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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

- MIKE GLEASON, Chairman
- WILLIAM A. MUNDELL
- JEFF HATCH-MILLER
- KRISTIN K. MAYES
- GARY PIERCE

2008 JUL 23 P 4: 54

AZ CORP COMMISSION
DOCKET CONTROL

In the matter of:

- EDWARD A. PURVIS and MAUREEN H. PURVIS, husband and wife
2131 W. Shannon
Chandler, Arizona 85224
 - GREGG L. WOLFE and ALLISON A. WOLFE, husband and wife
2092 W. Dublin Lane
Chandler, Arizona 85224
 - NAKAMI CHI GROUP MINISTRIES INTERNATIONAL, (a/k/a NCGMI), a Nevada corporation sole
4400 N. Scottsdale Road, Suite 9-231
Scottsdale, Arizona 85251
 - JAMES W. KEATON, Jr. and JENNIFER KEATON, husband and wife
11398 E. Whitethorn Drive, Apt. D
Scottsdale, Arizona 85255
 - ACI HOLDINGS, INC., a Nevada corporation
17650 N. 25th Avenue
Phoenix, Arizona 85023
- Respondents.

DOCKET NO. S-20482A-06-0631

MOTION TO SET RESTITUTION AND ADMINISTRATIVE PENALTY AMOUNTS REGARDING GREGG L. WOLFE AND ALLISON A. WOLFE, HUSBAND AND WIFE AND NCGMI

Arizona Corporation Commission
DOCKETED

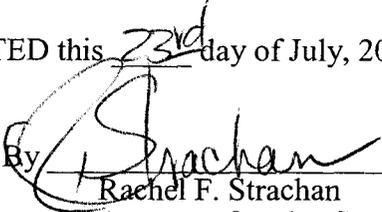
JUL 24 2008

DOCKETED BY

The Securities Division ("Division") of the Arizona Corporation Commission ("Commission") requests a Recommended Order for the amount of Restitution and Administrative Penalty to be entered against Respondents GREGG L. WOLFE and ALLISON A. WOLFE, husband and wife, and NAKAMI CHI GROUP MINISTRIES INTERNATIONAL (a/k/a NCGMI),

1 a Nevada corporation sole. GREGG L. WOLFE, ALLISON A. WOLFE and NCGMI failed to
2 request a hearing within the time required in the Notice of Opportunity for Hearing Regarding
3 Proposed Order to Cease and Desist, Order for Restitution, for Administrative Penalties and for
4 Other Affirmative Action. This motion is supported by the attached Memorandum of Points and
5 Authority.

6 RESPECTFULLY SUBMITTED this 23rd day of July, 2008.

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8 By  _____
9 Rachel F. Strachan
10 Attorney for the Securities Division of the Arizona
11 Corporation Commission
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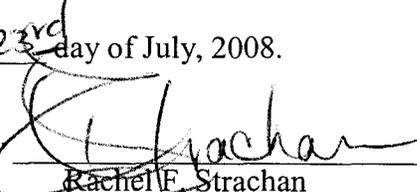
1 Forensic Accountant for the Division, Ricardo Gonzales, testified during the administrative
2 hearing. Mr. Gonzales analyzed bank and financial records of the Respondents and related entities,
3 and prepared a summary which was admitted into evidence during the administrative hearing. (See S-
4 308). According to Mr. Gonzales' financial summary, NCGMI received \$11,044,912. (See S-308).

5 Wolfe and Purvis offered and sold investments in a short-term bridge loan program and
6 company stock in ACI Holdings. Wolfe and Purvis offered and sold these investments through their
7 "ministry", NCGMI. NCGMI received a total of \$11,044,912. (See S-308 and Transcript of the
8 proceeding Vol. VII @ 1168:11 to 1168:13 and 1198:2 to 1199:6.) (See also Transcript of the
9 proceeding Vol. VII @ 1169:23 to 1169:25 and 1208:4 to 1208:6).

10 Pursuant to A.R.S. § 44-2032, the Division seeks restitution from the Wolfe Respondents
11 and NCGMI, jointly and severally, in the amount of Eleven Million Forty Four Thousand Nine
12 Hundred and Twelve Dollars (\$11,044,912) for their violations of A.R.S. §§ 44-1841, 44-1842, and
13 44-1991; provided, however, the restitution amount should be offset by any payments made to
14 investors from any prior payments or payments to the Commission made by or on behalf of the
15 Wolfe Respondents, NCGMI, the Keaton Respondents, ACI Holdings and the Purvis Respondents.

