



COMMISSION NEWS

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

TO: EDITORS, NEWS DIRECTORS
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COMMISSION REACHES \$4.3 MILLION SETTLEMENT WITH A PHOENIX CHILDREN'S FOUNDATION

PHOENIX – The Arizona Corporation Commission yesterday approved a \$4.3 million settlement with One Vision Children's Foundation, Inc., and a former Tempe resident, 34-year-old Hollister Marx, in a case involving the fraudulent sales of charitable gift annuities by insurance agents.

One Vision and Marx agreed to pay \$4.3 million in restitution. One Vision and Marx also agreed to pay \$50,000 and \$10,000 in civil penalties, respectively. This settlement, however, does not involve the remaining defendants Wealth Management Resources, Inc., 36-year-old Michael B. Maksudian of Scottsdale and 42-year-old Michael A. Diaz of Gilbert. Fifteen investors, through 18 separate charitable gift annuities, invested a total of \$4.3 million with Wealth Management and One Vision.

In its October 2002 filing in the Maricopa County Superior Court, the Commission alleged Marx and One Vision failed to tell investors that their money would be placed in speculative investments. The Commission charged that the defendants falsely told investors and their insurance agents that the funds would be either invested by Merrill Lynch or held in a secure and segregated account. Many investors believed that upon their deaths the money would be used by One Vision for charitable purposes, either as the donor directed, or directed by One Vision if the donor did not specify how the funds were to be used.

Instead, the Commission contended that Marx and One Vision took the money and bought timeshares in Yucatan, Mexico, as well as investment products that allegedly purchased and collected debt. The Commission also charged that Marx, One Vision and the remaining defendants used 19 to 52 percent of investor funds to pay sales commissions. None of the investors knew how much of their money was going toward commissions.

Since the complaint filing, the Maricopa County Superior Court appointed a receiver to oversee approximately \$450,000 that it is being held in a brokerage account. As part of the settlement, both One Vision and Marx agreed to fully cooperate with the Commission and the receiver to facilitate efforts in recovering additional funds for investors.

Investors Need to Be on Guard with Charitable Gift Annuities

This is the second major case involving charitable gift annuities in recent months. The U.S. Securities and Exchange Commission (SEC) filed action against Scottsdale businessman Robert Dillie and the Mid-America Foundation, Inc. and Mid-America Financial Group, Inc. in December 2001. The Arizona Corporation Commission's Securities Division had earlier launched an investigation into Mid-America and Dillie's activities and when it became clear that the case likely involved federal and criminal law as well as investors in multiple jurisdictions, referred the case for prosecution by the SEC.

On February 7, 2003, Dillie was indicted by a federal grand jury on 193 counts of wire fraud, money laundering and other charges. Through an elaborate Ponzi scheme it is alleged that Dillie took in more than \$44 million, touting investments in charitable gift annuities but instead used much of the money to finance a lavish lifestyle and gambling junkets.

The Commission's Securities Division warns investors to investigate all investment opportunities thoroughly, but especially charitable gift annuities, to ensure that the investment opportunities are legitimate and secure. Most charitable gift annuities offer a legitimate means for earning income while assisting charities. However, as these two cases demonstrate, investors should be careful to investigate the charity fully before giving funds.

For more information about safe investing, contact the Arizona Corporation Commission's Securities Division at 602-542-4242 or 1-877-811-3878 from outside the Phoenix metro area. Additional resources are available through the Securities Division's website at www.ccsd.cc.state.az.us.

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