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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

KRISTIN K. MAYES, Chairman
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

Arizona Corporation Commission

DOCKETED

OCT 21 2009

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In the matter of:

LAMONT C. PATTERSON II, aka Folo
Patterson, a married man, individually and
doing business as OLOF Enterprises, an
Arizona registered trade name,

ELETREA L. PATTERSON, a married
woman,

OLOF ENTERPRISES, L.L.C, an Arizona
limited liability company,

Respondents.

DOCKET NO. S-20672A-09-0192

DECISION NO. 71299

ORDER TO CEASE AND DESIST, ORDER
FOR RESTITUTION, ORDER FOR
ADMINISTRATIVE PENALTIES AND
CONSENT TO SAME
BY: RESPONDENTS

Respondents LAMONT C. PATTERSON II, aka Folo Patterson, individually and doing
business as OLOF Enterprises, an Arizona registered trade name and ELETREA L. PATTERSON
("Respondents") elect to permanently waive any right to a hearing and appeal under Articles 11
and 12 of the Securities Act of Arizona, A.R.S. § 44-1801 et seq. ("Securities Act") with respect to
this Order To Cease And Desist, Order for Restitution, Order for Administrative Penalties and
Consent to Same ("Order"). Respondents admit the jurisdiction of the Arizona Corporation
Commission ("Commission"); neither admit nor deny the Findings of Fact and Conclusions of
Law contained in this Order; and consent to the entry of this Order by the Commission.

I. FINDINGS OF FACT

1. Respondent LAMONT C. PATTERSON II ("L. PATTERSON") has been, at all
times material hereto, a resident of Arizona.

2. OLOF Enterprises is an Arizona registered trade name since April 22, 2004. L.
PATTERSON is the agent/owner of the Arizona registered trade name OLOF Enterprises.

1           3.       Respondent ELETREA L. PATTERSON ("E. PATTERSON") has been, at all times  
2 material hereto, a resident of Arizona.

3           4.       L. PATTERSON and E. PATTERSON are husband and wife and, at all times  
4 relevant, have been acting for their own benefit and for the benefit or in furtherance of their marital  
5 community.

6           5.       OLOF ENTERPRISES, L.L.C. ("OLOF, L.L.C."), an Arizona limited liability  
7 company, was formed on or about November 1, 2007. According to the articles of organization for  
8 OLOF, L.L.C., L. PATTERSON is a member and E. PATTERSON is the statutory agent.

9           6.       Promotional material and other investment documentation provided to investors  
10 represented L. PATTERSON to be the owner and CEO of OLOF L.L.C. and E. PATTERSON to be  
11 the Chief Financial Officer. At all times relevant, E. PATTERSON was an authorized signor on the  
12 bank accounts of OLOF, L.L.C. In addition, at all times relevant, L. PATTERSON and/or E.  
13 PATTERSON were authorized signors on the bank accounts into which investors' funds were  
14 deposited.

15           7.       L. PATTERSON and E. PATTERSON communicated regularly with investors  
16 regarding the status of their investments. In addition, E. PATTERSON was responsible for  
17 processing deposits and disbursements related to investors.

18           8.       As a result of their ownership of and membership in OLOF, L.L.C., L.  
19 PATTERSON and E. PATTERSON were responsible for key activities of OLOF, L.L.C.  
20 including recruitment, retention and training of employees including sales agents, management of  
21 sales activities and compensation of employees and salesmen. At all times material hereto, L.  
22 PATTERSON and E. PATTERSON performed their duties as owners and members and thereby  
23 controlled OLOF, L.L.C.

24           9.       L. PATTERSON aka Folo Patterson, individually and doing business as OLOF  
25 Enterprises, an Arizona registered trade name, E. PATTERSON and OLOF, L.L.C. may be referred  
26 to collectively as "Respondents."

1           10.     From on or about September 2006 through April 2008, Respondents offered and  
2 sold securities from Arizona in the form of investment contracts and/or commodity investment  
3 contracts to at least 450 investors nationwide in an amount totaling \$1,841,799.

