

**STATE OF NEW MEXICO
SECURITIES DIVISION
2550 CERRILLOS ROAD
SANTA FE, NEW MEXICO 87505**

IN THE MATTER OF:)
Taos Cab Company, and Michael Arnold)
(DBA Michael North)) 13-05-0044
Respondents.)

**ORDER TO CEASE AND DESIST
AND
NOTICE OF INTENT TO IMPOSE SANCTIONS**

The Director of the Securities Division ("Director") after investigation has good reason to believe, and therefore alleges the following:

1. Taos Cab Company (Respondent TCC) was, at all times material herein, an entity with the address at P.O. Box 1695, Ranchos De Taos, New Mexico 87557. At all times material herein, Respondent Taos Cab Company maintained a website at www.taoscab.com/investing.html (Website), through which it offered an investment opportunity;
2. Michael Arnold (DBA Michael North) (Respondent Arnold) was, at all times material herein, an individual with an address at P.O. Box 1695, Ranchos De Taos, New Mexico 87557. At all times material herein, Respondent Arnold was the owner of Respondent TCC;
3. On or about February 2013, Respondent TCC placed an advertisement (Ad) on an Internet forum entitled, "Investors Needed Now" that stated, "I will certify a 300% return on your investment in services and 200% in cash returns." The Ad included a link to a different website;
4. On or about February 2013, a New Mexico resident (NM Resident) viewed the Website, which stated: "The time it takes to get a cash return on your investment is determined by the order in which your investment was received and how soon the revenue is available";
5. On or about February 2013, using a telephone number provided on the Website, the NM Resident telephoned Respondent TCC and spoke with Respondent Arnold. Respondent Arnold stated that Respondent TCC is in the business of providing transportation to people within the Taos city limits for fee based on mileage. Respondent Arnold also stated that Respondent TCC is using investor funds to expand its business;

6. On or about February 2013, Respondent Arnold mailed the NM Resident a promissory note (Note) in the amount of \$2,000 at an interest rate of 200% for a six month term, with a total return, including principle and interest, to be paid to the investor of \$4,000;
7. The NM Resident had no substantive, pre-existing relationship with Respondent TCC or Arnold;

WHEREAS, the Note described above is a "security" within section 102 (DD) of the New Mexico Uniform Securities Act of 2010 (2010 Act), §58-13C-102.DD; and

WHEREAS, Respondent Arnold is the "issuer" of the Note described above within the meaning of Section 102 (R) of the 2010 Act, §58-13C-102.R; and

WHEREAS, the records of the Division disclose that the Note is (a) not registered under Section 301 of the 2010 Act, §58-13C-301; (b) not exempt from registration under Section 201 of the 2010 Act, §58-13C-201; and (c) not federally covered security; and further the securities transactions related to the Note are exempt under Section 203 of the 2010 Act, §58-13C-203; and

WHEREAS, the records of the Division also disclose that the Respondent(s) TCC and Arnold were not licensed in New Mexico as neither sales representative nor exempt from such licensure under Section 401/403 of the 2010 Act, §58-13C-401/403; and

WHEREAS, after due deliberation, the Division finds that it is necessary and appropriate, in the public interest, for the protection of investors and is consistent with the purposes fairly intended by the policy and provisions of the 2010 Act to issue the following Order:

IT IS, THEREFORE, ORDERED THAT:

8. Pursuant to §58-13C-604 of the Act, Respondents cease and desist soliciting offers to purchase, and offering and selling securities of any kind in New Mexico without first complying with all requirements of the Act.
9. Respondent shall, within thirty (30) days from the entry of this Order, provide the Director with documentation showing that New Mexico investors have been notified of their right to rescission. Such documentation may be in the form of U.S. Postal Service Form 3800, Receipt for Certified Mail. Respondent shall, within thirty (30) days from the entry of this Order, provide the Director with the names and addresses of all investors, the amounts invested by each investor, and the date of each investment.
10. Respondent shall, no later than thirty-five (35) days after each investor has acknowledged receipt of the offer of rescission, provide the Director with evidence of each investor's decision with respect to the offer. In the absence of a reply from any investor Respondent may submit adequate proof that the investor received the offer and that thirty (30) days have elapsed since receipt of the offer.

11. Pursuant to §58-13C-604 of the Act, Notice of Opportunity for Hearing will be sent by certified mail, return receipt requested, advising that a hearing will be granted on this Order upon written request timely filed with the Director; and, in **default of such request, that this Order, and the proposed Order immediately following, will become Final Orders**; and, that further proceedings may be conducted to determine whether Respondent have violated additional provisions of the Act and whether further or alternative sanctions should therefore be imposed upon Respondent. Each Respondent's request for such hearing must be received by the Director within fifteen (15) days after each Respondent's receipt of this Order.

FURTHER, THE DIRECTOR PROPOSES TO ORDER THAT:

12. Pursuant to §58-13C-604 of the Act, Respondent(s) Taos Cab Company and Michael Arnold (DBA Michael North) be permanently barred from association with any licensed broker-dealer or investment adviser in New Mexico.
13. Pursuant to §58-13C-604 of the Act, civil penalties in the amount of \$5,000 be imposed on the Respondent(s) Taos Cab Company and Michael Arnold (DBA Michael North).
14. Pursuant to §58-13C-601 of the Act, Respondent(s) Taos Cab Company and Michael Arnold (DBA Michael North) pay the cost of this investigation in the amount of \$500.

ENTERED AT Santa Fe, New Mexico this 4th day of June 2013.





Mary Kay Root, Acting Director
New Mexico Securities Division