

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

5
6 TO: Ronald Edward Reiswig
7 23046 Avenue de la Carlota, Suite 600
8 Laguna Hills, CA 92653

9 Janet Sue Reiswig
10 2310 Calle Almirante
11 San Clemente, CA 92672

12 FEP, Inc., dba Family Estate Insurance Services
13 23046 Avenida de la Carlota, Suite 600
14 Laguna Hills, CA 92653

15 Fidelity Insured Deposits, Inc.
16 23046 Avenue de la Carlota, Suite 600
17 San Clemente, CA 92672

18 Fidelity Insured Deposits, Inc.
19 1851 East First Street, 9th Floor
20 Santa Ana, CA 92805

21 Rick Andrew Leon
22 11400 West Olympic Blvd., #200
23 Los Angeles, CA 90064

24 **ORDER STAYING DESIST AND REFRAIN ORDER PENDING APPEAL**

25 The Desist and Refrain Order issued to Janet Reiswig, Ronald Reiswig, FEP, Inc., Fidelity
26 Insured Deposits, Inc. and Rick Andrew Leon on July 29, 2004, and the Commissioner's
27 subsequent adoption of the Order of the administrative hearings decision of November 3, 2004, is
28 hereby stayed in order to comply with the Order and Judgment granting a Peremptory Writ of
Administrative Mandamus entered on October 25, 2005, by the Orange County Superior Court,
Case Number 04CC11740, which held that the Commissioner lacks jurisdiction over the activities

1 described in the Desist and Refrain Order because they do not involve the offer or sale of a
2 security. The Commissioner will be appealing the Order of the Court granting the writ, and the
3 Commissioner will make further orders on this matter consistent with the outcome of the appeal.
4 The Commissioner has determined that compliance with the Order and Judgment of the Court by
5 staying the Desist and Refrain Order pending the resolution of the appeal is appropriate, in the
6 public interest and consistent with the purposes fairly intended by the policy and provisions of the
7 California Corporate Securities Law.

8
9 Dated: November 14, 2005
10 Los Angeles, California

11
12 WAYNE STRUMPFER
13 Acting California Corporations Commissioner

14 By _____
15 ALAN S. WEINGER,
16 Acting Deputy Commissioner
17 Enforcement Division
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STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS

TO: Ronald Edward Reiswig
23046 Avenue de la Carlota, Suite 600
Laguna Hills, CA 92653

Janet Sue Reiswig
2310 Calle Almirante
San Clemente, CA 92672

FEP, Inc., doing business as Family Estate Insurance Services
23046 Avenida de la Carlota, Suite 600
Laguna Hills, CA 92653

Fidelity Insured Deposits, Inc.
23046 Avenue de la Carlota, Suite 600
San Clemente, CA 92672

Fidelity Insured Deposits, Inc.
1851 East First St 9th Floor
Santa Ana, CA 92805

Rick Andrew Leon
11400 West Olympic Blvd., #200
Los Angeles, California 90064

Paul Grewal
23046 Avenida de la Carlota
Laguna Hills, California 92653

Ronald Anthony Fraccia
364 Muirfield Drive
Palm Desert, California 92211

DESIST AND REFRAIN ORDER

(For violations of sections 25110, 25210 and 25401 of the Corporations Code)

The California Corporations Commissioner finds that:

1. Ronald Edward Reiswig (“Ronald Reiswig”) is licensed by the Department of Insurance as a life agent, with the business address 23046 Avenue de la Carlota, Suite 600, Laguna Hills, CA 92653. His insurance license number is 0809297.

2. Janet Sue Reiswig (“Janet Reiswig”) is licensed by the Department of Insurance as a life agent, with the business address 2310 Calle Almirante, San Clemente, California 92672. Her insurance license number is 0B87461.

3. FEP, Inc. is a California corporation that was filed on August 25, 1997. Ronald Reiswig is the president and sole owner of FEP, Inc. FEP, Inc. is licensed as an insurance agency by the Department of Insurance, license number 0C15049, and does business under the name Family Estate Insurance Services. FEP, Inc. is required by the Department of Insurance to use the name Family Estate Insurance Services for all insurance business it conducts in California.

4. Fidelity Insured Deposits, Inc. is a California corporation that was filed on August 29, 2000. Ronald E. Reiswig is its president and registered agent for service of process. Its address is 23046 Avenida de la Carlota, Suite 600, Laguna Hills, California 92673.

