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## ARIZONA CORPORATION COMMISSION

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### **Commission Penalizes Hedge Fund Manager for Investment Fraud** *Sanctions Others for Securities Violations*

PHOENIX, AZ—The Arizona Corporation Commission today penalized a former Scottsdale man for defrauding investors in connection with a multimillion-dollar hedge fund. In two other cases, the Commission sanctioned a Phoenix stockbroker for his dishonest and unethical conduct as well as a Scottsdale woman for offering and selling unregistered promissory notes while not registered in Arizona as a securities salesman.

#### **Thomas Laurence Hampton**

The Commission ordered former Scottsdale resident Thomas L. Hampton and his affiliated company, Hampton Capital Markets, LLC, to pay a \$50,000 administrative penalty for committing securities fraud in connection with a \$4.8 million hedge fund. The Commission found that Hampton, while not registered to offer or sell securities in Arizona, misrepresented to about 72 investors that he had developed sophisticated and profitable securities trading strategies for leveraged exchange-trades funds (ETFs). Also, the Commission found that Hampton submitted false account statements, failing to disclose the financial losses or decreases in net asset value he had incurred while executing his trading strategies. In September 2013, Hampton was sentenced to 30 months in a federal prison after pleading guilty to one count of commodities fraud, arising from the ETF hedge fund offering. No restitution is sought by the Commission's consent order as the criminal restitution ordered by the U.S. District Court in New York includes all of the Arizona investors. In settling this matter, Hampton agreed to the entry of the consent order and admitted to the Commission's findings only for the purposes of the administrative proceeding. For more details about this case, view the full text of the Commission's order [S-20823A-11-0407](#).

#### **Britt M. Lachemann**

In a separate case, the Commission revoked the securities registration of Phoenix stockbroker Britt M. Lachemann for soliciting loans from his customers, requiring the payment of \$24,500 in restitution and a \$10,000 administrative penalty. The Commission found that Lachemann borrowed a total of \$217,500 from his customers, individuals who were not his relatives or persons in the business of lending money. The Commission found that Lachemann and his former employer have repaid a total of \$192,500 to customers, leaving a balance which represents the principal restitution amount ordered by the Commission. In settling this matter, Lachemann agreed to the entry of the consent order and admitted to the Commission's findings only for the purposes of the administrative proceeding. For more details about this case, view the full text of the Commission's order [S-20894A-13-0351](#).

#### **Nicole Kordosky**

Finally, the Commission required Nicole Kordosky of Scottsdale to pay \$6,000 in restitution and a \$1,000 administrative penalty for offering and selling unregistered promissory notes without being registered in Arizona as a securities salesman. The Commission found that, while representing she was in "investment relations," Kordosky offered or sold unregistered promissory notes issued by ERC Investments, LLC and C & D Construction Services, Inc., two companies which were primarily in the rubbish and waste recycling business. Kordosky agreed to the entry of the consent order and admitted to the Commission's findings only for the purposes of the administrative proceeding. For more details about this case, view the full text of the Commission's order [S-20867A-12-0459](#).

The Commission's final order against the named respondents will be posted online as soon as it is signed by all of the Commissioners. Please check the website in a few days:

<http://www.azcc.gov/divisions/securities/enforcement/enforce-orders.asp>

**More caution for investors:**

Even when selling a legitimate product, some promoters do not recognize the investment program they have created is a security. Determining whether an alternative investment program is a security is not always easy to determine and depends upon the unique facts and circumstances of the transaction and not on what a promoter calls the investment product. 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 website also has helpful information at [www.azinvestor.gov](http://www.azinvestor.gov).

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