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**BEFORE THE ARIZONA CORPORATION COMMISSION**

WILLIAM A. MUNDELL  
Chairman  
JIM IRVIN  
Commissioner  
MARC SPITZER  
Commissioner

In the matter of:

HOTEL CONNECT LLC's #100-1100  
3649 West Beechwood Suite 103  
Fresno, CA 93711

MARK ALAN MELKOWSKI, SR.  
2173 East La Vieve Lane  
Tempe, AZ 85254

EAGLE COMMUNICATIONS, INC.  
4430 N. Civic Center Plaza #204  
Scottsdale, AZ 85251

RONALD LEE GOBLE, individually and dba  
SOUTHWEST TRUST & FINANCIAL  
6243 East Gelding Drive  
Scottsdale, AZ 85254

GARY LYLE CHRISTIAN, individually and dba  
CORNERSTONE SENIOR PLANNING  
7015 West Firebird Drive  
Glendale, AZ 85308

HYLAND A. STOKES, individually and dba  
ESTATE PLANNING PROTECTION  
5570 East Via Montoya Drive  
Phoenix, AZ 85054

ROGER LANCETTE, individually and dba  
NATIONAL ESTATE SERVICE AND  
PLANNING and SENIOR ADVISORY  
SERVICES  
6857 East Montreal Place  
Scottsdale, Arizona 85254

WALLACE BUTTERWORTH, individually and  
dba SENIOR ADVISORY SERVICES  
1411 East Orangewood Avenue #239  
Phoenix, AZ 85020  
CRD #728693

Respondents.

) Docket No. S-03444A-01-0000  
)  
) **ORDER TO CEASE AND DESIST,**  
) **ORDER OF RESTITUTION, ORDER**  
) **FOR ADMINISTRATIVE PENALTIES**  
) **AND CONSENT TO SAME**  
)  
) **RE: HYLAND A. STOKES and ESTATE**  
) **PLANNING PROTECTION, INC.**  
)  
) **DECISION NO. \_\_\_\_\_**

1 Respondents Hyland A. Stokes (“Stokes”) and Estate Planning Protection, Inc.  
2 (“RESPONDENTS”) elect to permanently waive any right to a hearing and appeal under Articles  
3 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* (“Securities Act”) with respect  
4 to this Order To Cease And Desist, Order of Restitution, and Order for Administrative Penalties  
5 (“Order”). The aforesaid RESPONDENTS admit the jurisdiction of the Arizona Corporation  
6 Commission (“Commission”); admit only for purposes of this proceeding and any other  
7 administrative proceedings before the Commission or any other agency of the state of Arizona, the  
8 Findings of Fact and Conclusions of Law contained in this Order; and consent to the entry of this  
9 Order by the Commission.

## 10 I.

### 11 FINDINGS OF FACT

12 1. Stokes, whose last known address is 5570 East Via Montoya Drive, Phoenix, Arizona  
13 85054, and Estate Planning Protection, Inc., whose last known address is 11811 N. Tatum Blvd., Ste  
14 3031, Phoenix, Arizona 85028, were never registered with the Commission as securities salesmen or  
15 dealers. Stokes is, and was at all times pertinent hereto, licensed by the Arizona Department of  
16 Insurance as an insurance salesman.

#### 17 A. Sales and Marketing Network for “Alternative” Investments.

18 2. In or around October 1998, Respondent Mark Alan Melkowski (“Melkowski”)  
19 recruited several licensed insurance salesmen including the RESPONDENTS to contract as sales  
20 agents for Hotel Connect #100-2000 LLC (“Hotel Connect”) and World Cash Providers, LLC  
21 (“World Cash”) to sell “alternative” investments to their clients. Melkowski acted as a managing  
22 sales agent for Hotel Connect and World Cash, assisting these companies by providing the sales  
23 agents with necessary investor paperwork, training the salesmen, processing investor documents, and  
24 paying commissions based upon the amount of money invested through their sales and marketing  
25 efforts. RESPONDENTS received commissions up to 20% of the funds they raised from investors  
26 from the sale of these “alternative” investments.

1           3.       Hotel Connect and World Cash provided joint sales conferences and training sessions  
2 for agents on how to sell the LLC membership interests and the World Cash business opportunities  
3 programs.

