



# COMMISSION NEWS

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

TO: EDITORS, NEWS DIRECTORS  
FOR: IMMEDIATE RELEASE

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## FACTORING INVESTMENTS SUBJECT OF MAJOR ENFORCEMENT ACTION

PHOENIX – The Arizona Corporation Commission’s Securities Division has filed a Notice of Opportunity for Hearing in a major action against several companies and individuals soliciting investments in or from Arizona. The action charges the respondents with multiple violations of the Arizona Securities Act by engaging in the fraudulent sales of unregistered securities. The companies and individuals named in the Notice are:

Scottsdale Financial Funding Group, LLC of Scottsdale,  
Martin & Griffin, LLC of Scottsdale,  
Hayden K. Holland, a Phoenix resident,  
Gregory Gill, a Scottsdale resident.

Both Gill and Holland are affiliated with Scottsdale Financial Funding and Martin & Griffin and an investment program referred to the action as “Credit Investors LLC.” The action also names licensed Arizona insurance salesmen and their companies. They are:

Tad L. Ulrich, a Scottsdale resident,  
Ulrich’s firm, Tad L. Ulrich & Associates, LLC,  
Wallace Butterworth, a Phoenix resident, and  
Butterworth’s company, Senior Advisory Services, LLC.

According to the charges, Scottsdale Financial Funding Group and Martin & Griffin used the licensed Arizona insurance salesmen to offer and sell investment contracts known as “factoring” investments. A “factor” is a company or middleman who buys another company’s corporate debts and accounts receivable at a discount in exchange for the right to collect the full amount of the debt. In this case, investors were being recruited to provide capital for the factoring company with the promise of receiving monthly profits at a later date.

The Commission’s Securities Division alleges that senior citizens and retirees were the primary targets of

sales pitches by Ulrich and Butterworth. Retirees were invited to seminars and were targeted in ads that were placed in publications aimed at the senior audience. Ulrich and Butterworth were advertising and conducting seminars to attract investors to Scottsdale Financial Funding and Martin & Griffin's investment programs.

The Securities Division alleges that investors were misled about the safety and nature of the investment. Investments such as these are extremely risky and may not be appropriate for an elderly investor. Some investors have indicated that they thought that they were purchasing bank certificates of deposit.

According to the Notice, beginning in December 1997 through at least December 2001, Scottsdale Financial Funding was promoted to investors as "a finance company that specializes in analyzing and acquiring select investment alternatives for the discriminating investor demanding better than average returns without taking undue risk." Scottsdale Financial Funding promoted two investment programs to investors. One of the programs involved the sale of membership interests in a series of companies referred to as "Credit Investors, LLCs." These investment products purported to involve the purchase of consumer credit card debt. In the other program, investors were recruited to finance Martin & Griffin's purchase of accounts receivables factored by a company that declared bankruptcy in February 2000.

The notice alleges that investors also were not informed of a prior felony conviction against Gregory Gill involving an investment fraud.

The Securities Division is seeking a cease and desist order, restitution to investors and monetary fines from the Commission. The companies and individuals named as respondents can request a hearing to contest the allegations. It should also be noted that Butterworth's registration as a securities salesman was recently revoked in a Commission action to which Butterworth consented.

The Securities Division urges that before making any securities-related investment, the public should research the security and its salesmen.

"Certain 'factoring investments' are securities subject to regulation under Arizona law," said Mark Sendrow, director of the Commission's Securities Division. "It's a good idea to always check with the Securities Division before investing. If the people offering the investment say they aren't required to be registered by state or federal agencies, be skeptical until you have proof. Always ask them what exemption they are relying on.

Then verify that claim by calling the Securities Division.”

The Arizona Corporation Commission’s Securities Division can be reached by calling 602-542-4242 or call toll free from outside the Phoenix metro area at 1-877-811-3878. The Division’s website also has helpful information for investors at [www.ccsd.cc.state.az.us](http://www.ccsd.cc.state.az.us).

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