



COMMISSION NEWS

ARIZONA CORPORATION COMMISSION, 1200 W. WASHINGTON, PHOENIX, AZ 85007

TO: EDITORS, NEWS DIRECTORS
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COMMISSION ISSUES ORDERS AGAINST SEVEN FOR SECURITIES VIOLATIONS

PHOENIX – In four separate actions yesterday, the Arizona Corporation Commission issued Orders against seven individuals and companies for violations of Arizona securities laws.

Penalties & Restitution Ordered for Bergh & His Two Companies

William E. Bergh, Peoria, Arizona, doing business as National Financial Group, and World Wide Business Opportunities, Inc., was ordered today by the Arizona Corporation Commission to cease and desist from fraud and the sale of unregistered securities. Bergh and the companies were further ordered to pay \$1.108 million dollars in restitution and \$25,000 in additional penalties.

The Arizona Corporation Commission's Cease and Desist Order disclosed that from January 1999 through April 2000, Bergh sold unregistered securities to investors through the purchase of cash ticket machines and service agreements from World Cash Providers, LLC. From March to May 2000, Bergh also sold investments in wireless terminal machines with service agreements provided by Mobile Cash Systems, LLC.

According to the Order, many investors received monthly "revenue" payments from equipment operation even though equipment and services were never provided. Bergh failed to properly inform investors of potential losses and risks, thus misrepresenting the safety of the investments, the Corporation Commission charged.

Bergh also failed to disclose to investors that recently, the state of California had likewise ordered World Cash Providers, LLC and World Cash Providers, Inc., to cease and desist from the sale of unregistered securities

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in that state. In April, 2000, his salesman's registration was consequently revoked. Both Bergh and World Cash Providers were the subject of previous Commission Orders. An April 13, 2000 press release on the action against Bergh and another individual can be accessed at http://www.ccsd.cc.state.az.us/news_releases/2000.asp and the May 25, 2001 action involving World Cash Providers and Mobile Cash Systems is summarized in a release at http://www.ccsd.cc.state.az.us/news_releases/2001.asp.

Commission Revokes Newton's Registration as Securities Salesman & Orders Fine

On June 26, the Commission revoked the securities salesman registration of Gregory Alan Newton of Tucson, Arizona, for engaging in dishonest and unethical practices.

Newton, a registered securities salesman at the Tucson office of Merrill Lynch, Pierce, Fenner & Smith, deposited a \$20,000 check from a 75-year-old widow into his personal account and spent the proceeds for personal uses. A year elapsed before Newton disclosed his misconduct to the firm, which led to his dismissal. Merrill Lynch promptly refunded the full sum, plus an additional amount, to the elderly widow.

The Commission's Order further bars Newton from reapplying for registration for five years and imposes an administrative penalty of \$10,000.

Early Detection Centers & Johnathon Roberts Ordered to Stop Fraud & Pay Penalties

Two Nevada companies, Early Detection Centers Inc. and Johnathon Roberts, Inc. were ordered by the Arizona Corporation Commission to halt the sales of unregistered securities in investment contracts that would allegedly open medical clinics in metro Phoenix to test for early signs of cancer.

The Commission's Order finds that beginning about February 1997, Early Detection Centers and Johnathon Roberts placed newspaper ads promising a \$144,000 return the first year on an investment of \$100,000. One investor was promised minimum profits of \$100,000 on an investment of \$50,000. Early Detection Centers and Johnathon Roberts failed to use investor funds as represented, diverted funds to two other, separate Nevada corporations, and further misrepresented the operating status of the medical centers to other investors.

An Early Detection Center opened in Sun City, Arizona and operated for six to eight months. The Commission estimates that fewer than two dozen people received tests at the Sun City location. Money from the testing conducted at the Sun City clinic was not returned to the investors.

The companies were ordered to pay restitution of \$150,000 to investors and each company was ordered to pay an administrative penalty of \$30,000.

Cline and Why Not Entertainment Ordered to Pay Penalty & Restitution

The Arizona Corporation Commission also ordered Melvin Lee Cline, a Tennessee resident, and Why Not Entertainment of Scottsdale to pay a \$25,000 penalty and ordered him and the company to pay \$112,500 in restitution to seven investors for fraudulent securities offerings.

Cline, president of Why Not, created a “Confidential Private Offering Memorandum” for Why Not, seeking to raise \$10,000,000 through the sale of common stock. The Commission discovered that, though Why Not stated that it intended to use the proceeds to invest in other companies, no investment was ever made by Why Not. The company instead spent the money on marketing, salaries, and other expenses.

In its Order, the Commission found that Cline and Why Not failed to inform investors that Cline had been convicted in 1986 of five felony counts of obtaining property by false pretenses. He also had additional counts of transacting worthless checks, and had been sentenced to eight years in prison. Additionally, he failed to inform investors that in July 1999, the state of Alaska had entered a temporary Cease and Desist Order against Cline, fining him \$25,000 for violations of that state’s securities law.

“The Orders we issued today show we will continue to protect vigilantly investors’ rights to full disclosure under the securities laws. Where companies fail to obtain proper registration or offer fraudulent investments, we will seek full restitution and sanction the companies with appropriate penalties, including, when warranted, putting the perpetrators out of business,” said Commission Chairman Bill Mundell.

Mark Sendrow, director of the Commission's Securities Division, emphasized that the Division is an important resource for investors. "Useful information is available to the public on our website and by phone. One phone call could tell the investor if their salesperson is properly registered, if he or she has been the subject of a prior investigation or any other states have taken action against the individual. In a couple of the cases the Commission ruled on today, checking with us might have saved some of the investors a little heartache."

Investors can contact the Securities Division by calling (602) 542-4242, toll free at 1-877-811-3878, or visit the Division's website at www.ccsd.cc.state.az.us.

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