4           4.       In late 1998 or early 1999, top sales producers, including RESPONDENTS, were  
5 rewarded for high volume sales with a “getaway” trip and seminar held in New Orleans. Several  
6 training sessions and seminars were held in Fresno, California through late 1999.

7           5.       On February 8, 2000, the California Department of Corporations (“DOC”) found  
8 that the CTM business opportunities were securities sold in violation of California law, and  
9 ordered World Cash and some of its principals, managers and marketers to stop selling these  
10 business opportunities in California.

11          6.       In or around February 2000, after the California DOC ordered World Cash to desist  
12 and refrain from further sales of business opportunities in California, RESPONDENTS stopped  
13 selling Hotel Connect and World Cash products.

14          7.       In or around March 2000, RESPONDENTS attended a sales seminar held in Las  
15 Vegas, Nevada, to promote the sale of Mobile Cash Systems, LLC (“Mobile Cash”) business  
16 opportunities, a new program marketed by the same principals who offered the Hotel Connect and  
17 the World Cash products.

18          8.       RESPONDENTS solicited some of their investors through cold-calls and at  
19 seminars advertised to the general public, followed by visits to the investors’ homes.

20           **B.       Description of the Hotel Connect Offerings.**

21          9.       From in or around October 1998 until February 2000, RESPONDENTS offered and  
22 sold within and from Arizona membership interests in Hotel Connect #100-1100 LLCs to  
23 approximately 24 investors, who invested approximately \$1,120,000. Investors were told that their  
24 funds would be used to operate a hotel long distance and operator service for the purpose of  
25 generating a profit for investors.

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1           10.     The minimum investment for one membership interest in Hotel Connect was \$10,000,  
2 for a projected annualized average 17.6% return for the first five years. Investors were told by  
3 salesmen and in sales brochures that the investment provided the investor “high returns with minimal  
4 risk, good collateralization, and liquidity in case of emergency throughout his or her ownership,” and  
5 that they could expect annual yields on their investments of 14% during year one, and up to 20%  
6 annual yields during year five.

7           11.     While Hotel Connect’s subscription documents provide specifically that the  
8 investments “will be sold only to accredited investors,” in fact the investments were in many cases  
9 sold to investors who did not meet the definition of an accredited investor as that term is defined  
10 under federal law and adopted under the Securities Act.

11          12.     RESPONDENTS did not fully disclose the risks of the investments in Hotel  
12 Connect.

13          13.     Investors in Hotel Connect interests have not received their first annual return, as  
14 promised.

15           **C.     Description of the “Business Opportunities” Offerings.**

16          14.     RESPONDENTS also offered and sold investments called “business opportunities,”  
17 consisting of the sale of equipment together with service agreements. Investors were to receive  
18 monthly payments resulting from a share of the profits generated from the operation of their  
19 equipment. Investors exercised no managerial or entrepreneurial duties in connection with this  
20 investment, and never even saw the equipment. The profits of the investors were dependent upon the  
21 services provided by the service companies.

22          15.     From around January 1999 through January 2000, RESPONDENTS sold World Cash  
23 Providers, LLC cash ticket machines (“CTMs”), with services provided by World Cash Providers,  
24 Inc., based in Fresno, California, to 6 investors, who invested approximately \$164,500. Some of the  
25 principals of these issuers, collectively referred to hereafter as “World Cash,” were also involved in  
26 the management and marketing of the Hotel Connect membership interests.

1           16.     From around January 2000 through June 2000, RESPONDENTS offered and sold  
2 Mobile Cash business opportunities investments--substantially similar to the CTM business  
3 opportunities, to 5 investors, who invested approximately \$300,000. These sales involved wireless  
4 terminal machines ("WTMs") together with service agreements. The WTMs were handheld wireless  
5 cash ticket machines. Mobile Cash was based in Las Vegas, Nevada. The services were to be  
6 provided by two companies based in Mesa, Arizona, World Wireless Systems, Inc. ("Wireless") and  
7 World Electronic Payment Solutions ("WEPS"). Principals of Mobile Cash, Wireless and/or WEPS  
8 also managed or marketed World Cash business opportunities and Hotel Connect membership  
9 interests.

10           17.     Investors in the World Cash CTM business opportunities stopped getting their  
11 monthly "revenue" payments in or before June 2000.

