

ORIGINAL

OPEN MEETING ITEM



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COMMISSIONERS
TOM FORESE - Chairman
BOB BURNS
VACANT
ANDY TOBIN
BOYD DUNN

10/23/17



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TED VOGT
EXECUTIVE DIRECTOR

ARIZONA CORPORATION COMMISSION

MEMORANDUM

TO: Tom Forese, Chairman
Bob Burns
Vacant
Andy Tobin
Boyd Dunn

Arizona Corporation Commission

DOCKETED

OCT 6 2017

FROM: Matthew J. Neubert *my*
Director of Securities

DOCKETED BY *MB*

DATE: October 6, 2017

RECEIVED
AZ CORP COMMISSION
DOCKET CONTROL
2017 OCT -6 P 2:14

RE: Proposed Order to Cease and Desist, Order for Restitution, Order for Administrative Penalties, and Consent to Same by Jacob Wohl, Matthew Johnson, Wohl Capital Investment Group, LLC, NeX Capital Management, LLC, and Montgomery Assets, Inc., Docket No. S-20986A-16-0340

CC: Ted Vogt, Executive Director

Please find attached a proposed Order to Cease and Desist, Order for Restitution, Order for Administrative Penalties, and Consent to Same ("Consent Order") as to Jacob Wohl *et al.*

In early 2015, California resident Jacob Wohl ("Wohl"), made several media appearances in which he held himself out to be a hedge fund manager. As a result of the media appearances, two Arizona residents contacted Wohl and later invested in Wohl's hedge fund, Wohl Capital Investment Group, LLC ("WCIG"), which traded with the investors' money in exchange for management and performance fees. Wohl obtained at least one of the investments by misrepresenting WCIG's size and by representing that only 20% of the investment capital would be at risk. In January 2016, Wohl ceased WCIG's operations and returned approximately 60% of the Arizona investors' capital.

In late 2015, Wohl and Matthew Johnson ("Johnson") began soliciting investment in NeX Capital Management, LLC ("NeX"), a new hedge fund they planned to operate. Wohl and Johnson solicited investment from two Arizona investors by misrepresenting the risk associated with the investment. The Arizona investors each entered into written agreements with NeX, but terminated the investment process before NeX engaged in any trading on their behalf.

In July 2016, Montgomery Assets, Inc. ("MAI"), a Wyoming corporation controlled by Wohl and Johnson, began to post advertisements on Craigslist-Phoenix soliciting investment in a house-flipping business via promissory notes. The Craigslist advertisements and MAI's website made several misrepresentations regarding MAI's size, the experience of its employees, and the risk associated with the investment. Wohl and Johnson made additional, similar misrepresentations during a phone call with a Division Investigator responding to one of the advertisements. It does not appear that any Arizona residents invested in MAI.

The Consent Order requires Respondents to cease and desist from violating the Securities Act and Investment Management Act, and to pay administrative penalties totaling \$5,000. The Consent Order also requires Wohl and WCIG to pay restitution of \$32,918.72.

The Securities Division recommends the Consent Order as appropriate, in the public interest, and necessary for the protection of investors.

Originator: Chris Nichols

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 COMMISSIONERS

3 TOM FORESE - Chairman
4 BOB BURNS
5 DOUG LITTLE
6 ANDY TOBIN
7 BOYD DUNN

7 In the matter of)
8 JACOB WOHL, a single man,) DOCKET NO. S-20986A-16-0340

9 MATTHEW JOHNSON, a single man,) DECISION NO. _____

10 WOHL CAPITAL INVESTMENT GROUP,)
11 LLC, a California limited liability company,) **ORDER TO CEASE AND DESIST, ORDER**
12 NEX CAPITAL MANAGEMENT, LLC, a) **FOR RESTITUTION, ORDER FOR**
13 Delaware limited liability company,) **ADMINISTRATIVE PENALTIES, AND**
14 MONTGOMERY ASSETS, INC., a) **CONSENT TO SAME**
15 Wyoming corporation,) **BY: JACOB WOHL; MATTHEW JOHNSON;**
16) **WOHL CAPITAL INVESTMENT GROUP,**
17) **LLC; NEX CAPITAL MANAGEMENT, LLC;**
18) **AND MONTGOMERY ASSETS, INC.**
19 Respondents.

20 Respondents Jacob Wohl, Matthew Johnson, Wohl Capital Investment Group, LLC, NeX
21 Capital Management, LLC, and Montgomery Assets, Inc. ("Respondents") elect to permanently
22 waive any right to a hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona,
23 A.R.S. § 44-1801 *et seq.* ("Securities Act"), and Articles 7 and 8 of the Arizona Investment
24 Management Act, A.R.S. § 44-3101 *et seq.* ("IM Act") with respect to this Order to Cease and Desist,
25 Order for Restitution, Order for Administrative Penalties, and Consent to Same ("Order").
26 Respondents admit the jurisdiction of the Arizona Corporation Commission ("Commission"); neither
admit nor deny the Findings of Fact and Conclusions of Law contained in this Order; and consent to
the entry of this Order by the Commission.

24 **I.**

25 **FINDINGS OF FACT**

26 1. Respondent Jacob Wohl ("Wohl") is a resident of Los Angeles County, California.

1 2. Respondent Matthew Johnson (“Johnson”) is a resident of Los Angeles County,
2 California.

3 3. Respondent Wohl Capital Investment Group, LLC (“WCIG”) is a California limited
4 liability company.

5 4. Wohl was the chief executive officer, majority owner, and chief strategist of WCIG at
6 all times.

7 5. Respondent NeX Capital Management, LLC (“NeX”) is a Delaware limited liability
8 company.

9 6. Wohl was the chief executive officer and a managing partner of NeX at all times.

10 7. At all relevant times, Johnson was an executive officer and managing partner of NeX.