16 Further, the Division seeks an administrative penalty pursuant to A.R.S. § 44-2036, jointly
17 and severally, against the Wolfe Respondents and NCGMI in the amount of Two Hundred Fifty
18 Thousand Dollars (\$250,000) for their violations of A.R.S. §§44-1841, 44-1842, and 44-1991.

19 RESPECTFULLY SUBMITTED this 23rd day of July, 2008.

20
21 By 

Rachel F. Strachan

22 Attorney for the Securities Division of the
23 Arizona Corporation Commission
24
25
26

1 ORIGINAL AND THIRTEEN (13) COPIES of the foregoing
2 filed this 23rd day of July, 2008, with:

3 Docket Control
4 Arizona Corporation Commission
5 1200 West Washington
6 Phoenix, AZ 85007

7 COPY of the foregoing hand-delivered this
8 23rd day of July, 2008, to:

9 ALJ Marc Stern
10 Arizona Corporation Commission/Hearing Division
11 1200 West Washington
12 Phoenix, AZ 85007

13 COPY of the foregoing mailed
14 this 23rd day of July, 2008, to:

15 Gregg L. Wolfe
16 2092 W. Dublin Lane
17 Chandler, Arizona 85224
18 Respondent

19 Allison A. Wolfe
20 2092 W. Dublin Lane
21 Chandler, Arizona 85224
22 Respondent

23 Nakami Chi Group Ministries International
24 4400 N. Scottsdale Road, Suite 9-231
25 Scottsdale, Arizona 85251
26 Respondent

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Renaissance One, Two North Central Avenue
Phoenix, AZ 85004-2391
Attorneys for Respondents Ed and Maureen Purvis

Ashley Adams-Feldman
Ryan, Rapp & Underwood, PLC
3101 N. Central Avenue
Phoenix, Arizona 85012
Attorneys for Respondents James W. Keaton, Jennifer Keaton and ACI Holdings, Inc.

24
25 By: Veronica Sanderson

TAB 1

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2
3 COMMISSIONERS

4 MIKE GLEASON, Chairman
5 WILLIAM A. MUNDELL
6 JEFF HATCH-MILLER
7 KRISTIN K. MAYES
8 GARY PIERCE

9 In the matter of:

10 EDWARD A. PURVIS and MAUREEN H.
11 PURVIS, husband and wife
12 2131 W. Shannon
13 Chandler, Arizona 85224

14 GREGG L. WOLFE and ALLISON A. WOLFE,
15 husband and wife
16 2092 W. Dublin Lane
17 Chandler, Arizona 85224

18 NAKAMI CHI GROUP MINISTRIES
19 INTERNATIONAL, (a/k/a NCGMI), a Nevada
20 corporation sole
21 4400 N. Scottsdale Road, Suite 9-231
22 Scottsdale, Arizona 85251

23 JAMES W. KEATON, Jr. and JENNIFER
24 KEATON, husband and wife
25 11398 E. Whitethorn Drive
26 Scottsdale, Arizona 85255

ACI HOLDINGS, INC., a Nevada
corporation
17650 N. 25th Avenue
Phoenix, Arizona 85023

Respondents.

DOCKET NO. S-20482A-06-0631

**SECURITIES DIVISION
PROPOSED ORDER TO CEASE
AND DESIST AND ORDER
ASSESSING ADMINISTRATIVE
PENALTY REGARDING NCGMI,
GREGG L. WOLFE AND ALLISON
A. WOLFE**

23 On October 3, 2006, the Securities Division of the Arizona Corporation Commission
24 (“Commission”) filed a Notice of Opportunity for Hearing Regarding Proposed Order to Cease and
25 Desist, Order for Restitution, for Administrative Penalties and for other Affirmative Action
26 (“Notice”) in the matter against Edward Anthony Purvis, Maureen H. Purvis, GREGG

1 LAWRENCE WOLFE, ALLISON A. WOLFE, NAKAMI GROUP MINISTRIES (a/k/a NCGMI)
2 (“NCGMI”), James W. Keaton, Jennifer Keaton and ACI Holdings, Inc. The Notice was
3 personally served upon Edward Purvis (“Purvis”) and Maureen Purvis (“Purvis Respondents”),
4 James Keaton and Jennifer Keaton (“Keaton Respondents”) and ACI Holdings, Inc. (“ACI
5 Holdings”) on October 4, 2006. The Purvis Respondents filed an Answer on October 11, 2006.
6 The Keaton Respondents and ACI Holdings filed an Answer on October 16, 2006. The Purvis
7 Respondents, Keaton Respondents and ACI Holdings are not subject to this Order.

