ARIZONA CORPORATION COMMISSION

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Commission Approves Settlements with UBS and Goldman Sachs— Arizona to Receive over $1.53 Million

Also Obtains Restitution and Penalties from World Group Securities, Sanctions Others

PHOENIX, AZ— As a result of approving two major securities settlements today, the Arizona Corporation Commission will add over $1.53 million to the state's general fund. The Commission approved consent orders requiring UBS Securities LLC and UBS Financial Services Inc. to pay $1,363,942 in administrative penalties and Goldman Sachs & Co. to pay $172,067 in administrative penalties as a result of the companies' auction-rate securities (ARS) sales in Arizona. The Commission also approved a consent order requiring World Group Securities, Inc. to pay $828,501 in restitution and $25,000 in administrative penalties and its former field supervisor to pay $10,000 in administrative penalties for failing to reasonably supervise employees who committed securities fraud. In other cases, the Commission approved multiple orders requiring the payment of $515,510 in restitution and $70,000 in administrative penalties.

The penalty amount levied against UBS Securities, LLC and UBS Financial Services, Inc. represents Arizona's pro-rata share of a $75 million global settlement negotiated by a multistate task force of state regulators formed by the North American Securities Administrators Association (NASAA). The agreement marks the ninth case involving ARS case in Arizona since the widespread market failure in 2008. Among the principal components of the UBS settlement is the buyback of ARS from investors who purchased them from or through UBS. Thus far, the UBS buyback involves 1,007 brokerage accounts and $324.08 million in ARS. The Commission found that UBS misled investors about ARS by marketing the securities as safe, highly liquid, cash-alternative investments when ARS are actually long-term investments subject to a complex auction process that, upon failure, can lead to illiquidity and financial loss. Additionally, the Commission found that UBS failed to reasonably supervise its employees by not adequately training its securities salesmen and financial advisers regarding the potential illiquidity of ARS, including the fact that UBS might stop supporting the auction.

For eligible customers during certain time periods, UBS agreed to either repurchase their ARS at par or reimburse those who sold at a financial loss. Additionally, UBS agreed to refund refinancing fees from specified municipal ARS issuers and endeavor to work with interested parties to expeditiously provide liquidity solutions for institutional investors. Any investor who purchased ARS from or through UBS, but has not received notice from them, should contact UBS's dedicated ARS hotline at 1-800-253-1974 to determine eligibility and request a repurchase. In settling this matter, UBS neither admitted nor denied the Commission findings, but agreed to the entry of the consent order. This consent order is the final step in Arizona's ARS case against UBS.

The penalty amount levied against Goldman Sachs represents Arizona's pro-rata share of a $22.5 million global settlement negotiated by NASAA's taskforce of multiple state securities regulators.

The agreement marks the tenth settlement of an ARS case in Arizona. Among the principal components of the Goldman Sachs settlement is the buyback of ARS from investors who purchased them from or through Goldman Sachs. In Arizona, the Goldman Sachs buyback involves 21 investors and over $1.49 million in ARS. The Commission found that besides misleading customers about the safety and liquidity of ARS, Goldman Sachs failed to reasonably supervise certain of its salespeople to ensure that all of the firm's clients would be sufficiently apprised of ARS, the mechanics of the auction process and the potential illiquidity of ARS, including the fact that Goldman Sachs might stop supporting the auction.

For eligible customers during certain time periods, Goldman Sachs agreed to either repurchase their ARS at par or reimburse investors who sold at a financial loss. Additionally, Goldman Sachs agreed to refund refinancing fees from specified municipal ARS issuers and make a best effort to expeditiously provide liquidity solutions for institutional investors. Any investor who purchased ARS from or through Goldman Sachs, but has not received notice from them, should contact Goldman Sachs' dedicated ARS hotline at 1-888-350-2857 to determine eligibility and request a repurchase. In settling this matter, Goldman Sachs neither admitted nor denied the Commission findings, but agreed to the entry of the consent order. This consent order is the final step in Arizona's ARS case against Goldman Sachs.

In a separate case, the Commission settled its allegations against World Group Securities, Inc. and its former field supervisor, Terry E. Wengert of Gilbert. World Group Securities is ordered to pay $828,501 in restitution and $25,000 in administrative penalties while Wengert is ordered to pay $10,000 in administrative penalties. The Commission found that both respondents failed to reasonably supervise three of their former securities salesmen who fraudulently sold unregistered securities. In previous orders, the Commission sanctioned the salesmen and revoked their Arizona securities registrations. In settling this matter, World Group Securities and Wengert neither admitted nor denied the Commission's findings, but agreed to the entry of the consent order, submitting full payment for restitution and penalties to the state of Arizona.

In another matter, the Commission ordered Rodney Peterson of Scottsdale to pay $100,000 in restitution and $10,000 in administrative penalties for offering and selling unregistered promissory notes and royalty agreements involving oil wells. Peterson is the former president and director of Energetics, Inc., a Nevada-based company with an office in Scottsdale. The Commission found that while not registered to offer or sell securities in Arizona, Peterson sold the notes and royalty agreements to at least three investors who were promised an 11 percent return for one year with principal and interest paid in one lump sum. The Commission found, however, that the investors have not received any principal and interest as promised. In settling this matter, Peterson agreed to the entry of the consent order and admitted to the Commission's findings only for purposes of the administrative proceeding.

A separate case involved Chandler resident Troy Dee Truvillion, who is ordered by the Commission to pay $351, 410 in restitution and $50,000 in administrative penalties for committing securities fraud. The Commission found that Truvillion, who was affiliated with Motion DNA, Inc., touted that the 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, Truvillion sold the investment program to at least four investors who thought they were buying stock in Motion DNA, but Truvillion 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, Truvillion bought a luxury vehicle, made mortgage payments and cash withdrawals. In settling this matter, Truvillion neither admitted nor denied the Commission's findings, but agreed to the entry of the consent order.

Finally, the Commission ordered former Phoenix resident Michael Vincent Ring and his affiliated company, Elysium Capital Group, LLC, to pay $64,100 in restitution and $10,000 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 Ring received from investors. The Commission found that while not registered to offer or sell securities in Arizona, Ring, who is a former mortgage loan officer, solicited potential investors who responded to Internet ads on Craigslist.com. The Commission found that following face-to-face meetings in California and Arizona, eight members of a California-based investment group invested with Ring. Ring told investors that their investment in the leased bank guarantee program would purchase $200 million in bank guarantees, producing a payout of more than $109 million. The Commission found, however, that Ring failed to invest investors' money as promised and used some of the funds for his own personal use. In settling this matter, Ring neither admitted nor denied the Commission findings, but agreed to the entry of the consent order.

"Today's orders hold Goldman Sachs and UBS accountable for creating securities which lacked transparency and harmed investors. Wall street investment firms need to undertake reforms that will prevent the creation of poorly designed instruments like auction rate securities in the future," said Chairman Kristin Mayes.

"Despite difficult budgetary times, the Commission's resolve to protect the public from scam artists and unscrupulous investment practices remains intact," said Commissioner Gary Pierce.

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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