

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2
3 WILLIAM A. MUNDELL
4 Chairman
5 JIM IRVIN
6 Commissioner
7 MARC SPITZER
8 Commissioner

9 In the matter of :
10 Accelerated Success, Inc.
11 500 N. Rainbow Blvd., Ste. 300
12 Las Vegas, NV 89107
13 and
14 6671 E. Baseline Rd. #105
15 Mesa, AZ 85206

16 Kenneth R. Morris
17 500 N. Rainbow Blvd., Ste. 300
18 Las Vegas, NV 89107

19 Robert D. Pierson
20 6671 E. Baseline Rd. #105
21 Mesa, AZ 85206

22 Integrity Assured Life Settlements, Inc.
23 1218 Pulaski Highway, Ste. 342
24 Bear, DE 19701

25 Steven S. Levine Chartered
26 11403 Cronridge Drive, Ste. 230
Owings Mills, MD 21117-2295,

Respondents.

) DOCKET NO. S-03445A-01-0000

) DECISION NO. _____ 64201 _____

) **ORDER TO CEASE AND DESIST, ORDER**
) **FOR ADMINISTRATIVE PENALTIES AND**
) **CONSENT TO SAME**
) **BY: RESPONDENT ROBERT D. PIERSON**

21 Respondent ROBERT D. PIERSON elects to permanently waive any right to a hearing and
22 appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.*
23 (“Securities Act”) with respect to this Order To Cease And Desist, Order for Administrative
24 Penalties, and Consent to Same (“Order”). PIERSON admits the jurisdiction of the Arizona
25 Corporation Commission (“Commission”); neither admits nor denies the Findings of Fact and
26

1 Conclusions of Law contained in this Order; and consents to the entry of this Order by the
2 Commission.

3 **I.**

4 **FINDINGS OF FACT**

5 1. The Commission has jurisdiction over this matter pursuant to Article XV of the
6 Arizona Constitution and the Securities Act.

7 2. ROBERT D. PIERSON (“PIERSON”), whose business address is 6671 E. Baseline
8 Rd., #105, Mesa, AZ 85206, was a “marketing director” by title and a salesman for respondent
9 ACCELERATED SUCCESS, INC. (“ASI”). ASI is a Nevada corporation whose address is 500 N.
10 Rainbow Blvd., Ste. 300, Las Vegas, NV 89107. PIERSON listed the above business address on a
11 business card as an Arizona address for ASI.

12 3. INTEGRITY ASSURED LIFE SETTLEMENTS, INC. (“INTEGRITY”), whose
13 address is 1218 Pulaski Highway, Ste. 342, Bear, DE 19701 is a viatical provider that offered and/or
14 sold viatical settlement contracts through ASI and PIERSON.

15 4. STEVEN S. LEVINE CHARTERED (“LEVINE”), whose address is 11403
16 Cronridge Drive, Ste. 230, Owings Mills, MD 21117-2295, is a participant in the investment
17 programs as an escrow agent, trustee, and power of attorney on behalf of investors.

18 6. From on or around March 27, 2001, PIERSON advertised in a Arizona newspapers
19 and publications, offering investors the opportunity to “earn 15% insured; CD safety without stock
20 market risks.” Investors who responded to the Arizona telephone number in the advertisement
21 were told that the investment opportunity was for a viatical contract, that is, the purchase of the
22 beneficial interest in a life insurance policy of a terminally ill or elderly individual. INTEGRITY
23 would purchase a policy at a price below the face value of the death benefit, and the right to the
24 benefit would be re-sold to investors at a mark-up, while still less than face value. At maturity, that
25 is, upon the death of the insured, investors would receive a return in the form of the full face value.
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1 7. PIERSON provided marketing materials to investors, on behalf of ASI and
2 INTEGRITY, stating that INTEGRITY was a “funding company” that used its expertise to seek
3 out life insurance policies that “provide an unprecedented level of security and prosperity for our
4 clients.” The marketing materials stated that INTEGRITY was directly responsible for raising over
5 \$120 million “used to fund the needs of the terminally ill.” The marketing materials stated that
6 INTEGRITY would utilize its established contacts with policy brokers, medical underwriters,
7 regulatory attorneys, and financial institutions to “allow unlimited access to policies of the highest
8 quality.” Investors were provided with no financial statements, nor were they told of the business
9 history of INTEGRITY or the background and identity of its principals.

10 8. The marketing materials stated that investors could expect “pre-determined profits”
11 of up to 60% on a policy where the insured person had a predicted life expectancy of 48 months.
12 Policies where life expectancy was predicted to be less than 48 months were also available for a 12
13 to 42% return.