8 The Notice was personally served upon GREGG L. WOLFE (“WOLFE”), ALLISON A.
9 WOLFE (“WOLFE RESPONDENTS”) and NCGMI on October 4, 2006. The Notice specified
10 that the Respondents had 10 days to request a hearing and 30 days to file an answer. Neither the
11 WOLFE RESPONDENTS nor NCGMI requested a hearing or filed an answer within the required
12 time.

13 An administrative hearing was held in the matter on November 13-15, November 26-29,
14 December 3-6, January 22-23 and January 28-30, 2008. Neither the WOLFE RESPONDENTS nor
15 NCGMI were present for any portion of the administrative hearing.

16 I.

17 FINDINGS OF FACT

- 18 1. NCGMI is a Nevada corporation sole with its principal place of business in
19 Maricopa County, Arizona. NCGMI is not registered with the Arizona Corporation Commission,
20 Corporations Division to conduct business within or from Arizona.
- 21 2. WOLFE is an individual residing in Maricopa County, Arizona and is an officer of
22 NCGMI.
- 23 3. WOLFE directed the business affairs of NCGMI.
- 24 4. At all times relevant, WOLFE and ALLISON A. WOLFE were married. WOLFE
25 acted for the benefit or in furtherance of the marital community.

1 5. WOLFE told offerees and investors that he accumulated personal wealth through his
2 investments. WOLFE also represented to offerees and investors that they could achieve the same
3 financial success he experienced by investing with him.

4 6. From in or about January 2002, WOLFE offered and sold unregistered securities in
5 the form of investment contracts and company stock to investors, within and from Arizona.

6 7. WOLFE told offerees and investors he offered at least two investment opportunities;
7 namely, bridge loans and stock.

8 **BRIDGE LOAN INVESTMENT OFFERING**

9 8. Some offerees and investors entered into investment contracts, in the form of bridge
10 loans, with NCGMI based, in part, on the verbal promise by WOLFE to repay the principal amount
11 invested plus interest ("Bridge Loan Investment Offering").

12 9. WOLFE represented to some offerees and investors that their investments would be
13 used to fund short-term, high interest bridge loans to small companies which would provide the
14 investor with an annual return of 24% at the rate of 2% per month.

15 10. WOLFE represented to, at least, one offeree and investor in the bridge loan program
16 that their investment in NCGMI was guaranteed. WOLFE told some offerees and investors that the
17 bridge loan investment was secured by personal guarantees and assets belonging to the officer of
18 the company borrowing the funds.

19 11. In some instances, WOLFE and NCGMI provided investors with monthly
20 statements detailing their investment account activity including the type of investment and the
21 amount invested.

22 12. WOLFE suggested to some investors to refer to their investments with him as
23 "donations" rather than investments, even though the investor expected a return.

1 13. WOLFE advised some offerees and investors to form their own corporation sole.
2 WOLFE charged investors a fee to prepare the documents necessary for the investor to form a
3 corporation sole.

4 14. WOLFE told offerees and investors that a corporation sole would reduce their
5 income tax liability they may be required to pay on their investment returns. For those investors
6 who formed corporation soles, WOLFE represented to them that he would make the investor's
7 investment returns payable to the investor's corporation sole rather than the investor.

8 15. Upon information and belief, WOLFE deposited investor funds from the bridge loan
9 program into a NCGMI bank account and, in some instances, used the proceeds from the account
10 to pay investor returns and pay other expenses which investors had not approved.

11 **ACI HOLDINGS' COMMON STOCK OFFERING**

12 16. WOLFE offered and sold stock in ACI Holdings, an Arizona corporation to offerees
13 and investors ("Common Stock Offering").

14 17. WOLFE represented to offerees and investors that the price for the stock in ACI
15 Holdings was \$.80 per share. WOLFE told offerees and investors that the value of ACI Holdings'
16 stock would increase four to five times its purchase price after the company became publicly traded
17 in 12 to 18 months from the date of their investment.

18 18. WOLFE represented to offerees and investors who purchased company stock in
19 ACI Holdings that their investment was guaranteed.

20 19. WOLFE told offerees and investors who wanted to invest in ACI Holdings to open a
21 self-directed individual retirement account (IRA) and deposit their investment funds into the IRA
22 account. WOLFE then instructed offerees and investors to designate Respondent Edward Purvis as
23 the designated representative for the IRA account. This gave Respondent Edward Purvis authority
24 to invest the funds in the IRA account on behalf of the investor.

