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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission
DOCKETED
SEP 17 2018
DOCKETED BY

COMMISSIONERS

TOM FORESE - Chairman
BOB BURNS
ANDY TOBIN
BOYD DUNN
JUSTIN OLSON

In the matter of ADVANCED PLANNING CONCEPTS, LLC, a Michigan limited liability company, CRD #164725, and THOMAS J. CRISMAN, CRD #851859, an Arizona resident, Respondents.	DOCKET NO. S-21046A-18-0115 DECISION NO. 76873 **ORDER TO CEASE AND DESIST, ORDER FOR RESTITUTION, ORDER OF REVOCATION, ORDER FOR ADMINISTRATIVE PENALTIES, AND CONSENT TO SAME** **BY: BOTH RESPONDENTS**

Respondents Advanced Planning Concepts, LLC and Thomas J. Crisman ("Respondents") elect to permanently waive any right to a hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act") and Articles 7 and 8 of the Arizona Investment Management Act, A.R.S. § 44-3101 *et seq.* ("Investment Management Act") with respect to this Order to Cease and Desist, Order for Restitution, Order of Revocation, Order for Administrative Penalties, and Consent to Same ("Order"). Respondents admit the jurisdiction of the Arizona Corporation Commission ("Commission"); admit only for purposes of this proceeding and any other proceeding in which the Commission is a party the Findings of Fact as set forth herein and Conclusions of Law contained in this Order; and consent to the entry of this Order by the Commission. By entering into this Order, Respondents are not admitting to any wrongdoing or liability as to any claims asserted by any third-party in other proceeding to which the Commission is not a party.

I.

FINDINGS OF FACT

1. Crisman is a single man who has resided in Arizona from fall 2012 to the present. Since November 2012, Crisman has been licensed by the Commission as an investment adviser representative associated with Advanced Planning Concepts, LLC. Crisman also has an investment adviser representative license associated with FBA Wealth Management, LLC.

2. Crisman is an insurance producer licensed in Arizona, license number 333129.

3. Advanced Planning Concepts, LLC ("APC") is a Michigan limited liability company. Crisman is its sole member. Since October 2011, APC has been registered in Arizona as a foreign entity. In fall 2012, APC and Crisman moved to Arizona. Since November 2012, APC has been licensed by the Commission as an investment adviser.

4. Crisman provides investment advisory services and sells insurance through his entity, APC.

5. APC has no other employees.

6. Respondents charge clients an annual management fee for investment advisory services. The fee is .4% of the gross amount of assets under management. Most clients pay the fee quarterly after receiving an invoice.

7. Private Placement Capital Notes II, LLC ("PPCN") is a Colorado entity managed by Anthony Hartman. PPCN sells promissory notes to investors then purportedly uses the investor funds to make bridge loans. PPCN occasionally sells these notes through Stone Mountain Equities, a subsidiary company owned by PPCN and managed by Hartman. PPCN and Stone Mountain will be referred to collectively as "PPCN."

8. From November 2012 through 2016, Respondents offered and sold within or from Arizona at least 30 PPCN notes to 14 different investment advisory clients. The principal amount of the notes totaled $1,807,122.

9. From 2006 through 2012, i.e. prior to moving to Arizona, Respondents sold an additional 10 PPCN notes to five clients, bringing the total number of Respondents' investment advisory clients who purchased notes to 15. The principal amount of these 10 additional notes totaled $740,000.

10. Respondents informed clients of the opportunity to invest in PPCN notes through in-person meetings, letters, and inviting clients to attend presentations about PPCN given by Hartman.

11. The PPCN investors were to receive monthly interest payments at annual rates between 8% to 12.5%, then a balloon payment at the end of the term. The notes' terms ranged from one to five years.

12. From 2013 to early 2016, five investors received some interest payments on approximately eight PPCN notes.

13. Other than the few payments described in the preceding paragraph, the 15 investors did not receive interest payments. Rather, when interest became due, that unpaid interest was rolled over into the respective investor's principal balance.

14. The amount rolled over and added to the principal was included in the gross assets of the investor when Respondents calculated the .4% management fee billed to their clients.

15. One investor received two interest payments from PPCN on her note. After PPCN stopped paying the interest on the investor's note, Crisman offered to pay the investor $700 each month as a loan. Through text messages, Crisman informed the client that she could repay the loan when she received her payments from PPCN. Pursuant to this agreement, Crisman, using APC's checking account, wrote several checks payable to the investor in amounts of either $1400 or $700 with the word "loan" written in the check description. Like the other investors, this investor was Respondents' investment advisory client.

16. In January 2013, APC entered a "Management Agreement" with PPCN where PPCN agreed to pay APC an annual management fee equal to 1.1% of investor funds from investors that Respondents referred to PPCN.

17. The amount of unpaid interest that was rolled over and added to the investors' principal was included in the investor funds obtained through APC when PPCN calculated the 1.1% management fee it owed to APC.

18. Pursuant to the 2013 Management Agreement, PPCN made several payments to Respondents. After PPCN stopped making payments to Respondents in 2016, PPCN acknowledged that it owed Respondents several thousand dollars more for unpaid compensation.

