



COMMISSION NEWS

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PRIME BANK SCAMS REAPPEARING

State Indicts Glendale Promoter of "High Yield" Program

The state grand jury has indicted a Glendale man, DL Clifton, on 16 counts of fraud schemes, theft, forgery and illegally conducting an enterprise in the sale of advance fee loans and high yield investment programs to at least ten investors in the United States and Canada. The indictments are the result of an investigation by the Securities Division of the Arizona Corporation Commission working in conjunction with the Arizona Attorney General's Office.

Clifton, 43, raised over \$570,000 in a little over a year, under the business names of DLC Investment Group and DLC Enterprises, Ltd. by telling investors that their money would be used to obtain business loans or to facilitate trading among European prime banks, resulting in high interest returns to the investor. The State alleges that Clifton spent none of the investor money on such programs, but purchased luxury cars, fine jewelry and made a down payment on his home in Glendale. Clifton was arraigned and taken into custody with bond set at \$168,000.

"Investment schemes involving a purported connection to 'top European banking institutions' pose a threat to investors, because they play on the idea of participation in lucrative international investment deals, from which small investors often feel cut off", said Mike Burton, Director of the Securities Division. "The Division is currently investigating at least three other prime bank programs, which are a growing area of national concern."

According to the International Chamber of Commerce, Commercial Crime Bureau, investment programs utilizing "prime bank instruments" are often promoted as being "off-balance sheet" activities of banks, which appear to be attractive, sophisticated and secretive. The investment instrument is often called a standby letter of credit, prime bank note or prime bank guarantee. It purportedly pays interest as high as 100% or more annually, due to "roll-over" features, if an investor chooses to stay in the program. In fact, says the ICC, "these Prime Bank Instruments are unknown to legitimate banking institutions, and investors should be on guard when offered these instruments."

Commissioner-Chairman Jim Irvin urges investors to be careful about committing their funds for products that are neither registered for sale with the Arizona Corporation Commission, nor exempt from registration, whether promoted over electronic media such as the Internet, or through personal contact by unregistered salesmen.

The Corporation Commission Securities Division advises the public to inquire as to the registration status of securities products and securities salespeople before investing. The Division may be contacted at (602) 542-4242, by facsimile at (602) 594-7470, or by e-mail at accsec@ccsd.cc.state.az.us.