14 9. The marketing materials stated that INTEGRITY used the services of certain
15 “medical underwriters” in evaluating the medical condition and life expectancy of insured persons
16 whose policies were for sale. Those “underwriters” were identified as Amscot Medical Laboratory
17 and American Viatical Services. However, investors were given no location, telephone number, or
18 business information for these two entities.

19 10. The marketing materials stated that investors’ money would be initially placed in
20 escrow with STEVEN S. LEVINE CHARTERED, to be held until INTEGRITY located a policy
21 for purchase. Investors were required to sign a limited power of attorney giving INTEGRITY and
22 LEVINE the power to handle all documentation related to the purchase and assignment of the
23 policy. Although the brochure given to investors states that after investing “the investor will
24 receive a closing package . . . to verify that he/she is now named as a beneficiary on the policy,”
25 investors are asked to sign an agreement when they invest stating that LEVINE would be named as
26 the “irrevocable beneficiary” on the purchased policy. Investors were told that they would be

1 “silent partners” and LEVINE would be the owner of the policy. Investors were told that LEVINE
2 would “make sure everything gets done for you.”

3 11. Investors would have no choice of policies or insured persons, nor would they
4 receive any information about the policy or insured until after the investment. Decisions regarding
5 the policy would be made by INTEGRITY and LEVINE. After closing the purchase with the
6 investor’s money, the investor would be sent a closing packet verifying the purchase with the name
7 of the insurance company, policy number, issue date, face value and projected life expectancy.
8 Insured parties would not be identified by name, nor would investors have access to their medical
9 histories.

10 12. The marketing materials stated that after purchase of a policy, LEVINE would
11 monitor the policy, track the insured’s medical history, pay any premiums due on the policy until
12 maturity, file death certificates, and distribute insurance proceeds. LEVINE would also release up
13 to 20% of investors’ money for administrative costs to INTEGRITY. Investors were not given any
14 information about the actual cost of the policy, the amount withheld to pay premiums, the
15 commissions or fees paid to other brokers by INTEGRITY, or paid to LEVINE, ASI or PIERSON.
16 Investors were not given any other financial background information about ASI, INTEGRITY and
17 LEVINE.

18 13. The viatical investments were not registered pursuant to Articles 6 or 7 of the
19 Securities Act, nor had the Division received any filing for exemption under A.R.S. § 44-1850.

20 14. PIERSON offered and sold viatical settlement contracts within or from Arizona while
21 not registered as a dealer or salesman pursuant to Article 9 of the Securities Act, nor exempt from
22 registration under A.R.S. § 44-1850.

23 15. PIERSON failed to tell investors that no required documentation had been filed with
24 the Commission in order to sell exempt viatical settlement contracts, and that as a result, the offering
25 of viatical settlement contracts would constitute an unregistered sale of securities.

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1 16. PIERSON failed to tell investors the names and background of the principals of
2 INTEGRITY, including the fact that in April 2000, three of these individuals had been fired and
3 then sued by companies for which they were officers or directors, for fraud, certain breaches of
4 corporate loyalties, and the improper diversion of funds. In settlement of matters related to the
5 lawsuit, the principals, John C. Hoover, David P. Hoover and Steven B. Warren, in combination
6 with other individuals and companies, collectively paid the plaintiff companies, collectively known
7 as Imtek, the amount of \$6,000,000. Imtek was in the viatical business.

8 17. The marketing materials PIERSON provided to investors misrepresented that the
9 viatical settlement contracts had the “safety” of a CD, when in fact, there was no basis for
10 comparing the risks associated with viatical settlement contracts to an FDIC insured product such
11 as a CD.

12 18. The marketing materials PIERSON provided to investors misrepresented that
13 investors could “earn 15% insured,” when in fact, returns to investors were dependent upon the
14 financial stability and continuing business of INTEGRITY and/or LEVINE, as attorney in fact,
15 trustee, owner and irrevocable beneficiary of the policy, for the return of investors’ funds upon
16 death of the insured.

17 19. PIERSON failed to provide material information about the background of
18 INTEGRITY and LEVINE, including, but not limited to, past operations, balance sheets, statements
19 of income, retained earnings and cash flows that would reflect the financial position of these entities.

20 20. PIERSON failed to provide other material information to investors, including but not
21 limited to, rights to rescind or cancel the investment under Arizona law, purchase price paid to the
22 insured, amount of money that would be set aside to pay premiums, amounts held for broker’s
23 commissions, INTEGRITY’s commissions, LEVINE’s compensation, ASI’s commission, and
24 PIERSON’s commission.

25 21. PIERSON sold viatical settlement contracts to at least three investors for a total of
26 \$355,000. PIERSON netted commissions of \$35,400 on the sales. ASI required PIERSON to

1 personally pay certain expenses in selling the viatical settlement contracts, including purchase of
2 marketing materials, payment for advertising, and the cost of training. ASI provided information to
3 PIERSON that the viatical sales program complied with Arizona law. Respondents INTEGRITY
4 and ASI have agreed to pay 100% of restitution owed to investors, plus interest at the rate of 10%
5 from the date of investment.