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- 1 a) representing to offerees and investors that ACI Holdings would become a publicly
- 2 traded company when, in fact, steps had not been taken for the company's stock to be
- 3 publicly traded;
- 4 b) sending investors NCGMI monthly statements which falsely showed their
- 5 investments were increasing in value, thus allowing Respondents to continue to perpetuate
- 6 their fraud;
- 7 c) representing to offerees and investors that stock in ACI Holdings would increase
- 8 four or five times its original purchase price when, in fact, the value of the company's stock
- 9 had decreased;
- 10 d) representing to investors that they would receive returns on their investment from
- 11 WOLFE's personal assets when, in fact, investors were repaid from sources other than
- 12 WOLFE's assets; and
- 13 e) representing to at least one investor that the value of a short-term bridge loan in
- 14 which the investor invested had increased when, in fact, the bridge loan had not been
- 15 repaid.

16 7. Pursuant to A.R.S. § 25-215, the marital community of WOLFE and A. WOLFE
17 should be held liable for any Order of restitution and penalties ordered hereunder.

18 8. WOLFE and NCGMI's conduct is grounds for a cease and desist order pursuant to
19 A.R.S. § 44-2032.

20 9. WOLFE and NCGMI's conduct is grounds for an order of restitution pursuant to
21 A.R.S. § 44-2032.

22 10. WOLFE and NCGMI's conduct is grounds for administrative penalties under § 44-
23 2036.

24 **III.**

25 **ORDER**

1 IT IS THEREFORE ORDERED, pursuant to A.R.S. § 44-2032, that WOLFE and
2 NCGMI, their agents, servants, employees, successors, assigns, and those persons in active
3 concert or participation with him, permanently cease and desist from violating the Securities Act.

4 IT IS FURTHER ORDERED that pursuant to A.R.S. §§ 44-2032, that WOLFE, A.
5 WOLFE and NCGMI shall, jointly and severally, pay restitution to the Commission in the amount
6 of ELEVEN MILLION AND FORTY-FOUR THOUSAND NINE HUNDRED AND TWELVE
7 DOLLARS (\$11,044,912) Any amount outstanding shall accrue interest at the rate of 10% per
8 annum from the date of this Order until paid in full. The restitution amount will be offset by any
9 payments made to the investor from any prior payments or payments to the Commission made by
10 any other Respondent in Docket No. S-20482A-06-0631. Payment shall be made by check or
11 money order payable to the "State of Arizona" and will be placed in an interest-bearing account
12 maintained and controlled by the Commission. Any funds that the Commission determines it is
13 unable to, or cannot feasibly, disburse shall be transferred to the general fund of the State of
14 Arizona.

15 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036 that WOLFE, A. WOLFE and
16 NCGMI shall, jointly and severally, pay an administrative penalty in the amount of TWO-
17 HUNDRED AND FIFTY THOUSAND DOLLARS (\$250,000). Payment shall be made in full on
18 the date of this Order to the "State of Arizona." Any amount outstanding shall accrue interest at the
19 rate of 10% per annum from the date of this Order until paid in full. The payment obligations for
20 these administrative penalties shall be subordinate to any restitution to any restitution obligations
21 ordered herein and shall become immediately due and payable only after restitution payments have
22 been paid in full or upon Respondent's default with respect of Respondent's restitution obligations.

23 IT IS FURTHER ORDERED that a bankruptcy filing by WOLFE, A. WOLFE or NCGMI
24 shall be an act of default. If WOLFE, A. WOLFE or NCGMI does not comply with this Order,
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1 any outstanding balance shall be deemed in default and shall be immediately due and payable
2 without further notice.

3 IT IS FURTHER ORDERED that if WOLFE, A. WOLFE or NCGMI fails to comply with
4 this Order, the Commission may bring further legal proceedings against that Respondent, including
5 application to the Superior Court for an order of contempt.

6 IT IS FURTHER ORDERED that this Order shall become effective immediately.

7 BY ORDER OF THE ARIZONA CORPORATION COMMISSION
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10 _____
11 CHAIRMAN

COMMISSIONER

12 _____
13 COMMISSIONER

COMMISSIONER

COMMISSIONER

14
15 IN WITNESS WHEREOF, I, BRIAN C. MCNEIL,
16 Executive Director of the Arizona Corporation
17 Commission, have hereunto set my hand and caused the
18 official seal of the Commission to be affixed at the
19 Capitol, in the City of Phoenix, this _____ day of
20 _____, 20__.

21 _____
22 BRIAN C. MCNEIL
23 Executive Director

24 _____
25 DISSENT

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DISSENT

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This document is available in alternative formats by contacting Linda Hogan, Executive Assistant to the Executive Director, voice phone number 602-542-3931, E-mail lhogan@azcc.gov.

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