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STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS

TO: Daniel C. Patterson
Roger C. Arcaro
Diamond Reef Investments
Sports Investment Fund
711 South Carson Street, Ste. 1
Carson City, Nevada 89701

DESIST AND REFRAIN ORDER
(For violations of sections 25110 and 25401 of the Corporations Code)

The California Corporations Commissioner finds that:

1. Diamond Reef Investments (“Diamond”), at all relevant times, was a Nevada corporation registered as doing business out of 711 S. Carson Street, Ste. 1, Carson City, NV 89701. At all relevant times Sports Investment Fund (“Sports”) was a division of Diamond and also operated out of 711 S. Carson Street, Ste. 1, Carson City, NV 89701. Roger C. Arcaro (“Arcaro”) was the President and Daniel C. Patterson (“Patterson”) was the Secretary of Diamond.
2. Beginning in August 2004, Diamond, Sports, Arcaro and Patterson offered and sold securities in the form of investment contracts involving interests in Sports that was to pay five percent interest per month, with both interest and principal returned within one year, and common stock in a public corporation held by Sports was to be given to investors as collateral. The purported purpose of the solicitation and sale was to offer participation in an enterprise that would invest funds on a daily basis around the world. Other than receiving a few interest payments, the investors lost their principal investment and interest, and they were never given their promised collateral.
3. In offering these securities for sale to the public, Diamond, Sports, Arcaro and Patterson engaged in general solicitations.

1 4. These securities were offered and sold in this state in issuer transactions. The
2 Department of Corporations has not issued a permit or other form of qualification authorizing any
3 person or entity to offer and sell these securities in this state.

4 5. In connection with this offer, Diamond, Sports, Arcaro and Patterson omitted to
5 disclose material facts, specifically the following:

6 a.) On June 13, 2002 Patterson filed for bankruptcy in the United States
7 Bankruptcy Court, Central District of California, Case no. 2:02-bk-27226.

8 b.) On February 7, 2003 Patterson pled guilty to felony mail fraud and aiding and
9 abetting in a criminal action concerning uttering and possession of forged securities in the United
10 States District Court, Central District of California, Case no. 2:01-cr-01295.

11 Based on the forgoing findings, the California Corporations Commissioner is of the opinion
12 that the investments offered and sold by Diamond, Sports, Arcaro and Patterson constitute securities,
13 which are subject to qualification under the California Corporate Securities Law of 1968, and that
14 these securities have been and are being offered and sold without being qualified, and are not exempt,
15 in violation of Corporations Code section 25110.

16 Pursuant to Corporations Code section 25532, Diamond Reef Investments, Sports Investment
17 Fund, Roger C. Arcaro, and Daniel C. Patterson are hereby ordered to desist and refrain from the
18 further offer or sale in the State of California of securities, including but not limited to investment
19 contracts in the form of interests in investment funds, unless and until qualification has been made
20 under the law or unless exempt.

21 Based on the forgoing findings, the California Corporations Commissioner is of the further
22 opinion that securities were offered and sold by means of written or oral communications that failed
23 to disclose material facts in violation of 25401 of the Corporations Code.

24 Pursuant to Corporations Code section 25532, Diamond Reef Investments, Sports Investment
25 Fund, Roger C. Arcaro, and Daniel C. Patterson are hereby ordered to desist and refrain from offering
26 or selling or buying or offering to buy securities in this state, including but not limited to investment
27 contracts in the form of interests in investment funds, by means of any written or oral communication
28 which includes an untrue statement of a material fact or omits to state a material fact necessary in

