



Montgomery,
Alabama



Boston,
Massachusetts



Oklahoma City,
Oklahoma



San Juan,
Puerto Rico

FOR IMMEDIATE RELEASE

State Securities Regulators Allege “Advance Fee” Scheme Targeted Businesses, Individuals Seeking Residential and Commercial Loans in U.S. and Puerto Rico.

SEPTEMBER 24, 2003// Massachusetts Secretary of the Commonwealth William Francis Galvin, Alabama Securities Commission Director Joseph P. Borg, Oklahoma Department of Securities Administrator Irving Faught and Puerto Rico Commissioner of Financial Institutions Alfredo Padilla-Cintrón announced today that a multi-state task force has begun regulatory and court actions against the alleged perpetrators of an alleged advance fee scheme which may have violated Securities Acts in 13 states and Puerto Rico.

The Alabama Securities Commission opened, in August of 2002, an investigation involving an alleged “Advance Fee” scheme and a “Cash Back Rebate Coupon Program” operating out of Mobile, Alabama, Oklahoma City, Oklahoma, Boston, Massachusetts and San Juan, Puerto Rico. The Securities Division of the Secretary’s Office in Massachusetts and the Securities Division of Oklahoma were simultaneously reviewing the operations of related entities.

Securities regulators said the alleged scheme involves the collection of advanced fees from individuals and businesses needing capital and looking for commercial and residential loans. To obtain a “guaranteed” loan, potential investors must purchase an “Equity Asset Survey.” In return, the potential borrowers are given a “Cash Back Rebate Coupon” which was said to mature after 5 years and guarantees that the loan will be paid off in full. Potential clients are

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required to pay at least 17% of the loan value to purchase the coupon. This “loan fee” is given to a related entity for investment purposes generally off shore. State authorities said investors have not received the guaranteed loans and the payments have apparently been misappropriated.

The ongoing investigation has uncovered possible victims in 13 states and Puerto Rico.

The Alabama Securities Commission is acting as the lead of the multi-state task force in its continuing investigation. The task force is joining with other state and federal authorities across the country. To date, records and computers have been seized through search warrants issued by the Alabama Securities Commission while the Office of the Secretary of the Commonwealth of Massachusetts filed an Administrative Complaint against Joseph Merenda and North American Commercial, Inc., both of Boston, for violations of the Massachusetts Uniform Securities Act. The Complaint alleges that Merenda and North American Commercial violated the Massachusetts securities law by offering unregistered securities to Massachusetts investors without being registered with the Division as a broker-dealer or broker-dealer agent. The Oklahoma Department of Securities received a Temporary Restraining Order against all respondents and obtained a Receivership for 5 respondents.

Massachusetts Secretary of the Commonwealth William F. Galvin stated, “One of the best ways to enforce consequences on nationwide crime that affects Main Street is through states regulatory action which combines resources for a more effective response. As we have in the past, Massachusetts intends to be on the front line with our fellow regulators in the fight against white collar crime.”

Alabama Securities Commission Director Joseph P. Borg stated, “By using multi-state task forces to leverage our resources, we can more quickly and efficiently attack the cause of problems and target individual promoters behind the scenes using both civil and criminal remedies. State regulators have always been the early warning system in detecting fraud on Main Street and by combining resources to a new level we bring another weapon in our arsenal to fight white collar crime.”

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A hearing on the Oklahoma Temporary Restraining Order is scheduled for October 8, 2003 in Oklahoma City. The entities involved in the Oklahoma TRO are: Goldstar Properties, Rebates International, Soloman Brokerage, Sunset Financial Group, EAS Corporation, Vision Services, Amsterdam Fidelity Business Trust, Betty G. Soloman, Grover H. Phillips, Emzie Huletty, Terry Mahon, Denver Large, Nicholas Krug, Charles Elliott and Don Wood. Oklahoma Administrator of Securities Irving Faught stated "By leveraging our resources, states can attack the root of the problem, target the entities and the individual promoters behind the scenes. We are making it known that the cost of doing business in white collar crime is going up."

In a previous administrative action, the Commissioner of Financial Institutions of the Commonwealth of Puerto Rico issued a Cease & Desist Order to Sunset Financial and others for possible violations of the Uniform Securities Act relating to the sale of unregistered securities and unlicensed agents.

The multi-state task force was coordinated as a special project of the Enforcement Section of the North American Securities Administrators Association (NASAA), the oldest international organization devoted to investor protection. Alabama Securities Director Joseph P. Borg chairs NASAA's Enforcement Section.

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For further information please contact:

Alabama Securities Commission
Education and Public Affairs
Daniel G. Lord
Phone: (334) 353-4858

Massachusetts
Office of the Secretary of the Commonwealth
Communications Director
Brian S. McNiff
Phone: (617) 727-4722

The Oklahoma Department of Securities
Administrator
Irving Faught
Phone: (405) 280-7706

Puerto Rico
Alfredo Padilla-Cintrón,
Commissioner of Financial Institutions
Asdrúbal Aponte- Director of Enforcement
Phone: (787) 723-8004