11 8. Respondent Montgomery Assets, Inc. (“MAI”) is a Wyoming corporation.

12 9. At all relevant times, Wohl was an executive officer, managing partner, and director of
13 MAI.

14 10. At all relevant times, Johnson was an executive officer and director of MAI.

15 11. None of the Respondents have been registered with the Commission as a securities
16 salesman, securities dealer, investment adviser, or investment adviser representative.

17 12. In early 2015, Wohl made several media appearances in which he held himself out to
18 be a hedge fund manager.

19 13. In or around March 2015, after viewing one of Wohl’s media appearances, an Arizona
20 resident (“Investor 1”) contacted Wohl regarding WCIG and its investment strategies. During the
21 conversation, Wohl represented that:

- 22 • Only 20% of Investor 1’s investment with WCIG would be at risk;
- 23 • WCIG was not required to be registered with any agency;
- 24 • WCIG managed 178 investment accounts; and
- 25 • Wohl was managing between \$9 million and \$10 million in assets.

26 14. WCIG had no more than 13 investors.

1 15. Wohl was managing no more than \$500,000 in assets at any time.

2 16. Following Wohl's telephone conversation with Investor 1, Wohl sent Investor 1 a
3 prospectus ("WCIG Prospectus"). The WCIG Prospectus:

- 4 • Stated that investors that had invested by January 1, 2015 with WCIG have made roughly
5 23% return on investment; and
- 6 • Identified a potential trade as having a 99.5% probability of profit, and described the trade as
7 a textbook trade for WCIG.

8 17. The WCIG Prospectus was accompanied by a Confirmation of Investment Form.

9 Pursuant to the Confirmation of Investment Form, Investor 1 agreed to invest \$15,000 with WCIG.

10 The Confirmation of Investment Form stated that:

- 11 • WCIG is a hedge fund;
- 12 • Wohl is the manager and administrator of the hedge fund; and
- 13 • WCIG charges a 3% fee on the asset value of the fund as well as a 20% fee on any profits
14 earned.

15 18. On March 27, 2015, Investor 1 invested in the WCIG hedge fund by tendering a check
16 for \$15,000 to WCIG.

17 19. In or around July 2015, WCIG sent Investor 1 an Institutional Investor Form.

18 Pursuant to the Institutional Investor Form, Investor 1 agreed to invest an additional \$25,000 with
19 WCIG. The Institutional Investor Form stated:

- 20 • Wohl is the manager and administrator of the hedge fund; and
- 21 • WCIG charges a 2.5% fee on the asset value of the fund as well as a 20% fee on any profits
22 earned.

23 20. On July 20, 2015, Investor 1 invested an additional \$25,000 in WCIG via wire
24 transfer.

25

26

1 21. In or around October 2015, Investor 1 completed a second Institutional Investor Form.
2 Pursuant to the second Institutional Investor Form, Investor 1 agreed to invest an additional \$35,000
3 with WCIG. The second Institutional Investor Form stated that:

- 4 • Wohl is the manager and administrator of the hedge fund; and
- 5 • WCIG charges a 2.5% fee on the asset value of the fund as well as a 20% fee on any profits
6 earned.

7 22. On October 16, 2015, Investor 1 invested an additional \$35,000 in WCIG via wire
8 transfer.

9 23. Investor 1 had no power to participate in the management or operations of WCIG.
10 Investor 1's sole contribution to WCIG was his investment of money.

11 24. On or about December 2, 2015, WCIG sent Investor 1 the November Return
12 Statement, which stated that Investor 1's investment of \$75,000 had appreciated to \$89,461.05.

13 25. In early December 2015, Wohl informed Investor 1 and another Arizona resident
14 ("Investor 2") that he was creating a new hedge fund, NeX, and sent a prospectus for NeX to them.
15 The NeX prospectus states:

- 16 • NeX expects to deliver at least a 20% annual return to investors while taking on less risk than
17 common marketplace benchmarks such as the S&P 500;
- 18 • NeX's "volatility arbitrage" strategy "allows profits regardless of market direction"; and
- 19 • NeX's "interest rate arbitrage" strategy "eliminates exposure to systemic risk within a single
20 market (e.g. S&P 500)."

21 26. On December 17, 2015, Wohl and Johnson met with Investors 1 and 2 at their home
22 in Scottsdale, Arizona to solicit investment in NeX. At the meeting, NeX, Wohl and Johnson
23 presented Investor 1 and Investor 2 with the Investment Management Agreement ("the NeX
24 Agreement"). Pursuant to the NeX Agreement:

- 25 • NeX is deemed "the Advisor" and Investor 1 is deemed "the Client";

26

- 1 • The Client opens a trading account and appoints the Advisor to manage the assets in the
- 2 account;
- 3 • The Client appoints the Advisor as his attorney-in-fact to trade in investments on his behalf;
- 4 • The Advisor has authority to make all trading decisions for the account without prior
- 5 consultation with or notice to the Client;
- 6 • The Advisor shall receive a management fee of 2.2% of the funds in the account; and
- 7 • The Advisor shall receive a performance fee of 17% of the appreciation of the account.

8 27. Following the December meeting, Investor 1 and Investor 2 each entered into the NeX
9 Agreement.

10 28. Investor 2 invested in NeX by tendering a \$20,000 check to NeX, while Investor 1
11 agreed with Wohl and Johnson to reinvest his WCIG investment with NeX.

12 29. Investors 1 and 2 had no power to participate in the management or operations of
13 NeX. Their sole contribution to NeX was the investment of money.

14 30. Investor 1 contacted Wohl on January 20, 2016 regarding the return of his WCIG
15 investment and Wohl responded that a check for approximately \$90,000, depending on the final
16 accounting, would be sent to Investor 1 via overnight shipping.

17 31. When Wohl failed to timely return Investor 1's investment, Investor 1 call Wohl on
18 several occasions and left voicemails that Wohl did not return.

