



# COMMISSION NEWS

ARIZONA CORPORATION COMMISSION, 1200 W. WASHINGTON, PHOENIX, AZ 85007

TO: EDITORS, NEWS DIRECTORS  
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CONTACT: Heather Murphy (602) 542-0844

## COMMISSION ORDERS OVER \$1 MILLION IN PENALTIES & RESTITUTION FOR SECURITIES VIOLATIONS

PHOENIX – The Arizona Corporation Commission has issued orders to cease and desist from actions in violation of state securities laws against 21<sup>ST</sup> Century Satellite Communication, Glenn Liberatore and Howard Baldwin; Robert Witt; Bruce J. Blechman and Pre-IPO Venture Capital Fund, LLC.; David Hitzig; and Robert L. Fanzo doing business as Intermerc Marketing and CashFlows.

### **21<sup>ST</sup> Century Satellite Communication, Glenn Liberatore and Howard Baldwin**

The Commission took action against 21<sup>st</sup> Century Satellite Communications, Inc., a Florida based company, and two of its sales agents, Glenn Liberatore of Utah, and Howard Baldwin of Scottsdale. The Commission found that 21<sup>st</sup> Century, with the assistance of Liberatore and Baldwin, an Arizona-licensed insurance agent, fraudulently sold \$262,000 of promissory notes to 14 Arizona residents. None of the Arizona investors have received their investment back.

After selling over \$23,000,000 of promissory notes nationwide, 21<sup>st</sup> Century defaulted on the notes. Liberatore and Baldwin also illegally sold viatical settlement contracts-interests in the life insurance benefits of the terminally ill or elderly.

21<sup>st</sup> Century was ordered to repay all investors \$262,000 plus a \$5,000 penalty. Baldwin was ordered to pay restitution of \$47,164.13 and Liberatore was ordered to pay \$28,460.84. Liberatore and Baldwin were each assessed an additional \$5,000 penalty. Both orders allow for the \$5,000 penalty to be reduced to \$2,000 if restitution is paid in full.

Following the Arizona Corporation Commission's action, the United States Securities and

Exchange Commission also brought an action against 21<sup>st</sup> Century and its officers for fraud in the sale of securities.

Unregistered insurance agents selling promissory notes, viatical investments and other securities have been a concern in Arizona for several years. Such activity was recently included in a list of the “Dirty Dozen” financial scams in Arizona by the Securities Division.

### **Robert Witt**

The Arizona Corporation Commission ordered Robert Witt of Apache Junction, to cease and desist from fraudulent sales of unregistered viatical settlement contracts. Witt participated in sales of viaticals to investors from 1997 until 2001, as an employee of Scottsdale-based Carrington Estate Planning Services, owned by Richard Carrington. The Commission found that Witt failed to tell investors about the risks in investing in viaticals and about the poor track record of Carrington. Witt was ordered to pay \$40,000 to investors and to pay a \$5,000 fine. His penalty will be reduced to \$2,000 once Witt makes the full \$40,000 payment.

### **Bruce Blechman and Pre-IPO Venture Capital Fund, LLC**

Scottsdale resident Bruce J. Blechman and his venture capital firm, Pre-IPO Venture Capital Fund, L.L.C., agreed to comply with a Cease and Desist Order in connection with his company’s solicitation of over \$2.5 million in investor funds from approximately 100 investors across the United States. Blechman’s company, Pre-IPO Venture Capital Fund, originally sought to raise up to \$5 million from investors to use as venture capital to finance a variety of small, start-up companies. Instead, the bulk of the investment funds were expended on solicitation costs, sales commissions and other related expenses. Blechman had initially represented that no more than 10 percent of the investor funds were to be used for such expenditures.

Blechman and the Pre-IPO Venture Capital Fund agreed to pay \$500,000 in restitution and an administrative penalty in the amount of \$25,000.

### **David Hitzig**

The Commission found that David Hitzig, 60, of Mesa, defrauded two Arizona investors when he sold them unregistered securities. Hitzig was not registered as a securities salesman. Hitzig helped persuade two investors to enter into investment contracts under which Early Detection Center, Inc. was to

form a corporation to open a cancer detection center in the valley. After taking the investment money, Hitzig failed to open a clinic with either of the investors. An Early Detection Center was open in Sun City for a short period of time, but neither investor received any financial benefit from the center. Hitzig was ordered to pay restitution of \$75,000 plus interest and \$5,000 in administrative penalties.

### **Ronald L. Fanzo, InterMarc Marketing and CashFlows**

The Commission ordered Ronald Fanzo, 50, of Scottsdale, doing business as InterMarc Marketing, to cease and desist from violating the Securities Act through operations conducted via two Internet websites. The InterMarc website offered to investors high-risk computer “turnkey” systems purportedly designed to set up e-commerce businesses upon purchase. The other site, called CashFlows, offered investments secured by promissory notes signed by the computer system buyers.

Fanzo promised a 30 percent rate of return on the investment over a six-month period. He told investors their money would be used to purchase the computer systems offered by InterMarc. He also falsely represented he had more than \$179,000 in accounts receivable and claimed that no purchaser had ever defaulted on a system. In fact, Fanzo had not sold any computer systems and had no promissory notes to secure the investments. Fanzo used the investment capital largely for his own living expenses.

The Corporation Commission ordered Fanzo to pay \$12,750 in restitution and \$15,000 in penalties.

To check the registration of a securities offering or the disciplinary history of your financial professional, contact the Arizona Securities Division at 602-542-4242, toll free at 1-877-811-3878. The Arizona Corporation Commission’s Securities Division website ([www.ccsd.cc.state.az.us](http://www.ccsd.cc.state.az.us)) also offers helpful information for investors.

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