



ARIZONA CORPORATION COMMISSION

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Commission Revokes Registration of Securities Salesman for Fraud, Also Sanctions Scottsdale Man for Unlawful Investment Sales

PHOENIX, AZ—The Arizona Corporation Commission today revoked the registration of a Phoenix securities salesman for his dishonest and unethical conduct then sanctioned a Scottsdale man who sold unregistered securities involving real estate transactions while not registered as a salesman.

David J. Escarcega

The Commission revoked the securities salesman registration of David J. Escarcega of Phoenix for misleading investors who purchased debentures totaling approximately \$4,144,000 and denied his investment adviser application. The Commission ordered Escarcega to pay an administrative penalty of \$100,000. The Commission found that Escarcega misrepresented the risk, liquidity, and the existence of various guarantees on the debentures—commonly known as corporate debt securities—to some of his investors. Additionally, the Commission found that the amounts of some debentures were unsuitable for some investors. The Commission concluded that Escarcega violated the antifraud provisions of the Arizona Securities Act and engaged in dishonest or unethical practices in the securities industry. In settling this matter, Escarcega neither admits nor denies the Commission's findings, but agrees to the entry of the consent order.

Anthony Clavien and Franklin AAA Holdings

The Commission ordered Anthony Clavien of Scottsdale and his affiliated company to pay restitution of \$59,924 and a \$2,500 administrative penalty for offering and selling unregistered promissory notes and investment contracts in connection with real estate transactions. The Commission found that, while not registered as a securities salesman or securities dealer, Clavien and his affiliated company raised money from at least 17 investors, corresponding with at least one of them through Facebook. The Commission found that at least two investors did not receive a full return on their principal investment as specified in the investment program documents. In settling this matter, Clavien neither admitted nor denied the Commission's findings, but agreed to the entry of the consent order.

More caution for investors:

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 602-542-0662 or toll free in Arizona, 1-866-VERIFY-9. The Division's investor education web site also has helpful information at www.azinvestor.gov.

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