



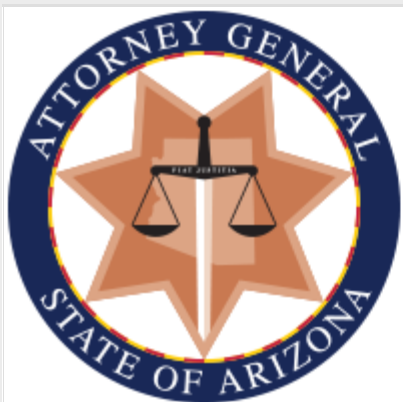
ARIZONA CORPORATION COMMISSION

FOR IMMEDIATE RELEASE: March 1, 2017

MEDIA CONTACT: Angie Holdsworth (602) 542-0844

(Phoenix) The Arizona Corporation Commission applauds the AZ Attorney General and the Commission's Security Division in the arrest of a former registered Arizona securities salesman for Fraudulent Schemes & Artifices, Theft, and Criminal Impersonation. The press release from the Arizona Attorney General is attached.

Established by Article 15 of the state's constitution, the Arizona Corporation Commission is responsible for the regulation of public utilities, overseeing the incorporation or registration of companies wishing to do business in Arizona. Additionally, the Corporation Commission registers and oversees securities offerings and dealers, and enforces railroad and pipeline safety. The five commissioners that make up the Commission are elected by the people of Arizona for a four-year term, with the option of serving for two consecutive terms. To learn more about the Arizona Corporation Commission and the Commissioners, please check out <http://www.azcc.gov/Divisions/Administration/about.asp>



Arizona Attorney General Mark Brnovich

News Release

For Immediate Release: March 01, 2017

Contact: Mia Garcia (602) 339-5895 or Mia.Garcia@azag.gov

Former Investment Advisor Indicted

PHOENIX - Attorney General Mark Brnovich announced a State Grand Jury indicted 57 year old former investment advisor Richard Mark Schmerman for his alleged misappropriation of over \$800,000 of his client's funds. Schmerman is facing charges of Fraudulent Schemes & Artifices, Theft, Forgery, & Criminal Impersonation. The Arizona Corporation Commission's Securities Division investigated and referred the case to the Arizona Attorney General's Office for prosecution.

"I am pleased with the success from both agencies," said Arizona Corporation Commission Chairman Tom Forese. *"I congratulate our Securities Division investigators and the AZ Attorney General's Office for working together to investigate and prosecute allegations of unscrupulous business practices."*

Schmerman is a former registered securities salesman and investment advisor representative operating under Diversified Financial in Arizona. Schmerman allegedly used client investment funds to pay personal expenses including a single payment of over \$400,000 to a civil judgment issued against him. According to the indictment, Schmerman impersonated some of his clients to gain access to their investment accounts after his access had been terminated due to allegations he had co-mingled client and personal funds.

In one case, Schmerman is accused of amending a Trust for a deceased client for whom he was the acting trustee. He allegedly removed the 22 original beneficiaries, which were family members and charities, and made himself the sole beneficiary.

In 2014, the Arizona Corporation Commission revoked Schmerman's license and ordered administrative penalties in the amount of \$200,000 and restitution in the amount

of \$3,009,173.

Assistant Attorney General Adam Schwartz is prosecuting this case.

All Defendants are presumed innocent until proven guilty in a court of law.

For a copy of Schmerman's indictment, [CLICK HERE](#).



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