

COPIES

JUL 08 2003 FILED

3.2002
MICHAEL K. JEANES, Clerk
By ellw
Deputy

JUL - 8 2003

1 ARIZONA CORPORATION COMMISSION
2 Mark Dinell #11450
3 1300 West Washington, 3rd Floor
4 Phoenix, Arizona 85007
5 Attorney for Plaintiff
6 Telephone: (602) 542-0626
7 Fax: (602) 594-7407

8 STATE OF ARIZONA
9 MARICOPA COUNTY SUPERIOR COURT

9 ARIZONA CORPORATION COMMISSION)
10 Plaintiff)
11 v.)
12 ONE VISION CHILDREN'S FOUNDATION,)
13 INC., an Arizona Non-profit corporation;)
14 HOLLISTER M. MARX, an individual;)
15 WEALTH MANAGEMENT RESOURCES,)
16 INC., an Arizona corporation; MICHAEL B. and)
17 BETTY MAKSUDIAN, husband and wife;)
18 MICHAEL A. and LORRINA DIAZ, husband)
19 and wife,)
20 Defendants.)

No. CV2002-020878
FINAL JUDGMENT
(Assigned to Judge Kenneth L. Fields)

17 Plaintiff the Arizona Corporation Commission ("ACC") filed a Complaint against
18 Defendants One Vision Children's Foundation, Inc. ("One Vision"), Hollister M. Marx ("Marx"),
19 Wealth Management Resources, Inc. ("WMR"), Michael B. and Betty Maksudian and Michael A.
20 and Lorrina Diaz (collectively "Defendants"), alleging violations of the Arizona Securities Act,
21 A.R.S. § 44-1801 *et seq.* The Defendants were served with a copy of the Summons and Complaint.
22 The ACC, One Vision and Marx stipulated to entry of a judgment. That judgment was entered
23 February 26, 2003. The ACC moved for summary judgment against WMR, Maksudian and Diaz.
24 The Court entered an Order granting the ACC's Motion for Summary Judgment. Upon the ACC's
25
26

1 request and finding no just cause for delay, the Court makes the following Findings of Fact and
2 Conclusions of Law and enters the following Judgment:

3 FINDINGS OF FACT

4 1. Plaintiff the Arizona Corporation Commission ("ACC") is a governmental entity
5 charged with enforcing the Arizona Securities Act, A.R.S. § 44-1801 *et seq.*

6 2. Defendant One Vision Children's Foundation, Inc. ("One Vision") is an Arizona
7 non-profit corporation, with its principal place of business in Phoenix, Arizona.

8 3. Defendant Hollister M. Marx ("Marx") was the Executive Director of One Vision.

9 4. Defendant Wealth Management Resources, Inc. ("WMR") is an Arizona
10 corporation, with its principal place of business in Scottsdale, Arizona.

11 5. Michael B. Maksudian ("Maksudian") and Betty Maksudian are husband and
12 wife. Maksudian was the Chief Executive Officer of WMR. At all times relevant, Maksudian was
13 acting for his own benefit, and for the benefit or in furtherance of the marital community.

14 6. Michael A. Diaz ("Diaz") and Lorrina Diaz are husband and wife. Diaz was the
15 president of WMR. At all times relevant, Diaz was acting for his own benefit, and for the benefit or
16 in furtherance of the marital community.

17 7. From August 2001 through July 2002, Defendants sold 18 Charitable Gift Annuities
18 ("CGAs") to 15 investors for a total of \$4,357,140.57.

19 8. The CGAs that Defendants offered and sold are securities under Arizona law.
20 A.R.S. § 44-1801(26).

21 9. One Vision had been formed on or about January 10, 2000. At the time it was
22 named the Hollister Foundation. It changed its name to One Vision on July 25, 2001. Investors
23 were not informed that One Vision had been in existence only since January 2000.
24
25
26

1 10. One Vision did not have financial statements, government filing reports or audited
2 financial statements. Investors were not informed of these facts.

3 11. WMR was responsible for marketing CGAs; it handled applications and funding of
4 the CGAs and brought the completed CGAs to One Vision. WMR drafted the applications,
5 contracts, schedules and other documents used to offer and sell One Vision CGAs. WMR was
6 responsible for and handled transfer of the investor's assets for the CGA, including all paperwork.
7 WMR also prepared the One Vision 1099s.

