

1 STATE OF CALIFORNIA
2 BUSINESS, TRANSPORTATION AND HOUSING AGENCY
3 DEPARTMENT OF CORPORATIONS

4 **TO:** Phoebus Smith, a.k.a. Mr. Vince
5 Sandra Gail Smith
6 Cash Flow Creators
7 17625 South Central Ave., Unit C
8 Carson, CA 90746

9 Antelope Valley Banking System
10 Mr. V & S Investments
11 38733 9th Street East, Suite N
12 Palmdale, California 93550
13 or
14 42335 50th Street West
15 Lancaster, California 93536-3528

16 **DESIST AND REFRAIN ORDER**

17 **(For violations of sections 25110 and 25401 of the Corporations Code)**

18 The California Corporations Commissioner finds that:

19 1. At all relevant times herein, Cash Flow Creators (“CFC”) was located at 17625 South
20 Central Ave., Unit C, Carson, California 90746. Phoebus Smith, a.k.a. Mr. Vince was the founder
21 and he and his wife Saudra Gail Smith (“Saudra Smith”) were co-owners of CFC.

22 2. At all relevant times herein, Antelope Valley Banking System (“AVBS”) and
23 Mr. V & S Investments were located at 38733 9th Street East, Suite N, Palmdale, California 93550 or
24 42335 50th Street West, Lancaster, California 93536-3528. Phoebus Smith was the founder and he
25 and Saudra Smith were the owners of AVBS and Mr. V & S Investments. It appears that Phoebus
26 Smith is currently operating his scheme under the names Rich Men Club, Women of Power, and
27 Prosperity Enterprises One in Ridgecrest, California.

28 3. Beginning around November 2000 and continuing through at least March 2001, CFC,
Phoebus and Saudra Smith offered and/or sold securities in the form of investment contracts
comprised of “Investment Growth Agreements” through fliers and live presentations, including using
commissioned agents of CFC to solicit people. Phoebus and Saudra Smith primarily targeted fellow

1 church members of First Lutheran Church, a primarily African-American congregation in Carson,
2 California.

3 4. Investors signed "Investment Growth Agreements" with CFC, investing amounts
4 ranging from \$100 to \$5000 and were promised 100% returns minus a 10% transaction fee on
5 investments maturing in 30-90 days. Investors were provided charts showing investment amount and
6 returns.

7 5. CFC, Phoebus Smith and their agents also solicited investors to enroll in investment
8 contracts in the form of "The Special Home BuyersPlan" in which an investment of \$1500 would
9 yield a total return of \$384,000 after 17 months, and a special Christmas program in which investors
10 would receive \$250 on a \$100 investment in 2-3 weeks. Phoebus Smith paid all the investors in the
11 Christmas program in cash.

12 6. In connection with the offer and sale of these securities, CFC, Phoebus and Sandra
13 Smith made, or caused to be made, misrepresentations of material fact or omitted to state material
14 facts necessary in order to make the statements made, in the light of the circumstances under which
15 they were made, not misleading. These misrepresentations and omissions included, but are not
16 limited to the following:

17 a. CFC, Phoebus and Sandra Smith promised 100% returns minus a 10%
18 transaction fee on investments maturing in 30-90 days;

19 b. Investors were told that they could get their investment money back if payment
20 was not made within 10 days of maturity;

21 c. Investors were told that Phoebus Smith invested CFC investment money in
22 pharmaceutical products, including Viagra and Sudafed, as well as silver, gold, auto loans and real
23 estate, depending on the amount of the investment;

24 d. Investors were not told that CFC was a ponzi scheme and that any returns
25 received on their investment money came from other investor money and not from any return on CFC
26 investments; and

27 e. Investors were not told that Phoebus and Sandra Smith and the commissioned
28 agents were not licensed to solicit investments in CFC.

1 7. Beginning at least as early as June 2002, AVBS, Mr. V & S Investments, Phoebus and
2 Saundra Smith, offered and/or sold securities in the form of investment contracts comprised of
3 memberships through fliers and live presentations, including using agents of AVBS to solicit people.
4 AVBS, Mr. V & S Investments, Phoebus and Saundra Smith raised funds from investors by primarily
5 targeting the Christian Fellowship Church in Palmdale, California, where Phoebus and Saundra
6 Smith were also members. Also, through various agents, investment money was received from day
7 laborers in Ventura County and Filipino-Americans in the Orange County and Sacramento area.