19 32. On or about January 28, 2016, WCIG sent Investor 1 a check for \$44,131.69,
20 purportedly in satisfaction of any obligation to Investor 1 regarding his investment with WCIG. The
21 check was not accompanied by any accounting of Investor 1's investment.

22 33. In late January or early February 2016, Investor 2 stopped payment on the \$20,000
23 check she had tendered to NeX.

24 34. At all relevant times, Investor 3 has been a resident of Phoenix, Arizona.

25
26

1 35. In or around March 2015, after viewing one of Wohl's media appearances, Investor
2 3 contacted Wohl regarding to discuss Wohl's hedge fund. Wohl led Investor 3 to believe that he
3 would receive a high rate of return if he invested.

4 36. Following his contact with Wohl, on or around March 31, Investor 3 invested \$5,000
5 with WCIG by mailing a check to WCIG's address in Corona, California.

6 37. Pursuant to the agreement between WCIG and Investor 3, WCIG was to receive
7 compensation in the form of a 3% management fee and a 20% performance fee on Investor 3's
8 investment.

9 38. Investor 3 had no power to participate in the management or operations of WCIG.
10 Investor 3's sole contribution to WCIG was his investment of money.

11 39. On or around December 30, 2015, Wohl sent an email to Investor 3 stating that the
12 WCIG fund would be closed down on January 15, 2016.

13 40. On or around January 28, 2016, WCIG sent Investor 3 a check in the amount of
14 \$2,949.59, purportedly in satisfaction of any obligation to Investor 3 regarding his investment with
15 WCIG.

16 41. On or around July 4, 2016, MAI posted an advertisement ("Advertisement 1") on
17 Craigslist Phoenix, an online-classifieds website, titled "Conservative Real Estate Investing (10%
18 Reliable Return)."

19 42. Advertisement 1 was posted in the "financial services" classifieds and was directed
20 at residents of Phoenix.

21 43. Advertisement 1 states:

- 22 • MAI has more than 30 years of experience investing in real estate throughout Southern
23 California;
- 24 • MAI is opening up its secured real estate deals to the general public;
- 25 • MAI purchases homes in desirable areas for 30% under their fair market value;

26

- 1 • MAI renovates the homes in 4 weeks and then sells the homes “quickly through our vast
- 2 network of real estate brokers, investment funds and other professionals, EXITING for
- 3 between a 15% and 45% net profit”;
- 4 • MAI will make investors 15% in 6 months or less; and
- 5 • MAI is a Series 3 licensed broker.

6 44. Advertisement 1 also encourages potential investors to “reach out” to MAI, and
7 directs potential investors to MAI’s website, www.BeverlyHillsInvesting.com.

8 45. On or around July 5, 2016, MAI posted another advertisement (“Advertisement 2”)
9 on Craigslist Phoenix titled “Conservative Real Estate Investing -- 7% in 6 Months, Low Risk.”

10 46. Advertisement 2 was posted in the “financial services” classifieds and was directed
11 at residents of Phoenix.

12 47. Advertisement 2 states:

- 13 • Montgomery Assets has more than 30 years of experience investing in real estate throughout
- 14 Southern California;
- 15 • Institutional investors such as pensions, endowments and charities have worked with MAI
- 16 for a long time, using bespoke deals to generate returns;
- 17 • MAI is opening up its secured real estate deals to the general public;
- 18 • MAI purchases homes in desirable areas for 30% under their fair market value;
- 19 • MAI renovates the homes in 4 weeks and then sells the homes “quickly through our vast
- 20 network of real estate brokers, investment funds and other professionals, EXITING for
- 21 between a 15% and 45% net profit”;
- 22 • MAI will make investors 7% in 6 months or less; and
- 23 • MAI is a licensed NMLS lender and real estate broker.

24 48. Advertisement 2 also encourages potential investors to “reach out” to MAI, directs
25 potential investors to MAI’s website, www.BeverlyHillsInvesting.com, and provides a phone
26 number to contact MAI.

1 49. On or around August 2, 2016, MAI posted another advertisement (“Advertisement
2 3”) on Craigslist Phoenix titled “7-8% Return on Real Property Investments.”

3 50. Advertisement 3 was posted in the “financial services” classifieds and was directed
4 at residents of Phoenix.

5 51. Advertisement 3 states:

- 6 • MAI has more than 30 years of experience investing in real estate throughout Southern
7 California;
- 8 • MAI is opening up its secured real estate deals to the general public;
- 9 • MAI purchases homes in desirable areas for 30% under their fair market value;
- 10 • MAI renovates the homes in 4 weeks and then sells the homes “quickly through our vast
11 network of real estate brokers, investment funds and other professionals, EXITING for
12 between a 8% and 15% net profit”; and
- 13 • MAI will make investors 8% in 6 months or less.

14 52. Advertisement 3 also encourages potential investors to “reach out” to MAI, and
15 directs potential investors to MAI’s website, www.BeverlyHillsInvesting.com.

16 53. On or around August 3, 2016, MAI posted another advertisement (“Advertisement
17 4”) on Craigslist Phoenix titled “Safe Real Estate Investing -- 8% In 6 Months.”

18 54. Advertisement 4 was posted in the “financial services” classifieds and was directed
19 at residents of Phoenix.

20 55. Advertisement 4 states:

- 21 • MAI has more than 35 years of experience flipping single-family residential real estate;
- 22 • MAI is doing its September offering of “American Eagle Promissory Notes”;
- 23 • MAI “can get [investors] in on these deals with an investment as low as \$20,000”;
- 24 • The investment is “for people looking for safe, conservative, reliable returns”;
- 25 • MAI guarantees that it will make investors 8% in 6 months; and
- 26 • MAI has been a licensed broker for 14 years.

