN
Commissioner

WILLIAM A. MUNDELL
Commissioner

DOCKETED BY *sd*

In the matter of)

DOCKET NO. S-03269A-99-0000

JAMES TROY BREDESON)
1951 w. Camelback Rd., Ste. 270)
Phoenix, AZ 85015)

DECISION NO. 62038

RONALD JOHN HOOVER)
4215 N. Civic Center Blvd., #145)
Scottsdale, AZ 85251)

**ORDER TO CEASE AND DESIST,
ORDER OF DISGORGEMENT,
ORDER FOR ADMINISTRATIVE
PENALTIES AND CONSENT TO
SAME RE: LOWELL ROBERT
TAYLOR**

LOWELL ROBERT TAYLOR)
a/k/a JIM TAYLOR)
630 N. Pheasant Dr.)
Gilbert, AZ 85236)

PATRICK ROBIN HOGUE)
2765 N. Scottsdale Rd. , #104-A)
Scottsdale, AZ 85257,)

Respondents.)

Respondent LOWELL ROBERT TAYLOR elects to permanently waive his rights to a hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona with respect to this Order to Cease and Desist, Order of Disgorgement and Order for Administrative Penalties ("Order"); admits the jurisdiction of the Arizona Corporation Commission; neither admits nor denies the Findings of Fact and Conclusions of Law contained in this Order; and consents to entry of this Order by the Commission.

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I.

FINDINGS OF FACT

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3 1. LOWELL ROBERT TAYLOR, a/k/a JIM TAYLOR ("TAYLOR"), whose last
4 known address is 630 N. Pheasant, Gilbert, AZ 85236, was at all relevant times a managing
5 director, trustee, and salesman for PMT. TAYLOR was not registered under the Securities Act as
6 a dealer or salesman.

7 2. Beginning around November 1997 through at least April 1998, TAYLOR offered and
8 sold investment opportunities in the form of "Private Loan Contracts" between the investor as
9 "lender" and PMT as "borrower" (the "PMT program".) Investors were contacted through
10 newspaper ads or referrals. Investors who provided PMT with funds were promised from 3 to 10%
11 interest per month on their investment for periods of 12 months. Investors were told that they could
12 roll over their monthly returns, or a portion of them, to accumulate an even greater total on which to
13 calculate the monthly interest. Investors were also provided with a repayment schedule that allowed
14 for monthly withdrawals during the course of the PMT program.

15 3. Investors were told that their money would be used by PMT to invest in "medium
16 term notes" issued by a top European bank. The notes would then be traded on secondary markets
17 at substantial spreads, producing returns that would allow PMT to pay high interest to investors.

18 4. Investors were told that the trading of medium term notes was "very much an insider
19 game, thoroughly known and understood by a privileged few." Those connected with the European
20 financial institutions were under "non-disclosure covenants for years." Thus, investors were told
21 that there was not any publicity about the PMT program and how transactions were conducted.
22 Only those "invited" could participate in PMT's program.

23 5. Investors received a "Private Loan Contract", a one page sample "loan repayment
24 schedule" and information about "High Yield Private Placements," before they invested. Investors
25 were not required to contribute to the management of their money in the PMT program. Investors
26 were given no information about who would manage their money, or where it would be deposited.

1 Investors were not provided with any track record for the PMT program, nor were they given any
2 financial statements or other background information about PMT or its principals.

3 6. At least thirty-three investors invested at least \$1,091,500 in the PMT program.

4 7. Some investors received monthly interest payments on their investment for a period
5 of 3 to 7 months. Several of those investors decided to invest again after receiving payments. After
6 receiving monthly payments, some investors provided information about the PMT program to
7 friends and family members who also invested. The majority of investors decided to "roll over"
8 their monthly interest payments into their original investment. Those investors received no
9 payments back from PMT.

10 8. As the due dates for investor's 12-month contracts matured, investors who made
11 inquiry were told that there were delays in returning investor funds. Some investors were told that
12 the funds were being retrieved from overseas, or that the funds had reached the United States, but
13 were being held in New York. Other investors were told that Respondent BREDESON was on his
14 way across the country, paying investors as he passed through their cities on his way to Phoenix. By
15 August 1998, PMT had closed its business and RESPONDENTS did not return telephone calls.

