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## ARIZONA CORPORATION COMMISSION

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### Commission Orders Restitution and Penalties in Multimillion-dollar Affinity Fraud Case

**PHOENIX, AZ**—Today, the Arizona Corporation Commission unanimously voted to sanction Chandler residents Edward A. Purvis and wife Maureen Purvis, Gregg Wolfe and their company, Nakami Chi Group Ministries International in one of the largest affinity fraud cases in Arizona since the Baptist Foundation. The Commission ordered over \$11 million in restitution and \$250,000 in administrative penalties.

The Commission's decision is the culmination of an arduous legal battle and a Commission hearing which determined that ringleaders Purvis and Wolfe gained the trust of churchgoers, members, and leadership—including at least one pastor—through their ties with three Arizona churches. Through their affinity with the churches, Purvis and Wolfe wove a web of deceit to convince at least 80 investors to buy company stock, short-term bridge loan investments, and promissory notes.

The Commission found that both men misrepresented to investors that Nakami Chi Group Ministries and an affiliated company, ACI Holdings, Inc., were multimillion dollar companies with holdings in gold mines, an Australian development, telecom companies, banks, and a Phoenix technology company. Purvis and Wolfe told prospective investors that their affiliated company, ACI Holdings, Inc., would become a publicly traded company when, in fact, no steps had been taken for the company to go public.

Although investors expected a return that was allegedly guaranteed, Purvis and Wolfe referred to these investments as “donations” and the dividend income as “gifts.” In some instances, investors received phony account statements that showed their investments were increasing in value when they were not. In other instances, investors did not receive any documentation at all. Purvis and Wolfe funneled investor money into offshore accounts and used it for cars, jewelry, a down payment on a luxury home, gambling debts, a payment to a woman's professional soccer team, and for Purvis' legal fees in connection with the Commission's proceedings.

#### **Comments from Commissioners:**

“This tragic case demonstrates how important it is for investors to verify the registration of both the seller and the security before they buy—no matter who is selling the investment,” said **Commissioner Bill Mundell**.

“These cases of affinity fraud are always sad and heartwrenching and I appreciate our Securities Division for its efforts to make investors whole,” said **Commissioner Gary Pierce**.

“This case is a reminder of how devastating affinity fraud can be,” said **Commissioner Kris Mayes**. “It's

important that we continue to work to stop these scams before they start.”

"Watch out! In rough financial times, the scam artists are out in full force," said **Commissioner Jeff Hatch-Miller**. "Protect your assets. Call the Arizona Corporation Commission Securities Division before making your investments."

**More caution for investors:**

Affinity fraud involves using a religious, ethnic, or other group affiliation to gain an investor's trust that is subsequently abused through a variety of investment schemes. The evil of affinity fraud is that normally savvy or even suspicious people let their guard down when offered a shady investment by a member of a group to which they belong and with whom they have a common background and interest. An investor's checkbook is more likely to open when other members of their group are investing and showing off their financial gains.

Even when investors recognize the fraud, the tendency is to resolve the problem within the group to avoid going to a public agency to file a complaint. Further, some affinity fraud victims will suffer not only a tangible financial loss but also an intangible loss such as their belief in God and trust in their religious community.

Even when investing with a fellow church member, 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](http://www.azinvestor.gov).

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