



COMMISSION NEWS

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

TO: EDITORS, NEWS DIRECTORS
FOR: IMMEDIATE RELEASE

DATE: February 3, 2006
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GLENDALE MAN IGNORES ORDER, PHOENIX MAN AGREES TO RETURN COMMISSIONS AND REPAY INVESTORS

PHOENIX – The Arizona Corporation Commission issued a default order and entered into three consent orders requiring several individuals and companies to repay investors a total of \$578,477 and to pay \$125,000 in penalties. The Commission issued the default order on a Glendale man who ignored an order to stop fraudulently selling investment contracts in real estate located in Arizona and Nevada. Three other related cases involved an Arizona energy company and a Phoenix man who agreed to stop offering and selling investment contracts in connection with a Mexico Resort and a northern Arizona oil and gas wells venture.

Bruce R. Goldman, et al.

The Commission issued a default order against 49-year-old Bruce R. Goldman of Glendale and his businesses in connection with the fraudulent offer and sale of investment contracts in Arizona and Nevada real estate.

Respondents are ordered to return \$500,000 to investors and to pay a \$100,000 penalty.

Besides Goldman, the other respondents in the order include: Opulent Management Group; Bravura Management Group; Zanadu Construction; The Opulent Group; Opulent Properties, LLC; Mill Direct Flooring, LLC, and The Loan Xperts, LLC.

The Commission found that Goldman enticed investors by telling them that his real estate activities had generated profits, but the property transactions did not occur and respondents did not own the land. Respondents used new investor funds to pay “profits” to the original investors and spent money on Goldman’s personal expenses. Additionally, Goldman misrepresented his financial and educational credentials and failed to disclose a previous felony conviction.

Kevin H. Krause

A 48-year-old Phoenix man, Kevin H. Krause, agreed to two separate Commission orders requiring him to pay a total of \$20,000 in penalties and return \$78,477 in commissions he earned while selling unregistered investment contracts. Krause was not registered to sell these investments in Arizona.

The Commission found that Krause sold investment contracts in Scottsdale-based WSK Energy, LLC, a company that offered and sold interests in a northern Arizona oil wells venture. Krause managed all of WSK Energy's business operations and conducted all of its capital-raising activities. During the fall of 2004, Krause and WSK Energy raised at least \$172,500 from at least four Arizona investors.

From about August 2003 to October 2004, Krause offered the investment contracts in an oil well located in northeastern Arizona in which WSK Energy had or would acquire a working interest. The Commission found that Krause played a role in advertising the investment opportunity in *The Arizona Republic* and on WSK Energy's website. Krause helped mislead investors by telling them that:

- All experts, including the Arizona Oil and Gas Commission, had stated that investment opportunity involved a producing oil and gas well, which was false;
- The well was drilled and capped when it was actually abandoned;
- Although the investment was risky, most of the speculation had been removed; and
- Forecasts for oil production were conservative when projections did not include costs to locate and drill future well sites.

In a separate Commission order, WSK Energy agreed to pay a \$5,000 penalty for promoting and selling the investment contracts in Arizona without being registered. The company also gave investors the opportunity to redeem their investment. Krause, however, is no longer associated with WSK Energy.

In another investment opportunity, Krause also sold unregistered common stock in Listo, Inc., a defunct Nevada corporation. Krause told investors that their money would be used to develop a Mexican resort community in Rocky Point, Mexico, and oil and gas wells in Northeastern Arizona. The Commission found that Krause:

- Falsely claimed to investors that Listo, Inc. had an "agreement" with the Arizona Land Department to develop the oil and gas wells;

- Misled investors into believing that the Mexican resort was under construction when it was still in the planning stages;
- Failed to inform potential investors of the risks and costs involved in the project; and
- Failed to disclose that he would receive sales commissions of at least \$63,950.

The Commission found that Krause told investors that Listo, Inc. would become a public corporation sometime before the end of 2003 and he projected a significant increase in its stock value. To date, Listo, Inc. remains a private corporation.

Contact your state securities regulator to check that both the seller and investment are registered. Entrusting your money with someone for investment purposes, while expecting a profit through the efforts of others, may involve a security and sales agents/dealers subject to registration. **VERIFY BEFORE YOU BUY!** Call the Securities Division, (602) 542-4242, toll free (866) VERIFY-9. The Division's investor education web site also has helpful information at www.azinvestor.gov.

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