1 56. Advertisement 4 also encourages potential investors to “reach out” to MAI, directs
2 potential investors to MAI’s website, www.BeverlyHillsInvesting.com, and provides a phone
3 number to contact MAI.

4 57. On or around August 3, 2016, MAI posted another advertisement (“Advertisement
5 5”) on Craigslist Phoenix titled “Safer Real Estate Investment (35 years experience).”

6 58. Advertisement 5 was posted in the “financial services” classifieds and was directed
7 at residents of Phoenix.

8 59. Advertisement 5 states:

- 9 • MAI has more than 35 years of experience flipping single-family residential real estate;
- 10 • MAI is doing its September offering of “American Eagle Promissory Notes”;
- 11 • MAI “can get [investors] in on these deals with an investment as low as \$20,000”;
- 12 • “This is a safe, secure, conservative investment”;
- 13 • MAI guarantees that it will make investors 8% in 6 months; and
- 14 • MAI is a licensed “Real Estate Broker, Mortgage Broker, Series 3, etc.”

15 60. Advertisement 5 also encourages potential investors to “reach out” to MAI, directs
16 potential investors to MAI’s website, www.BeverlyHillsInvesting.com, and provides a phone
17 number to contact MAI.

18 61. On or around August 4, 2016, MAI posted another advertisement (“Advertisement
19 6”) on Craigslist Phoenix titled “Conservative Investment Firm -- Accepting New Clients.”

20 62. Advertisement 6 was posted in the “financial services” classifieds and was directed
21 at residents of Phoenix.

22 63. Advertisement 6 states:

- 23 • MAI has more than 30 years of experience helping individual and institutional clients reach
24 their financial goals;
- 25 • MAI offers “the safest, most conservative real estate investments in the world, rather than
26 under performing, dangerous paper assets”; and

- 1 • MAI has been a licensed broker for 14 years.

2 64. Advertisement 6 also directs potential investors to MAI's website,
3 www.BeverlyHillsInvesting.com, and provides a phone number to contact MAI.

4 65. On or around August 7, 2016, MAI posted another advertisement ("Advertisement
5 7") on Craigslist Phoenix titled "High Yield Notes -- Safe and Secure."

6 66. Advertisement 7 was posted in the "financial services" classifieds and was directed
7 at residents of Phoenix.

8 67. Advertisement 7 states:

- 9 • MAI is a financial firm with more than 30 years of collective experience helping investors
10 reach their financial goals;
11 • MAI is very well known for its American Eagle Secured Notes;
12 • MAI is unveiling a limited \$25M offering of high yield notes; and
13 • MAI is a licensed broker and has a Series 3.

14 68. Advertisement 7 also directs potential investors to MAI's website,
15 www.BeverlyHillsInvesting.com, and provides a phone number to contact MAI.

16 69. Advertisement 7 contained an embedded document providing additional information
17 regarding the notes offered. The document:

- 18 • Indicates that MAI has operations in Dubai, New York, Geneva, Chicago, Dallas, Hong
19 Kong, and Silicon Valley;
20 • States that MAI is famous for its Secured American Eagle Notes;
21 • Provides a spreadsheet of interest rates for the notes ranging from 7% to 17.5% based on the
22 investment amount and note term;
23 • States that the notes are unsecured;
24 • States that the minimum investment amount is \$15,000; and
25 • Encourages potential investors to call or email MAI.

26

1 70. On or around August 8, 2016, MAI posted another advertisement (“Advertisement
2 8”) on Craigslist Phoenix titled “Safe Real Estate Investing (8% Return in 6 Months).”

3 71. Advertisement 8 was posted in the “financial services” classifieds and was directed
4 at residents of Phoenix.

5 72. Advertisement 8 states:

- 6 • MAI has a team with more than 30 years of combined experience investing in real estate;
- 7 • MAI is opening up our in-house real estate deals to individual investors with as little as
8 \$15,000 to invest;
- 9 • MAI purchases a “beat up home at an extremely low price”;
- 10 • MAI’s in-house contractors fix up the home in 3 weeks;
- 11 • MAI markets and sells the home using its “vast network of agents and brokers”;
- 12 • MAI will make investors 8% in 6 months or less; and
- 13 • MAI is a licensed real estate broker, agent, and mortgage broker.

14 73. Advertisement 8 also encourages potential investors to “reach out” to MAI, directs
15 potential investors to MAI’s website, www.BeverlyHillsInvesting.com, and provides a phone
16 number to contact MAI.

17 74. At the time Advertisements 1–8 were posted, the “Leadership” section of MAI’s
18 website, located at www.BeverlyHillsInvesting.com/Leadership, stated that:

- 19 • Wohl has 10 years of investment experience; and
- 20 • Johnson has 10 years of options trading experience.

21 75. At the time Advertisements 1–8 were posted, the “Contact” section of MAI’s website,
22 located at <http://montgomeryassets.com/contact>, stated that MAI has “global offices” in Beverly
23 Hills, Los Angeles, San Francisco, Hong Kong, Dubai, and Geneva.

24 76. Advertisements 1–8 and www.BeverlyHillsInvesting.com did not disclose that:

- 25 • MAI was incorporated in Wyoming in April 2016;
- 26 • MAI is not licensed by the NMLS as a lender or in any capacity;

- 1 • MAI is not licensed by the California Bureau of Real Estate or the Arizona Department of
- 2 Real Estate as a broker or in any other capacity;
- 3 • At the time Advertisements 1–8 were posted to Craigslist, Wohl was 18 years old and Johnson
- 4 was 27 years old;
- 5 • MAI’s “global offices” are virtual offices and MAI has no meaningful presence in Hong
- 6 Kong, Dubai, or Geneva, nor has it ever conducted operations there; and
- 7 • Investors 1 and 3 lost more than 40% of the principal they invested in WCIG, a hedge fund
- 8 owned and managed by Wohl from 2015 to 2016.

