


1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 Arizona Corporation Commission
DOCKETED

3 **NOV 30 2000**

3 **CARL J. KUNASEK**
4 Chairman
5 **JIM IRVIN**
6 Commissioner
7 **WILLIAM A. MUNDELL**
8 Commissioner

DOCKETED BY 

6 In the matter of)

7 **SCOTT A. GOULD**)
8 6006 North 21 Place)
9 Phoenix, Arizona 85016,)

10 Respondent.)

) DOCKET NO. S-03275A-00-0000

) **ORDER TO CEASE AND DESIST,**
) **ORDER OF RESCISSION, ORDER**
) **FOR ADMINISTRATIVE PENALTIES**
) **AND CONSENT TO SAME**

) DECISION NO. 63218

11)
12)
13 SCOTT A. GOULD ("GOULD") elects to permanently waive his right to a hearing and
14 appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801, *et seq.*
15 ("Securities Act") with respect to this Order ("Order"). GOULD admits the jurisdiction of the
16 Arizona Corporation Commission ("Commission"); neither admits nor denies the Findings of Fact
17 and Conclusions of Law contained in this Order; and consents to the entry of this Order by the
18 Commission.

19 **I.**

20 **FINDINGS OF FACT**

21 1. The Commission ordered GOULD to cease and desist from violations of the
22 Securities Act on April 5, 1995. That decision, number 59055, also ordered GOULD to make a
23 rescission offer to all investors who had purchased promissory notes ("Notes"). The unregistered
24 Notes had been provided to investors in return for money, which GOULD used to fund construction
25 loans. GOULD was not a registered securities salesman. GOULD consented to entry of the Cease
26 and Desist Order and waived the hearing. GOULD was ordered to pay an administrative penalty of

1 \$5,000. That amount was reduced to \$1,000 after the rescission terms were met. GOULD paid
2 \$145,000 in rescission to three investors.

3 2. The subpoena served in reference to the 1995 action required production of records
4 including the Notes. GOULD identified 33 individuals and couples who had loaned him money and
5 received a Note in return. The individuals included his parents, sister, grandmother, close friends
6 and his brother-in-law's family members. GOULD failed to disclose to the Securities Division the
7 names of some investors during its investigation. A number of these individuals have subsequently
8 been identified.

9 3. After the Cease and Desist Order was issued by the Commission in 1995, GOULD
10 continued to borrow money from individuals and to finance construction loans in the same fashion,
11 thereby violating that prior Order. The money received from lenders was pooled with other investor
12 funds and used to make loans to commercial builders of single-family residences. GOULD
13 provided investors with unregistered promissory notes ("Notes") paying between 10% -- 16% for
14 use of their money. The commercial builders are charged interest rates ranging between 18% --
15 21%. The funds received from investors for the Notes were placed into a bank account in the name
16 of SCOTT A. GOULD and under the signatory power of GOULD.

17 4. GOULD has never provided investors with disclosure documents. Individuals
18 investing money were not given a prospectus, offering circular or any essential information.
19 GOULD failed to disclose the Cease and Desist Order to new investors. GOULD failed to provide
20 any meaningful disclosure regarding the risks associated with investing in this venture, including but
21 not limited to the risk that the entire principal amount could be lost.

22 5. GOULD never disclosed the exact nature and amount of security collateralizing
23 the Notes. In particular, he did not tell investors that the loans to construction companies were
24 secured by a mortgage or deed of trust on real estate in his name, and not in the investor's name.
25 GOULD did not disclose to investors that their investments were not secured by a first lien on a
26 single parcel of real estate containing a dwelling or other residential or commercial structure.

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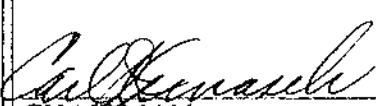
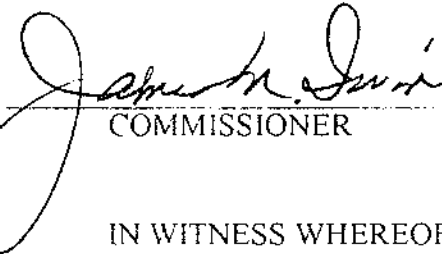
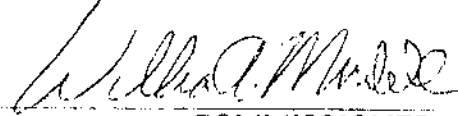
Order; such verification will contain the information specified in A.A.C. R14-4-308 (B)(5).

f) If GOULD does not comply with this rescission order any outstanding balance shall be in default and immediately due and payable as restitution.

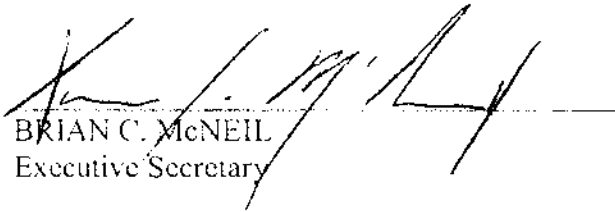
IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that GOULD shall pay an administrative penalty in the amount of \$30,000.00. Payment shall be made in full by cashier's check, payable to the state of Arizona, on or before November 9, 2000.

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

BY ORDER OF THE ARIZONA CORPORATION COMMISSION

		
CHAIRMAN	COMMISSIONER	COMMISSIONER

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 30th day of November, 2000.



BRIAN C. McNEIL
Executive Secretary

DISSENT

(KEM)

1 This document is available in alternative formats by contacting Shelly M. Hood, ADA
2 Coordinator, voice phone number: 602/542-3931, email: shood@cc.state.az.us.

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

3 SCOTT A. GOULD ("GOULD") acknowledges that he has been fully advised of his right
4 to a hearing to present evidence and call witnesses. GOULD waives all hearing procedures and
5 the right to appeal provided by the Securities Act of Arizona with respect to this Order to Cease
6 and Desist, Order for Administrative Penalties ("Order") and Consent to Entry of Order
7 ("Consent").

8 GOULD admits the jurisdiction of the Arizona Corporation Commission ("Commission")
9 with respect to matters set forth in this Order and Consent.

10 GOULD neither admits nor denies the Findings of Fact and Conclusions of law contained
11 in this Order and Consent.

12 GOULD agrees that, as a part of the settlement reached herein, he will not apply for
13 registration as a securities dealer or salesman, or for licensure as an investment advisor or
14 investment advisor representative, under the Securities Act of Arizona or the Investment
15 Management Act of Arizona, at any time in the future.

16 GOULD states that his entry into this Consent is a voluntary act and that no promise was
17 made nor coercion used to induce him to enter into it.

18 GOULD consents to the entry of this Order.

19 GOULD understands that this Consent does not preclude any other agency, officer of this
20 State or its subdivision, from instituting other civil or criminal proceedings now or in the future.

21 While this Order settles all pending matters between GOULD and the Commission,
22 GOULD understands that this Consent does not preclude the Commission from instituting other

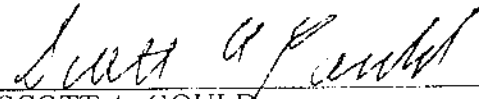
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1 administrative, civil, or criminal proceedings, now or in the future, based on facts not presently
2 known by the Commission or matters which are not covered by the Order.

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4 
5 SCOTT A. GOULD

6 SUBSCRIBED TO AND SWORN BEFORE me this 7TH day of NOVEMBER,

7 ~~1998~~²⁰⁰⁰, by

8 
9 NOTARY PUBLIC

10 My Commission Expires:

11 9.9.2001



26 N: Enforce:Cases\MGFFunding.km Pleading:Consent to Entry of Order

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