19. Respondents failed to disclose in writing to investors who purchased notes after January 2013, that PPCN was paying APC for all PPCN notes that Respondents sold.

20. In its 2013 – 2017 Form ADVs APC represented that it does not "accept[] commissions or any other form of compensation for selling you securities or other investment products" and that Respondents do "not have any relationships with issuers of securities." When Respondents signed new agreements with APC's investment advisory clients in 2017, titled "Best Interest of the Client Agreement," those agreements state that Respondents "do not earn sales commissions by selling securities."

II.

CONCLUSIONS OF LAW

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution, the Securities Act and the Investment Management 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. § 44-1842 by offering or selling securities while neither registered as a dealer or salesman nor exempt from registration.

4. Respondents' conduct subjects Respondents to an order of revocation pursuant to A.R.S. § 44-3201(A)(13).

5. Respondents violated A.R.S. § 44-3241.

6. Respondents' conduct is grounds for a cease and desist order pursuant to A.R.S. § 44-2032, A.R.S. § 44-3201, and A.R.S. § 44-3292.

7. Respondents' conduct is grounds for an order of restitution pursuant to A.R.S. § 44-2032, A.R.S. § 44-3201, and A.R.S. § 44-3292.

8. Respondents' conduct is grounds for administrative penalties under A.R.S. § 44-2036, A.R.S. § 44-3201, and A.R.S. § 44-3296.

III.

ORDER

THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and Respondents' consent to the entry of this Order, attached and incorporated by reference, 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, A.R.S. § 44-3201, and A.R.S. § 44-3292, that Respondents, and any of Respondents' agents, employees, successors and assigns, permanently cease and desist from violating the Securities Act and the Investment Management Act.

IT IS FURTHER ORDERED that Respondents comply with the attached Consent to Entry of Order.

IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, A.R.S. § 44-3292, and A.R.S. § 44-3201, that Respondents shall jointly and severally pay restitution to the Commission in the principal amount of $27,435.44 (Crisman's annual .4% asset management fee for the $1,807,122 of notes) as a result of the conduct set forth in the Findings of Fact and Conclusions of Law. Payment is due in full on the date of this Order. Payment shall be made to the "State of Arizona" to be placed in an interest-bearing account controlled by the Commission.

IT IS FURTHER ORDERED that the restitution ordered in the preceding paragraph will accrue interest, as of the date of the Order, at the rate of the lesser of (i) ten percent per annum or (ii) at a rate per annum that is equal to one per cent plus the prime rate as published by the board of

governors of the federal reserve system in statistical release H.15 or any publication that may supersede it on the date that the judgment is entered.

The Commission shall disburse the funds on a pro-rata basis to investors shown on the records of the Commission. Any restitution funds that the Commission cannot disburse because an investor refuses to accept such payment, or any restitution funds that cannot be disbursed to an investor because the investor is deceased, shall be disbursed on a pro-rata basis to the remaining investors shown on the records of the Commission. Any funds that the Commission determines it is unable to or cannot feasibly disburse shall be transferred to the general fund of the state of Arizona.

IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, A.R.S. § 44-3296, and A.R.S. § 44-3201, that Respondents shall jointly and severally pay an administrative penalty in the amount of $10,000 as a result of the conduct set forth in the Findings of Fact and Conclusions of Law. Payment is due in full on the date of this Order. Payment shall be made to the "State of Arizona." Any amount outstanding shall accrue interest as allowed by law.

IT IS FURTHER ORDERED that payments received by the state of Arizona shall first be applied to the restitution obligation. Upon payment in full of the restitution obligation, payments shall be applied to the penalty obligation.

IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-3201, that Respondent APC's investment adviser license is revoked.

IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-3201, that Respondent Crisman's investment adviser representative licenses are revoked.

For purposes of this Order, a bankruptcy filing by either Respondent shall be an act of default. If either Respondent does not comply with this Order, any outstanding balance may be deemed in default and shall be immediately due and payable.

IT IS FURTHER ORDERED, that if Respondents fail to comply with this order, the Commission may bring further legal proceedings against Respondents, including application to the superior court for an order of contempt.

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

BY ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN FORESE

COMMISSIONER DUNN

COMMISSIONER TOBIN

COMMISSIONER OLSON

COMMISSIONER BURNS

IN WITNESS WHEREOF, I, MATTHEW J. NEUBERT, Interim Executive Director 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 17 day of September, 2018.

MATTHEW J. NEUBERT
INTERIM EXECUTIVE DIRECTOR

DISSENT

DISSENT

This document is available in alternative formats by contacting Kacie Cannon, ADA Coordinator, voice phone number (602) 542-3931, e-mail kcannon@azcc.gov.

(RJM)

CONSENT TO ENTRY OF ORDER

1. Respondents admit the jurisdiction of the Commission over the subject matter of this proceeding. Respondents acknowledge that they have been fully advised of their right to a hearing to present evidence and call witnesses and Respondents knowingly and voluntarily waive any and all rights to a hearing before the Commission and all other rights otherwise available under Article 11 of the Securities Act, Article 7 of the Investment Management Act, and Title 14 of the Arizona Administrative Code. Respondents acknowledge that this Order constitutes a valid final order of the Commission.