9 77. On July 12, 2016, an Arizona resident (“Investor 4”) emailed MAI in response to
10 Advertisement 2 by using the online contact form at MAI’s website,
11 www.BeverlyHillsInvesting.com. The email stated that Investor 4 was interested in MAI’s real
12 estate investment opportunities.

13 78. Investor 4 also responded to Advertisement 2 by using the reply-by-email function on
14 Craigslist, and by calling the number provided in Advertisement 2 and leaving a voicemail.

15 79. On July 18, 2016, Wohl sent an email to Investor 4 requesting Investor 4’s phone
16 number to facilitate an investment consultation.

17 80. After several more exchanges, Investor 4 contacted Wohl via telephone on August 1,
18 2016, to discuss the investment. Investor 4 stated that she had received an inheritance and was
19 considering an investment of \$100,000. During the phone conversation, Wohl stated:

- 20 • Investors are guaranteed to make 8% in 6 months or less;
- 21 • Investor 4’s investment principal would be 100% safe even if the housing market softened;
- 22 • MAI has 30 years of experience and “has been around for a while”;
- 23 • MAI is “quite a large firm here. [It’s] not ultra-large; [it’s] not Goldman Sachs; [it’s] not
- 24 Wells Fargo, but, you know, [it’s] got a nice solid team”;
- 25 • Investor 4’s investment would be combined with the funds of others to purchase a property;
- 26

- 1 • In some instances, investments from multiple investors are combined with MAI's funds to
- 2 purchase a property;
- 3 • Investor 4's only contribution to the investment would be money and would not participate
- 4 in any other respect;
- 5 • Investor 4 would be repaid when the property is sold; and
- 6 • Investor 4 would receive a promissory note in exchange for the investment funds.

7 81. At the end of the conversation, Wohl transferred Investor 4 to Johnson, who identified
8 himself as the "chief investment officer." Johnson stated:

- 9 • MAI would not guarantee that Investor 4 would receive a profit, but if the sale of the home
- 10 was very profitable, Investor 4 would receive an 8% return on her principal;
- 11 • MAI had identified a property in Los Angeles to purchase, had already obtained one investor
- 12 for the property, Mr. Burgess, and were looking for additional investors to fund the purchase;
- 13 • Mr. Burgess had been investing with MAI for over one year;
- 14 • MAI had executed 11 deals in the last 365 days; and
- 15 • MAI would be responsible for all business activities—Investor 4 need only send MAI the
- 16 investment check.

17 82. On August 1, 2016, Wohl emailed a partially-completed promissory note to Investor
18 4. The promissory note was in the amount of \$100,000 and provided for an 8% return in 6 months.
19 The promissory note also provided that an investor's ownership stake in the home is commensurate
20 with the investor's investment amount relative to the total purchase price.

21 83. On August 2, 2016, Johnson called Investor 4 and left a voicemail inquiring as to the
22 status of the investment check.

23 84. On August 6, 2016, Wohl emailed Investor 4 a letter predicting a "volatility event"
24 between August and December 2016 "similar to the one that took place in in [*sic*] August 2015."
25 The letter encouraged MAI clients to sell their holdings in equities, including mutual funds and
26 exchange-traded funds, and reallocate those assets to MAI's promissory notes.

1 **II.**

2 **CONCLUSIONS OF LAW**

3 85. The Commission has jurisdiction over this matter pursuant to Article XV of the
4 Arizona Constitution, the Securities Act, and the IM Act.

5 86. Wohl, Johnson, WCIG, NeX, and MAI offered or sold securities within or from
6 Arizona, within the meaning of A.R.S. §§ 44-1801(15), 44-1801(21), and 44-1801(26).

7 87. Wohl, Johnson, WCIG, NeX, and MAI violated A.R.S. § 44-1841 by offering or
8 selling securities that were neither registered nor exempt from registration.

9 88. Wohl, Johnson, WCIG, NeX, and MAI violated A.R.S. § 44-1842 by offering or
10 selling securities while neither registered as a dealer or salesman nor exempt from registration.

11 89. In connection with the offer or sale of securities within or from Arizona, Respondents
12 violated A.R.S. § 44-1991 by, directly or indirectly: (i) employing a device, scheme, or artifice to
13 defraud; (ii) making untrue statements of material fact or omitting to state material facts that are
14 necessary in order to make the statements made not misleading in light of the circumstances under which
15 they are made; or (iii) engaging in transactions, practices, or courses of business that operate or would
16 operate as a fraud or deceit upon offerees and investors. Respondents' conduct includes the following:

17 a) Wohl and WCIG falsely represented to Investor 1 that only 20% of his
18 investment would be at risk, yet lost approximately 50% of Investor 1's account value between
19 December 2015 and January 2016;

20 b) Wohl and WCIG falsely represented to Investor 1 that WCIG managed 178
21 investment accounts, but actually managed only 13;

22 c) Wohl and WCIG falsely represented to Investor 1 that WCIG managed between
23 \$9 million and \$10 million in assets, but actually managed less than \$500,000;

24 d) Wohl and WCIG misled Investor 1 regarding the risk associated with the
25 investment by representing that a textbook trade for WCIG had a 99.5% probability of profit;

26

1 e) Wohl and WCIG misled Investor 1 regarding the likely return on investment by
2 representing that investors who had invested by January 1, 2015, received a 23% return in the first
3 quarter of 2015;

4 f) Wohl, Johnson, and NeX misled Investors 1 and 2 regarding the risk associated
5 with the investment by representing that the investment strategy eliminated exposure to systemic risk
6 and would result in profits regardless of market direction;

7 g) Wohl, Johnson, and NeX misled investors 1 and 2 regarding the likely return on
8 the investment by representing that their investments would yield at least a 20% annual return while
9 having no reasonable basis for such a projection;

