



ARIZONA CORPORATION COMMISSION

FOR IMMEDIATE RELEASE: February 18, 2010

CONTACT: Rebecca Wilder (602) 542-0844

Commission Halts Multiple Unregistered Real Estate Investment Programs, Penalizes Promoters for Securities Fraud

PHOENIX, AZ—The Arizona Corporation Commission today sanctioned multiple individuals and their affiliated companies whose unregistered investment programs—most of which involved real estate—caused investors to lose over \$5.28 million. The Commission ordered that amount in restitution and a total of \$582,000 in administrative penalties.

The Commission ordered Rex G. Wheeler of Utah to pay \$3,174,871 in restitution and a \$150,000 administrative penalty for committing securities fraud in connection with an unregistered real estate investment program. The Commission found that while not registered as a securities dealer or salesman in Arizona, Wheeler pooled the money of 17 investors, promising that he would fund real estate loans made to a company in the business of acquiring high-end residences. He assured investors that their money would be safe due to the superior industry reputation of the company acquiring the real estate, but the Commission found that the company did not provide Wheeler with a first-position deed of trust on any real estate. Further, the Commission found that Wheeler extensively comingled investor funds with those of his real estate companies, spending the funds for business and personal expenses. In settling this matter, Wheeler agreed to the entry of the consent order and admitted to the Commission's findings only for purposes of the administrative proceeding.

In a separate case, the Commission ordered Phoenix resident Scot A. Oglesby to pay \$13,760 in restitution and a \$40,000 administrative penalty for fraudulently offering and selling unregistered deed of trust investments. The restitution amount represents the commissions that Oglesby earned while working as an employee of Mutual Financial Services. The Commission found that while not registered as a securities salesman, Oglesby sold the deed of trust investments to at least 18 investors, most of whom were Arizona seniors. Oglesby told investors that the investment was safe because it was secured by real estate, but the Commission found that he failed to disclose that the real estate development was already encumbered by a first mortgage and that the state of Nevada had taken legal action against him for securities violations. In settling this matter, Oglesby agreed to the entry of the consent order and admitted to the Commission's findings only for the purposes of the administrative proceeding.

In another matter, the Commission sanctioned Gregory M. Sir of Paradise Valley and his company with a \$90,000 administrative penalty for offering and selling unregistered investment contracts and deed of trust investments while not registered to sell securities in Arizona. The Commission found that as the president of Sir Mortgage and Finance of Arizona, Inc., a licensed Arizona mortgage broker, Sir used investor money to fund a wide variety of "hard-money" loans, ranging from \$100,000 to \$4.5 million secured by real estate. In settling this matter, Sir neither admitted nor denied the Commission findings, but agreed to the entry of the consent order, submitting full payment for the administrative penalty to the state of Arizona.

In the next case, the Commission issued a default order against Joseph Samuel Burton and Bonnie Eileen Burton of Prescott Valley and their affiliated companies, requiring the payment of \$1,425,855 in restitution and a \$100,000 administrative penalty for defrauding 27 investors. The Commission found that as the co-owners and managers of Green Panel Corporation and Panelized Building Systems, LLC, the Burtons solicited investors, in part, by conducting seminars and advertising with Internet ads. The Burtons promised to use investor money to manufacture structural insulated wall and roof panels for use in residential, commercial and industrial construction. The Commission found, however, that the Burtons were not licensed contractors. On investments ranging from \$5,000 to \$150,000, the Burtons promised returns up to 348 percent, but the Commission found that the Burtons failed to disclose that they and their companies were not registered to offer or sell securities in Arizona and have been the subject of multiple civil lawsuits arising from their panel business operations.

A separate matter involved Stephen G. Van Campen of Peoria who agreed to pay \$855,000 in restitution and a \$50,000 administrative penalty for offering and selling unregistered securities in a real estate investment program. Van Campen was a licensed real estate salesman, but was not registered to offer or sell securities in Arizona. The Commission found that Van Campen promised investment returns up to 100 percent and represented that investor money would be used to buy commercial buildings under construction—including a condominium project in Rocky Point, Mexico—that would eventually be sold for substantial gains. The Commission found that while working as an employee of Mark Bosworth & Associates, LLC, Van Campen sold the investment program to five investors who were solicited either through newspaper advertisements, web sites, seminars or van trips to Mexico. In settling this matter, Van Campen agreed to the entry of the consent order and admitted to the Commission's findings only for purposes of the administrative proceeding.

Additionally, the Commission issued a default order against Michael C. Reynolds of Scottsdale and his payday loan companies, requiring the payment of \$2,993,755 in restitution and a \$150,000 administrative penalty for fraudulently selling unregistered securities. Reynolds was the managing member of three payday loan companies—Cash 2 U, LLC, Dos Ninas, LLC and Par 3 Management, LLC, but Reynolds and his companies were not registered to offer or sell securities in Arizona. Reynolds told investors that their interest payments were guaranteed by a lien against his personal home or the accounts receivables of the payday loan store, but the Commission found that Reynolds failed to disclose that an existing mortgage already encumbering the home and that he used investor funds for personal expenses and to repay some of the investors.

Finally, before investors lost any money, the Commission found securities fraud simmering in promissory notes offered by Dem Bonz Barbecue Restaurants, LLC and ordered its co-founders and promoters—Steve John Rogan, Carol Ann Richey and her affiliated company, Pizazz, LLC—to pay a \$2,000 administrative penalty. An online search conducted by the Commission's Securities Division uncovered the unregistered investment program from a web site and Internet ads on Craigslist.com. Rogan, a former stockbroker, was the self-proclaimed chef and concept creator while Richey, his spouse, was the director of marketing, but Rogan and Richey were not registered to offer or sell securities in Arizona. The Commission found that Rogan and Richey not only misrepresented the rate of return on the promissory notes but also falsely stated that investor funds would be secured by restaurant equipment and that \$150,000 had already been invested in the restaurant venture.

More caution for investors:

Even when selling a legitimate product, some promoters do not recognize the investment program they have created is a security. Whether a real estate investment is a security is not always easy to determine and depends upon the unique facts and circumstances of the transaction and not on what a promoter calls the investment product. 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.

###