



ARIZONA CORPORATION COMMISSION

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Scottsdale Soothsayer, Gilbert Loan Officer and a Tractor-Trailer Investment Promoter Ordered to Pay Restitution and Penalties

PHOENIX, AZ—The Arizona Corporation Commission today ordered a Scottsdale numerologist and spiritual adviser, a Gilbert loan officer, a tractor-trailer investment promoter and their affiliated companies to pay a total of over \$1.4 million in restitution and \$275,000 in administrative penalties for defrauding investors.

The Commission ordered Jerome Carter of Scottsdale and his affiliated companies to pay \$278,000 in restitution and \$75,000 in administrative penalties for fraudulently selling unregistered investment and commodity contracts while not registered to sell securities in Arizona. Through a website, video teleconferences, radio shows and event appearances, Carter proclaimed himself as an international numerologist and spiritual adviser who could predict the future. While working as a life coach to individuals in his VIP coaching program, Carter represented to potential investors that he could, through the use of numerology concepts, improve their financial well-being by investing in futures and commodities. As owner and operator of The Greatest Only Divine Productions, LLC and Good Only Done Productions, Carter sold investment and commodity contracts totaling \$432,450 to at least 65 investors. The Commission found that Carter used investor funds for his own personal use and benefit, but in Ponzi-like fashion, returned a total of \$154,450 to some of the investors. In settling this matter, Carter admits to the Commission's findings and agrees to the entry of the consent order.

In a separate case, the Commission ordered Gerald Edwin Patchen of Gilbert to pay \$863,045 in restitution and \$125,000 in administrative penalties for fraudulently selling unregistered promissory notes while not registered to sell securities in Arizona. While working as a loan officer, Patchen told prospective investors that the investment opportunity involved providing money to enable his mortgage clients to qualify for a home mortgage and to cover closing costs. The Commission found that many of the mortgage clients, who Patchen represented to investors as needing funds, were fictitious. Patchen issued promissory notes to at least 48 investors, but falsely claimed that the notes would be secured by a deed of trust and with an assignment of rents on real property. The Commission found that Patchen used investor funds for his personal use and benefit as well as to repay other investors. In settling this matter, Patchen neither admits nor denies the Commission's findings, but agrees to the entry of the consent order.

In another matter, the Commission ordered former Scottsdale resident Michael L. Hairston and his affiliated company, Wolfepack Transportation, Inc., to pay \$373,043 in restitution and \$75,000 in administrative penalties for fraudulently selling unregistered promissory notes while not registered to sell securities in Arizona. Hairston told at least six investors that their money would be used to purchase tractor-trailer rigs and that their investment returns would arise from the completed runs made by tractor-trailer rigs and the resale of refrigerated trailers. The Commission found, however, that Hairston failed to disclose that he had already defaulted on a tractor purchase and that investor funds would be used to pay a debt collection agency. Further, Hairston misrepresented that the promissory notes would be secured by a

second deed of trust on real estate; that Hairston owned the property free of liens and encumbrances and was current on any mortgage payments. In settling this matter, Hairston neither admits nor denies the Commission's findings, but agrees to the entry of the consent order.

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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