



Jesse White

SECRETARY OF STATE

NEWS

ILLINOIS SECRETARY OF STATE

FOR IMMEDIATE RELEASE

- **August 7, 2001**
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**Secretary White Warns Investors to Beware of
Investment Fraud Involving Religion**
Two Cases Result in Fraud Total Almost \$600 Million

SPRINGFIELD — Illinois Secretary of State Jesse White is warning people to beware of investment frauds involving religion in light of two major Illinois cases where investors lost millions of dollars.

White and his Securities Department issued the warning today, highlighting two Illinois investment fraud cases - St. Clair Industries, Inc. and Greater Ministries International Church reaching a total of \$586 million.

"Cloaking an investment with religion can give it a false sense of safety," said Secretary White. "Many people borrowed money or invested their life savings based on the belief that a fellow church member could be trusted and instead they were sadly deceived."

One of these cases involves St. Clair Industries and its President, Randal E. St. Clair, who solicited 60 individuals, some from the Illinois church where he was a deacon and throughout the United States. St. Clair falsely told investors that two oil wells, which were never drilled, had been drilled and were producing oil. He also told a fellow church member that he was offering her an investment in an oil well because she was a widow and he liked helping 'widows'. Other times, he would ask people to help find other investors from the church they attended or by providing a list of church references.

In 1999 the Illinois Secretary of State's office prohibited St.

Clair and his company from offering or selling securities. In the end, St. Clair defrauded investors of over \$8 million dollars. He was sentenced to 51 months in jail and to pay over \$8 million in restitution in June 2000.

"When you invest you shouldn't let your guard down merely because someone is appealing to your religion or your faith," said Secretary of State Jesse White. "Always do your homework. Be skeptical and careful when you invest."

In another case, the warning about religious-based investment scams coincides with the expected sentencing of Greater Ministries International Church founder, Gerald Payne, in federal district court in Tampa, Florida on fraud and conspiracy charges. Nearly 28,000 investors nationwide and internationally, were persuaded by church leaders to mortgage their homes, run up large credit card debts or cash in retirement funds.

Between 1993 and 1999, Greater Ministries promised tens of thousands of investors that the church would double their money through divinely-inspired investments in the foreign currency market and gold, silver and diamond mines in Africa and the Caribbean.

In June 2000, the Tampa, Florida-based church, which took in \$578 million, was prohibited by the Illinois Secretary of State's Office from offering or selling securities in Illinois.

State securities regulators say the Greater Ministries' fraud illustrates how large, sophisticated and pervasive religious-based investment scams are becoming. Over the past three years, securities regulators in 26 states, including Illinois, have taken actions against hundreds of companies and individuals that used religious or spiritual beliefs to gain the trust of investors - over 90,000 nationwide - before swindling many of them out of their life savings.

Secretary White warns that con artists who use religion to promote their scams often:

- Predict imminent financial or social crisis;
- Claim they will reinvest a portion of the profits in a worthy cause; and
- Equate faith in their scam to religious faith.

Before making any investment, Secretary of State Jesse White urges investors to ask the following questions:

- Are the seller and investment licensed and registered in Illinois? Call the Illinois Securities Department at 1-800-628-7937 or visit www.cyberdriveillinois.com to find out. If they are not, they may be operating illegally.
- Has the seller given you written information that fully explains the investment? Make sure you get proper written information, such as a prospectus or offering circular, before you buy. The documentation should contain enough clear and accurate information to allow you or your financial adviser to evaluate and verify the particulars of the investment.
- Are claims made for the investment realistic? Some things really are too good to be true. Use common sense and get a professional, third party opinion when presented with investment opportunities that seem to offer unusually high returns in comparison to other investment options.
- Does the investment meet your personal investment goals? Whether you are investing for long-term growth, investment income or other reasons, an investment should match your own investment goals.