

Jaimie Davis

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

December 27, 2012

Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

RE: File Number S7-07-12

Eliminating General Solicitation of Reg D Offerings

Dear Ms. Murphy,

It is with utmost concern that I write this letter in opposition to the proposed rule to allow general solicitation of Reg D Offerings. I have read all the prior comment letters submitted and was quite alarmed to find that not one comment was from an investor who has actually been a victim of general solicitation. Its one thing for brokers or bureaucrats to voice their opinion on a proposed rule however if the SEC is looking to allow general solicitation it begs that they hear from at least one person of the thousands who have been swindled out of their entire retirement savings by an unscrupulous financial advisor who put all the money into Reg D offerings (mostly ponzi schemes and unregistered non-exempt fraudulent securities) utilizing general solicitation (albeit illegally).

Let me introduce myself, I a victim of Reg D general solicitation who has lost almost 100% of my retirement savings of \$2.3 million dollars. It is questionable whether I was an accredited investor, but then again back in 2005 if you owned a home in southern california you were well on your way to being accredited. I am a graduate of Georgetown University who happened to be part owner of a successful healthcare company that allowed me to accumulate \$2.3 million. Prior to being sold most of the of the Reg D offerings, I sold the company and was a retired small farm owner raising

therapy goats. Curtis Sathre, formerly with former FINRA member WFP Securities (Western Financial Advisors, Western Financial Planning) now with JRL Capital Corporation in Irvine, CA sold me Medical Capital and Texas Keystone Reg D offerings at the very first meeting with him. Mr. Sathre admits this violation of general solicitation in FINRA arbitration testimony FINRA #10-00507. Mr. Sathre further testified (transcripts available at www.wfpsecurities-arbitration.com), that “these investments were totally foreign to her” and that “she wanted bonds... she felt stocks were too risky” and that “medical capital was a bond.” Her investment objectives documented were income and growth with limited investment knowledge. I was not a sophisticated investor by any definition of the term.

Mr. Curtis Sathre put 100% of my retirement money in Reg D/Private Placements/Non-traded REITS including all the popular frauds. Medical Capital, Striker Petroleum, US Advisor, Desert Capital, DBSI, Triple NNN, Reef Securities, Texas Keystone, etc. Mr. Sathre told me and approx. a hundred other investors that these were safe investments perfect for retirement income. He talked all the PPM risk disclosures away by saying that they have to put that in there but that these were safe investments. WFP Securities argued that my portfolio was diversified and perfect for a retired person because 100% of my money was in 27 different Reg D offerings. The panel including Mr. Gerald Tambe a licensed broker with LPL Financial who is supposed to be familiar with suitability rules, found nothing wrong with this.

The FINRA arbitration lasted over 2 years and cost me over \$200,000 dollars in attorneys fees to fight. Ultimately the arbitration panel found that my attorneys failed to prove any of the allegations awarding me nothing. The panel even went further and awarded me to pay \$136,000 to WFP Securities for their costs. The panel ruled it was not allowed for me to sue the issuers of these fraudulent Reg D offerings outside of FINRA (violation of FINRA Rule 12209) even though they weren't under FINRA jurisdiction, they were not parties to the arbitration, and if I waited till the arbitration was done the statute of limitations would have run out. Its ironic that a major player of the Provident Royalties Reg D Ponzi Scheme was sanctioned \$50,000 by FINRA for running a \$485 million dollar ponzi scheme and myself a ponzi scheme victim was ordered to pay \$136,000 by FINRA. Now, Mr. Reif and WFP have hired thugs to sit outside my house taking pictures of my every move, stealing my mail and trying to intimidate me even going so far as harassing my neighbors. Again, nobody cares - not the SEC not FINRA even though WFP has over 50 plus investors who have arbitrations against them.

Not to mention that Brandon Reif, attorney for WFP Securities, threatened to sue the investor that was set to testify in my arbitration as to Mr. Sathre's and Mr. John Evan Schooler (President) bad acts if he “walked through the door to testify”. Last I heard, witness intimidation was a felony - but not at FINRA arbitration. The panel Chairman - Mr. Thomas Watkins failed to address the issue stating instead to just call your next witness. (See transcripts and declarations at www.wfpsecurities-arbitration.com)

This scenario will continue to be repeated if general solicitation is allowed as no investor can ever be educated enough to be protected against an advisor with a well thought out plan to swindle them out of their money. Once the investor's money is gone, FINRA and the SEC are ineffective in assisting the investor. It's ironic that you steal a few hundred dollars from 7-Eleven and you go to jail yet you can swindle hundreds of investors out of millions of dollars and you not only don't go to jail - in Mr. Sathre's case - you don't even lose your license or are disciplined in any way.

