



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah Department of Commerce

FRANCINE A. GIANI
Executive Director

THAD LEVAR
Deputy Director

December 21, 2006

MEDIA ALERT

Securities accuses Thornwater and former president of violating Order
"Company never paid a \$100,000 fine ordered by Division of Securities"
(For immediate release...)

SALT LAKE CITY, Utah – The Division of Securities announced today that a new Order was entered December 18, 2006 against Thornwater Company, a New York broker-dealer, and its former president, Robert J. Grabowski for failing to comply with an Order entered by the Division in August 2006. The Division of Securities is seeking to bar Robert J. Grabowski from being licensed because Thornwater Company failed to pay a \$100,000 fine. The fine was imposed because the company and Grabowski allowed stockbrokers in the firm to defraud a Utah investor of \$147,000. The customer from Sandy, Utah has since received his original investment back from Thornwater and was made whole.

The August 2006 Order directed Thornwater to pay a \$100,000 fine to the Division of Securities by November 15, 2006. Both parties agreed to the Order at the time it was entered. According to the original charges filed in 2001, Thornwater and Grabowski allowed their stockbrokers to violate the *Utah Securities Act* by executing trades in a Utah customer's account without a valid license, refusing to halt trading when requested by customer, making unauthorized purchases without client consent, recording false trade information, making false claims about securities trading expertise, and forcing customer to send additional funds to cover unauthorized trades. The Division's investigation found that Thornwater accounts lost 92% of their value from excessive trading. Thornwater ceased doing business in 2003. As part of the August 2006 Order, Grabowski agreed to be barred from associating with any broker-dealer or investment-adviser licensed by the Division if Thornwater failed to pay the fine. A hearing in the matter is scheduled for January 29, 2007 before the Division.

Investors are urged to contact the Division of Securities to make sure anyone offering investments is licensed, by calling (801) 530.6600, toll free at 1.800.721.7233 or logging on to www.securities.utah.gov.

For more information contact:

Jennifer Bolton
Public Information Officer
(801) 530-6646 office
(801) 652-8322 cell