



ARIZONA CORPORATION COMMISSION

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MEDIA CONTACT: Angie Holdsworth

(602) 542-0844

Former Stockbroker Commits \$2.4 Million Investment Fraud *Sells to Friends, Church Members and Business Associates*

PHOENIX, AZ—The Commission ordered Mark Steiner of Scottsdale and his affiliated company, Out of the Blue Processors, LLC, to pay \$2,495,500 in restitution and a \$50,000 administrative penalty for committing securities fraud.

The Commission found that, while not registered to offer or sell securities in Arizona, Steiner, a former securities salesman, fraudulently offered and sold investment contracts to at least 38 investors, most of whom were church members, former business associates and from his social circles in Arizona.

The investment Steiner offered and sold was in the form of membership interests in Out of the Blue Processors, LLC, which provided operational capital to Lunsford Consulting, Inc., a company acting as an intermediary for various Chinese interests for the purpose of facilitating lucrative projects, including the purchase of wholesale electricity from the Nigerian government for resale to Chinese companies.

The Commission found that Steiner and his company failed to file a notice of the securities offering to the Commission's Securities Division. Also, the Commission found that, contrary to statements made to investors and the terms of the operating agreement, Steiner used investor monies to pay personal expenses, including \$29,500 for the lease of his home and thousands of dollars in personal monthly credit card charges. Further, the Commission found that Steiner failed to provide financial statements to the investors and make a reasonable inquiry as to their level of accreditation and sophistication regarding investing.

For more details about this case, view the full text of the Commission's order [S-20837A-12-0061](#). The Commission's final order will be posted online as soon as it is signed by all of the Commissioners. Please check the website in a few days:

<http://www.azcc.gov/divisions/securities/enforcement/enforce-orders.asp>

The Commissioner's decision on this investigation highlights the important work conducted by the Securities Division. Division investigators are specialists in investigating white collar crime.

The Corporation Commission Securities Division investigators are certified police officers and are paid up to \$21,000 less than investigators in comparable positions at the Attorney General's Office.

The Division lost 14 investigators in the past 5 years creating a 147% turnover rate.

"It is hard to retain quality people," said Matthew Neubert, Securities Division Director. "It takes up to a year to train for these positions. We are essentially doing the training for other agencies. We just want to bring the salaries up to where that lack of parity won't entice our staff to leave."

Securities Division investigators examine violations of the Arizona Securities Act and the Arizona Investment Management Act. Often these investigations lead to orders by the Commission requiring wrongdoers to pay restitution back to their victims.

The Commission is asking the Legislature for additional appropriations as part of its 2017 Fiscal Year budget proposal for the Securities Division's investigator positions.

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 602-542-4242 or toll free in Arizona at 1-866-VERIFY-9 (837-4399). The Securities Division's investor education website also has helpful information at www.azinvestor.gov.