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2 **BEFORE THE ARIZONA CORPORATION COMMISSION**

3 WILLIAM A. MUNDELL
4 Chairman
5 JIM IRVIN
6 Commissioner
7 MARC SPITZER
8 Commissioner

9 **In the matter of:**

10 **EDGE BUSINESS SERVICES, INC.**
11 a California corporation
12 8306 Wilshire Boulevard, Suite 2550
13 Beverly Hills, CA 90211

14 **WAYNE KEITH RICHARDSON**
15 600 North Curson
16 Los Angeles, CA 90069,

17 Respondents.

) DOCKET NO. S-03417A-00-0000

)
)
) DECISION NO. _____

)
) **ORDER TO CEASE AND DESIST**
) **AND ORDER FOR OTHER RELIEF**

18 **I.**
19 **INTRODUCTION**

20 On December 22, 2000, the Securities Division (“Division”) of the Arizona Corporation Commission
21 (“Commission”) filed a Notice of Opportunity for Hearing Regarding Proposed Order to Cease and Desist
22 and Order for Administrative Penalties (“Notice”) against Respondents EDGE BUSINESS SERVICES,
23 INC., and WAYNE KEITH RICHARDSON. On July 9, 2001, the Notice was personally served on both
24 Respondents. The Proof of Service relating to this personal service is attached and is incorporated herein as
25 Exhibit “A.”

26 The Notice afforded EDGE BUSINESS SERVICES, INC., and WAYNE KEITH RICHARDSON
the opportunity to request a hearing with the Commission within 10 days from the Respondents’ date of

1 service. Neither Respondent has yet to request a hearing or has otherwise made any form of appearance. As
2 such, EDGE BUSINESS SERVICES, INC., and WAYNE KEITH RICHARDSON have chosen not to
3 contest the Division’s allegations in this matter.

4 **II.**

5 **FINDINGS OF FACT**

6 1. EDGE BUSINESS SERVICES, INC. (“EDGE”), whose last known address was 8306
7 Wilshire Boulevard, Suite 2550, Beverly Hills, California, 90211, is a California corporation purportedly
8 involved in the generation of venture capital and business development.

9 2. WAYNE KEITH RICHARDSON (“RICHARDSON”), whose last known address was
10 600 North Curson, Los Angeles, California, 90069, was at all times relevant to this matter the Chief
11 Executive Officer (“CEO”) and president of EDGE.

12 3. Respondents EDGE and RICHARDSON may collectively be referred to as
13 “RESPONDENTS.”

14 4. RESPONDENTS have engaged in the offer and/or sale of securities within Arizona as
15 recently as the spring of 2000.

16 5. On or about April 4, 2000, RESPONDENTS sent a letter to at least one Arizona resident
17 offering this individual an opportunity to make an investment in what was termed a “Corporate Note
18 Program.”

19 6. This Arizona resident (“Offeree”) had no prior associations with RESPONDENTS.

20 7. According to the offering material, an investment in the Corporate Note Program would
21 guarantee an investor a 29.9% annual return on his investment.

22 8. The offering materials specified that the minimum investment allowed in this Corporate Note
23 Program was \$25,000, and that an investor could expect a subsequent return of \$72,468.79 in “just five short
24 years.

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1 9. According to RESPONDENTS' offering materials, the Offeree's investment would be
2 secured by accounts receivable from undisclosed participating corporations, and that the risk to an investment
3 in this program was consequently "non-existent."

4 10. In February of 2000, approximately two months prior to the Arizona offering at issue, the
5 state of Pennsylvania had issued a Cease and Desist Order against RESPONDENTS for making a similar
6 offering involving a corporate note program. This information was not disclosed to the Offeree.

7 11. In connection with the offer to sell and/or the sale of securities, RESPONDENTS acted as
8 dealers and/or salesmen within and from Arizona, although not registered pursuant to the provisions of Article
9 9 of the Securities Act of Arizona.

10 12. The corporate note securities referred to above were not registered under A.R.S. §§ 44-
11 1871 through 44-1875, or 44-1891 through 44-1902; were not securities for which a notice filing has been
12 made under A.R.S. § 44-3321; were not exempt under A.R.S. §§ 44-1843, 44-1843.01 or 44-1843.02;
13 were not offered or sold in exempt transactions under A.R.S. § 44-1844; and were not exempt under any
14 rule or order promulgated by the Commission.

