



ARIZONA CORPORATION COMMISSION

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Commission Orders Restitution for Real Estate Investors Defrauded by a Scottsdale Businessman *Sanctions Others for Securities Fraud*

PHOENIX, AZ—The Arizona Corporation Commission today issued a default order against a Scottsdale businessman and his company for defrauding investors in a million-dollar, real estate investment program. In other cases, the Commission ordered two individuals and their affiliated companies to pay restitution and penalties for defrauding investors in an investment program involving music concerts. In total, the Commission ordered over \$3.44 million in restitution for investors and \$85,000 in administrative penalties.

The Commission issued a default order against Nathan Nordstrom of Scottsdale and his affiliated company, Norstreet Portfolio, LLC, requiring them to pay \$1,076,000 in restitution and a \$50,000 administrative penalty for defrauding six investors in a real estate investment program. The Commission found that, while not registered to offer or sell securities in Arizona, Nordstrom and his company offered and sold limited liability company memberships, telling investors that their money would fund the completion of two residential developments in Hawaii and Washington, D.C. The Commission found that Nordstrom told investors their funds would be secured by the real estate when, in fact, Nordstrom lacked free-and-clear title to the properties and was unable to execute a deed of trust on behalf of the investors. Additionally, the Commission found that Nordstrom failed to disclose to the investors that some of their money would be used for outstanding, mortgage interest payments owed on the real estate properties.

In a separate case, the Commission ordered Bobby G. Goodson of Chandler to pay \$2,298,236 in restitution and a \$25,000 administrative penalty for committing securities fraud. The Commission found that Goodson, along with Malika S. Smith, formed CAA General Partnership and opened bank accounts solely for the purpose of handling banking transactions related to the so-called concert production activity of Goodson's former son-in-law, Miko D. Wady. The Commission found that Goodson and CAA not only received \$2,298,236 of investor funds and transferred nearly \$1 million dollars to Wady, but also failed to disclose that CAA was not the internationally known talent agency, Creative Artists Agency. In April 2010, the Commission issued a default order against Wady for masterminding a multimillion-dollar investment scam related to the production of music concerts. In November 2010, Smith and CAA were ordered to pay restitution and penalties in connection with their violations of the Arizona Securities Act. In settling this matter, Goodson admitted to the Commission's findings and agreed to the entry of the consent order.

In a related case, the Commission ordered Thurston Smith of Chandler and his affiliated company, B.Y.B. Entertainment, LLC, to pay \$74,000 in restitution and a \$10,000 administrative penalty for defrauding investors. The Commission found that, as the manager of B.Y.B. Entertainment, LLC and the sole signer of its bank accounts, Smith handled banking transactions related to what he believed was the concert production activity of Miko D. Wady. The Commission found that instead of funding music

concerts, Smith transferred investor money received by B.Y.B. Entertainment, LLC to either Wady or to banks accounts controlled by Wady. In settling this matter, Smith admitted to the Commission's findings and 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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