

**ADMINISTRATIVE PROCEEDING  
BEFORE THE  
SECURITIES COMMISSIONER OF MARYLAND**

IN THE MATTER OF: \* No. 2010-0079

PASCO Community Development \*  
Foundation, Inc. \*

and \*

ROSCOE D. JOHNSON, JR. \*

Respondents. \*

\* \* \* \* \*

**FINAL ORDER TO CEASE AND DESIST/  
ORDER OF BAR**

WHEREAS, the Maryland Securities Commissioner (the “Securities Commissioner”), pursuant to the authority granted in §11-701 of the Maryland Securities Act, Md. Ann. Code, Corps. & Ass’ns, §§11-101, *et seq.* (2007 Repl. Vol. & 2010 Cum. Supp.) (the “Securities Act”), initiated an investigation into the activities of PASCO Community Development Foundation, Inc. (“PASCO”), and Roscoe D. Johnson, Jr. (“Johnson”) (collectively, “Respondents”); and

WHEREAS, on the basis of that investigation, the Securities Commissioner (the “Securities Commissioner”) concluded that Respondents violated the Securities Act by engaging in violations of Sections 11-301 and 11-501 of the Securities Act; and

WHEREAS, pursuant to Section 11-701 of the Securities Act, on June 29, 2011, the Securities Commissioner issued an Order To Show Cause (the “OSC”), incorporated herein by

reference, requiring Respondents to show cause why: Respondents should not be barred permanently from engaging in the securities and investment advisory business in Maryland; why a civil monetary penalty should not be entered against Respondents for each violation of the Securities Act; and why a final order should not be entered ordering Respondents to cease and desist from further violations of the Securities Act; and

WHEREAS, the OSC gave Respondents notice of the opportunity for a hearing in this matter, provided that Respondents submitted an answer within 15 days of service of the OSC, including any request for a hearing, and gave notice to Respondents that failure to do so would be deemed a waiver of the right to a hearing and result in the entry of a final order; and

WHEREAS, a copy of the OSC was forwarded to three of Respondents' last known addresses via certified mail, return receipt, was served upon Respondent and upon the Securities Commissioner in accordance with Section 11-802 of the Securities Act, and in addition the OSC was publicly posted on the Securities Division's website shortly after its issuance; and

WHEREAS, each of the copies of the OSC forwarded to Respondents was returned to the Securities Division via the United States Postal Service; and

WHEREAS, Respondents have neither answered the OSC nor requested a hearing; and

WHEREAS, the Securities Commissioner has determined that it is in the public interest to issue this Final Order.

NOW, THEREFORE, THE SECURITIES COMMISSIONER FINDS AND ORDERS:

## **I. JURISDICTION AND VENUE**

1. The Securities Commissioner has jurisdiction in this proceeding pursuant to Section 11-701.1 of the Securities Act.

## **II. RESPONDENTS**

2. Respondent PASCO, incorporated in Washington, D.C., was a Maryland-chartered corporation, however, it is no longer in good standing with the Maryland State Department of Assessments and Taxation (the "SDAT"). PASCO's last known address is 5008 Jay Street, N.E., Washington, D.C. 20019.

3. Respondent Johnson is a Maryland resident who is listed in SDAT records as PASCO's resident agent and President or Vice President. According to SDAT records, Johnson's address is 11 Ballman Court, Brooklyn, MD 21225.

4. Respondent PASCO is not registered in Maryland as a broker-dealer or investment adviser.

5. Respondent Johnson is not now, nor has he ever been, registered in Maryland as a broker-dealer agent or investment adviser or investment adviser representative. Nor is Johnson registered as an issuer agent in Maryland.

## **III. STATEMENT OF FACTS**

6. In September 2006, New York resident and minister P.H. was introduced to PASCO and Johnson by a New York-based financial planner, Andre Palmer ("Palmer") of Rhema Wealth Management Corp. ("RWM") located in Hemphill, NY.

7. On information and belief, RWM was a registered investment adviser in New York, but failed to renew effective December 2010.

8. From November 2004 to May 2006, Palmer, RWM's President, was registered as a broker-dealer agent in Maryland, affiliated with Gunallen Financial, Inc.