4           11.     Respondents have returned to investors \$774,187, representing a partial return or, in  
5 some instances, a full return of the principal investment amount.

6           12.     At all times material hereto, Respondents have not been registered as dealers or  
7 securities salesmen.

8           13.     At all times material hereto, Respondents have conducted business, including the  
9 offer and sale of securities, from a home and/or office located in Maricopa County, Arizona.

10          14.     Respondents offered to prospective investors an opportunity to invest through  
11 Respondents' Financial Freedom Program (FFP), described by Respondents as a unique, once in a  
12 lifetime membership opportunity. Respondents alleged that one could only become a member, and  
13 thus invest, after being referred by an existing member who would be entitled to receive a referral  
14 bonus.

15          15.     Respondents described FFP as a 449-member network that was working to achieve  
16 the stated goal of helping members to become financially independent.

17          16.     According to promotional materials supplied to investors by Respondents, becoming  
18 financially independent involved a three-step process.

19                 17.     The first step involved helping investors to become debt free.

20                 18.     The second step was to provide investors with an investment portfolio of \$500,000  
21 to be received by investors in four payments of \$125,000. The funds to establish the \$500,000  
22 investment portfolio for each investor were to be paid from returns earned trading currency on the  
23 foreign exchange (forex) market by L. PATTERSON with funds deposited by investors.

24                 19.     Respondents informed investors that L. PATTERSON was a retail trader of foreign  
25 currency on the forex market and that L. PATTERSON had been trading on the forex market for  
26 five years.

1           20.    The third step involved providing investors with some investment strategies to  
2 invest the \$500,000 to be paid to investors by Respondents.

3           21.    According to promotional materials, these strategies were to be provided by  
4 Respondents through workshops, newsletters and Respondents' website.

5           22.    From about September 2006 to in or around November 2007, investors, in  
6 connection with their investment, were required to sign a document referred to as a "Contract of  
7 Agreement."

8           23.    The Contract of Agreement ("Contract") purported to be an agreement between the  
9 investor and L. PATTERSON dba Olof Enterprises or an authorized representative acting on behalf  
10 of and through the dba Olof Enterprises.

11          24.    The Contract acknowledged receipt of funds from the investor for the purposes of  
12 an investment.

13          25.    The Contract also set forth that while in possession of the funds, Olof Enterprises  
14 would have sole control over how the funds would be invested and that the return on the initial  
15 investment would be two hundred percent (200%), inclusive of principal.

16          26.    According to the Contract, the return of the investment would take place within  
17 sixty (60) days of the day after funds were received.

18          27.    Investors were provided with a schedule setting forth the increments by which their  
19 initial investment would increase. According to the schedule, an investor's initial investment  
20 would double every two months. For an investor who chose to reinvest their return, their initial  
21 investment plus the amount of their return re-invested would continue to double every two months.

22          28.    In addition, the Contract set forth that Olof Enterprises agreed there would be no  
23 percentage taken for the services to be provided.

24          29.    Pursuant to the terms of the Contract, at the time due for payment of the return  
25 earned on the investment, the investor was allowed a choice to reinvest all or part of the amount of  
26 the return, but was required to leave the principal amount invested. According to the Contract,

1 Olof Enterprises agreed that in the event the terms of the Contract were not met in full, an  
2 additional ten percent (10%) of the unpaid amount would be added to the return every thirty days  
3 thereafter until the terms of the Contract were satisfied.

4 30. In or around November 2007 at about the time OLOF, L.L.C. was formed,  
5 Respondents began requiring new investors as well as early investors who had executed the  
6 Contract and who chose to re-invest some or all of their return, to sign a document titled "Member  
7 Agreement" in place of the Contract.

8 31. Like the Contract, the Member Agreement purported to be an agreement between  
9 the investor and L. PATTERSON dba Olof Enterprises or an authorized representative acting on  
10 behalf of and through the dba Olof Enterprises. In addition, some Member Agreements were  
11 executed between the investor and L. PATTERSON on behalf of OLOF, L.L.C. or an authorized  
12 representative acting on behalf of and through OLOF, L.L.C.

