



COMMISSION NEWS

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

TO: EDITORS, NEWS DIRECTORS
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Quick Action by State Secures Investors' Funds in Viatical Scam

PHOENIX – This week, the Arizona Corporation Commission ordered several companies and individuals to stop selling viatical settlement contracts in Arizona. Permanent cease and desist orders were issued against:

- Integrity Assured Life Settlements, Inc. of Bear, Delaware;
- Steven S. Levine Chartered, of Owings Mills, Maryland;
- Accelerated Success, Inc. and its president, Ken Morris, of Las Vegas, Nevada; and
- Robert D. Pierson of Mesa, Arizona.

Twelve Arizona residents who invested over \$550,000 will see the return of most of their funds.

Viatical settlement contracts are investments in the benefits of life insurance policies, usually of the terminally ill or elderly. Promoters pitch viatical investments as a means to give the insured funds to meet their medical needs while providing investors with a generous return when the insured dies. In this case the Commission found that the sellers misled investors by claiming that viatical contracts are safe when in fact such investments are highly risky. Further, investors were not told that the individuals who controlled Integrity had been sued for fraud in earlier viatical businesses.

The companies and individuals involved in this action placed ads seeking investors in *The Arizona Republic*. The ads not only enticed investors but also alerted the Commission's Securities Division to the illegal viatical sales. Within 10 days of spotting the ads, the Commission issued a temporary order that stopped the sales. As a result of this quick action, the respondents have turned over 98% of the investors' money and have agreed to pay the remainder soon. In addition to repaying investors, the respondents have been ordered to pay

finances totaling \$17,500.

Speaking on behalf of himself and Commissioners Jim Irvin and Marc Spitzer, Commission Chairman Bill Mundell said: “We are pleased to announce that investors will promptly have almost all of their funds returned, thanks to the quick actions of the Securities Division. This case represents the best possible investigation and recovery scenario. We commend both the staff and the respondents for their cooperation and speedy response.”

Mark Sendrow, Director of the Commission’s Securities Division, cautions investors that viatical settlement contracts are highly speculative and sometimes fraudulent. “The so-called generous returns depend upon when the insured will die, which is difficult – if not impossible – to predict,” Sendrow explained. “The best protection against becoming a victim of a fraudulent viatical offering is to exercise extreme skepticism about such investments and to investigate the claims being made about them.” He also suggested that it is wise to seek independent advice before committing to an investment. “Remember no investment is risk free.”

For further information about investments contact the Arizona Corporation Commission’s Securities Division by calling 602-542-4242, toll free at 1-877-811-3878, or through its website at www.ccsd.cc.state.az.us.

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