



COMMISSION NEWS

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

TO: EDITORS, NEWS DIRECTORS
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SOME 100 PEOPLE LURED IN PROMISSORY NOTE SCHEME Scottsdale Resident Targeted Valley Investors

PHOENIX – Today the Arizona Corporation Commission ordered 63-year-old Robert D. Bjerken of Scottsdale to pay a \$10,000 penalty and return \$8.3 million for selling unregistered promissory notes to over 100 investors, most of whom lived in Arizona.

The Commission found that between 1997 and 2000, Bjerken sold or offered the notes which financed an insolvent company, American Automotive Group, Inc. Investors believed the money would be used to operate an auto-leasing business geared toward customers with high-risk credit.

The trustee who was to hold and administer the funds for investors submitted his resignation within the first year, according to investigators. Bjerken was named as trustee and began offering and selling the notes directly to investors. Although Bjerken has been a licensed securities salesman in North Dakota and Minnesota, he is not registered to sell securities in Arizona.

The initial note offering provided for secured notes where investors received a security interest in the automobiles and accounts receivable of American Automotive. Investors were promised returns of 18% on the first offering. Two subsequent offerings of unsecured notes touted even higher rates of return than the first – from 20 to 30%.

Although American Automotive initially made the monthly interest payments, the Commission found that money from later investors went to make the interest payment to the earlier investors, which essentially constituted a fraudulent “Ponzi” scheme.

This is the second action taken in this case. In April 2003, the Commission issued an order against the other

participants in the scheme, 64-year-old Douglas P. Warren and 28-year-old Matthew W. Warren, both of Scottsdale.

The Commission urges the public to use caution when considering promissory notes as investments. During a volatile stock market or when interest rates are low, investors are lured by the higher, fixed returns that promissory notes offer. These notes, however, can become vehicles for fraud when unscrupulous, uninformed, or unregistered salespeople promise above-market returns with little risk.

Prior to investing, investors should verify registration status of sellers and securities by contacting the Arizona Corporation Commission's Securities Division at 602-542-4242, toll free 1-877-811-3878 or through its website, www.ccsd.cc.state.az.us. The Division's website also has helpful information on a variety of investing topics as well as links to prior Commission orders and news releases.

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