15 13. In connection with the offer and/or sale of securities within or from Arizona,
16 RESPONDENTS directly or indirectly: (i) made untrue statements of material fact or omitted to state material
17 facts which were necessary in order to make the statements made not misleading in light of the circumstances
18 under which they were made; and/or (ii) engaged in transactions, practices or courses of business which
19 operated or would operate as a fraud or deceit upon the Offeree. The conduct of RESPONDENTS
20 includes, but is not limited to, the following:

21 a) RESPONDENTS misrepresented to the Offeree that the risk to investing in their
22 Corporate Note Program was non-existent, when in fact such a claim had no factual
23 basis.

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25 b) RESPONDENTS failed to disclose to the Offeree that in February of 2000,
26 approximately two months prior to making the offering at issue, the state of

1 Pennsylvania had issued a Cease and Desist Order against RESPONDENTS for
2 offering securities in violation of that state’s securities laws.

3 c) RESPONDENTS failed to disclose to the Offeree that neither they nor the securities
4 arising out of their Corporate Note Program were registered with the state of Arizona
5 in any capacity.

6 **III.**

7 **CONCLUSIONS OF LAW**

8 1. The Arizona Corporation has jurisdiction over this matter pursuant to Article XV of the
9 Arizona Constitution and pursuant to the Securities Act of Arizona, A.R.S. § 44-1801, *et seq.*

10 2. EDGE and RICHARDSON offered and/or sold securities within or from Arizona within the
11 definitions of A.R.S. §§ 44-1801(15), 44-1801(21), and 44-1801(26).

12 3. EDGE and RICHARDSON violated A.R.S. § 44-1841 by offering or selling securities in
13 Arizona that were neither registered nor exempt from such registration.

14 4. EDGE and RICHARDSON violated A.R.S. § 44-1842 by offering or selling securities in
15 Arizona while neither registered as dealers or salesmen nor exempt from such registration.

16 5. EDGE and RICHARDSON violated A.R.S. § 44-1991 by (i) making untrue statements or
17 misleading omissions of material facts; and (ii) engaging in transactions, practices or courses of business which
18 operate or would operate as a fraud or deceit.

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24 **IV.**

25 **ORDER**

26 THEREFORE, on the basis of the Commission’s Findings of Fact and Conclusions of Law, the

1 following Order is appropriate, in the public interest, and necessary for the protection of investors:

2 IT IS ORDERED, pursuant to A.R.S. § 44-2032, that the RESPONDENTS and their agents,
3 servants, employees, successors, assigns, and those persons in active concert or participation with them
4 CEASE AND DESIST from the following activities:

- 5 1) The offer and/or sale of any securities described herein within or from the state of Arizona;
- 6 2) The solicitation or acceptance of funds from investors for the securities described herein, or
7 the solicitation or acceptance of funds from investors for any similar type of securities offering within or from
8 the state of Arizona, unless such securities are duly registered, notice filed, or exempt from registration;
- 9 3) The offer or sale of any securities within or from the state of Arizona unless the requisite
10 registration as dealers and/or salesmen is first obtained under Article 9 of the Securities Act of Arizona, or
11 unless an exemption from registration is applicable;
- 12 4) The offer and/or sale of any securities within or from the state of Arizona through a material
13 misrepresentation or omission, and/or through a course of conduct that would operate as a fraud or deceit on
14 investors; and
- 15 5) Any other activity constituting a violation of the Securities Act of Arizona.

16 IT IS FURTHER ORDERED that, pursuant to A.R.S. § 44-2032 and AAC Rule R14-4-308,
17 Respondents provide the names and addresses of any and all Arizona investors who have made an investment
18 in Respondents' corporate note program, together with the respective dollar amounts invested. Restitution
19 shall be then made to all such investors in accordance with the prescribed restitution provisions of ACC Rule
20 R14-4-308 (C).

21 IT IS FURTHER ORDERED that, pursuant to A.R.S. § 44-2036, RESPONDENTS shall jointly
22 and severally pay an administrative penalty in the amount of \$10,000, payable to the State Treasurer, within
23 thirty (30) days from the effective date of this Order for deposit into the general fund of the state of Arizona.

24 IT IS FURTHER ORDERED that the administrative penalty prescribed above shall accrue interest at
25 the legal rate from the effective date of this Order until paid in full.

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 ____ day of _____, 2001.

BRIAN C. McNEIL
Executive Secretary

DISSENT

(JP)

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number 602-542-3931, E-mail shood@cc.state.az.us.

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