8 12. All sales agents for the CGAs were recruited by WMR. WMR put on sales
9 presentations in which in sought to recruit agents to sell CGAs. The sales presentation was
10 conducted by Maksudian or Diaz. WMR also conducted training seminars on CGAs in which it
11 sought to convey sales techniques to agents to assist them in selling CGAs. The training seminars
12 were conducted by Maksudian or Diaz. WMR conducted all sales and marketing activities for One
13 Vision with respect to the sale of CGAs. The majority of WMR's income came from the sale of
14 CGAs.
15

16 13. Investors in the One Vision CGAs were told their money would go into a Merrill
17 Lynch Pierce Fenner & Smith ("Merrill Lynch") segregated and restricted account where it could
18 be used solely to make CGA annuity payments and where it would stay for the life of the
19 annuitants. Investors' funds were pooled in the Merrill Lynch account with other investors' funds.
20

21 14. WMR received commissions of \$1,317,473.09, or 30.2% of the amount invested,
22 from the sale of the CGAs. A portion of those commissions were then paid by WMR to sales
23 agents who assisted in selling the CGAs. Commissions ranged up to 52% of the amount invested.
24 These commissions were not disclosed to investors.
25
26

1 15. Other than small grants, One Vision had no source of revenue other than through the
2 sale of CGAs. Prior to One Vision selling its first CGA, it had only \$80 in its account. Investors
3 were not informed of these facts.

4 16. WMR's fees, commissions and One Vision's expenses were paid from of the
5 Merrill Lynch segregated and restricted account. Investors were not informed of this fact.

6 17. One Vision placed \$1,176,922.11 of investor funds with Merchant Capital, LLC, an
7 entity that allegedly purchased bad debt. WMR presented the investment to One Vision and
8 received a ten percent commission for selling the investment to One Vision. The disclosure
9 document for the Merchant Capital investment stated that there are significant risks involved in
10 buying and subsequent collection of charged-off debt. The risks include the risk of losing the
11 entire investment, the risk that collection rate of recovery would be low or nonexistent, the danger
12 of an economic downturn and the fact that Merchant Capital has a limited operating history with no
13 assurance that it would be successful in the purchase and sale of distressed debt or that the
14 investment was speculative. Investors were not informed that their funds would be placed in a
15 speculative investment with the potential for complete loss of funds. Investors were not informed
16 that WMR received commissions for selling these investments to One Vision.

17
18 18. One Vision invested \$1,030,000 of investor funds in a Yucatan Universal Lease
19 program which purchased a lease of units within a Mexican resort, which were then rented by
20 another entity, Majesty Travel, which received a fee for its services. WMR presented the
21 investment to One Vision and received commissions of \$100,000 or more for selling the
22 Yucatan/Majesty investment to One Vision. Yucatan/Majesty had previously been found to violate
23 the securities laws of other states. Investors were not informed that their funds would be placed
24 with an investment that had previously been found to violate state securities law. Investors were
25 not informed that their funds would be placed in a speculative investment with the potential for
26

1 complete loss of funds. Investors were not informed that WMR received commissions for selling
2 these investments to One Vision.

3 19. The money invested in Merchant Capital and Yucatan/Majesty Travel came out of
4 the Merrill Lynch segregated and restricted account. Investors were not informed that funds were
5 taken out of the segregated and restricted account.

6 20. Florida, Minnesota, Illinois, California, Wisconsin and Georgia all had statutory
7 requirements that charities must meet before selling CGAs to citizens of those states. One Vision
8 did not meet any of those state requirements but still sold CGAs to citizens of those states in
9 violation of law. That fact was not disclosed to any CGA investor.

10 21. This Court appointed Lawrence Warfield as Receivers for One Vision and WMR on
11 October 28, 2002.

12 CONCLUSIONS OF LAW

13
14 The Findings of Facts set forth in Paragraphs 1 through 21 of this Judgment constitute
15 violations of the antifraud provisions of the Arizona Securities Act, A.R.S. § 44-1991.

16 ORDER

17 IT IS THEREFORE ORDERED, ADJUDGED AND DECREED:

18 1. Defendants WMR, Maksudian and Diaz are permanently enjoined from engaging in
19 any violation of the Arizona Securities Act, A.R.S. § 44-1801 *et seq.*

20 2. Judgment is hereby entered in favor of the Arizona Corporation Commission and
21 against Defendants WMR, Michael B. and Betty Maksudian and Michael A. and Lorrina Diaz as
22 restitution for victims under the Arizona Securities Act, A.R.S. § 44-2032, in the total sum of
23 \$4,357,140.84, such amount to be joint and several.
24
25
26

