



COMMISSION NEWS

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

TO: EDITORS, NEWS DIRECTORS
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COMMISSION SUES LOCAL FOUNDATION AND OTHERS OVER SALE OF CHARITABLE GIFT ANNUITIES

PHOENIX – In Superior Court this week, the Arizona Corporation Commission accused two local organizations – including one children’s foundation – and three individuals of fraudulently selling charitable gift annuities totaling \$4.3 million.

Maricopa County Superior Court Judge Kenneth Fields entered a temporary restraining order, barring the following defendants and entities from selling securities:

- One Vision Children’s Foundation, Inc. of Tempe
- Wealth Management Resources of Scottsdale
- Hollister M. Marx of Tempe, 34
- Michael B. Maksudian of Scottsdale, 36
- Michael A. Diaz of Gilbert, 42

In the order, Judge Fields also appointed a receiver to manage the organizations until the case is resolved.

According to the complaint, the Commission alleges that none of the 15 investors knew their money would be placed in speculative investments. In their sales literature, however, the defendants touted the safety, security and tax benefits of charitable gift annuities as well as the charitable aspects of such an investment.

The Commission charges that the defendants falsely told investors that their annuity payments would be held in a secure and segregated account. The Commission contends that the defendants, despite this claim, used the funds to pay commissions as well as One Vision’s operating expenses and other investments.

Of the \$4.3 million raised from investors, 19 to 52 percent allegedly went to pay commissions. Approximately \$400,000 is in a brokerage account frozen by the court's order. The remaining \$2.3 million is in investment products that allegedly purchased and collected debt as well as purchased timeshare units for investments in Yucatan, Mexico. The Commission believes Maksudian and Diaz of Wealth Management Resources received over \$200,000 in commissions in connection with those additional investments.

In a similar case last year, the United States Securities and Exchange Commission, with the assistance of the Commission, sued Scottsdale-based Mid-America Foundation, Inc. for securities fraud in a \$54 million sale of charitable gift annuities. Defendants Maksudian and Diaz are former Mid-America employees.

Located in Tempe and Scottsdale respectively, One Vision and Wealth Management Resources began doing business in 2001. One Vision commenced operations with assets of less than \$100 and never produced a single financial statement.

A charitable gift annuity is an investment in which a charity, in return for a transfer of cash or other assets, agrees to pay a fixed sum of money to an individual over a period of time. Upon the investor's death, the remaining principal is paid to a designated charity. Unless there is reinsurance, payment of the annuity is backed only by the assets of the charity.

While the overwhelming majority of charitable gift annuities are sold by reputable organizations, the Commission has observed a growing problem with this type of investment.

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