



COMMISSION NEWS

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

TO: EDITORS, NEWS DIRECTORS
FOR: IMMEDIATE RELEASE

DATE: September 27, 2002
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COMMISSION SHUTS DOWN PRIME BANK SCHEME, REVOKES TWO LICENSES, COLLECTS MILLIONS

PHOENIX – The Arizona Corporation Commission today ordered six companies and their representatives to pay over \$4.55 million in restitution and penalties for state securities violations. The violations range from selling interests in phony “prime bank” schemes, interests in hedge funds and engaging in dishonest and unethical behavior.

M-Corp International, Netgo et al

In one of several cases heard by the Commission, the following individuals and entities were ordered to pay restitution of \$4.5 million and administrative penalties of \$40,000 for defrauding investors in a prime bank scheme:

- Neil Dennis Lewis of Scottsdale, 68
- Norman Michael Miller of Texas, 48
- M-Corp International
- M-Corp International, Ltd.
- Netgo, Inc.
- SDIC Partnership
- Camelback Ltd.

The state has already recovered \$3 million for investors. This case is unusual because it is extremely rare that large amounts of money are recovered for investors in prime bank schemes.

Lewis and Miller told investors their money would be safely held in bank certificates of deposit while funds were traded in foreign banks. The duo also promised returns greater than 500 percent. They continually sent newsletters to investors trumpeting their million-dollar returns, but all the claims were false.

The case involved 102 investors from Arizona and other states as well as from Germany and Japan. Most of the money was funneled through a bank in Arizona to a bank in Texas and ultimately to the Turks and

Caicos Islands. Mr. Miller paid a \$30,000 penalty to Arizona for his involvement in the scheme and Mr. Lewis owes a penalty of \$10,000.

In prime bank schemes, investors are promised access to secret, high-yield investments made through trades among the world's top or "prime" banks. Promoters falsely claim the investment is guaranteed or secured by some kind of collateral or insurance. One authority dubs prime bank schemes the "fraud of the century" because of the abundance of these cases and the fact that prime banks simply do not exist.

David Loach

The Commission revoked the registration of a 54-year-old West Valley securities salesman, David Loach of Phoenix, and assessed a penalty of \$7,500. Under the terms of a consent agreement, Mr. Loach may reapply for registration after a period of five years.

The Commission found Loach sold \$850,000 worth of common stock of Ecodom Corporation (formerly Airzone International Corporation) to 15 Arizona investors without the knowledge of his supervising dealer, American Express Financial Advisors, Inc. Because he did not receive approval from or report to American Express, Loach is charged with "selling away" from the dealer, a dishonest and unethical practice under the Arizona Securities Act.

Loach is a former principal of Loach, Laha and Associates, a division of American Express Financial Advisors. Loach and his partner, Gary Laha, provided investment advice, financial planning and securities brokerage services in the Sun City area. Mr. Laha also was fined by the Commission under a July 2002 order.

David Parizek & Parizek Capital Management, LLC

The Commission also revoked the investment adviser licenses of David Allen Parizek of Tucson, 37, and his firm, Parizek Capital Management, LLC, and assessed a penalty of \$3,000.

Parizek raised \$16,700 from three individuals investing in a "hedge fund." However, the company's marketing materials contained misleading information about Parizek's experience as a trader, the expected investment returns and degree of risk to investors.

In his marketing materials, Parizek presented a chart touting how his investment performance exceeded

three major market indexes. However, he failed to explain how the indexes are defined and the degree to which the indexes were not fair benchmarks for comparison since his trading was limited to a few, low-priced stocks, short-selling and derivative securities – none of which is true of the market indexes.

The Commission also found Parizek temporarily deposited investor funds in his company's regular checking account instead of a trust account, which was a violation of Arizona law. Parizek consented to the entry of the Commission's order without admitting or denying the findings. Parizek returned a small portion of the three initial investments when he closed the fund.

Hedge funds are generally very risky and have been typically sold only to wealthy investors. Therefore, investors should be careful about investing in hedge funds, as they are a high-risk investment.

Prior to investing, individuals can verify the registration of sellers and investment opportunities by contacting the Arizona Corporation Commission's Securities Division at 602-542-4242, or toll free outside the Phoenix metropolitan area at 1-877-811-3878. The Division's website also has helpful information for investors: www.ccsd.cc.state.az.us.

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