6 **II.**

7 **CONCLUSIONS OF LAW**

8 1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona
9 Constitution and the Securities Act.

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

12 3. PIERSON violated A.R.S. § 44-1841 by offering or selling securities that were neither
13 registered nor exempt from registration.

14 4. PIERSON violated A.R.S. § 44-1842 by offering or selling securities while neither
15 registered as a dealer or salesman nor exempt from registration.

16 5. PIERSON violated A.R.S. § 44-1991 by (a) employing a device, scheme or artifice to
17 defraud, (b) making untrue statements or misleading omissions of material facts, and (c) engaging
18 in transactions, practices or courses of business which operate or would operate as a fraud or
19 deceit.

20 6. PIERSON'S conduct is grounds for a cease and desist order pursuant to A.R.S.
21 § 44-2032.

22 7. PIERSON'S conduct is grounds for administrative penalties under A.R.S.
23 § 44-2036.

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III.

ORDER

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

IT IS ORDERED, pursuant to A.R.S. § 44-2032, that PIERSON, permanently cease and desist from violating the Securities Act.

IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that PIERSON shall pay an administrative penalty in the amount of \$5,000. Payment shall be made in full by cashier's check or money order upon entry of this Order, payable to the "State of Arizona."

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 _____ day of _____, 2001.

BRIAN C. McNEIL
Executive Secretary

DISSENT

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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.

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enforce/cases/Accelerated/pleadings/Pierson2

CONSENT TO ENTRY OF ORDER

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2 1. ROBERT D. PIERSON (“PIERSON”) admits the jurisdiction of the Commission over
3 the subject matter of this proceeding. PIERSON acknowledges that he has been fully advised of
4 his right to a hearing to present evidence and call witnesses and PIERSON knowingly and
5 voluntarily waives any and all rights to a hearing before the Commission and all other rights
6 otherwise available under Article 11 of the Securities Act and Title 14 of the Arizona
7 Administrative Code. PIERSON acknowledges that this Order to Cease and Desist and Order for
8 Administrative Penalties (“Order”) constitutes a valid final order of the Commission.

9 2. PIERSON knowingly and voluntarily waives any right under Article 12 of the
10 Securities Act to judicial review by any court by way of suit, appeal, or extraordinary relief
11 resulting from the entry of this Order.

12 3. PIERSON acknowledges and agrees that this Order is entered into freely and
13 voluntarily and that no promise was made or coercion used to induce such entry.

14 4. PIERSON acknowledges that he has been represented by counsel in this matter, he has
15 reviewed this Order with his attorney and understands all terms it contains.

16 5. PIERSON neither admits nor denies the Findings of Fact and Conclusions of Law
17 contained in this Order.

18 6. By consenting to the entry of this Order, PIERSON agrees not to take any action or to
19 make, or permit to be made, any public statement denying, directly or indirectly, any Finding of
20 Fact or Conclusion of Law in this Order or creating the impression that this Order is without
21 factual basis. Nothing in this provision affects PIERSON’s testimonial obligations or right to take
22 legal positions in litigation in which an administrative agency of the state of Arizona is not a party.

23 7. While this Order settles this administrative matter between PIERSON and the
24 Commission, PIERSON understands that this Order does not preclude the Commission from
25 instituting other administrative proceedings based on violations that are not addressed by this
26 Order.

1 8. PIERSON understands that this Order does not preclude the Commission from referring
2 this matter to any governmental agency for administrative, civil, or criminal proceedings that may
3 be related to the matters addressed by this Order.

4 9. PIERSON understands that this Order does not preclude any other agency or officer of
5 the state of Arizona or its subdivisions from instituting administrative, civil or criminal
6 proceedings that may be related to matters addressed by this Order.

7 10. PIERSON agrees that he will not apply to the state of Arizona for registration as a
8 securities dealer or salesman or for licensure as an investment adviser or investment adviser
9 representative at any time in the future, nor will he engage in any business involving the offer or
10 sale of exempt securities or the provision of investment advisory services under any exemption
11 from registration.

12 11. PIERSON agrees that he will not exercise any control over any entity that offers or sells
13 securities or provides investment advisory services, within or from Arizona.

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

18 13. PIERSON consents to the entry of this Order and agrees to be fully bound by its terms
19 and conditions. If PIERSON breaches any provision of this Order, the Commission may vacate
20 this Order and restore this case to its active docket.

21 _____
22 ROBERT D. PIERSON

23 SUBSCRIBED AND SWORN TO BEFORE me this ____ day of _____, 2001.

24 _____
25 NOTARY PUBLIC

26 My Commission Expires:

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