

STATE OF COLORADO



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PRESS RELEASE

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CALIFORNIA BROKERAGE FIRM BARRED FROM SECURITIES INDUSTRY IN COLORADO

Denver, Colorado – Colorado Securities Commissioner Fred Joseph announced today that Denver District Court Judge William Robbins entered orders of permanent injunction against **Malory Investments, LLC**, a former California broker-dealer, and its owner, **Ronald Stein**, for allegedly engaging in fraud in connection with the offer and sale of securities of Aquatic Behavioral Technologies, LLLP, a Silverthorne, Colorado company. Malory and Stein are both located in Los Angeles, California. The permanent injunctions entered by the Court permanently bar both Malory and Stein from the securities industry in Colorado. In addition, Mr. Stein, for his role, has agreed to pay \$10,000 to the Commissioner on behalf of Colorado investors.

The Commissioner's complaint alleges that from June of 2005 to at least August 2007, Aquatic Behavioral Technologies ("ABT") raised approximately \$1.3 million from investors. Investors were told that the funds would be used for the development, manufacturing and marketing of a bait calling device for lobster fisherman. According to the complaint, ABT hired Capital Guardian, Inc., another California company, to sell ABT securities to investors. The owners of Capital Guardian had numerous prior run-ins with state securities regulators that resulted in either criminal convictions for mail fraud, wire fraud, and securities fraud, or bars from the securities

industry in several States. The Commissioner alleged that in order to avoid detection of securities regulators, Capital Guardian hired Malory and Stein as a "front" to act as the broker-dealer of record for the sale of ABT securities. Malory and Stein never provided any broker-dealer services for ABT or sold any securities. For its role as a front for Capital Guardian in the sale of ABT securities, according to the complaint, Malory and Stein were paid \$2,000 by Aquatic Behavioral Technologies, Inc., in June of 2005.

The Court order was part of a settlement agreement with Malory and Stein without admitting or denying the allegations of the complaint.

The Commissioner's civil action against Aquatic Behavioral Technologies, Capital Guardian, and others is on-going. The complaint can be found at http://www.dora.state.co.us/securities/pdf_forms/enforcement/aquaticcomplaint.pdf.

DORA is dedicated to preserving the integrity of the marketplace and is committed to promoting a fair and competitive business environment in Colorado. Consumer protection is our mission.

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