



ARIZONA CORPORATION COMMISSION

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Arizona Court of Appeals Upholds ACC decision against Denver Energy Exploration LLC (DEE) and Manager

(Phoenix) The Arizona Court of Appeals upheld a decision of the Arizona Corporation Commission regarding action the Commission took against a Texas LLC for fraudulent practices in Arizona.

On June 20, 2014, the Commission found that DEE and its manager and sole member, Michael Christopher, committed securities fraud by failing to disclose a previous regulatory action by the Pennsylvania Securities Commission against DEE.

DEE and Christopher appealed the ACC decision, claiming the Pennsylvania action was immaterial to the offerings in Arizona because no actual sales occurred in Pennsylvania. They also claimed the Commission wasn't able to adequately show that they misled investors.

The Appeals Court denied those arguments and upheld the Commission's original action. The court decided, in its September 15th memorandum decision, that a salesman's statements and verbiage on DEE forms misled investors to believe DEE was in good standing and in compliance with the law.

"I am pleased with the Appeals Court's decision," said Chairman Doug Little. "Clear violations of the law, like in this case, will not be tolerated. Our investigators' thorough probe in this matter saved potential investors from losing their hard-earned money. This is a prime example of how the Commission's Securities Division protects the citizens of Arizona."

This decision continues the Corporation Commission's success in securities appeals, being the fifth time in two years that its decisions have been upheld by the Court of Appeals.