ARIZONA CORPORATION COMMISSION

FOR IMMEDIATE RELEASE: November 17, 2015 MEDIA CONTACT: Angie Holdsworth (602) 542-0844

Commission Halts Unregistered Investment Programs and Orders More than $6.2 Million in Restitution

Also Sanctions an Investment Professional for Unlawful Conduct

PHOENIX, AZ—The Arizona Corporation Commission today sanctioned multiple individuals and their affiliated companies whose unregistered investment programs caused investors to lose more than $6.2 million. Also, the Commission fined a Scottsdale investment adviser representative and his company for providing information about their investment advisory services that contained several inaccuracies, omissions and misstatements.

Red Mountain Funding and Bryan J. Sammons

The Commission ordered Bryan J. Sammons of Gilbert, Arizona and his affiliated company, Red Mountain Funding, Inc., to pay $4,319,885 in restitution and a $25,000 administrative penalty for offering and selling unregistered promissory notes to 87 investors. The Commission found that, while not registered as securities salesmen or dealers in Arizona, Sammons and Red Mountain Funding offered the promissory notes through a mass mailing of flyers and unsolicited telephone calls to prospective investors. The Commission found Sammons told investors their money would finance an auto loan business which funded high-interest auto loans at a discounted price. The Commission found Sammons sold the notes to non-accredited and unsophisticated investors, failing to inquire about their net worth or annual income. In settling this matter, Sammons neither admitted nor denied the Commission's findings, but agreed to the entry of the consent order.

Deer Park Development Corporation, Marty O'Malley, and Robert D. Bjerken

In a separate matter, the Commission ordered Deer Park Development Corporation, its principal officer, Marty O'Malley, and its CFO and main securities salesman, Robert J. Bjerken, to jointly pay a total of $842,630 in restitution for committing securities fraud. The Commission also ordered the respondents to pay a total of $220,000 in administrative penalties. The Commission found O'Malley and Bjerken offered and sold unregistered securities and provided misleading and false statements to investors in attempts to defraud them, including failing to disclose three prior Commission decisions against Bjerken, who was previously ordered to pay a total of $8.4 million in restitution and $22,000 in administrative penalties. In settling these matters, a default order was entered against Deer Park Development Corporation while O'Malley and Bjerken agreed to the entry of their individual consent orders and admitted to the Commission's findings.

Investment Acquisitions Group, LLC and Jeffrey Heady

Additionally, the Commission issued a default order against Jeffrey Heady and Investment Acquisitions Group. The Commission ordered Heady to pay $1,105,339 in restitution and a $75,000 administrative penalty. Heady, a former Phoenix police officer, and his company were not registered to offer or sell securities in Arizona. The Commission found Heady told investors their money would fund the purchase and resale of commercial properties for profit, offering investors a percentage ownership in several companies that did not exist. Instead, Heady was operating a multimillion-dollar Ponzi scheme involving real estate. The Commission found Heady transferred investor money to his wife to pay for personal expenses, which included—but was not limited to—

private jet charters, a vehicle and other non-investment related expenditures. Currently, Heady is serving a five-year prison sentence after being convicted on four counts of fraud.

Biltmore Wealth Advisors and James S. Miller

Another matter involved investment adviser representative James S. Miller of Scottsdale and his affiliated company, Biltmore Wealth Advisors, LLC, who was ordered to pay a $5,000 administrative penalty for multiple violations of the Investment Management Act. The Commission found the respondents falsely reported about Miller's prior work history—more prestigious firms were given more time, less prestigious firms were given less time or omitted entirely. Also, the Commission found that Miller failed to accurately describe the true purpose of his bankruptcy and described himself as "adjunct faculty" at well-known universities when he actually co-taught a five-week continuing education class on or near these universities. Further, the Commission found Miller failed to disclose the risk and limitations of the company's methodology for selecting investments, but included six client testimonials on the website of Biltmore Wealth Advisors, LLC, which is not permissible. In settling this matter, Miller admits to the Commission findings, and agrees to the entry of the consent order.

More caution for investors:

Even when selling a legitimate product, some promoters do not recognize the investment program they have created is a security. Whether an alternative investment 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. The Division's investor education website also has helpful information at www.azinvestor.gov**.**

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