ARIZONA CORPORATION COMMISSION

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Commission Orders over $13.36 Million in Restitution

Reaches Settlement with American National Mortgage Partner Defendants, and Sanctions Others

PHOENIX, AZ—The Arizona Corporation Commission today approved a settlement with two American National Mortgage Partners defendants who are accused of promoting a million-dollar Ponzi scheme involving land trusts. In other cases, the Commission today approved multiple orders that required the payment of over $13.36 million in restitution and $686,000 in administrative, civil and contempt penalties.

The Commission approved a settlement with two defendants in a civil matter against American National Mortgage Partners, LLC—Mark Kesler and Phil Vigarino, both of Phoenix. The defendants agreed to pay a total of $575,000 million in restitution and $85,000 in civil and contempt penalties for fraudulently selling interests in land trusts. None of the men were registered to sell securities in Arizona. The defendants claimed that investor funds would be loaned to small- to medium-sized businesses secured by deeds of trusts on commercial real estate, but the Commission alleged the investment opportunity was a Ponzi scheme, using investor funds to make interest payments to other investors. Kesler and Vigarino neither admitted nor denied the Commission's allegations, but agreed to the entry of the judgment. In March 2003, the court appointed a receiver to take control of the assets of American National Mortgage Partners and its affiliated companies. The receiver continues to marshal assets on behalf of the investors.

In a separate case, the Commission ordered a Chandler couple and their company to pay $1,067,012 in restitution and $175,000 in administrative penalties for fraudulently promoting an unregistered forex investment program. Lamont C. Patterson II was the owner and the managing member of Arizona-based Olof Enterprises, LLC and Eletrea L. Patterson was the chief financial officer, but neither was registered to sell securities in Arizona. Promising triple-digit returns to at least 450 investors, the Pattersons promoted the forex investment program as a unique, once-in-a-lifetime membership opportunity called the "Financial Freedom Program." The Commission found that the Pattersons failed to use all of the investor funds to conduct forex trading and used some of it to repay investors and for personal use. In settling this matter, the Pattersons neither admitted nor denied the Commission's findings, but agreed to the entry of the consent order.

In another matter, the Commission ordered Chris Blackford of Glendale and his company to stop promoting unregistered investment contracts in a mini-storage business and to pay a $1,000 penalty. The Commission found that Blackford, the managing member of Arizona-based Jordan Crossing Properties, LLC, promoted the investment opportunity to potential investors through an email advertisement, promising above-market returns, but was not registered to sell securities in Arizona. The Commission's Securities Division shuttered the investment opportunity before anyone invested with Blackford. In settling this matter, Blackford agreed to the entry of the consent order and admitted to the Commission's findings only for purposes of the administrative proceeding.

In the next case, the Commission revoked the securities salesman registration of Virginia resident Thomas S. Blackwell and issued a default order against him for committing securities fraud. Blackwell and his company, Team Heat, LLC, are ordered to pay $947,931 in restitution and a $100,000 administrative penalty for defrauding 11 investors. The Commission found that Blackwell, without the authorization of his securities dealer, World Group Securities, promoted unregistered investment contracts in a television advertising venture that touted astronomical, annual returns of 4,800 to 12,000 percent. The Commission found that Blackwell failed to inform investors that the U.S. Securities and Exchange Commission determined the television advertising venture to be a Ponzi scheme. Blackwell also used some of the investor funds for his personal and business expenses, including automobile lease payments.

Additionally, the Commission issued a default order against Blackwell, Jolleen K. Hansen of Mesa and their affiliated companies—Deluxe Designs International, LLC and Deluxe Live Productions—requiring the payment of $3,150,744 in restitution and $75,000 in administrative penalties for defrauding 20 investors. The Commission found that Blackwell and Hansen fraudulently sold unregistered investment contracts involving the production of music concerts. Investors were told that they would receive their principal and an investment return 30 days after a concert date, but the Commission found that Blackwell and Hansen had no contractual relationship with the concert producers. Despite not receiving any money from the producers following the concerts, Blackwell and Hansen continued to sell investment contracts without verifying that the concerts actually took place.

Finally, the Commission issued a default order against California resident Bill L. Walters, requiring him to pay $7,620,390 in restitution and a $250,000 administrative penalty for his involvement in a real estate investment scheme that gouged 13 investors. As president of Financial American Corporation, Walters touted his experience developing real estate and represented to investors that he was adept at identifying properties to sell or "flip" for a substantial profit. Investors were told that their money would be used as refundable earnest deposits if the escrows failed to close. The Commission found, however, that when the escrows did not close, Walters used investor deposits for his own personal benefit and for business expenses, including payroll and interior design expenses. The Commission found that Walters failed to disclose to investors that he had filed for bankruptcy and discharged debts totaling $220 million, including real estate loans. Despite the bankruptcy, Walters has been able to enjoy millions of dollars of assets that he put beyond the reach of the bankruptcy court through transfers to his wife and certain trusts.

More caution for investors:

Even when investing with someone they know, investors should verify the registration of sellers and investment opportunities and investigate disciplinary histories by contacting the Arizona Corporation Commission's Securities Division at 602-542-4242 or toll free in Arizona at 1-866-VERIFY-9. The Division's investor education web site also has helpful information at www.azinvestor.gov**.**

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