13 32. The Member Agreement was similar to the Contract, but characterized the  
14 transaction as a purchase of a membership in a voluntary association as opposed to an investment.

15 33. For example, where the Contract acknowledged receipt of funds from the investor  
16 for the purposes of an "investment" to be made by Olof Enterprises, the Member Agreement  
17 acknowledged receipt of funds from the investor for the purposes of "initial capital for  
18 association."

19 34. Although the Contract set forth that while in possession of the funds, Olof  
20 Enterprises would have sole control over how the funds would be "invested," the Member  
21 Agreement set forth that while in possession of the capital, Olof Enterprises would have sole  
22 control over how the capital was to be "administered."

23 35. The Member Agreement, like the Contract, promised a two hundred percent (200%)  
24 return, inclusive of principal, but unlike the Contract, the Member Agreement required that in order  
25 to remain an active member of the voluntary association, a member's funds had to remain active  
26 for the duration of the program.

1           36. Investors' funds were deposited into accounts in the name of E. PATTERSON,  
2 OLOF, L.L.C. or into one of two joint accounts held by L. PATTERSON.

3           37. Respondents failed to use all of the amounts invested by investors to trade currency  
4 on the forex market as represented to investors prior to their investment. Instead, Respondents  
5 utilized other investors' funds to pay returns and repay principal to some investors.

6           38. L. PATTERSON and E. PATTERSON also used investor funds for their own  
7 personal use and benefit including making cash withdrawals, payments to medical providers, utility  
8 companies and retail stores.

9           39. L. PATTERSON was not successful in his limited attempts at trading currency on  
10 the forex market with some of the funds deposited with Respondents by investors.

11           40. As a result, any amounts paid to investors via checks signed by E. PATTERSON  
12 and represented as being for returns were not derived solely from gains achieved through forex  
13 trading.

14           41. In or around May 2008, L. PATTERSON informed investors via letter that the FFP  
15 program was being discontinued, effective immediately. According to the letter, the reason for the  
16 termination was that:

17                   "There are very specific Securities Laws and Regulations that the  
18 OLOF FFP would be out of compliance with if the program  
19 continued. Based on the nature of the Financial Freedom Program,  
it would be impossible to meet those requirements."

20           42. The letter further set forth that each member would be paid double the amount they  
21 had invested. The payments were scheduled to start May 30, 2008 and continue every two weeks  
22 until all payment were made.

23           43. Respondents failed to make the payments to investors as outlined in the May 2008  
24 correspondence to investors.

25           44. To date, investors have not been paid their promised returns nor received a refund of  
26 their principal amount invested.

## II. CONCLUSIONS OF LAW

1  
2 1. The Commission has jurisdiction over this matter pursuant to Article XV of the  
3 Arizona Constitution and the Securities Act.

4 2. Respondents offered or sold securities within or from Arizona, within the meaning  
5 of A.R.S. §§ 44-1801(15), 44-1801(21), and 44-1801(26).

6 3. Respondents violated A.R.S. § 44-1841 by offering or selling securities that were  
7 neither registered nor exempt from registration.

8 4. Respondents violated A.R.S. § 44-1842 by offering or selling securities while  
9 neither registered as dealers or salesmen nor exempt from registration.

10 5. Respondents violated A.R.S. § 44-1991 by making untrue statements or misleading  
11 omissions of material facts including, but not limited to, the following:

12 a) Failing to inform investors that Respondents had not utilized the funds  
13 deposited by investors for trading in the forex market;

14 b) Failing to inform investors that L. PATTERSON and E. PATTERSON had  
15 utilized investor funds for their own personal use and benefit including making  
16 cash withdrawals, payments to medical providers, utility companies and retail  
17 stores;

18 6. Respondents' conduct is grounds for a cease and desist order pursuant to A.R.S.  
19 § 44-2032.

