

BEFORE THE  
STATE OF WISCONSIN  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
DIVISION OF SECURITIES

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In the Matter of  
PAUL A. TRELOAR,  
INTEGRITY INVESTORS, LLC, and  
FREDDIE M. CARSON a/k/a MARSHALL CARSON

PETITION FOR ORDER

Respondents.

File No. S-06089(EX)

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The staff of the Bureau of Registration & Enforcement, of the Division of Securities, Department of Financial Institutions, State of Wisconsin has conducted an investigation in this matter pursuant to sec. 551.56, Wis. Stats. and as a result thereof alleges as follows:

1. Paul A. Treloar (“Treloar”) is an adult male with a last known residence address at 1020 S. 77<sup>th</sup> St., West Allis, WI 53214;
2. Integrity Investors, LLC (“Integrity”) is a domestic business with a last known address at 1020 S. 77<sup>th</sup> St., West Allis, WI 53214;
3. Freddie M. Carson a/k/a Marshall Carson (“Carson”) is an adult individual with a last known residence address at 311A Lee Dr., Columbia, TN 38401;
4. OTIC Capital Management, LLC (“OTIC”) is a foreign business with a last known address at 311A Lee Dr., Columbia, TN 38401;
5. Entertainment Holdings, Inc. (“EHI”) and its wholly owned subsidiary, Gravity Entertainment, Inc. (“Gravity”), and are foreign businesses with an address at 2500 North Federal Ave, Fort Lauderdale, FL 33305;
6. At all times material hereto, Treloar was the managing partner of Integrity;
7. Carson has worked as Gravity’s Vice President of Music Production and Audio Development and was OTIC’s controlling member;
8. Towards the end of 2004, the pastor of Treloar’s church, Dean Noonan (“Noonan”), ran into Carson at a church Noonan was speaking at in Tennessee;
9. Carson and Noonan discussed Treloar’s desire to leave his job and work full time for the church, Carson also informed Noonan that he, Carson, was experienced at investing in real estate;

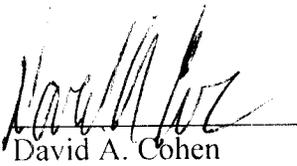
10. Noonan came back and suggested that Treloar contact Carson which Treloar did soon after that;
11. Carson and Treloar discussed real estate investments and Carson referred Treloar to his partners at OTIC to discuss possible real estate investments. Carson was to receive a referral fee for this referral;
12. Carson soon introduced the idea of having Treloar invest with Gravity/EHI;
13. According to Treloar, Carson told Treloar that:
  - a. Gravity/EHI had already obtained a loan (the "Movie Loan") to make a movie based on the Runelords set of books but Gravity/EHI was looking for some funds to help pay legal fees necessary in order to actually get the Movie Loan funds; and
  - b. This was a short term investment; the investors' money would be paid back in 90 days.
14. Treloar asked Pastor Noonan for permission to approach church members to see if they would be interested in loaning money to Gravity/EHI;
15. After receiving Pastor Noonan's permission, during the beginning of 2005 Treloar approached members of his church to see if they would be interested in investing in Gravity/EHI;
16. On March 3, 2005, Treloar formed Integrity as a means of investing in Gravity/EHI;
17. On or about March 4, 2005, Treloar met with his attorney to have his attorney check out the proposed investment with Gravity/EHI;
18. Later that day, and prior to receiving a response from his attorney, Treloar signed a "Bridge Loan Term Sheet" with EHI in which EHI promised to pay a 10% return on a \$300,000 investment within ten days after the Movie Loan was fully financed;
19. Treloar, without doing do any research on Carson or Gravity/EHI to determine their track record then obtained \$100,000 from members of his church to send to Gravity/EHI;
20. On or about March 8, 2005, and prior to getting a response from his attorney, Treloar wired the \$100,000 he obtained from investors, as well as \$50,000 of his own money to Gravity/EHI;
21. On or about March 29, after reviewing the offering documents, including the term sheet and loan documents, Treloar's attorney advised him against investing saying that he did not believe the investors were sufficiently protected or that it was a viable project;

22. In April 2005, Carson approached Treloar and told him that they needed additional money for more legal fees to close the deal and asked if Treloar know anyone else who could lend them more money;

23. Treloar approached some more investors and obtained \$25,000 which, on or about May 11, 2005, he wired to Gravity/EHI along with \$25,000 of his own money;

THEREFORE, the staff of the Bureau of Registration & Enforcement petitions the Administrator for the issuance of the attached Order.

DATED this 16<sup>th</sup> day of January, 2008.



David A. Cohen  
Supervising Attorney  
Bureau of Registration & Enforcement



Fred Reed  
Examiner  
Bureau of Registration & Enforcement