12           18.     Investors in the Mobile Cash WTM business opportunities received monthly  
13 "revenue" payments, as promised, approximately 90 days after their investments, beginning in  
14 April 2000, even though not a single WTM machine was placed in operation. Around March  
15 2001, the "revenue" payments to investors stopped.

16           19.     In connection with the offer or sale of securities within or from Arizona,  
17 RESPONDENTS directly or indirectly made untrue statements of material fact or omitted to state  
18 material facts which were necessary in order to make the statements made not misleading in light of  
19 the circumstances under which they were made. RESPONDENTS' conduct relating to the offer and  
20 sale of these securities includes, but is not limited to, the following:

21                   a) Misrepresenting the safety of these investments and failing to disclose specific  
22 risks.

23                   b) Failing to disclose material financial or background information about the  
24 issuers or their principals.

25                   c) Failing to disclose to Hotel Connect investors that there would be inter-  
26 company transfers of funds between Hotel Connect and World Cash or other companies.

1 d) Misrepresenting to CTM investors that their equipment would be delivered  
2 within 30 or 60 days of their completed contract. In fact, some investors never had  
3 equipment placed in service for them.

4 e) Failing to disclose that many of the CTMs that were purchased were never  
5 delivered or placed in service.

6 f) Misrepresenting that CTM investors were to receive monthly distributions from the  
7 revenue generated from the operation of their CTMs. In fact, monthly distributions were paid  
8 to many investors for CTMs that were never placed in service for them.

9 g) Misrepresenting that WTM investors were to receive monthly distributions from  
10 the revenue generated from the operation of their WTMs. In fact, from April through January  
11 2000, Wireless distributed monthly payments to investors although no equipment was placed  
12 in service for any investors.

13 h) Failing to disclose to WTM investors that no WTMs had been placed in service.

14 i) Failing to disclose that Wireless and WEPS, the service and processing companies  
15 that were supposed to manage the WTMs to generate revenue for the distributions to  
16 investors, had not even begun service operations.

17 j) Failing to disclose background information regarding the principals of the limited  
18 liability interests and the business opportunities, including but not limited to the following:

19 (1) That on February 8, 2000, the California DOC issued orders finding that the  
20 business opportunities or investment contracts involving CTMs were  
21 securities and ordering World Cash, its presidents, and two Directors of  
22 WEPS, Paul Michael ("Mike") Goodman and John P. Steele, to desist and  
23 refrain from the unlawful sale of these securities in California.

24 (2) That on February 10, 2000, the California DOC filed a lawsuit in  
25 Sacramento County Superior Court against several entities and individuals  
26 including three directors of WEPS, Claude D. Smith, Billy Ray Smith and

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Brian T. Griggs, alleging the illegal and fraudulent offer and sale of an estimated \$20 million of securities in the form of short-term promissory notes to hundreds of investors, many of them elderly. The funds were alleged to be used for investments in commercial automated teller machines, cash ticket machines, and discount telephone service systems in economy motel rooms.

**II.**

**CONCLUSIONS OF LAW**

- 1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution and the Securities Act.
- 2. RESPONDENTS offered or sold securities within or from Arizona, within the meaning of A.R.S. §§ 44-1801(15), 44-1801(21), and 44-1801(26).
- 3. RESPONDENTS violated A.R.S. § 44-1841 by offering or selling securities that were neither registered nor exempt from registration.
- 4. RESPONDENTS violated A.R.S. § 44-1842 by offering or selling securities while neither registered as dealers or salesmen nor exempt from registration.
- 5. RESPONDENTS violated A.R.S. § 44-1991(A)(2) by offering or selling securities within or from Arizona by making untrue statements or misleading omissions of material facts.
- 6. RESPONDENTS’ conduct is grounds for a cease and desist order pursuant to A.R.S. § 44-2032.
- 7. RESPONDENTS’ conduct is grounds for an order of restitution pursuant to A.R.S. § 44-2032.
- 8. RESPONDENTS’ conduct is grounds for administrative penalties under A.R.S. § 44-2036.
- ...

**III.**

**ORDER**

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3       THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and  
4 RESPONDENTS' consent to the entry of this Order, the Commission finds that the following relief  
5 is appropriate, in the public interest, and necessary for the protection of investors:

6       IT IS ORDERED, pursuant to A.R.S. § 44-2032, that RESPONDENTS, their agents,  
7 employees, successors and assigns, permanently cease and desist from violating the Securities Act.

