



ARIZONA CORPORATION COMMISSION

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Commission Sanctions Stockbroker, Former Stockbroker and Phoenix Businessman for Fraud

Also Encourages Investors to Ask and Check Before They Invest

PHOENIX, AZ— The Arizona Corporation Commission today sanctioned three individuals—two of whom were either registered or formerly registered securities salesmen—for defrauding investors. Also, the Commission encouraged investors to ask the right questions and verify answers before they invest, even if it's with someone they know and trust.

In the first case, the Commission revoked the securities registration of Rodolfo Alvarez of Phoenix and ordered him to pay a \$50,000 administrative penalty for defrauding five of his brokerage clients. The Commission found that, while working as a registered securities salesman for PFS Investments, Inc., Alvarez sold authorized investments such as annuities, mutual funds and stocks to his brokerage clients, but then subsequently engaged in multiple incidences of unethical and dishonest conduct, which resulted in his securities dealer reimbursing five investors a total of \$120,000. In one instance, the Commission found that Alvarez directed a brokerage client to sell a securities holding and give the money to Alvarez to invest in a more conservative portfolio; however, Alvarez diverted the money to his own personal brokerage and bank accounts. In a second instance, the Commission found that, after changing a client's home address to his own, Alvarez subsequently forged checks payable to himself. In a third instance, the Commission found that Alvarez told the investor to make a check payable to him and then deposited the funds, which were earmarked for a stock purchase and loan modification payments, to his personal bank account. In a fourth instance, the Commission found that, after opening a variable annuity account for a client, Alvarez misappropriated the client's money earmarked for a stock purchase. In a fifth instance, the Commission found that, after touting insider knowledge about a drug store stock, Alvarez convinced his client to write a check payable to him, but then did not purchase the stock.

In a separate case, the Commission issued a default order against a former securities salesman, Gary Patrick Duffy of Scottsdale, ordering him to pay \$23,200 in restitution and \$15,000 in administrative penalties for committing securities fraud and charging fees for providing investment advice while not licensed as an investment adviser representative. Also, the Commission sanctioned Duffy's affiliated company, The Investment Advisory Group, to pay \$8,200 in restitution and a \$5,000 administrative penalty for operating as an unlicensed advisory firm. The Commission found that Duffy failed to disclose to investors that his registration with the Financial Industry Regulatory Authority (FINRA) had been suspended due to Duffy's failure to comply with an arbitration award. The Commission found that, as part of overseeing his client's investment portfolios, Duffy recommended the purchase of unregistered investment contracts involving the renovation and resale of two residential properties, but failed to complete the project as promised. Additionally, the Commission found that Duffy issued unregistered promissory notes to a client who cashed out of an annuity and incurred a surrender charge for loaning money to Duffy. To date, the investors have not received any principal or interests payments.

Finally, the Commission ordered Joseph Consenza of Phoenix to pay \$205,000 in restitution and a \$20,000 administrative penalty for defrauding seven investors in connection with the offer and sale of unregistered securities. The Commission found that, while not registered to offer and sell securities in Arizona, Consenza, who was the sole manager of Scottsdale-based U.S. Media Team, LLC, sold a promissory note to one investor and misused those funds to pay for personal expenses and to make payments to other individuals. Additionally, the Commission found that, while president and chief executive officer of Nevada-based Cell Wireless, Inc., Consenza

offered and sold his company's stock to six investors—five of whom were friends and family of Consenza's initial investor—and represented that investor money would fund the operations and acquisitions of Cell Wireless, Inc. Further, the Commission found that, while promising sizeable monetary returns, Consenza represented the risk level of the stock investment as low yet failed to inform investors that U.S. Media Team, LLC had defaulted on a prior merger agreement with Cell Wireless, Inc. In settling this matter, Consenza neither admitted nor denied the Commission findings, but agreed to the entry of the consent order.

More caution for investors:

Investors need to regularly monitor the activity of their investment professional, ask the right questions and verify answers with objective resources before they invest. Even if it's with someone they know and trust, investors should verify the registration of sellers and investment opportunities and investigate disciplinary histories by contacting the Arizona Corporation Commission's Securities Division at 602-542-0662 or toll free in Arizona, 1-866-VERIFY-9. The Division's investor education web site also has helpful information at www.azinvestor.gov.

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