



ARIZONA CORPORATION COMMISSION

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Commission Orders Radical Bunny to Pay \$189.8 Million in Restitution, Hamstrings Unregistered Sports-related Investment, and Others

PHOENIX, AZ—The Arizona Corporation Commission today entered a consent order that requires Phoenix-based Radical Bunny, LLC to pay more than \$189.8 million in restitution for fraudulently offering and selling two unregistered deed of trust investment programs. In other cases, the Commission ordered multiple individuals and companies to pay a total of \$4,152,718 in restitution and \$275,000 in administrative penalties for fraudulently offering and selling unregistered investment programs, including one respondent who claimed that his company's proprietary software could prevent sports-related injuries.

The Commission found that while not registered as a securities dealer, Radical Bunny raised funds from approximately 900 investors across the U.S. and in four foreign countries. Investors were told that their money would be used to purchase fractionalized interests in promissory notes secured by real estate deeds of trust. The Commission found, however, that Radical Bunny pooled investor funds to make unsecured loans to Mortgages Ltd., a Phoenix-based originator of high-interest, short-term loans to real estate developers. Additionally, the Commission found that Radical Bunny continued to raise investor funds despite being advised by lawyers that it had or was engaged in unregistered securities offerings in violation of Arizona securities laws. Currently, Radical Bunny is controlled by a Chapter 11 bankruptcy trustee who, without admitting or denying the Commission findings, agreed to the entry of the consent order. The administrative matter against Radical Bunny's prior managers—Tom Hirsch, Harish Shah, Howard Walder and Berta "Bunny" Walder—is still pending.

In a separate case, the Commission issued a default order against former Scottsdale resident, Larry Wayne Ziegler and his affiliated company, Motion DNA, Inc., requiring them to pay \$550,712 in restitution and \$100,000 in administrative penalties for committing securities fraud. The Commission found that Ziegler, who was the president of Motion DNA, Inc., touted that his company's proprietary software would enable athletes, coaches and trainers to analyze human movement, improve athletic performance and prevent sports-related injuries. The Commission found that while not registered to offer or sell securities in Arizona, Ziegler sold the investment program to at least five investors who thought they were buying stock in Motion DNA, but Ziegler provided investors with stock in other companies. Additionally, the Commission found that instead of using investor funds to register Motion DNA as a publicly traded company, Ziegler made mortgage payments and cash withdrawals.

In another case, the Commission issued a default order against Mesa-based Secure Resolutions, Inc., requiring the payment of \$3,535,573 in restitution and \$150,000 in administrative penalties for offering and selling unregistered securities while not registered as a securities dealer. The Commission found that through its officers, Douglas and Kyla Cottle, Secure Resolutions engaged unregistered salesmen to fraudulently offer and sell company stock, promissory notes and options to at least 100 investors. Company representatives projected above-market investment returns and touted that Secure Resolutions was a growing, profitable software company that would soon go public, but the Commission

found these claims to be false. The Commission found that Secure Resolutions has outstanding tax liens and loans balances, has not been taken public and has ceased its business operations. In March 2010, the Cottles consented to the entry of a Commission order regarding this matter.

Finally, the Commission ordered former Scottsdale resident Richard Miles Dorman and his affiliated company, Elysium Capital Group, LLC, to pay \$66,430 in restitution and \$25,000 in administrative penalties for defrauding investors in a get-rich-quick investment scheme involving leased bank guarantees. The restitution amount represents the sales commissions that Dorman received from investors. The Commission found that while not registered to offer or sell securities in Arizona, Dorman, who is a former mortgage loan manager, solicited potential investors through Internet ads on Craigslist.com. The Commission found that members of a California-based investment group responded to the ad and following face-to-face meetings in California and Arizona, eight members invested with Dorman. Dorman told investors that he personally invested in the leased bank guarantee program in which a \$356,056 investment would purchase \$200 million in bank guarantees, producing a payout of more than \$109 million. The Commission found, however, that Dorman never invested his own money, failed to invest investors' money as promised and used some of the funds for his own personal use. In settling this matter, Dorman neither admitted nor denied the Commission findings, but agreed to the entry of the consent order.

More caution for investors:

Even when investing with someone they know, investors should verify the registration of sellers and investment opportunities and investigate disciplinary histories by contacting the Arizona Corporation Commission's Securities Division at 602-542-4242 or toll free in Arizona at 1-866-VERIFY-9. The Division's investor education web site also has helpful information at www.azinvestor.gov.

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