16 9. TAYLOR received commissions of at least \$23,150 through sales of the PMT
17 program. TAYLOR was not licensed to sell securities at all relevant times. However, by Order
18 dated November 23, 1998, the Arizona Corporation Commission entered into a Consent with
19 WMA Securities of Atlanta, Georgia, whereby PMT investors, including those who dealt with
20 TAYLOR, were repaid their principal plus interest as a result of, among other things, WMA
21 Securities' failure to supervise licensed Respondents HOOVER and HOGUE.

22 II.

23 CONCLUSIONS OF LAW

24 1. The Commission has jurisdiction over this matter pursuant to Article XV of the
25 Arizona Constitution, and the Securities Act of Arizona, Title 44, Chapter 12, Arizona Revised
26 Statutes, as amended (A.R.S. § 44-1801, et seq.)

1 2. From on or about November 1997, LOWELL ROBERT TAYLOR offered and/or
2 sold securities in the form of notes, investment contracts or evidences of indebtedness, within and/or
3 from Arizona.

4 3. The securities referred to above were not registered under A.R.S. §§ 44-1871 through
5 44-1875, or 44-1891 through 44-1902; were not securities for which a notice filing has been made
6 under A.R.S. § 44-3321; were not exempt under A.R.S. §§ 44-1843 or 44-1843.01; were not offered
7 or sold in exempt transactions under A.R.S. § 44-1844; and were not exempt under any rule or order
8 promulgated by the Commission.

9 4. LOWELL ROBERT TAYLOR offered and/or sold unregistered securities within or
10 from the state of Arizona in violation of A.R.S. § 44-1841.

11 5. In connection with the offers to sell and the sale of securities, LOWELL ROBERT
12 TAYLOR acted as a dealer and/or salesman within and/or from Arizona, although not registered
13 pursuant to the provisions of Article 9 of the Securities Act, in violation of A.R.S. § 44-1842.

14 6. In connection with the offers and sales of securities within and/or from Arizona,
15 LOWELL ROBERT TAYLOR directly or indirectly: (i) employed a device, scheme or artifice to
16 defraud; or (ii) made untrue statements of material fact or omitted to state material facts which were
17 necessary in order to make the statements made not misleading in light of the circumstances under
18 which they were made; or (iii) engaged in transactions, practices or courses of business which
19 operated or would operate as a fraud or deceit upon offerees and investors, all in violation of A.R.S.
20 § 44-1991.

21 7. LOWELL ROBERT TAYLOR is subject to an Order to Cease and Desist pursuant to
22 A.R.S. § 44-2032 because he violated the provisions of A.R.S. §§ 44-1841, 44-1842 and 44-1991.

23 8. LOWELL ROBERT TAYLOR is subject to administrative penalties pursuant to
24 A.R.S. § 44-2036 because he violated the provisions of A.R.S. §§ 1841, 44-1842 and 44-1991.

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III.

ORDER

THEREFORE, on the basis of the Findings of Fact and Conclusions of Law, the Commission finds that the following Order is appropriate, in the public interest and necessary for the protection of investors:

1. IT IS ORDERED, pursuant to A.R.S. § 44-2032, that LOWELL ROBERT TAYLOR, and any agents, servants, employees, successors, or persons in active concert or participation with him CEASE and DESIST from the following and any other violation of the Securities Act of Arizona:

a) Offering to sell or selling securities within or from the state of Arizona unless the securities are registered with the Commission pursuant to Articles 6 or 7 of the Securities Act of Arizona, or the securities qualify for an exemption from registration;

b) Offering to sell or selling securities within or from the state of Arizona unless prior registration as a dealer or salesman is obtained under Article 9 of the Securities Act of Arizona, or an exemption from registration is available;

c) Offering to sell or selling securities within or from the state of Arizona, through misrepresentations of material fact or omissions of material fact; including but not limited to :

i.) failing to provide investors with the names, background and experience of the individuals or institutions who would purportedly be trading medium term notes with investor money;

ii.) failing to disclose any risks in investing in the PMT program;

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- iii.) failing to disclose fees or commissions connected with the sale of the PMT program;
- iv.) failing to tell investors that PMT was not a valid business trust;
- v.) misrepresenting the PMT program as being a high yield, exclusive trading program between European financial institutions, when in fact, such programs do not exist in the legitimate financial markets.

2. IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that LOWELL ROBERT TAYLOR shall pay an administrative penalty of twenty-eight thousand, one hundred fifty dollars (\$28,150), based upon return of commissions of \$23,150 plus an additional \$5,000 in penalties. Payment shall be made by cashier's check in the amount of \$1,000 upon entry of this Order followed by monthly payments of \$300 until paid in full, such checks to be made payable to the "State of Arizona" for deposit in the General Fund of the state. IT IS FURTHER ORDERED that upon failure

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1 to pay any amount due, the full amount of restitution and penalty shall be immediately due and
2 payable, with interest to accrue at the statutory rate of 10%.

3 3. IT IS FURTHER ORDERED that this decision shall become effective immediately.

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5 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

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8 CHAIRMAN COMMISSIONER COMMISSIONER

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IN WITNESS WHEREOF, I, Brian C. McNeil,
Executive Secretary of the Arizona Corporation
Commission, have hereunto set my hand and
caused the official seal of the Commission to be
affixed at the Capitol, in the City of Phoenix,
this 2nd day of November.

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15 BRIAN C. McNEIL
Executive Secretary

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DISSENT
(SAF)

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This document is available in alternative formats by contacting Cynthia Mercurio-Sandoval, ADA Coordinator, voice phone number 602/542-0838, E-mail csandoval@cc.state.az.us.

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CONSENT TO ENTRY OF ORDER BY THE COMMISSION
AND WAIVER OF HEARING

LOWELL ROBERT TAYLOR acknowledges that he has been fully advised of his right to a hearing to present evidence and call witnesses. LOWELL ROBERT TAYLOR waives all hearing procedures and the right to appeal provided by the Securities Act of Arizona with respect to this Order to Cease and Desist, Order for Administrative Penalties and Order of Revocation ("Order") and Consent to Entry of Order ("Consent").

LOWELL ROBERT TAYLOR admits the jurisdiction of the Arizona Corporation Commission ("the Commission") with respect to the matters set forth in this Order and Consent.

LOWELL ROBERT TAYLOR neither admits nor denies the Findings of Fact and Conclusions of Law contained in this Order and Consent but he consents to the issuance of the Findings of Fact and Conclusions of Law contained in the Order. LOWELL ROBERT TAYLOR agrees that he shall not challenge their validity in any present or future administrative proceedings before the Commission or any other branch of state government concerning the denial or issuance of any license or registration required by the State in order to engage in the practice of any business or profession.

LOWELL ROBERT TAYLOR states that his entry into this Consent is a voluntary act and that no promise was made nor coercion used to induce LOWELL ROBERT TAYLOR to enter into it.

LOWELL ROBERT TAYLOR acknowledges that he has been represented by counsel in this matter and that he has reviewed this Order with his attorney and understands all terms and obligations contained herein.

LOWELL ROBERT TAYLOR consents to the entry of this Order and agrees to be fully bound by its terms and conditions.

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1 LOWELL ROBERT TAYLOR understands that this Consent does not preclude any other
2 agency, officer of this State or its subdivision, from instituting other civil or criminal proceedings
3 now or in the future.

4 While this Order settles all pending matters between LOWELL ROBERT TAYLOR and
5 the Commission, LOWELL ROBERT TAYLOR understands that this Consent does not preclude
6 the Commission from instituting other administrative, civil, or criminal proceedings, now or in the
7 future, based on facts not presently known by the Commission or matters which are not covered by
8 this Order.

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11 _____
12 LOWELL ROBERT TAYLOR

13 SUBSCRIBED TO AND SWORN BEFORE me this 4 day of October,
14 1999 by LOWELL ROBERT TAYLOR.

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17 J. T. Walsh
18 NOTARY PUBLIC My Commission Expires: July 30, 2000