20 7. Respondents' conduct is grounds for an order of restitution pursuant to A.R.S. § 44-  
21 2032.

22 8. Respondents' conduct is grounds for administrative penalties under A.R.S. § 44-  
23 2036.

24 9. Respondents L. PATTERSON and E. PATTERSON acted for the benefit of their  
25 respective marital communities and, pursuant to A.R.S. §§ 25-214 and 25-215, this Order of  
26 restitution and administrative penalties is a debt of the communities.

1 **III. ORDER**

2 THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and Respondents'  
3 consent to the entry of this Order, attached and incorporated by reference, the Commission finds  
4 that the following relief is appropriate, in the public interest, and necessary for the protection of  
5 investors:

6 IT IS ORDERED, pursuant to A.R.S. § 44-2032, that Respondents, and any of  
7 Respondents' agents, employees, successors and assigns, permanently cease and desist from  
8 violating the Securities Act.

9 IT IS FURTHER ORDERED that Respondents comply with the attached Consent to Entry  
10 of Order.

11 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that Respondents,  
12 individually, and the marital communities of Respondents LAMONT C. PATTERSON II and  
13 ELETREA L. PATTERSON respectively, jointly and severally shall pay restitution to the  
14 Commission in the amount of \$ 1,067,612. Payment shall be made in full on the date of this  
15 Order. Any amount outstanding shall accrue interest at the rate of 10 percent per annum from the  
16 date of this Order until paid in full. Payment shall be made to the "State of Arizona" to be placed  
17 in an interest-bearing account controlled by the Commission.

18 The Commission shall disburse the funds on a pro-rata basis to investors shown on the  
19 records of the Commission. Any restitution funds that the Commission cannot disburse because an  
20 investor refuses to accept such payment, or any restitution funds that cannot be disbursed to an  
21 investor because the investor is deceased and the Commission cannot reasonably identify and  
22 locate the deceased investor's spouse or natural children surviving at the time of the distribution,  
23 shall be disbursed on a pro-rata basis to the remaining investors shown on the records of the  
24 Commission. Any funds that the Commission determines it is unable to or cannot feasibly  
25 disburse shall be transferred to the general fund of the state of Arizona.  
26



1 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that Respondents  
2 individually, and the marital community of Respondents LAMONT C. PATTERSON II and  
3 ELETREA L. PATTERSON respectively, jointly and severally shall pay an administrative penalty  
4 in the amount of \$175,000. Payment shall be made to the "State of Arizona." Any amount  
5 outstanding shall accrue interest at the rate of 10 percent per annum from the date of this Order  
6 until paid in full. The payment obligations for these administrative penalties shall be subordinate  
7 to any restitution obligations ordered herein and shall become immediately due and payable only  
8 after restitution payments have been paid in full or upon Respondents' default with respect to  
9 Respondents' restitution obligations.

10 For purposes of this Order, a bankruptcy filing by any of the Respondents shall be an act of  
11 default. If any Respondent does not comply with this Order, any outstanding balance may be  
12 deemed in default and shall be immediately due and payable.

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1 IT IS FURTHER ORDERED that if any Respondent fails to comply with this order, the  
2 Commission may bring further legal proceedings against that Respondent, including application to  
3 the superior court for an order of contempt.

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

5 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

6  
7   
8 CHAIRMAN

  
9 COMMISSIONER

10   
11 COMMISSIONER

  
12 COMMISSIONER

  
13 COMMISSIONER

14 IN WITNESS WHEREOF, I, ERNEST G. JOHNSON,  
15 Executive Director of the Arizona Corporation  
16 Commission, have hereunto set my hand and caused the  
17 official seal of the Commission to be affixed at the  
18 Capitol, in the City of Phoenix, this 21<sup>st</sup> day of  
October, 2009.