5. Janet Reiswig, Ronald Reiswig, FEP, Inc. and Fidelity Insured Deposits, Inc. regularly place advertisements in newspapers throughout the state of California under the name “Fidelity Insured Deposits” offering purported “FDIC Insured CDs” with promised yields substantially higher than those being offered by actual FDIC-insured institutions. When interested persons contact the phone numbers listed in the advertisements for information about the CD offer, they are told that they

1 need to come to a company office for a meeting in order to obtain details. Once in the company
2 office, persons who respond to an advertisement of Fidelity Insured Deposits, Inc. meet with
3 insurance agents representing FEP, Inc. who urge them to consider an alternative product instead.
4 The alternative product is an annuity offered by FEP, Inc.

5
6 6. Rick Andrew Leon (“Leon”) is licensed by the Department of Insurance as a life agent,
7 with the business address 11400 West Olympic Blvd., #200, Los Angeles, California 90064. His
8 insurance license number is 0D58471. He is authorized to transact insurance business on behalf of
9 FEP, Inc. Paul Grewal (“Grewal”) is also licensed by the Department of Insurance as a life agent,
10 with the business address 23046 Avenida de la Carlota, Laguna Hills, California 92653. His
11 insurance license number is 0D97540. He is also authorized to transact insurance business on behalf
12 of FEP, Inc. Donald Anthony Fracchia (“Fracchia”) is licensed by the Department of Insurance as a
13 life agent, with the business address 364 Muirfield Drive, Palm Desert, California 92211. Leon,
14 Grewal and Fracchia meet with persons who respond to the advertisements placed in the name of
15 Fidelity Insured Deposits, Inc. in an effort to induce the respondents to the advertisements to buy
16 annuities.

17
18 7. Fidelity Insured Deposits, Inc. is not an FDIC-insured institution and has no ability to
19 provide FDIC-insured certificates of deposit (CDs). It is nothing more than a marketing device
20 whose sole purpose and function is the placement of CD advertisements to attract potential annuity
21 purchasers to FEP, Inc. Ronald Reiswig is personally responsible for the language in the
22 advertisements of Fidelity Insured Deposits, Inc..

23
24 8. When a person meets with an insurance agent representing FEP, Inc. and insists on
25 receiving the CD advertised in the newspaper rather than an annuity, the agent representing FEP, Inc.
26 refers the person to a real FDIC-insured institution to open a legitimate CD account with a yield
27 substantially lower than the yield listed in the advertisement of Fidelity Insured Deposits, Inc..
28 Fidelity Insured Deposits, Inc. then issues a so-called “bonus check” to the person for an amount

1 representing the difference between the actual yield of the legitimate FDIC-insured CD and the false
2 rate advertised by Fidelity Insured Deposits, Inc.. The bonus checks are signed by Ronald Reiswig.
3 The transactions are sometimes evidenced by a one-page "Bonus Application" which is a form
4 provided by Fidelity Insured Deposits, Inc. to be filled out by the person seeking the CD. In the
5 "Bonus Application" Fidelity Insured Deposits, Inc. represents that:

6
7 Upon applicant's qualification, Fidelity Insured Deposits, Inc., Inc. (the Company) hereby
8 agrees to pay to the below-identified applicant a Bonus in the amount stated herein within 7
9 working days of below-identified due date.

10
11 9. Fidelity Insured Deposits, Inc. does not have and never has had any source of business
12 revenue. The bonus money it pays out is all provided to it by FEP, Inc.

13
14 10. In early June of 2004 Leon met with a member of the public who responded to one of the
15 CD advertisements of Fidelity Insured Deposits, Inc.. Instead of providing information about the CD
16 offer, Leon attempted to interest the ad respondent in a Confidence Flex 85 annuity of National
17 Western Life Insurance Company. Leon told the member of the public that the CD advertisements
18 was used as a "loss leader" to get people through the door in order to sell them other products.

19
20 11. The investment that is being offered by means of the advertisements in the name of
21 Fidelity Insured Deposits, Inc., consisting of an FDIC-insured CD plus a "bonus" funded by FEP,
22 Inc. constitutes a security in the form of an investment contract. The Department of Corporations has
23 not issued a permit or other form of qualification authorizing any person to offer and sell these
24 securities in this state.

