



DEPARTMENT OF THE ATTORNEY GENERAL

News Release

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**FLORIDA MAN CONVICTED OF SECURITIES FRAUD AND PROHIBITED
SECURITIES PRACTICES**

HONOLULU- On August 13, 2007, a Honolulu jury found Defendant Richard Morris of Florida guilty of Securities Fraud and Prohibited Securities Practices. Each conviction carries a mandatory term of imprisonment of 20 years. Co-Defendant Robert Michutka was found not guilty on all counts.

The charges were based upon the sale of 21st Century Satellite Communications, Inc. promissory notes in the State of Hawaii from 1998 through 2000. The notes were sold through Douglas Nonaka a local CPA and tax preparer. The notes were for 5 years and promised 13% interest over their term. Investors were told the notes were fully secured and collateralized. Moneys from the notes were supposed to be used for the purchase and installation of equipment. If the value of the collateral fell below the amount loaned the company was to make contributions of cash or kind to increase the value of the notes to the amount loaned. The moneys from new investors, however, were being used to pay the interest on previous investors. Further the notes were never fully secured. The company declared bankruptcy in early 2001 and the investors have not received the promised interest payments or their principal.

Richard Morris was the general broker for the notes and received a 30% commission off of all notes sold. From that 30% commission he decided how much to pay his sub-brokers. In all over \$1 Million was lost by Hawaii investors and nationwide over \$23 Million was lost. His sentencing is set for November 7, 2007 before the Honorable Richard Perkins.

Robert Byrch was the president and CEO of the company and earlier pled guilty to Securities Fraud, Prohibited Securities Practices, Sale of Securities By an Unregistered Person and Sale of Unregistered Securities, and testified for the State. His sentencing is set for October 17, 2007 before the Honorable Richard Perkins. Douglas Nonaka the local seller of the notes pled guilty of Prohibited Securities Practices, Sale of Securities

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By an Unregistered Person and Sale of Unregistered Securities, and also testified for the State. His sentencing is set for October 3, 2007 before the Honorable Richard Pollack.

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