9. Respondents and Palmer urged P.H. to invest \$25,000 in a note, with the proceeds purportedly to be used to pay for renovations to a property located 2106 Allendale Road, Baltimore, MD 21216. It was P.H.'s understanding from Respondents and Palmer that he would be paid \$3,750 every three months as a return on investment.

10. At Palmer's recommendation, P.H. took out a second mortgage against his home to make the \$25,000 note investment.

11. On September 22, 2006, Respondents issued to P.H. a note investment in the amount of \$25,000. The note, dubbed a "MORTGAGE NOTE," was signed by Johnson and promised to pay P.H. \$25,000 in principal, plus interest of 15% per year, on or before December 22, 2006 "by hand delivery of a certified check" made payable to P.H. (emphasis in original).

12. P.H. was led to believe that the note was secured by an interest in the Allendale Road property by virtue of an "INDENTURE" agreement of the same date, referencing the investment amount of \$25,000, and claiming that the deed for the property was to be "held in escrow pending repayment of consideration of \$25,000 plus interest" (emphasis in original).

13. In reality, property records for the State of Maryland reflect that at all times since February 2005, PASCO has been the 100% owner of the Allendale Road property, and no actual deed conveyance was ever executed in favor of P.H. to be held in escrow with respect to the Allendale Road property.

14. Although P.H. was led to believe prior to the note's execution that the interest under the note would equal \$3,750 every three months, in reality the note did not specify interest payments every three months – rather the note called for interest payments of 15% per year totaling \$3,750 per year.

15. In late 2006, at Palmer's urging, P.H. together with Palmer, invested in a property located 4749 Park Heights Avenue, Baltimore, MD 21216. P.H. provided the purchase price of \$22,500. At some point in 2008, Respondents and Palmer decided that the interest payments of \$3,750 due to P.H. under the \$25,000 note would be allocated to renovations at the Park Heights Avenue property.

16. In January 2008, Johnson advised P.H. that if he did not provide \$4,200 to pay for back taxes and penalties on the property located at Allendale Road, the property would be lost and P.H.'s note investment would be worthless. P.H. paid the monies to Johnson, and eventually Johnson repaid that amount to P.H.

17. Respondents made two interest payments of \$3,750 on the \$25,000 note investment. PASCO claimed to have paid for renovations totaling \$7,896, in lieu of paying interest on the note. The \$25,000 in principal remains due and owing under the \$25,000 investment note, as well as accrued interest.

18. Despite repeated requests for payment, Respondents have not made payment under the note.

**IV.**

**CONCLUSIONS OF LAW**

The Securities Commissioner concludes that:

19. Respondents have engaged in violations of Sections 11-301 and 11-501 of the Securities Act.

**V.**

**SANCTIONS**

NOW, THEREFORE, the Securities Commissioner finds it to be in the public interest to issue this Final Order, and IT IS HEREBY **ORDERED** THAT:

20. Respondents permanently cease and desist from engaging in the offer and sale of unregistered, non-exempt securities in violation of Section 11-501 of the Securities Act.

21. Respondents permanently cease and desist from engaging in fraud in the offer and sale of securities in violation of Section 11-301 of the Securities Act.

23. Respondents are permanently barred from the securities and investment advisory business in Maryland.

24. Respondents are assessed a civil monetary penalty, pursuant to Section 11-701.1 of the Securities Act, in the amount of \$30,000, payable by certified check to the order of the Office of the Attorney General, to be offset by any amounts paid as restitution to P.H.

**VI.**

**JURISDICTION RETAINED**

25. Jurisdiction is retained by the Securities Commissioner for the purposes of enabling any party to this Final Order to apply for such further orders and directions as may be necessary or appropriate for the construction or enforcement of this Order.

**VII.**

**APPEAL RIGHTS**

26. Any Respondent may appeal this Final Order to the appropriate Circuit Court of the State of Maryland within 30 days from the date this Final Order is mailed by the Securities Division.

**SO ORDERED:**

**Commissioner's Signature is  
on File with Original Document**

DATED: August 16, 2011

Melanie Senter Lubin  
Securities Commissioner