



COMMISSION NEWS

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TO: EDITORS, NEWS DIRECTORS
FOR: IMMEDIATE RELEASE

DATE: 05/24/01
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SCOTTSDALE AND PHOENIX COMPANIES ACCUSED OF FRAUD IN SALE OF PROMISSORY NOTES

PHOENIX – The Arizona Corporation Commission’s Securities Division has accused two Arizona companies and their officers of fraud in the sale of securities. Last week, the Commission filed an administrative action against Easy Money Auto Leasing, Inc., its president James A. Cicerelli, Superior Financial Services, Inc., and its president David P. French.

According to the action filed by the Commission, the companies raised over \$1,300,000 from 29 investors between 1998 and 2000. Investors were told that Easy Money was purchasing cars from people in need of cash. The company would then immediately lease the car back to the seller at a high rate. The Commission alleges that returns of 30 to 36% were promised to investors. However, Easy Money filed for bankruptcy protection on August 23, 2000.

The action alleges that investors were not told about David French’s felony record. He was convicted in 1995 of making false statements in connection with an application for, and use of, a passport. The action also alleges that investors were told their funds would be used to buy, lease and rent vehicles when in fact they were also used for other purposes, including transfers to other companies controlled by Cicerelli and French. Investors were also told that their investments were liquid, 100% secured and insured against loss. In reality, the investments were the opposite – they were very risky, illiquid, unsecured and not insured against loss. The Commission alleges that Easy Money Auto Leasing, Inc., Cicerelli, Superior Financial Services, Inc., and French were acting in violation of Arizona law by selling unregistered promissory notes and by not being registered to sell securities. The action also alleges that French lied about his background, claiming he was a successful securities salesman when he was never even licensed.

Fraud in the sale of promissory note has been one of the hottest areas of investment scams in recent years. Regulators estimate losses in the hundreds of millions of dollars. The Commission has brought several actions involving promissory notes in the last year, with damages of over \$10 million. Many involve elderly investors who have lost their life savings. The public is encouraged to always check out an investment proposal by contacting the Division, which offers many educational resources on investments including investing in promissory notes. The Securities Division can be contacted at (602) 542-4242, toll free at 1-877-811-3878, or on the web at www.ccsd.cc.state.az.us.

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