19   
20 ERNEST G. JOHNSON  
21 EXECUTIVE DIRECTOR

22 \_\_\_\_\_  
23 DISSENT

24 \_\_\_\_\_  
25 DISSENT

26 This document is available in alternative formats by contacting Shaylin A. Bernal, ADA  
Coordinator, voice phone number 602-542-3931, e-mail [sabernal@azcc.gov](mailto:sabernal@azcc.gov).

(wwb)

**CONSENT TO ENTRY OF ORDER**

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2           1.       Respondents LAMONT C. PATTERSON II, aka Folo Patterson, individually and  
3 doing business as OLOF Enterprises, an Arizona registered trade name and ELETREA L.  
4 PATTERSON (“Respondents”) admit the jurisdiction of the Commission over the subject matter  
5 of this proceeding. Respondents acknowledge that they have been fully advised of their right to a  
6 hearing to present evidence and call witnesses and Respondents knowingly and voluntarily waive  
7 any and all rights to a hearing before the Commission and all other rights otherwise available  
8 under Article 11 of the Securities Act and Title 14 of the Arizona Administrative Code.  
9 Respondents acknowledge that this Order To Cease And Desist, Order for Restitution, Order for  
10 Administrative Penalties and Consent to Same (“Order”) constitutes a valid final order of the  
11 Commission.

12           2.       Respondents knowingly and voluntarily waive any right under Article 12 of the  
13 Securities Act to judicial review by any court by way of suit, appeal, or extraordinary relief  
14 resulting from the entry of this Order.

15           3.       Respondents acknowledge and agree that this Order is entered into freely and  
16 voluntarily and that no promise was made or coercion used to induce such entry.

17           4.       Respondents understand and acknowledge that Respondents have a right to seek  
18 counsel regarding this Order, and that Respondents have had the opportunity to seek counsel prior  
19 to signing this Order. Respondents acknowledge and agree that, despite the foregoing,  
20 Respondents freely and voluntarily waive any and all right to consult or obtain counsel prior to  
21 signing this Order.

22           5.       Respondents neither admit nor deny the Findings of Fact and Conclusions of Law  
23 contained in this Order. Respondents agree that they shall not contest the validity of the Findings  
24 of Fact and Conclusions of Law contained in this Order in any present or future administrative  
25 proceeding before the Commission or any other state agency concerning the denial or issuance of  
26

1 any license or registration required by the state to engage in the practice of any business or  
2 profession.

3 6. By consenting to the entry of this Order, Respondents agree not to take any action  
4 or to make, or permit to be made, any public statement denying, directly or indirectly, any Finding  
5 of Fact or Conclusion of Law in this Order or creating the impression that this Order is without  
6 factual basis. Respondents will undertake steps necessary to assure that all of Respondents' agents  
7 and employees understand and comply with this agreement.

8 7. While this Order settles this administrative matter between Respondents and the  
9 Commission, Respondents understand that this Order does not preclude the Commission from  
10 instituting other administrative or civil proceedings based on violations that are not addressed by  
11 this Order.

12 8. Respondents understand that this Order does not preclude the Commission from  
13 referring this matter to any governmental agency for administrative, civil, or criminal proceedings  
14 that may be related to the matters addressed by this Order.

15 9. Respondents understand that this Order does not preclude any other agency or  
16 officer of the state of Arizona or its subdivisions from instituting administrative, civil, or criminal  
17 proceedings that may be related to matters addressed by this Order.

18 10. Respondents agree that they will not apply to the state of Arizona for registration as  
19 a securities dealer or salesman or for licensure as an investment adviser or investment adviser  
20 representative until such time as all restitution and penalties under this Order are paid in full.

21 11. Respondents agree that they will not exercise any control over any entity that offers  
22 or sells securities or provides investment advisory services within or from Arizona until such time  
23 as all restitution and penalties under this Order are paid in full.

24 12. Respondents agree that they will not sell any securities in or from Arizona without  
25 being properly registered in Arizona as a dealer or salesman, or exempt from such registration;  
26 Respondents will not sell any securities in or from Arizona unless the securities are registered in

1 Arizona or exempt from registration; and Respondents will not transact business in Arizona as an  
2 investment adviser or an investment adviser representative unless properly licensed in Arizona or  
3 exempt from licensure.

