



# COMMISSION NEWS

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

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TO: EDITORS, NEWS DIRECTORS  
FOR: IMMEDIATE RELEASE

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## **CHANDLER COMPANIES AND THEIR PRESIDENT ORDERED TO REPAY ELDERLY INVESTORS \$3,362,579.08**

The Arizona Corporation Commission today ordered Premiere Financial Group, Inc., Heritage Properties, Inc., Estate Guardian Financial Services, Inc., all Chandler, Arizona based companies (the "companies"), and their President, John H. Lawson, to repay investors \$3,362,579.08, for fraudulently sold promissory notes. The Commission also imposed a penalty of \$50,000.00 against the companies and Lawson.

The companies and Lawson admitted in the Order that beginning in 1995, they sold 84 unregistered promissory notes to 54 investors, for a total principal amount of \$3,184,860.84. The majority of all investors were over 65 years old and lived in Arizona. Lawson initially solicited investors to purchase "living trusts." Lawson would then offer insurance products, such as fixed annuities, to buyers of the trusts. The annuities often had high fixed rates of return in their first year. These fixed rates would drop after the first year. When the clients complained about the lower rate of return, Lawson would then suggest that the investors purchase the promissory notes. Lawson gave investors false information as to how the proceeds of the promissory notes would be used, including that the money would be used to purchase second mortgages, that it would be used to purchase a nursing home or that the funds would

be used to build a storage facility. The funds raised from the promissory notes were mainly used for operating expenses of the companies and personal expenses of Lawson.

Additionally, Premiere and Lawson admitted that in 1996 and 1997, they sold unregistered promissory notes from three out-of-state companies, Legend Sports, Inc. ("Legend"), Ameritech Petroleum, Inc. ("Ameritech") and Sweetwater Development Co. ("Sweetwater") to eight Arizona investors. The eight investors purchased the notes for \$522,608.12. Premiere and Lawson received commissions from the sale of the notes. In 1997, Legend defaulted on its promissory notes and stopped paying interest to investors. A Florida court appointed receiver is now operating Legend. On June 3, 1999, the United States District Court, at the request of the SEC, issued a temporary restraining order against Ameritech and its principals, freezing their assets. The SEC alleged that Texas-based Ameritech had been run as a Ponzi scheme, with the obligations of older investors being paid off with funds from new investors.

The Commission found that the Companies and Lawson violated A.R.S. §§ 44-1841, 44-1842 and 44-1991. It required that they permanently cease and desist their activity. It required that the Companies and Lawson make full restitution of \$3,362,579.08 as of today to all investors, with interest accruing at the rate of 10% per annum. It also imposed a \$50,000 penalty against them to be paid after all investors have been repaid.

The Companies and Lawson agreed to a payment plan under the Order, with an initial payment of \$500,000 by November 29, 1999 and substantial subsequent payments. Failure to meet any of their duties under the Order allows the State to declare them in default.

The Commission had previously issued a Temporary Cease and Desist Order on August 11, 1999, ordering Premiere and Lawson to immediately stop selling unlicensed securities.

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