10 h) Wohl, Johnson, and MAI falsely represented to potential investors that MAI had
11 35 years of experience flipping single-family residential real estate, but MAI has existed for less than
12 six months, Wohl is 18 years old, and Johnson is 27 years old;

13 i) Wohl, Johnson, and MAI guaranteed potential investors that their investments
14 would be "100% safe," but did not disclose that investors may lose money if MAI is unable to repay the
15 notes due to depreciation of the investment properties or other circumstances;

16 j) Wohl, Johnson, and MAI falsely represented to potential investors that
17 institutional investors have worked with MAI for a long time, when MAI had been incorporated for less
18 than six months;

19 k) Wohl, Johnson, and MAI falsely represented to potential investors that MAI is a
20 licensed NMLS lender, real estate agent, mortgage broker, and has been a real estate broker for 14 years,
21 but MAI was not so licensed or registered;

22 l) Wohl, Johnson, and MAI misled potential investors by representing that, while
23 not ultra-large like Wells Fargo or Goldman Sachs, MAI is "quite a large firm";

24 m) Wohl, Johnson, and MAI misled Investor 4 and other potential investors
25 regarding MAI's size and the extent of its operations by representing that MAI has offices in Geneva,
26 Hong Kong, and Dubai; and

1 n) Johnson and MAI misled Investor 4 by representing that MAI has completed 11
2 deals in the last 365 days, when MAI had been incorporated for less than six months.

3 90. Respondents Wohl and Johnson directly or indirectly controlled NeX and MAI within
4 the meaning of A.R.S. § 44-1999. Therefore, Wohl and Johnson are jointly and severally liable under
5 A.R.S. § 44-1999 to the same extent as NeX and MAI for violations of A.R.S. § 44-1991.

6 91. Respondents Wohl, Johnson, WCIG, and NeX have violated A.R.S. § 44-3241 by
7 engaging in a transaction or transactions within or from Arizona involving the provision of investment
8 advisory services in which Respondents were, directly or indirectly: (i) employing a device, scheme, or
9 artifice to defraud; (ii) making untrue statements of material fact or omitting to state material facts that
10 are necessary in order to make the statements made not misleading in light of the circumstances under
11 which they are made; (iii) misrepresenting professional qualifications with the intent that the client rely
12 on the misrepresentation; or (iv) engaging in transactions, practices, or courses of business that operate
13 or would operate as a fraud or deceit. Respondents' conduct includes, the following:

14 a) Wohl and WCIG falsely represented to Investor 1 that only 20% of his
15 investment would be at risk, yet lost approximately 50% of Investor 1's account value between
16 December 2015 and January 2016;

17 b) Wohl and WCIG falsely represented to Investor 1 that WCIG managed 178
18 investment accounts, but actually managed only 13;

19 c) Wohl and WCIG falsely represented to Investor 1 that WCIG managed between
20 \$9 million and \$10 million in assets, but actually managed less than \$500,000;

21 d) Wohl and WCIG misled Investor 1 regarding the risk associated with the
22 investment by representing that a textbook trade for WCIG had a 99.5% probability of profit;

23 e) Wohl and WCIG misled Investor 1 regarding the likely return on investment by
24 representing that investors who had invested by January 1, 2015, received a 23% return in the first
25 quarter of 2015;

26

1 f) Wohl, Johnson, and NeX misled Investors 1 and 2 regarding the risk associated
2 with the investment by representing that the investment strategy eliminated exposure to systemic risk
3 and would result in profits regardless of market direction; and

4 g) Wohl, Johnson, and NeX misled investors 1 and 2 regarding the likely return on
5 the investment by representing that their investments would yield at least a 20% annual return while
6 having no reasonable basis for such a projection.

7 92. Respondents' conduct is grounds for a cease and desist order pursuant to A.R.S.
8 §§ 44-2032 and 44-3292.

9 93. Respondents' conduct is grounds for an order of restitution pursuant to A.R.S. §§ 44-
10 2032 and 44-3292.

11 94. Respondents' conduct is grounds for administrative penalties under A.R.S. §§ 44-
12 2036 and 44-3296.

13 **III.**

14 **ORDER**

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

18 IT IS ORDERED, pursuant to A.R.S. §§ 44-2032 and 44-3292, that Respondents, and any of
19 Respondents' agents, employees, successors and assigns, permanently cease and desist from
20 violating the Securities Act and IM Act.

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

23 IT IS FURTHER ORDERED, pursuant to A.R.S. §§ 44-2032 and 44-3292, that Respondent
24 Wohl shall, jointly and severally with WCIG, pay restitution to the Commission in the principal
25 amount of \$32,918.72 as a result of the conduct set forth in the Findings of Fact and Conclusions of
26 Law. Payment shall be made to the "State of Arizona." Payment is due as follows:

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1. \$16,459.36 is due on the date of this Order.

2. The balance of \$16,459.36 shall be paid over 12 months in equal installments of \$1,371.61, beginning on October 1, 2017.

3. Each monthly payment shall be made on or before the first day of the month.

4. If Wohl and WCIG do not make each payment in full when due under the foregoing terms, any outstanding balance of the \$16,459.36 restitution amount may be deemed in default and shall be immediately due and payable to the Commission, with Wohl and WCIG liable to the Commission for the costs of collection, including reasonable attorneys' fees and interest at the maximum legal rate.

5. In the event of default, no right to cure the default shall exist. Wohl and WCIG hereby waive any such right.

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 and the Commission cannot reasonably identify and locate the deceased investor's heirs or successors, 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 and 44-3296, that Respondent Wohl, shall, jointly and severally with Johnson, WCIG, NeX, and MAI, pay an administrative penalty in the amount of \$5,000 as a result of the conduct set forth in the Findings of Fact and Conclusions of Law. Payment shall be made to the "State of Arizona." Payment is due as follows:

1. The balance of \$5,000 shall be paid over 12 months in equal installments of \$416.67 beginning on October 1, 2017.

2. Each monthly payment shall be made on or before the first day of the month.

1 3. If Respondents do not make each payment in full when due under the foregoing terms,
2 any outstanding balance of the \$5,000 administrative penalty amount shall be deemed in default and
3 be immediately due and payable to the Commission, with Respondents liable to the Commission for
4 the costs of collection, including reasonable attorneys' fees and interest at the maximum legal rate.