8       IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that RESPONDENTS shall,  
9 jointly and severally with Hotel Connect, pay restitution to Hotel Connect investors shown on the  
10 records of the Commission, pursuant to A.A.C. Rule R14-4-308, in the amount of \$1,120,000, plus  
11 interest at the rate of 10% per annum from the date of each investment, until paid in full. If  
12 additional Hotel Connect investors are later discovered, RESPONDENTS shall pay claims of those  
13 investors under the terms of this Order. Payment shall be made by cashier's check or money order  
14 payable to the "State of Arizona" to be placed in an interest-bearing account maintained and  
15 controlled by the Arizona Attorney General. The Arizona Attorney General shall disburse the  
16 funds on a pro rata basis to investors. Any funds that the Attorney General is unable to disburse  
17 shall revert to the state of Arizona.

18       IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that RESPONDENTS shall,  
19 jointly and severally with other Respondents who are subject to Decision No. 63680 of the  
20 Commission, pay restitution to CTM investors shown on the records of the Commission, pursuant  
21 to A.A.C. Rule R14-4-308, in the amount of \$164,500, plus interest at the rate of 10% per annum  
22 from the date of each investment until paid in full. If additional CTM investors are later  
23 discovered, RESPONDENTS shall pay claims of those investors under the terms of this Order.  
24 Payment shall be made by cashier's check or money order payable to the "State of Arizona" to be  
25 placed in an interest-bearing account maintained and controlled by the Arizona Attorney General.



1 The Arizona Attorney General shall disburse the funds on a pro rata basis to investors. Any funds  
2 that the Attorney General is unable to disburse shall revert to the state of Arizona.

3 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that RESPONDENTS shall,  
4 jointly and severally with other Respondents who are subject to Decision No. 63680 of the  
5 Commission, pay restitution to WTM investors shown on the records of the Commission, pursuant  
6 to A.A.C. Rule R14-4-308, in the amount of \$300,000, plus interest at the rate of 10% per annum  
7 from the date of each investment, until paid in full. If additional WTM investors are later  
8 discovered, RESPONDENTS shall pay claims of those investors under the terms of this Order.

9 Payment shall be made by cashier’s check or money order payable to the “State of Arizona” to be  
10 placed in an interest-bearing account maintained and controlled by the Arizona Attorney General.

11 The Arizona Attorney General shall disburse the funds on a pro rata basis to investors. Any funds  
12 that the Attorney General is unable to disburse shall revert to the state of Arizona.

13 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that RESPONDENTS, jointly  
14 and severally, shall pay administrative penalties in the amount of \$25,000. Payment shall be made

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1 in full by cashier’s check or money order on the date of this Order, payable to the “State of  
2 Arizona.” Any amount outstanding shall accrue interest at the rate of 10% per annum from the date  
3 of this Order until paid in full.

4 IT IS FURTHER ORDERED that this Order shall become effective immediately. All  
5 restitution and penalties payments are due upon entry of this Order.

6 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

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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

This document is available in alternative formats by contacting Shelly M. Hood, ADA Coordinator,  
voice phone number 602-542-3931, E-mail [shood@cc.state.az.us](mailto:shood@cc.state.az.us).

PTJ

**CONSENT TO ENTRY OF ORDER**

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2           1.     RESPONDENTS HYLAND A. STOKES and ESTATE PLANNING  
3 PROTECTION INC. (“RESPONDENTS”) admit the jurisdiction of the Commission over the  
4 subject matter of this proceeding. RESPONDENTS acknowledge that they have been fully advised  
5 of their rights to a hearing to present evidence and call witnesses and RESPONDENTS knowingly  
6 and voluntarily waive any and all rights to a hearing before the Commission and all other rights  
7 otherwise available under Article 11 of the Securities Act and Title 14 of the Arizona  
8 Administrative Code. RESPONDENTS acknowledge that this Order To Cease And Desist, Order  
9 for Restitution, Order for Administrative Penalties and Consent to Same (“Order”) constitutes a  
10 valid final order of the Commission.

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

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

16           4.     RESPONDENTS acknowledge that they have been represented by counsel in this  
17 matter, they have reviewed this Order and understand all terms it contains.

