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Securities Division Director Wilson Orders Los Alamos Resident To Stop Selling Unauthorized Securities In A Ponzi Scheme

SANTA FE – New Mexico Securities Division Director Alan Wilson ordered a Los Alamos man to permanently stop selling unauthorized promissory notes to mostly retired and senior citizens, calling it “a Ponzi scheme.”

Wilson issued his ruling after an administrative hearing Wednesday against Jerome Griggs Beery who challenged the Securities Division’s cease and desist order. Wilson also ordered him to pay a \$5,000 penalty and \$1,000 in hearing costs. A final written ruling will be issued in the next week.

Beery, who is not a state-licensed investment broker, sold securities totaling over \$200,000 to mostly retirees and senior citizens in Los Alamos, in violation of state law. Beery, 79, never invested the money, but used it for his personal use and to make interest payments to his other investors.

At least 10 Los Alamos investors who were promised annual interest payments ranging from 4 percent to 12 percent by Beery lost nearly \$170,000 from January 2007 through July 2013.

“The case involving Dr. Beery is far too typical,” Wilson said. “The victims are elderly, and have trusted a colleague or acquaintance to borrow or invest money for them. There is usually no real business to fund, and the promoter is living on the money raised.

“Remember, the most frequent method of getting money from elderly citizens is the use of promissory notes. Notes are securities, just like stocks, and the law requires that they be sold according to legal processes,” Wilson said.

“Every solicitation or offer can be checked easily. We are available by phone, or anyone can look at our website, redflagsnm.com. If the promoter or the offering is not registered, don’t give up your money,” Wilson warned.

Two Los Alamos residents invested \$60,000 with Beery and lost nearly \$50,000. An elderly Los Alamos couple invested \$50,000 and lost over \$30,000.

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Bank statements presented as evidence during the Wednesday's hearing showed Beery used the couple's own money to pay them back some interest payments and to pay interest to his other investors.

When the couple requested Beery for the money back, he wrote them a letter stating he invested their money in MF Global that filed for bankruptcy. The Bankruptcy Trustee for MF Global told State Securities investigators that there was no record of Berry investing in MF Global. The couple's two grown children testified during the hearing that they became suspicious when they discovered Beery was promising 24 percent annual interest on their parents' investments.

Beery also raised \$93,000 from promissory notes from six Los Alamos investors to remodel a home in Albuquerque. However, that house was remodeled two years earlier, and no remodeling occurred after Beery collected the investors' money.

Beery filed for bankruptcy in February 1994 and he has liens from the Internal Revenue Service for unpaid taxes worth \$126,000.

The Regulation and Licensing Department's Securities Division protects New Mexicans from fraud and financial abuse by licensing investment professionals, registration of securities made in the state, and offering anti-fraud and educational programs to the public, and investigating fraud and other violations of the state securities laws. To learn more about investment fraud, visit the division's website at www.RedFlagsNM.com.

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