



ARIZONA CORPORATION COMMISSION

FOR IMMEDIATE RELEASE: June 20, 2012 MEDIA CONTACT: Rebecca Wilder (602) 542-0844

Commission Finds Florida Man Defrauded Investors with Stock Scam

PHOENIX, AZ—The Arizona Corporation Commission today ordered a Florida man to pay restitution and penalties for the fraudulent offer and sale of unregistered common stock and warrants to investors.

The Commission ordered David E. Walsh of Florida and his affiliated companies to pay \$610,000 in restitution and a total of \$60,000 in administrative penalties for committing securities violations. The Commission found that, while not registered to offer or sell securities in Arizona, Walsh paid for informational meetings at an upscale Phoenix hotel and restaurants where prospective investors were promised short-term investment returns and received offering materials, including a confidential private placement memorandum set forth by The New York Networks, Inc. The Commission found that Walsh, who was the president and CEO of three New York Network-named companies, misrepresented that the company was on the verge of an initial public offering, which would thereby increase the value of the common stock and warrants purchased by the investors. The Commission found that The New York Networks, Inc was merely a shell company that was formed to acquire a functioning company. The Commission found, however, that none of the investor funds deposited into New York Network accounts were used for their intended purposes, and instead flowed into the personal bank account of Walsh who used the money for his own personal use, including personal income taxes and mortgage payments on his home.

More caution for investors:

Even when selling a legitimate product, some promoters do not recognize the investment program they have created is a security. Determining whether an alternative investment program is a security is not always easy to determine and depends upon the unique facts and circumstances of the transaction and not on what a promoter calls the investment product. 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 602-542-0662 or toll free in Arizona at 1-866-VERIFY-9. The Division's investor education website also has helpful information at www.azinvestor.gov.

###