So I ask, if general solicitation is allowed with Reg D offerings, who is going to provide protection to investors? Everyone knows that by the time you get to FINRA Arbitration or litigation against a fraudulent Reg D offering that the money is already hidden from collections. For those of you who think this adds jobs to the economy why don't you do the math and figure how much damage to the economy \$50 billion in fraud ripped from the pockets of retirees does to the economy.

Form D is a joke. I can have my goat sign the Form D and not only would no one ever figure it out there would be no consequences for doing so. I have found that most Form D's are inaccurate or fraudsters put the name of the offering as the issuer so you can never connect the "true issuer" with how many offerings they are actually doing.

I can tell you that if I didn't have any ethics, I would Jumpstart Our Business Startups by running my own ponzi scheme. Where else can you steal money with virtually no consequences? Low risk high reward - the perfect investment. Even if FINRA tried to do something I would just withdrawal from FINRA and they will go away and if the fraud is kept under \$25 million the SEC will not have the resources to prosecute.

The perfect solution in my opinion would be to have all these Reg D offerings that swear they are acting in the investor's best interest to fund a compensation fund for defrauded investors. The rate levied would fluctuate based on the amounts needed to compensate all victims. The ironic part is based on the current level of Reg D fraud, the rate levied would be so high that a significant portion of investor funds that is supposed to be invested in the enterprise would instead go for fraud compensation. So the PPM would read - Broker commissions - 10%, Marketing costs - 5%, Fraud Compensation- 10%. Lets see a broker explain how this type of investment would be suitable for any investor where 25% of their funds off the top go to expenses and there is a high risk of losing 100% of your principle and that the returns are returns of capital not income.

As far as verification, everyone is ignoring what really happens when an investor gets into the hands of a fraudster. The verification is falsified. Like I was told by an SEC investigator, "Any investor who is smart enough to consider investing in this crap is smart enough to run as fast as possible from the broker." In my case, it didn't matter because nobody not FINRA or the SEC even cares that my qualifications weren't verified. So who cares what rule is implemented if the fraudsters know that even if

they disregard it nobody is going to punish them for it. As far as check boxes on a questionnaire - the advisor can just do what Mr. Sathre did - leave it blank have me sign a back page and then go in later and fill it in. The arbitrators also found nothing wrong with Mr. Sathre doing this; FINRA and the SEC also didn't care. So again, if the advisor fraudulently fills out the verification who is going to punish these actions? Not the SEC, not FINRA.

If the commission goes forward and allows general solicitation, then they must not permit prior bad actors to issue or even participate in Reg D offerings. I have sent the SEC pages upon pages of lists of prior bad actors who are currently running Reg D offerings and not disclosing their prior bad acts to new investors. Again nobody cares - not FINRA not the SEC. In my research, I have discovered that a majority of the Reg D fraud is known within a circle of bad actors. It seems like whenever I research a Reg D investment the same fraudsters keep popping up. Now if I can figure that out why can't the SEC or FINRA?

When I first realized that my investment portfolio was not made up with bonds as Mr. Sathre had told me but instead was something called Reg D private placements, I distinctly remember talking to an attorney who recommended I call the SEC. At that point, I said the SEC that is a college football conference why would I call them. Here I was a successful business owner with over \$2.3 million invested and I did not even know what the SEC was. Now, three years later after fighting 12 hours a day to get my money back (and also assist other investors), I feel I have a pretty good grasp of what is really going on with this countries investment funds. If people only knew how little oversight and how if their money is stolen that nobody is there to assist them I truly believe the market would collapse. Think about it. I would have been better off hiding my money in a mattress than to hand it over to an advisor that is supposed to be regulated. If the rule against general solicitation was enforced I would have never been sold that first Reg D offering and I would still have my \$2.3 million dollars.

So there you have it, a first hand account of the ramifications of general solicitation of Reg D offerings. So if you feel you can sleep at night knowing that thousands of other retirees are going to suffer the same consequences as I did if general solicitation is allowed then go ahead and implement it. Just please stop misleading investors and take the investor protection goal out of your mission statement.

Sincerely,

Jaimie Davis