8 8. Documents provided to unsophisticated investors by Phoebus Smith and his agents,
9 replete with religious references and biblical quotes, state that AVBS is a private banking and
10 investment company. Mr. V & S Investments is a private investment company for AVBS members
11 only. To become an AVBS member, investors pay a lifetime membership fee of \$210.00.

12 9. AVBS members signed an agreement to participate in Mr. V & S Investments, which
13 stated the investor would receive a 25% to 100% return on their investment in 60 to 365 days and
14 their full initial investment amount within 10 business days after payment date upon request in the
15 event of a 0% return at the end of the payment period.

16 10. In connection with the offer and sale of these securities, AVBS, Phoebus and Saundra
17 Smith made, or caused to be made, misrepresentations of material fact or omitted to state material
18 facts necessary in order to make the statements made, in the light of the circumstances under which
19 they were made, not misleading. These misrepresentations and omissions included, but are not
20 limited to the following:

21 a. AVBS members would be eligible to participate in a private investment group,
22 Mr. V & S Investments, and would receive a 25% to 100% return on their investment in 60 to 365
23 days depending on the initial investment amount;

24 b. Investors were told that AVBS and Mr. V & S Investments have a 100% initial
25 investment money-back guarantee in the event of a 0% return at the end of the payment period;

26 c. Investors were told that Phoebus Smith was an investment banker;

27 d. Investors were told that the AVBS system is unique because there are only
28

1 seven billionaires (besides Phoebus Smith and his wife) nationwide using a system similar to AVBS
2 to add to their wealth and help others become wealthy as well;

3 e. Investors were not told that AVBS was a ponzi scheme and that any returns
4 received on their investment money came from other investor money and not from any return on
5 AVBS investments; and

6 f. Investors were not told that Phoebus and Sandra Smith and his commissioned
7 agents were not licensed to solicit investments in AVBS.

8 Based on the foregoing findings, the California Corporations Commissioner is of the opinion
9 that the securities in the form of investment contracts issued by CFC, AVBS, Mr. V & S Investments,
10 Phoebus and Sandra Smith are securities subject to qualification under the California Corporate
11 Securities Law of 1968 and are being or have been offered or sold without being qualified, in
12 violation of Section 25110 of the Corporate Securities Law of 1968.

13 Pursuant to Section 25532 of the Corporate Securities Law of 1968, CFC, AVBS, Mr. V & S
14 Investments Phoebus and Sandra Smith are hereby ordered to desist and refrain from the further
15 offer or sale in the State of California of securities in the form of investment contracts unless and
16 until qualification has been made under said law or unless exempt. The sale of such securities is
17 subject to qualification under said law and such securities are being or have been offered for sale
18 without first being so qualified.

19 Further, the California Corporations Commissioner is of the opinion that the securities issued
20 by CFC, AVBS, Mr. V & S Investments, Phoebus and Sandra Smith were offered and sold in this
21 state by means of written or oral communications which included untrue statements of material fact
22 or omitted to state material facts necessary in order to make the statements made, in the light of the
23 circumstances under which they were made, not misleading, in violation of section 25401 of the
24 Corporate Securities Law of 1968.

25 Pursuant to Section 25532 of the Corporate Securities Law of 1968, CFC, AVBS, Mr. V & S
26 Investments, Phoebus and Sandra Smith are hereby ordered to desist and refrain from offering or
27 selling or buying or offering to buy any security in the State of California, including but not limited
28 to, investment contracts, by means of any written or oral communication which includes an untrue

1 statement of a material fact or omits to state a material fact necessary in order to make the statements
2 made, in the light of the circumstances under which they were made, not misleading.

3 This Order is necessary, in the public interest, for the protection of investors and consistent
4 with the purposes, policies, and provisions of the Corporate Securities Law of 1968.

5 Dated: January 31, 2005
6 Los Angeles, California

7 WILLIAM P. WOOD
8 California Corporations Commissioner

9 By _____
10 ALAN S. WEINGER
11 Supervising Counsel
12 Enforcement and Legal Services Division
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28