5 4. In the event of default, no right to cure the default shall exist. Respondents hereby
6 waive any such right.

7 IT IS FURTHER ORDERED that payments received by the state of Arizona from Wohl or
8 WCIG shall first be applied to the restitution obligation. Upon payment in full of the restitution
9 obligation, payments from Wohl or WCIG shall be applied to the administrative penalty obligation.
10 Payments from Johnson, NeX, or MAI shall be applied to the administrative penalty obligation.

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

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

15 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

16
17 CHAIRMAN FORESE

COMMISSIONER DUNN

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20 COMMISSIONER TOBIN

COMMISSIONER LITTLE

COMMISSIONER BURNS

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IN WITNESS WHEREOF, I, TED VOGT, 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 _____ day of _____, 2017.

TED VOGT
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.

CAN

CONSENT TO ENTRY OF ORDER

1
2 1. Respondents Jacob Wohl, Matthew Johnson, Wohl Capital Investment Group, LLC,
3 NeX Capital Management, LLC, and Montgomery Assets, Inc. (“Respondents”), admit the
4 jurisdiction of the Commission over the subject matter of this proceeding. Respondents acknowledge
5 that they have been fully advised of their right to a hearing to present evidence and call witnesses
6 and Respondents knowingly and voluntarily waive any and all rights to a hearing before the
7 Commission and all other rights otherwise available under Article 11 of the Securities Act, Article 7
8 of the IM Act, and Title 14 of the Arizona Administrative Code. Respondents acknowledge that this
9 Order to Cease and Desist, Order for Restitution, Order for Administrative Penalties and Consent to
10 Same (“Order”) constitutes a valid final order of the Commission.

11 2. Respondents knowingly and voluntarily waive any right under Article 12 of the
12 Securities Act and Article 8 of the IM 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 the same attorney in
17 this matter, Robert Mitchell of Tiffany & Bosco, P.A. Respondents acknowledge that Mr. Mitchell
18 has apprised them of their rights regarding any potential and actual conflicts of interest arising from
19 the joint representation. Respondents acknowledge that they have each given their informed consent
20 to such representation.

21 5. Each Respondent acknowledges that he/it has reviewed this Order with their attorney,
22 Robert Mitchell of Tiffany & Bosco, P.A., and understand all terms it contains.

23 6. Respondents neither admit nor deny the Findings of Fact and Conclusions of Law
24 contained in this Order.

25 7. By consenting to the entry of this Order, Respondents agree not to take any action or
26 to make, or permit to be made, any public statement denying, directly or indirectly, any Finding of

1 Fact or Conclusion of Law in this Order or creating the impression that this Order is without factual
2 basis.

3 8. Respondents further agree that they shall not deny or contest the Findings of Fact and
4 Conclusions of Law contained in this Order in any present or future bankruptcy proceeding. In the
5 event that any Respondent pursues bankruptcy protection in the future, such Respondent further
6 agrees that in such bankruptcy proceeding, pursuant to 11 U.S.C. § 523(a)(19), the following
7 circumstances exist:

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

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

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

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

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

26

CALIFORNIA JURAT CERTIFICATE

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

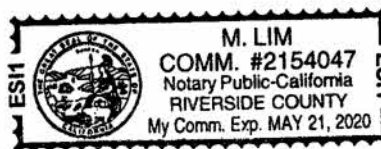
State of California

County of RIVERSIDE

Subscribed and sworn to (or affirmed) before me on this 8TH day of SEPTEMBER
20 17, by JACOB A. WDHL

proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

WITNESS MY HAND AND OFFICIAL SEAL.



[Signature]
Signature of Notary Public

(Notary Seal)

OPTIONAL INFORMATION

The jurat contained within this document is in accordance with California law. Any affidavit subscribed and sworn to before a notary shall use the preceding wording or substantially similar wording pursuant to Civil Code sections 1189 and 8202. A jurat certificate cannot be affixed to a document sent by mail or otherwise delivered to a notary public, including electronic means, whereby the signer did not personally appear before the notary public, even if the signer is known by the notary public. The seal and signature cannot be affixed to a document without the correct notarial wording. As an additional option an affiant can produce an affidavit on the same document as the notarial certificate wording to eliminate the use of additional documentation.

DESCRIPTION OF ATTACHED DOCUMENT

BEFORE THE ARIZONA CORPORATION
(Title of document) Commission

Number of Pages _____ (Including jurat)

Document Date SEPT. 8, 2017

(Additional Information)

CAPACITY CLAIMED BY SIGNER

- Individual
 Corporate Officer
 Partner
 Attorney-In-Fact
 Trustee
 Other: _____



Jurat Certificate California only

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of Los Angeles

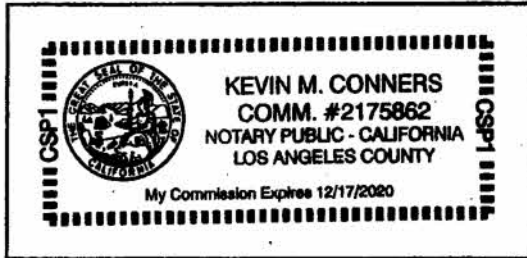
Subscribed and sworn to (or affirmed) before me on this 2

day of October, 2017, by Matthew K. Johnson

proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

Place Seal Here

Signature



Description of Attached Document

Type or Title of Document

Order to Cease And Desist..

