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## ARIZONA CORPORATION COMMISSION

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CONTACT: Rebecca Wilder (602) 542-0844

### **Commission Orders a Record \$5.7 Million in Penalties, and Over \$67.2 million in Restitution for Investors**

PHOENIX, AZ— The Arizona Corporation Commission today ordered a Scottsdale man and his affiliated companies to pay \$66.9 million in restitution and \$5.4 million in administrative penalties for defrauding investors in a promissory note scheme, resulting in one of the largest securities sanctions ever levied by the Commission. Including the other cases that came before the Commission today, the Commission ordered a total of over \$67.2 million in restitution to restore investors.

The Commission found that Scottsdale resident Dan Wise, a former certified public account, and his four companies, Whispering Winds Properties, LLC, LM Beagle Properties, LLC, Karlana, Inc. and Axis International, Inc. misrepresented to at least 125 investors that their money would be used to fund real estate loans secured mostly by collateral such as commercial buildings, residential homes and land. The Commission found that Wise did not assign investors a security interest in any collateral and that he further misrepresented the safety level of the investments. The Commission's Securities Division provided information about Wise's conduct to the U.S. Securities and Exchange Commission, which subsequently filed a preliminary injunction, freezing the bank accounts of Wise and his companies and seizing their computers and business records.

In a separate case, Donald Robert Mattson, Jr. of Gilbert agreed to pay \$179,000 in restitution and \$25,000 in administrative penalties for fraudulently promoting an unregistered foreign exchange trading program while not registered to sell securities in Arizona. The Commission found that although Mattson represented that investor funds would be used to trade in the foreign currency exchange market, he used \$20,000 of the funds to repay one investor and withdrew a portion in cash without authorization from the investors. Additionally, Mattson promised a 3% monthly return to at least one investor, but has not distributed any return to the investor. In settling this matter, Mattson neither admits nor denies the Commission's findings, but agrees to the entry of the consent order. In a related action, the Commission issued a default order against Mattson's affiliated company, Knuckleball Capital Management, LLC, requiring the payment of \$179,000 in restitution and \$50,000 in administrative penalties. The company, while not registered as a securities dealer, fraudulently sold unregistered investment contracts and commodity investment contracts to at least six Arizona investors.

In another case, the Commission revoked the securities salesman registration and investment adviser representative license of Michael V. Bradley of Scottsdale. Bradley, who is also a licensed insurance agent, agreed to pay \$95,006 in restitution and \$50,000 in administrative penalties for fraudulently selling unregistered limited partnership interests totaling over \$6.06 million. The Commission also denied Bradley's pending applications for renewal of his securities salesman registration and investment adviser representative license. Without the approval of his securities dealer, Associated Securities Corp., Bradley sold 22 limited partnership interests in a hedge fund called APEX Equity Options Fund, L.P. through his investment adviser firm, Wealth Enhancement & Preservation,

LLC. The Commission found that Bradley misrepresented to investors that the APEX hedge fund would provide safety of principal and liquidity. Bradley cashed in his and three of his investment clients' financial gains before the hedge fund failed. Some of Bradley's other investors, including his own father, lost their retirement savings. In settling this matter, Bradley neither admits nor denies the Commission's findings, but agrees to the entry of the consent order.

Additionally, the Commission has settled its allegations against Minnesota-based Woodbury Financial Services, Inc. with the company agreeing to pay \$250,000 in administrative penalties for failure to reasonably supervise two of its securities salesmen in Tucson. Woodbury Financial Services has already reimbursed \$2,037,617 to the victims of Mayra Angulo and Mark Islas who used post office boxes under their control to defraud 30 of their clients, some of whom resided in Arizona and Mexico. In February 2009, the Commission issued a default order against Angulo and Islas, revoking their securities salesman registrations. To ensure that this type of conduct will not reoccur, Woodbury Financial Services has increased the number of unannounced audits of its registered securities salesmen. Additionally, Woodbury Financial Services implemented a program that includes annual background checks for unreported criminal activity and credit checks to identify those securities salesmen who are in financial trouble and may pose a potential risk to their clients and the securities dealer. In settling this matter, Woodbury Financial Services neither admits nor denies the Commission's findings, but agrees 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](http://www.azinvestor.gov).

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