18           5.     RESPONDENTS admit only for purposes of this proceeding and any other  
19 administrative proceeding before the Commission or any other agency of the state of Arizona the  
20 Findings of Fact and Conclusions of Law contained in this Order.

21           6.     By consenting to the entry of this Order, RESPONDENTS agrees not to take any  
22 action or to make, or permit to be made, any public statement denying, directly or indirectly, any  
23 Finding of Fact or Conclusion of Law in this Order or creating the impression that this Order is  
24 without factual basis. RESPONDENTS will undertake steps necessary to assure that all of their  
25 agents and employees understand and comply with this agreement. Nothing in this provision affects  
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1 RESPONDENTS' testimonial obligations or right to take legal positions in litigation in which an  
2 administrative agency of the state of Arizona is not a party.

3 7. While this Order settles this administrative matter between RESPONDENTS and the  
4 Commission, RESPONDENTS understand that this Order does not preclude the Commission from  
5 instituting other administrative proceedings based on violations that are not addressed by this Order.

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

9 9. RESPONDENTS understand that this Order does not preclude any other agency or  
10 officer of the state of Arizona or its subdivisions from instituting administrative, civil or criminal  
11 proceedings that may be related to matters addressed by this Order.

12 10. RESPONDENTS agree that they will not apply to the state of Arizona for  
13 registration as a securities dealer or salesman or for licensure as an investment adviser or  
14 investment adviser representative for a period of one year and until all restitution is paid pursuant to  
15 this Order.

16 11. RESPONDENTS agree that they will not offer or sell, directly or indirectly,  
17 securities, unless and until registered as a securities dealer or salesman pursuant to the Securities Act  
18 of Arizona, A.R.S. § 44-1801, et seq., and they will not provide investment advisory services as  
19 defined in A.R.S. § 44-3101(5) and (6), within or from Arizona, unless and until licensed as an  
20 investment adviser or investment adviser representative pursuant to the Arizona Investment  
21 Management Act, A.R.S. § 44-3101 et seq.

22 12. RESPONDENTS agree that they will not exercise managerial authority or ownership  
23 of greater than ten percent (10%) of the outstanding equity interest of any company or entity engaged  
24 in the business of offering or selling, directly or indirectly, securities, or providing investment  
25 advisory services as defined in A.R.S. § 44-3101(5) and (6), within or from Arizona, for a period of  
26 one year and until all restitution is paid pursuant to this Order.

1           13. This agreement and Order shall be binding upon RESPONDENTS' agents,  
2 employees, assigns, and representatives acting under the authority of or at the direction of  
3 RESPONDENTS.

4           14. RESPONDENTS agree that until restitution and penalties are paid in full,  
5 RESPONDENTS will notify the Director of the Securities Division within 30 days of any change in  
6 home address or any change in RESPONDENTS' ability to pay amounts due under this Order.

7           15. RESPONDENTS understand that default shall render them liable to the Commission  
8 for its costs of collection and interest at the maximum legal rate.

9           16. RESPONDENTS agrees that they will continue to cooperate with the Securities  
10 Division including, but not limited to, providing complete and accurate testimony at any hearing in  
11 this matter and cooperating with the state of Arizona in any related investigation or any other  
12 matters arising from the activities described in this Order.

13           17. RESPONDENTS consent to the entry of this Order and agree to be fully bound by  
14 its terms and conditions. If RESPONDENTS breach any provision of this Order, the Commission  
15 may vacate this Order and restore this case to its active docket.

16           18. HYLAND A. STOKES represents that he is President of ESTATE PLANNING  
17 PROTECTION, INC. and has been authorized by ESTATE PLANNING PROTECTION, INC. to  
18 enter into this Order for and on behalf of it.

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20 \_\_\_\_\_  
21 HYLAND A. STOKES

22 SUBSCRIBED AND SWORN TO BEFORE me this \_\_\_\_ day of \_\_\_\_\_, 2001.

23 \_\_\_\_\_  
24 NOTARY PUBLIC

25 My Commission Expires:

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ESTATE PLANNING PROTECTION, INC.

\_\_\_\_\_  
By: Hyland A. Stokes, President

SUBSCRIBED AND SWORN TO BEFORE me this \_\_\_\_\_ day of \_\_\_\_\_, 2001.

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NOTARY PUBLIC

My Commission Expires:

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