For Immediate Release
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Two Albuquerque Area Business Partners Charged With Securities Fraud

SANTA FE – Two Albuquerque area business partners, including a former Las Vegas, N.M., city councilor, have each been charged with five felony counts for allegedly selling fraudulent and unauthorized securities for $50,000 to an investor.

Brenda Duggan, 45, of Corrales and Frank Berged IV, 44, of Albuquerque, have both been charged with fraudulent sale of securities, conspiracy, fraud, sale of unregistered securities and sale of securities without a license.

The New Mexico Regulation and Licensing Department’s Securities Division investigated this case and filed these charges in the Second Judicial District in Albuquerque on Friday. Both defendants have up to two weeks to surrender themselves to authorities for booking.

Both defendants approached the potential investor, now serving as a Christian missionary in Zimbabwe, in August 2007. They promised 10 percent interest in a company called Club R, doing business as Relaxations – an oxygen bar and spa in Albuquerque - in exchange for $50,000.

Both defendants knew that the spa was in serious financial trouble and had closed its doors, but in order to induce the potential investor to make a substantial investment they allegedly painted a false picture of the potential for profits after a planned relocation of the business to Phoenix, Arizona. Rather than open in the new location as promised, much of the victim’s $50,000 investment was used by the suspects for unrelated personal expenses and travel.

Duggan has filed for bankruptcy twice and has had numerous lawsuits and liens filed against her for non-payment of bills. Berged has a prior criminal past. According to law enforcement records, Berged was arrested on April 14, 1994 on 16 counts of forgery. Berged had forged 16 San Miguel County warrant checks while serving as a city councilor in Las Vegas, NM. He was convicted on November 21, 1994 and sentenced to five years deferred sentence and five years’ probation.
The New Mexico Coalition Against Domestic Violence hired Berged as a bookkeeper in the spring of 2001. After a short period of employment, it was discovered that Berged had fraudulently utilized the Coalition’s bank card to pay personal bills. This was reported to the Albuquerque Police Department. The investigation led to charges of two counts of fraudulent use of a credit card. According to law enforcement records, Berged pled guilty on April 6, 2005 to lesser misdemeanor charges and was sentenced to 364 days of probation.

“Both suspects failed to disclose their checkered pasts and painted a misleading picture of the business prospects to the potential investor,” said Daniel S. Tanaka, Director of the Securities Division. “A call to our office would have revealed that these individuals were not licensed to sell securities and had a dubious history. This case illustrates how important it is to check before you invest.”

The Regulation and Licensing Department’s Securities Division protects New Mexicans from fraud and financial abuse by licensing investment professionals, registering securities offering made in the state, offering anti-fraud and educational programs to the public, and investigating fraud and other violations of the state securities law. To learn more about investment fraud, visit the division’s website at www.RedFlagsNM.com.

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