

Press Release

**Office of the Kansas Securities Commissioner
618 S. Kansas Avenue
Topeka, Kansas 66603-3804**

Date of Release: September 6, 2006

Scott Brian Kaye, Wichita Resident Sentenced to 18 Months in Prison for Securities Fraud

WICHITA, KANSAS – Scott Brian Kaye, today, was sentenced in Sedgwick County District Court by Judge Terry Pullman, to 18 months in prison for each of two counts of securities fraud and 12 months in prison for each of six other felony securities violations. The judge ordered the sentences to run concurrently with the controlling sentence of 18 months.

Judge Pullman recommended that the defendant be required to pay restitution as a part of his 24 month supervision period when released from prison.

The defendant had requested probation which was denied by the court.

Chris Biggs, Kansas Securities Commissioner, said, “This is a case where the law presumes the sentence be prison and not probation.” He added, “Many property crimes result in probation for the first time offender but this case involved a substantial loss of money and a violation of trust. Many of the victims were older citizens and many lost their life savings.”

Kaye, between June of 2002 and June of 2003 obtained \$1,676,414 from 17 investors by selling interests in TrueHedge Capital Partners, LP, an investment pool “managed” by Kaye.

Investors were told that the investment was low risk and would produce high returns as Kaye promised to utilize a complex market strategy to guarantee a profit whether the stock market went up or down. Neither Kaye, nor the investment opportunity, was registered as required by Kansas law.

Kaye used over \$500,000 of investor funds to build a personal residence in Wichita, KS. Much of the rest of the money was lost in speculative trading. Kaye misrepresented that he was a registered investment adviser to gain access to traders.

The matter was prosecuted by the Office of Kansas Securities Commissioner with the cooperation of District Attorney Nola Foulston's office.

Biggs, said, “Kansas was the first state to have laws to protect investors. We encourage people to check out investment opportunities with our office before they send money to be sure the agents are licensed and the product is properly registered in Kansas. Investigate before you Invest.”

Contact the Office of the Securities Commissioner at (800) 232-9580 to check if an investment opportunity is registered and if the broker or investment adviser is licensed to sell securities in Kansas.

The Office of the Kansas Securities Commissioner is charged with administration and enforcement of the Kansas Securities Act under Chapter 17 of the Kansas Statutes. The Office investigates and prosecutes securities fraud, the offer or sale of unregistered securities and the offer or sale of securities by unlicensed stockbrokers or investment advisers. For more information and investor education resources, visit <http://www.securities.state.ks.us>.