25
26 12. Ronald Reiswig, Janet Reiswig, FEP, Inc., Fidelity Insured Deposits, Inc. and their agents
27 including Leon, Grewal and Fracchia are offering and selling the investment contracts by means of
28 written and oral communications which include untrue statements of material fact and which omit to

1 state material facts necessary in order to make the statements made, in the light of the circumstances
2 under which they were made, not misleading. The advertisements of Fidelity Insured Deposits, Inc.
3 and the oral communications made in connection with those advertisements represent that Fidelity
4 Insured Deposits, Inc. is an FDIC-insured institution or that it is affiliated with an FDIC-insured
5 institution when in fact it is neither. They indicate that the yield rates appearing in the advertisements
6 of Fidelity Insured Deposits, Inc. are FDIC-insured when they are not. They conceal the fact that the
7 CD offer is a mere ruse to sell annuities and that the “bonus” money which comprises a substantial
8 portion of the promised CD yield is being paid by an insurance agency. On some occasions persons
9 who respond to advertisements of Fidelity Insured Deposits, Inc. are even sold annuities in the belief
10 that they are purchasing an FDIC-insured CD.
11

12 Based upon the foregoing findings, the California Corporations Commissioner is of the
13 opinion that Ronald Edward Reiswig, Janet Sue Reiswig, FEP, Inc. doing business as Family Estate
14 Insurance Services, Fidelity Insured Deposits, Inc., Rick Andrew Leon, Paul Grewal and Donald
15 Anthony Fracchia are engaged in the offer and sale of securities in the form of investment contracts
16 consisting of FDIC-insured CDs which are bundled with “bonus” payments by Fidelity Insured
17 Deposits, Inc.. Those securities are being offered by unlicensed persons in transactions that have not
18 been qualified under the California Corporate Securities Law of 1968, in violation of section 25110
19 of the Corporations Code. Pursuant to section 25532 of the Corporate Securities Law of 1968,
20 Ronald Edward Reiswig, Janet Sue Reiswig, FEP, Inc. doing business as Family Estate Insurance
21 Services, Fidelity Insured Deposits, Inc., Rick Andrew Leon, Paul Grewal and Donald Anthony
22 Fracchia are hereby ordered to desist and refrain from the further offer or sale in the State of
23 California of the securities unless and until qualification has been made under the law.
24

25 The California Corporations Commissioner is further of the opinion that Ronald Edward
26 Reiswig, Janet Sue Reiswig, FEP, Inc. doing business as Family Estate Insurance Services, Fidelity
27 Insured Deposits, Inc., Rick Andrew Leon, Paul Grewal and Donald Anthony Fracchia are offering
28 and selling securities in the form of investment contracts by means of written and oral

1 communications including untrue statements of material fact and omission of material facts necessary
2 to make the statements not misleading, in violation of section 25401 of the Corporations Code.
3 Pursuant to section 25532 of the Corporate Securities Law of 1968, Ronald Edward Reiswig, Janet
4 Sue Reiswig, FEP, Inc. doing business as Family Estate Insurance Services, Fidelity Insured
5 Deposits, Inc., Rick Andrew Leon, Paul Grewal and Donald Anthony Fracchia are hereby ordered to
6 desist and refrain from offering or selling or buying or offering to buy any security in the State of
7 California, including but not limited to the investment contracts consisting of FDIC-insured CDs
8 which are bundled with “bonus” payments by Fidelity Insured Deposits, Inc., by means of any
9 written or oral communication which includes an untrue statement of a material fact or omits to state
10 a material fact necessary in order to make the statements made, in the light of the circumstances
11 under which they were made, not misleading.

12
13 In addition, the California Corporations Commissioner is of the opinion that Rick Andrew
14 Leon, Paul Grewal and Donald Anthony Fracchia have effected and are effecting transactions in
15 securities as broker-dealers without having first applied for and secured from the Commissioner a
16 certificate authorizing them to do so, in violation of section 25210 of the Corporate Securities Law of
17 1968. Pursuant to section 25532 of the Corporate Securities Law of 1968, Rick Andrew Leon, Paul
18 Grewal and Donald Anthony Fracchia are hereby ordered to desist and refrain from effecting any
19 transaction in, or inducing or attempting to induce the purchase or sale of, any security in this state,
20 unless and until they have applied for and secured from the Commissioner a certificate authorizing
21 them to act in that capacity.

22
23 This Order is necessary, in the public interest, for the protection of investors and consistent
24 with the purposes, policies, and provisions of the Corporate Securities Law of 1968.

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26 Dated: July 29, 2004
27 Sacramento, California

28 WILLIAM P. WOOD

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California Corporations Commissioner

By _____
ALAN WEINGER
Supervising Counsel