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## ARIZONA CORPORATION COMMISSION

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### **Superior Court Affirms Commission Rulings in Fraudulent Schemes** *Supports Ruling Against Tucson resident, David Shorey, and His Two Companies*

PHOENIX, AZ—The Maricopa County Superior Court, Lower Court of Appeals, this week ruled that the Corporation Commission’s decisions in two cases involving David Shorey, but with separate companies, will stand. The Court concluded that “there was substantial evidence to support the action of the AzCC... and determines there is no just reason to delay entry of judgment.”

On March 8, 2011 in Decision No. 73775, the Commission found that David Shorey of Tucson, chairman and chief executive officer of Westcap Energy, Inc. and Westcap, which operated out of Shorey’s home, violated the Arizona Securities Act because they were not registered to offer or sell securities in Arizona when they raised at least \$388,495 from 24 foreign investors from the sale of Westcap stock. The Commission also found that Shorey and Westcap committed securities fraud because they failed to disclose to investors that Westcap would pay commissions of up to 70%, to its salespeople who sold Westcap stock. The Commission ordered David Shorey of Tucson and Westcap Energy, Inc., to pay \$10,000 in administrative penalties and to make rescission offering to investors. Should Westcap be unable or fail to complete the rescission offering or should investors decline to keep their stock, then Shorey and Westcap would be liable for the payment of restitution to the Commission.

In a separate case, the Commission issued Decision No. 73656 on October 21, 2010, which ordered Cell Wireless Corporation/U.S. Social Scene, Inc. and David Shorey to pay restitution in the principal amount of \$130,000 and \$9,000 in administrative penalties in connection with the fraudulent sale of the company’s stock. In that case, the Commission found that because Shorey was a controlling person of the company, he is liable to the same extent as Cell Wireless Corporation/U.S. Social Scene, Inc. for its fraudulent offer and sale of stock to investors.

#### **Caution for investors:**

Even when selling a legitimate product, some promoters do not recognize the investment program they have created is a security. Determining whether an alternative investment program is a security is not always easy to determine and depends upon the unique facts and circumstances of the transaction and not on what a promoter calls the investment product. Even when investing with someone they know, investors should verify the registration of sellers and investment opportunities and investigate disciplinary histories by contacting the Arizona Corporation Commission’s Securities Division at 602-542-4242 or toll free in Arizona at 1-866-VERIFY-9 (837-4399). The Securities Division’s investor education website also has helpful information at [www.azinvestor.gov](http://www.azinvestor.gov).

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