



COMMISSION NEWS

ARIZONA CORPORATION COMMISSION, 1200 W. WASHINGTON, PHOENIX, AZ 85007

TO: EDITORS, NEWS DIRECTORS
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FORMER TUCSON MAN DEFRAUDS SENIORS, AGRA-TECHNOLOGIES SALESMEN AGREE TO REPAY INVESTORS

PHOENIX – The Arizona Corporation Commission issued two orders requiring repayment of \$963,724 in restitution and \$200,000 in administrative penalties for the sale of unregistered securities. The default order concerned a former Tucson resident after he failed to answer allegations of securities fraud. The consent order involved two sales agents who promoted investments in a platinum mining scam in the Flagstaff area.

Leonard Francis Alcaro

The Commission issued a default order against a former Tucson resident, 53-year-old Leonard Francis Alcaro, for fraudulently selling various unregistered securities. Alcaro was ordered to pay \$403,998 in restitution and \$100,000 in administrative penalties.

The Commission found that Alcaro met and solicited the majority of his investors through their mutual membership in a Tucson church and related organization. Most of his 21 investors were retired or senior citizens who could not afford to lose money in risky or unsecured investments. One investor even cashed out a guaranteed certificate of deposit, incurring early withdrawal penalties, to invest with Alcaro.

Alcaro promoted an array of phony investments, including foreign currency (forex), high-interest loans, offshore money market accounts, gold, coins and stocks. Alcaro often signed and issued unsecured promissory notes to document the investments without disclosing the risks to investors.

Alcaro enticed investors by representing himself as an experienced and successful investor and

investment counselor. In at least one instance, he bragged that he made enough money from one of these investments to build a swimming pool. Without investors' knowledge, Alcaro used investor funds for his own personal use or made small repayments to other investors.

Most of the investors wanted their money back, asking why they had not received the returns promised by Alcaro. One family, who invested substantial amounts of money, needed their funds returned to pay for their children's college tuition.

In responding to investors, Alcaro misrepresented that their funds were either lost or frozen by the government due to the September 11th terrorist attacks and fabricated a story about his alleged out-of-state business partner and colleague who died in the terrorist attacks.

Alcaro has repaid a total of \$68,780 to some of the investors; however, some of Alcaro's small repayment checks were not honored due to insufficient funds in his bank account.

Lawrence Kevin Paille and Jerry Johnston Hodges

A 53-year-old Sedona man, Lawrence Kevin Paille, and 61-year-old Jerry Johnston Hodges of Utah, agreed to pay \$559,726 in restitution to investors and \$100,000 in administrative penalties for promoting a platinum mining investment scam in Flagstaff.

The restitution amount represents the sales commissions Paille and Hodges earned as general agents and securities salesmen for Agra-Technologies, Inc., a Flagstaff-based company that claimed to have special technology to extract rare and precious metals from volcanic cinders.

Paille and Hodges received a 25 percent commission for selling the mining investments for Agra-Technologies, Inc. Neither Paille nor Hodges was registered to sell securities in Arizona.

The Commission found that about 200 different investors, including Paille and Hodges, purchased investments called "Ore Rights and Mining Agreements" or "Units" from Agra-Technologies, Inc. Each Unit investment supposedly represented the right to the precious metals contained in 50 tons of Sheep Hill volcanic cinders in Flagstaff.

Paille and Hodges invested nearly \$1.3 million of their own money in Agra-Technologies, Inc. They will be added to the restitution list only after they have paid their restitution and administrative penalties and only after all of the other investors are repaid their principal investments. To date, Agra-Technologies investors have yet to receive any monetary returns.

Paille and Hodges are not the first people to be sanctioned for their involvement with Agra-Technologies, Inc. Last month, the executive vice-president, board member and second largest shareholder of Agra-Technologies, Inc. agreed to pay fines and significant restitution to investors for their part in promoting the investments.

In settling this matter, Paille and Hodges neither admitted nor denied the allegations, but agreed to sign the Commission's consent order.

For more information

To access the full text of the Commission orders, click on the following link:

<http://www.azcc.gov/divisions/securities/enforcement/enforce-orders.asp> All public documents related to the cases can be viewed and/or printed through the Commission's e-Docket system. The Alcaro matter is filed under docket S-20520A-07-0155. The docket number assigned to the Paille and Hodges matter is S-20484A-06-0669.

Caution for investors

Even if it is 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.

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