



ARIZONA CORPORATION COMMISSION

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Commission Orders over \$19 Million in Restitution for Investors, Sanctions Scottsdale Aviation Business Owner for Promissory Note Scheme, Also Halts Other Investment Programs, Most Involving Real Estate

PHOENIX, AZ— The Arizona Corporation Commission today sanctioned a Scottsdale aviation business owner whose promissory note scheme defrauded investors out of nearly \$10 million. Also, the Commission fined multiple individuals and their affiliated companies whose unregistered investment programs—most of which involved real estate—caused investors to lose over \$9 million. In total, the Commission ordered over \$19 million in restitution and \$200,000 in administrative penalties.

The Commission ordered Scottsdale resident Barron Wilson Thomas and his affiliated companies to pay \$9,901,294 in restitution and \$150,000 in administrative penalties for defrauding 91 investors in a promissory note scheme involving airplanes. The Commission found that Thomas, who owned and controlled four companies—Barron Thomas Scottsdale, LLC, Barron Thomas Aviation, Inc., Barron Thomas Aviation Holdings, Inc., and Barron Thomas Southwest, Inc, was not registered to offer or sell securities in Arizona. The Commission found that besides Arizona, Thomas solicited investors in Canada and 27 other U.S. states, representing that their money would purchase, refurbish and resell airplanes. The Commission found, however, that the airplanes Thomas offered as collateral were in a severely deteriorated state, making them un-flyable with little to no monetary value. In settling this matter, Thomas neither admitted nor denied the Commission’s findings, but agreed to the entry of the consent order.

In a separate case, the Commission ordered Mesa resident Brian Patrick Langenbach to pay \$1,519,797 in restitution and \$50,000 in administrative penalties for selling unregistered securities while not registered to offer or sell securities in Arizona. The Commission found that Langenbach purchased unregistered shares of stock issued by Petro America Corp. for the sole purpose of reselling the stock to raise money to fund his real estate business. The Commission found that Langenbach sold unregistered investment contracts and promissory notes in connection with his now-defunct company, Land-Corp of Arizona, Inc., promising at least six real estate investors annual returns of 30 to 100 percent. The Commission found that Langenbach represented to investors that he and his company, as well as other third parties retained by Langenbach, would handle all the essential aspects of buying, developing and selling real estate on behalf of investors. The Commission found that due to the failure of his real estate business, Langenbach was unable to pay investors their principal investments and promised profits. In settling this matter, Langenbach neither admitted nor denied the Commission’s findings, but agreed to the entry of the consent order.

In another case, the Commission ordered Malika S. Smith of Chandler and her affiliated company, CAA General Partnership, to pay \$2,298,236 in restitution and \$25,000 in administrative penalties for committing securities fraud. The Commission found that Smith formed CAA and opened bank accounts solely for the purpose of handling banking transactions related to what Smith believed to be was the concert production activity of her brother, Miko D. Wady. The Commission found that Smith and CAA

received \$2,298,236 of investor funds, spending a portion for personal living expenses and transferring nearly \$1 million dollars to Wady. 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 settling this matter, Smith admitted to the Commission's findings and agreed to the entry of the consent order.

Finally, the Commission ordered Robert W. Mangold of Phoenix and his Scottsdale-based companies to pay \$6,224,453 in restitution and \$50,000 in administrative penalties for fraudulently offering and selling unregistered investment programs involving real estate. The Commission found that, while not registered to offer or sell securities in Arizona, Mangold and his affiliated companies—One Source Mortgage & Investments, Inc. and Strategic Equity Investments, LLC—solicited potential investors through web sites and seminars where Mangold was the presenter. The Commission found that Mangold touted his large business volume with banks, claiming to have the “inside track” to purchase foreclosure properties at a discount, opportunities that were not available to the general public. Moreover, the Commission found that Mangold failed to place title of the properties in the name of the investors as represented or failed to disclose that the security interests were not perfected or were subordinate in priority.

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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