4 13. Respondents LAMONT C. PATTERSON II and ELETREA L. PATTERSON  
5 acknowledge that any restitution or penalties imposed by this Order are obligations of each  
6 Respondent individually as well as their marital community.

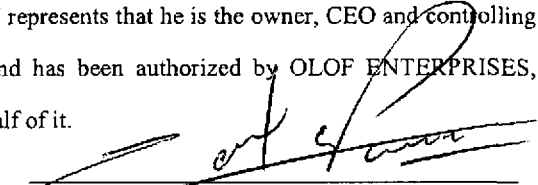
7 14. Respondents consent to the entry of this Order and agree to be fully bound by its  
8 terms and conditions.

9 15. Respondents acknowledge and understand that if they fail to comply with the  
10 provisions of the order and this consent, the Commission may bring further legal proceedings  
11 against Respondents, including application to the superior court for an order of contempt.

12 16. Respondents understand that default shall render Respondents liable to the  
13 Commission for its costs of collection and interest at the maximum legal rate.

14 17. Respondents agree and understand that if they fail to make any payment as required  
15 in the Order, any outstanding balance shall be in default and shall be immediately due and payable  
16 without notice or demand. Respondents agree and understand that acceptance of any partial or late  
17 payment by the Commission is not a waiver of default by the Commission.

18 18. LAMONT C. PATTERSON II represents that he is the owner, CEO and controlling  
19 person of OLOF ENTERPRISES, L.L.C. and has been authorized by OLOF ENTERPRISES,  
20 L.L.C. to enter into this Order for and on behalf of it.

21   
22 LAMONT C. PATTERSON II

23 STATE OF ARIZONA )  
24 ) ss  
25 County of )

26 SUBSCRIBED AND SWORN TO BEFORE me this 17 day of September, 2009.

CRYSTAL ROHLICEK  
NOTARY PUBLIC ARIZONA  
MARICOPA COUNTY  
My Commission Expires  
June 9, 2012

*[Signature]*  
NOTARY PUBLIC

My commission expires:  
06/09/2012

*[Signature]*  
ELETTREA L. PATTERSON

STATE OF ARIZONA )  
County of ) ss )

SUBSCRIBED AND SWORN TO BEFORE me this 17 day of September, 2009.

CRYSTAL ROHLICEK  
NOTARY PUBLIC ARIZONA  
MARICOPA COUNTY  
My Commission Expires  
June 9, 2012

*[Signature]*  
NOTARY PUBLIC

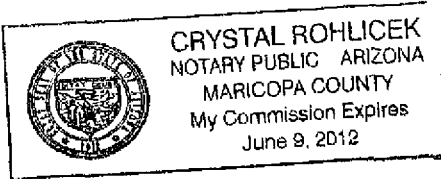
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06/09/2012

OLOF ENTERPRISES, L.L.C.  
*[Signature]*  
By LAMONT C. PATTERSON II, CEO

STATE OF ARIZONA )  
County of ) ss )

SUBSCRIBED AND SWORN TO BEFORE me this 17 day of September, 2009.

*[Signature]*



Docket No. S-20672A-09-0192

*[Handwritten Signature]*  
NOTARY PUBLIC

My commission expires:

6/9/2012

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1 SERVICE LIST FOR: Lamont C. Patterson II, Eletrea L. Patterson, Olof Enterprises, L.L.C.

2 Name and Address

3 Lamont C. Patterson, II  
4 4980 S. Alma School Rd.  
5 A2-190  
6 Chandler, AZ 85248

7 Eletrea L. Patterson  
8 4980 S. Alma School Rd.  
9 A2-190  
10 Chandler, AZ 85248

11 Olof Enterprises, L.L.C.  
12 4980 S. Alma School Rd.  
13 A2-190  
14 Chandler, AZ 85248

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