2. Respondents knowingly and voluntarily waive any right under Article 12 of the Securities Act and Article 8 of the Investment Management Act to judicial review by any court by way of suit, appeal, or extraordinary relief resulting from the entry of this Order.

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

5. Respondents acknowledge that they have been represented by an attorney in this matter, have reviewed this Order with their attorney, **David W. Williams of the firm Davis Miles McGuire Gardner**, and understand all terms it contains.

6. Respondents admit only for purposes of this proceeding and any other proceeding in which the Commission is a party the Findings of Fact and Conclusions of Law contained in this Order. Respondents agree that they will not contest the validity of the Findings of Fact and Conclusions of Law contained in this Order in any present or future proceeding in which the Commission is a party. By entering into this Order, Respondents are not admitting to any wrongdoing or liability as to any claims asserted by any third-party in other proceeding to which the Commission is not a party.

7. Respondents further agree that they will not deny or contest the Findings of Fact and Conclusions of Law contained in this Order in any present or future: (a) bankruptcy proceeding, or (b) non-criminal proceeding in which the Commission is a party (collectively, "proceeding(s)").

They further agree that in any such proceedings, the Findings of Fact and Conclusions of Law contained in this Order may be taken as true and correct and that this Order shall collaterally estop them from re-litigating with the Commission or any other state agency, in any forum, the accuracy of the Findings of Fact and Conclusions of Law contained in this Order. In the event a Respondent pursues bankruptcy protection in the future, they further agree that in such bankruptcy proceeding, pursuant to 11 U.S.C. § 523(a)(19), the following circumstances exist:

A. The obligations incurred as a result of this Order are a result of the conduct set forth in the Findings of Fact and Conclusions of Law in the Order and are for the violation of Arizona state securities laws, pursuant to 11 U.S.C. § 523(a)(19)(A)(i);

B. This Order constitutes a judgment, order, consent order, or decree entered in a state proceeding pursuant to 11 U.S.C. § 523(a)(19)(B)(i), a settlement agreement entered into by Respondents pursuant to 11 U.S.C. § 523(a)(19)(B)(ii), and a court order for damages, fine, penalty, citation, restitution payment, disgorgement payment, attorney fee, cost or other payment owed by Respondents pursuant to 11 U.S.C. § 523(a)(19)(B)(iii).

8. By consenting to the entry of this Order, Respondents agree not to take any action or to make, or permit to be made, any public statement denying, directly or indirectly, any Finding of Fact or Conclusion of Law in this Order or creating the impression that this Order is without factual basis.

9. While this Order settles this administrative matter between Respondents and the Commission, Respondents understand that this Order does not preclude the Commission from instituting other administrative or civil proceedings based on violations that are not addressed by this Order.

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

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

12. Respondents agree that they will not apply to the state of Arizona for registration as a securities dealer or salesman or for licensure as an investment adviser or investment adviser representative until such time as all restitution and penalties under this Order are paid in full.

13. Respondents agree that they will not exercise any control over any entity that offers or sells securities or provides investment advisory services within or from Arizona until such time as all restitution and penalties under this Order are paid in full.

14. Respondents consent to the entry of this Order and agrees to be fully bound by its terms and conditions.

15. Respondents acknowledge and understand that if they fail to comply with the provisions of the order and this consent, the Commission may bring further legal proceedings against them, including application to the superior court for an order of contempt.

16. Respondents understand that default shall render them liable to the Commission for its costs of collection, including reasonable attorneys' fees and interest at the maximum legal rate.

17. Respondents agree and understand that if they fail to make any payment as required in the Order, any outstanding balance shall be in default and shall be immediately due and payable without notice or demand. Respondents agree and understand that acceptance of any partial or late payment by the Commission is not a waiver of default by the Commission.

18. Crisman represents that he is the managing member of APC and has been authorized by APC to enter into this Order for and on behalf of it.

Signature Page for Respondents

Thomas J. Crisman

STATE OF ARIZONA)
) ss
County of)

SUBSCRIBED AND SWORN TO BEFORE me this 24th day of August, 2018.

NOTARY PUBLIC

My commission expires:
03/11/2022

Dayana Garcia
Notary Public
Maricopa County, Arizona
My Comm. Expires 03-11-2022

Advanced Planning Concepts, LLC

By:

Its: Managing Member

STATE OF ARIZONA)
) ss
County of)

SUBSCRIBED AND SWORN TO BEFORE me this 24th day of August, 2018.

NOTARY PUBLIC

My commission expires:
03/11/2022

Dayana Garcia
Notary Public
Maricopa County, Arizona
My Comm. Expires 03-11-2022

SERVICE LIST FOR: Advanced Planning Concepts, LLC, et al.

David W. Williams
DAVIS MILES MCGUIRE GARDNER
40 E Rio Salado Pkwy., Ste 425
Tempe, AZ 85281
DWilliams@DavisMiles.com

Attorneys for Respondents