



# COMMISSION NEWS

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

TO: EDITORS, NEWS DIRECTORS  
FOR: IMMEDIATE RELEASE

DATE: 12/13/00  
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## CAVE CREEK RESIDENT ORDERED TO STOP SELLING UNREGISTERED PROMISSORY NOTES

PHOENIX – The Arizona Corporation Commission ordered Cave Creek resident Robert Scalzi to permanently cease and desist from violating the Securities Act of Arizona. The Commission ordered Scalzi to pay an administrative penalty of \$10,000 for violating the Securities Act of Arizona by selling unregistered promissory notes. Scalzi agreed to never again apply for registration to sell securities or apply for licensure to give investment advice in Arizona.

Scalzi was registered to sell securities in Arizona with United Planners' Financial Services of America from June 1993 to July 1997. In April 1997, Scalzi allowed Medco, Inc. to place an *Arizona Republic* newspaper advertisement for promissory notes issued by Medco. The solicitation included Scalzi's name as the contact person with his telephone number. Medco was a Ft. Lauderdale, Florida corporation that purchased medical equipment and then offered it for sale or lease. In 1997, a receiver was appointed to control Medco's assets after a temporary restraining order was entered at the request of the Securities and Exchange Commission.

Scalzi sold promissory notes in Medco to five Arizona investors between April and July 1997. These investors paid a total of \$524,354.82 for the notes. United Planners' Financial Services never authorized Scalzi to sell the promissory notes issued by Medco, Inc and the notes were not properly registered as securities.

In December 1998, Scalzi entered into an agreement with the National Association of Securities Dealers Regulation (NASD-R) concerning his sales of Medco promissory notes. According to the terms of the agreement, Scalzi was barred from associating with any member of the NASD-R and fined \$50,000.

Mark Sendrow, Director of the Arizona Corporation Commission's Securities Division, reminds the public of the dangers that are associated with promissory notes, "these are securities and must be either registered or exempted. The public should consult a reputable broker or the Division before purchasing promissory notes." Due to the frequency of these cases, Sendrow issued a Director's Message earlier in the year highlighting the pitfalls of promissory notes. It is archived on the Division website at [www.ccsd.cc.state.az.us](http://www.ccsd.cc.state.az.us). The public can also contact the Division at 602-542-4242, or toll free at 1-877-811-3878.

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