



ARIZONA CORPORATION COMMISSION

FOR IMMEDIATE RELEASE: August 12, 2010

CONTACT: Rebecca Wilder (602) 542-0844

Commission Orders Over \$4.8 Million in Restitution for Investors *Continues Crackdown on Unregistered Securities Offerings, Sanctions Promoters*

PHOENIX, AZ— The Arizona Corporation Commission today sanctioned a former Tucson couple and their affiliated company whose unregistered investment programs caused investors to lose over \$4.3 million. The Commission ordered that amount in restitution and \$250,000 in administrative penalties. In other cases, the Commission continued its crackdown on unregistered securities offerings—two of which were advertised on Craigslist.com—and ordered the promoters to pay a total of \$728,655 in restitution and \$70,000 in administrative penalties.

The Commission ordered Phoenix residents Marguerite Jeane Gerhart, Anthony Boscarino and their affiliated company, MJG Enterprises, Inc., to pay \$4,359,627 in restitution and \$250,000 in administrative penalties for fraudulently offering and selling unregistered securities. While in Tucson, Gerhart was the president of MJG Enterprises and her spouse, Boscarino, was the director, but they were not registered to offer or sell securities in Arizona. The Commission found that through a series of emails, Gerhart and Boscarino told at least 1,521 investors from around the world that the investments in oil wells, standby letters of credit and two trading programs involving collateralized mortgage obligations would be low in risk, provide lucrative returns along with a comfortable retirement. The Commission found, however, that investors did not receive any of the promised profits. Additionally, the Commission found that Gerhart and Boscarino not only failed to disclose their limited trading experience with collateralized debt obligations but also used some of the investor funds for purposes other than the designated investments. In settling this matter, Gerhart and Boscarino neither admitted nor denied the Commission findings, but agreed to the entry of the consent order.

In a separate case, the Commission ordered Cornelius Jan Buitehuis of Prescott, Jorge Adan Cordova of Flagstaff and their affiliated companies to pay \$728,655 in restitution and \$50,000 in administrative penalties for offering and selling unregistered investment contracts and LLC membership interests in connection with the development of two amusement parks. Buitehuis and Cordova were managers and principals in three companies—Grand Canyon Theme Park Holdings, LLC, Grand Canyon Theme Park Investments, LLC and Grand Canyon Land Company, LLC, but they were not registered to offer and sell securities in Arizona. The Commission found that Buitehuis and Cordova publically solicited investors through two web sites and although they spent investor funds in an attempt to develop the amusement parks in Phoenix and Williams, Arizona, Buitehuis and Cordova have not dispersed any returns to the investors. In settling this matter, Buitehuis and Cordova neither admitted nor denied the Commission's findings, but agreed to the entry of the consent order.

Before investors lost any money, the Commission found securities fraud in an unregistered investment program involving legalized medicinal marijuana grow sites offered by Scottsdale-based La Bella Investments, LLC, and by default order, required its managing member—James Mitchell of Phoenix—to pay a \$5,000 administrative penalty. An online search conducted by the Commission's Securities Division uncovered the unregistered investment program from Internet ads in the Phoenix

section of Craigslist.com. The Commission found that while not registered to offer or sell securities in Arizona, Mitchell promised a potential Arizona investor either a percentage of the business profits or a fixed return on investment generated from the production and sale of medicinal marijuana. The Commission found that Mitchell failed to inform the potential investor about the Controlled Substance Act's allowance for the federal prosecution of marijuana traffickers, including medicinal growers in states where medical marijuana is legal.

In another case, the Commission found securities fraud in an unregistered investment program and halted it before investors were financially harmed, ordering Michael Eugene Gowens of Mesa and his affiliated company to pay a \$5,000 administrative penalty. The Commission found that as the manager and sole member of Global Trading Partners, LLC, Gowens posted an advertisement on Craigslist.com, soliciting prospective investors for an international business venture, but Gowens and his company were not registered to offer or sell securities in Arizona. The Commission found that in a telephone call to an offeree, Gowens stated that an investor could name the terms of the investment, including the rate of return and holding period, but Gowens failed to disclose to the potential investor about his pending bankruptcy. In settling this matter, Gowens admitted to the Commission findings only for purposes of the administrative proceeding, but agreed to the entry of the consent order.

Finally, the Commission issued a default order against Todd Allan Hoss of Scottsdale, requiring him to pay \$10,000 in administrative penalties for fraudulently offering an unregistered deed of trust investment while not registered to offer or sell securities in Arizona. The Commission found that Hoss solicited potential investors by faxed correspondence and telephone to raise money that would fund a \$7.7 million loan for an entity attempting to purchase a Houston, Texas mansion. The Commission found that while doing business as a representative of two mortgage and investment corporations, Hoss told prospective investors they would receive a promissory note to be secured by a first position deed of trust, but failed to disclose that his affiliated business entities were not licensed as mortgage bankers, mortgage brokers or escrow agents and that the state of Washington had taken legal action against him for dishonest and unethical practices in the securities business.

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.

###