



COMMISSION NEWS

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

TO: EDITORS, NEWS DIRECTORS
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SCOTTSDALE MAN PROMOTES UNREGISTERED GPS STOCK, SURRENDERS LICENSE

PHOENIX – The Arizona Corporation Commissioners signed an order confirming a Tuesday action involving a 62-year-old securities and insurance salesman, James W. Dreos of Scottsdale. Dreos agreed to forfeit his registration and never again apply for registration as a securities salesman, dealer or investment adviser. In the consent order, Dreos also agreed to pay \$2,500 to the State of Arizona and return \$19,925, plus interest, to investors in connection with an unregistered stock offering of a former Phoenix-based company, International Global Positioning, Inc.

International Global Positioning planned to market and distribute global positioning devices to be installed in automobiles. The devices were supposed to use cellular communications technology to provide information on a vehicle's location, speed and direction.

Around July 2001, International Global Positioning initiated a stock offering represented as a private placement under federal rule 506, Regulation D. International Global Positioning's plan was to sell its stock to private investors and establish distributorships nationwide to market the device.

The Commission found that Dreos entered into a consulting agreement with Corporate Architects, Inc., a former respondent in this case, and received compensation for promoting International Global Positioning. The Commission found that Dreos informed some of his insurance clients, friends and other prospective investors about the stock offering, franchise distributorships and International Global Positioning's plans to become a public company. As a public company, International Global Positioning's stock would be listed on a public exchange.

Investors, including Dreos, believed that when the “private placement” stock offering went public, they would have an opportunity to purchase International Global Positioning stock at a reduced price with the potential of selling it at one and one half times the original price.

The Commission found that Dreos recommended that investors contact International Global Positioning to obtain needed information about the company and its stock offering, but investors did not receive meaningful disclosure of International Global Positioning’s financial condition or the background of its principals prior to investing. For example, investors were not aware that one of the company’s principals agreed to plead guilty to mail fraud in a United States District Court in Arizona.

An investigation by the Commission’s Securities Division revealed that International Global Positioning never became a public company. While Dreos received compensation in connection with International Global Positioning’s sale of stock, the Commission found that private investors have not received a return on their investments.

Before investing, people should verify the registration of sellers and investment opportunities by contacting the Arizona Corporation Commission’s Securities Division at 602-542-4242 or toll free outside the Phoenix metropolitan area at 1-866-VERIFY-9. The Division’s website also has helpful information for investors at www.ccsd.cc.state.az.us.

The Commission’s final order against Dreos will be posted to the Securities Division website under Enforcement/Orders. To access the full text of the Commission’s order, please check the website in a few days: <http://www.ccsd.cc.state.az.us/enforcement/enforce-orders.asp>.

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