

# **ANOTHER FLORIDA PENNY STOCK SCAM**

## **JANUARY 2005**

Federal authorities have finally announced a crackdown on brokerage firms that have been offering investors in worthless penny stocks a “once in a lifetime opportunity” to swap into blue-chip stocks if they pay a fee. We reported on this last year on the **Watchdog on Wall Street Radio Show**.

The SEC has charged six Florida firms with operating “advance fee” schemes and according to the Wall Street Journal, federal prosecutors announced they arrested Gregory Sawrn, a Miami resident who masterminded the whole operation from the Dominican Republic.

Investors paid thousands of dollars each in fees to exchange blue-chip shares such as General Electric and Microsoft for worthless shares they previously bought from boiler room pump and dump operations. The firms took fees to cover the difference in stock prices, but never delivered the shares. Adding insult to injury these firms had ties to the original boiler rooms who sold them the worthless stock in the first place. The so-called firms are: Berkshire Tax Consultants, Crescent Financial Group, Warfield Capital Management, Spencer Ferguson Receivables, Thompson & Whitehurst Acquisitions and McKenzie Goldstein.