Document Date

10/2/17

Number of Pages

1 (page 24)

Signer(s) Other Than Named Above

WOHL CAPITAL INVESTMENT GROUP,
LLC

By [Signature]

Its C.E.O.

STATE OF California)
) ss
COUNTY OF Riverside)

SUBSCRIBED AND SWORN TO BEFORE me this _____ day of _____,

SEE NOTARY
ATTACHED

NOTARY PUBLIC

My commission expires:

NEX CAPITAL MANAGEMENT, LLC

By [Signature]

Its C.E.O.

STATE OF _____)
) ss
COUNTY OF _____)

SUBSCRIBED AND SWORN TO BEFORE me this _____ day of _____,

SEE NOTARY
ATTACHED

NOTARY PUBLIC

My commission expires:

CALIFORNIA JURAT CERTIFICATE

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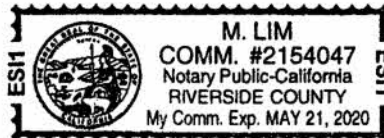
State of California

County of RIVERSIDE

Subscribed and sworn to (or affirmed) before me on this 8TH day of SEPTEMBER 20 17, by JACOB A. WOHL

proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

WITNESS MY HAND AND OFFICIAL SEAL.



[Signature]
Signature of Notary Public

(Notary Seal)

OPTIONAL INFORMATION

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DESCRIPTION OF ATTACHED DOCUMENT

DOCKET # S-20986A-16-0340
WOHL CAPITAL INVT CORP LLC
(Title of document)

Number of Pages _____ (Including jurat)

Document Date SEPT. 8, 2017

(Additional Information)

CAPACITY CLAIMED BY SIGNER

- Individual
- Corporate Officer
- Partner
- Attorney-In-Fact
- Trustee
- Other: _____

CALIFORNIA JURAT CERTIFICATE

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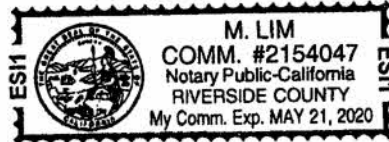
State of California

County of RIVERSIDE

Subscribed and sworn to (or affirmed) before me on this 8TH day of SEPTEMBER
20 17, by JACOB A. WOHL

proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

WITNESS MY HAND AND OFFICIAL SEAL.



Signature of Notary Public

(Notary Seal)

OPTIONAL INFORMATION

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DESCRIPTION OF ATTACHED DOCUMENT

DOCKET # S-20986A-16-034D

NEX CAPITAL MGMT, LLC

(Title of document)

Number of Pages _____ (Including jurat)

Document Date SEPT. 8, 2017

(Additional Information)

CAPACITY CLAIMED BY SIGNER

- Individual
 Corporate Officer
 Partner
 Attorney-In-Fact
 Trustee
 Other: _____

CALIFORNIA JURAT CERTIFICATE

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

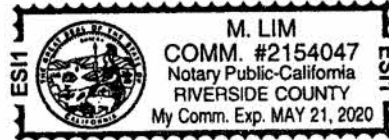
State of California

County of RIVERSIDE

Subscribed and sworn to (or affirmed) before me on this 8TH day of SEPTEMBER
20 17, by JACOB A. WOHL

proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

WITNESS MY HAND AND OFFICIAL SEAL.



[Signature]
Signature of Notary Public

(Notary Seal)

OPTIONAL INFORMATION

The jurat contained within this document is in accordance with California law. Any affidavit subscribed and sworn to before a notary shall use the preceding wording or substantially similar wording pursuant to Civil Code sections 1189 and 8202. A jurat certificate cannot be affixed to a document sent by mail or otherwise delivered to a notary public, including electronic means, whereby the signer did not personally appear before the notary public, even if the signer is known by the notary public. The seal and signature cannot be affixed to a document without the correct notarial wording. As an additional option an affiant can produce an affidavit on the same document as the notarial certificate wording to eliminate the use of additional documentation.

DESCRIPTION OF ATTACHED DOCUMENT

DOCUMENT # S-20926A-16-0340
MONTGOMERY ASSETS, INC
(Title of document)

Number of Pages _____ (Including jurat)

Document Date SEPT. 8, 2017

(Additional Information)

CAPACITY CLAIMED BY SIGNER

/ Individual
_____ Corporate Officer
_____ Partner
_____ Attorney-In-Fact
_____ Trustee
_____ Other: _____

1 SERVICE LIST FOR: Jacob Wohl, *et al.*

2 Robert D. Mitchell
3 TIFFANY & BOSCO, P.A.
4 2525 E. Camelback Road
5 Phoenix, Arizona 85016
6 *Attorneys for Respondents*

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

TOM FORESE – Chairman
BOB BURNS
VACANT
ANDY TOBIN
BOYD DUNN


In the matter of:)
JACOB WOHL, a single man,)
MATTHEW JOHNSON, a single man,)
WOHL CAPITAL INVESTMENT GROUP,)
LLC, a California limited liability company,)
NEX CAPITAL MANAGEMENT, LLC, a)
Delaware limited liability company,)
MONTGOMERY ASSETS, INC., a Wyoming)
corporation,)
Respondents.)

DOCKET NO. S-20986A-16-0340

**CERTIFICATION OF SERVICE OF
PROPOSED OPEN MEETING AGENDA
ITEM**

On this 6th day of October, 2017, the foregoing document was filed with Docket Control as a Securities Division Memorandum & Proposed Order, and copies of the foregoing were mailed on behalf of the Securities Division to the following who have not consented to email service. On this date or as soon as possible thereafter, the Commission’s eDocket program will automatically email a link to the foregoing to the following who have consented to email service.

Robert D. Mitchell
TIFFANY & BOSCO, P.A.
2525 E. Camelback Road
Phoenix, Arizona 85016
Attorneys for Respondents

By: 
Karen Houle, Legal Assistant

Decision No. _____