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## ARIZONA CORPORATION COMMISSION

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### **Commission Revokes Licenses and Sanctions Multiple Individuals for Violations that Cost Investors More than \$1.5 Million**

PHOENIX –The Arizona Corporation Commission revoked the securities salesman registration and the investment adviser representative license of a Scottsdale man whose unscrupulous actions caused investors to lose more than \$1.5 million. In separate cases, the Commission sanctioned two individuals for defrauding investors—one with an unregistered house-flipping venture, another with a clean energy company.

#### **Tracy N. Wengert**

The Arizona Corporation Commission revoked the Arizona securities salesman registration and investment adviser representative license of Tracy N. Wengert of Lakeside, ordering him to pay \$1,522,400 in restitution and a \$25,000 administrative penalty for committing securities fraud and engaging in dishonest and unethical conduct.

The Commission found that Wengert, while associated with Transamerica Financial Advisors, Inc., convinced investors to open accounts with a discount securities dealer and give him discretionary power over their IRA accounts to make transactions on their behalf. The Commission found, however, that Wengert failed to obtain written discretionary authorization from his clients and failed to disclose any potential risks associated with option trading. Further, the Commission found that Wengert failed to tell investors he was not a registered salesman with the discount securities dealer where subsequent trades executed by Wengert resulted in financial losses to his clients.

In settling this matter, Wengert agreed to the entry of the consent order and admitted to the Commission’s findings only for purposes of the administrative proceeding.

#### **Richard A. Smart and Simply Smart Homes, LLC**

The Commission ordered Richard A. Smart of Mesa and his company to pay \$108,750 in restitution and a \$15,000 administrative penalty for fraudulently offering and selling an unregistered real estate investment program while not registered to sell securities in Arizona. The Commission found that as the managing member of a “house-flipping” company called Smart Homes, LLC, Smart told investors he would use their funds to purchase and/or renovate Arizona real estate.

The Commission found that Smart made multiple misrepresentations and omissions of material fact regarding the investing program. Contrary to what he told investors, Smart was offering and selling an investment program that was actually his first time flipping real estate in Arizona. Also, Smart failed to disclose that he used investor funds to pay for a real estate training class and that there were at least six judgments entered against Smart in the state of Utah for unpaid state income tax liens. Additionally, the Commission found that Smart failed to disclose to investors the risks associated with investing in real estate.

#### **Ryan Miguel**

The Commission revoked the securities registration of Ryan Miguel of Scottsdale, ordering him to pay \$20,295 in restitution and a \$5,000 penalty for committing securities fraud in connection with an

unregistered clean energy company.

The Commission found that Miguel, who is also a licensed Arizona insurance producer, contacted one of his insurance clients to invest in Infinity Fuels, Inc., a company that was involved in waste to fuel refinery development. The Commission found, however, that Miguel failed to disclose to the investor that he had filed for bankruptcy, his securities salesman registration had lapsed and the Internal Revenue Service had assessed Infinity Fuels, Inc.'s president for unpaid taxes.

In settling this matter, Miguel agreed to the entry of the consent order and admitted to the Commission's findings only for purposes of the administrative proceeding.

**More caution for investors:**

Even when investing with someone they know, investors should verify the registration of sellers and investment opportunities and investigate disciplinary histories by contacting the Arizona Corporation Commission's Securities Division at 602-542-0662 or toll free in Arizona, 1-866-VERIFY-9. The Division's investor education web site also has helpful information at [www.azinvestor.gov](http://www.azinvestor.gov).

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