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

TO: NATIONAL FOUNDATION OF AMERICA
Richard K. Olive
1308 Buckingham Circle
Franklin, Tennessee 37064

DESIST AND REFRAIN ORDER

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

The California Corporations Commissioner finds that:

1. At all relevant times, National Foundation of America ("NFOA"), a Tennessee nonprofit corporation, incorporated under the laws of the State of Tennessee, conducted business at 1308 Buckingham Circle, Franklin, Tennessee 37064. NFOA was purportedly organized to provide charitable and humanitarian aid through a variety of philanthropic causes.

2. At all relevant times, Richard K. Olive is or was the president of NFOA, with his offices located at 1308 Buckingham Circle, Franklin, Tennessee 37064.

3. Beginning in or about May of 2005 through March of 2007, NFOA, offered and sold securities in the form of investment contracts labeled "NFOA Tax Deductible Installment Plans" ("NFOA Installment Plan").

4. NFOA maintains a website located at: www.nationalfoundationofamerica.org. NFOA's website is available to the general public and permits California residents to contact NFOA by submitting personal contact information such as name, address, home and mobile phone numbers, e-mail address, and comments. The website states that NFOA offers individuals tax-deductible charitable strategies by providing asset exchange plans to "families all across the United States [to] create their financial legacy." The "plan," as described on the website, is a "[NFOA] Installment Plan . . . [a] contract that pays out for a guaranteed number of years regardless of age, [has] an unlimited number of beneficiaries on a single contract, and is defined in general in section 453 of the Internal Revenue Code of 1986."

1 5. Section 453 of the Internal Revenue Code ("IRC") solely provides for the installment
2 method of accounting for income tax purposes.

3 6. NFOA maintains through its website and promotional materials that investors may
4 purchase a NFOA Installment Plan with either cash or by transferring title to their annuities, real
5 estate, or securities to NFOA. In exchange for the transfer of assets, investors receive "a substantial
6 income tax deduction [and] guaranteed, fixed income to supplement retirement, fund long-term care,
7 or establish [a] family legacy" pursuant to section 501(c)(3) of the IRC.

8 7. NFOA offers and promotes its NFOA Installment Plan to investors, including
9 California residents, through its website and in face-to-face meetings with California-licensed
10 insurance agents. NFOA specifically targets elderly, unsophisticated investors in promoting or
11 offering the NFOA Installment Plan.

12 8. Fifteen (15) California investors purchased NFOA Installment Plans, totaling
13 \$3,177,621.12.

14 9. NFOA is not classified as an organization exempt from federal income tax under
15 section 501(a) of the IRC as an organization described in section 501(c)(3).

16 10. NFOA has not registered with the Office of the Attorney General, State of California,
17 Registry of Charitable Trusts as is required by Government Code section 12585.

18 11. In connection with the offer and sale of these securities, the above-described NFOA
19 Installment Plan, NFOA misrepresented and/or failed to disclose to investors the following material
20 facts:

- 21 a. the risks related to the purchase of the NFOA Installment Plan;
- 22 b. information regarding the assets, liabilities, profits, losses, cash flow, and other
23 financial data concerning NFOA;
- 24 c. that NFOA and Richard K. Olive are the subjects of an Order to Cease and Desist
25 Issued by the Insurance Commissioner of the State of Washington on September 18,
26 2006, captioned, "In the Matter of National Foundation of America, Richard K. Olive
and Susan L. Olive," Order No. D06-245;
- 27 d. that NFOA has not been granted nonprofit status under IRC section 501(c)(3);

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- 1 e. that IRC section 453 solely provides for the installment method of accounting for
2 income tax purposes and does not define the NFOA Installment Plan; and
- 3 f. that NFOA has failed to register as a charitable nonprofit with the Office of the
4 Attorney General, State of California, Registry of Charitable Trusts pursuant to
Government Code section 12585.

5 12. These securities, the above-described NFOA Installment Plans, were offered or sold in
6 this state in issuer transactions. The Department of Corporations has not issued a permit or other
7 form of qualification authorizing any person to offer or sell these NFOA Installment Plans in this
8 state.

9 Based upon the foregoing findings, the California Corporations Commissioner is of the
10 opinion that the above-described NFOA Installment Plan is a security subject to qualification under
11 the California Corporate Securities Law of 1968 and is being or has been offered or sold without first
12 being qualified. Pursuant to Section 25532 of the Corporate Securities Law of 1968, National
13 Foundation of America and Richard K. Olive are hereby ordered to desist and refrain from the further
14 offer or sale of securities, in the State of California, including but not limited to investment contracts
15 in the form of the NFOA Installment Plan, unless and until qualification has been made under said
16 law or unless exempt.

17 Furthermore, the California Corporations Commissioner is of the opinion that the securities
18 that National Foundation of America and Richard K. Olive offered or sold in this State were by
19 means of written or oral communications which included an untrue statement of a material fact or
20 omitted to state a material fact necessary in order to make the statements made, in the light of the
21 circumstances under which they were made, not misleading, in violation of 25401 of the Corporate
22 Securities Law of 1968.

23 Pursuant to section 25532 of the Corporate Securities Law of 1968, National Foundation of
24 America and Richard Olive made, or caused to be made, misrepresentations or omissions of material
25 facts in connection with the offers or sales of securities and are hereby ordered to desist and refrain
26 from offering or selling or buying or offering to buy any security in the State of California by means
27 of any written or oral communication which includes an untrue statement of a material fact or omits
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1 to state a material fact necessary in order to make the statements made, in the light of the
2 circumstances under which they were made, not misleading.

3 These Orders are necessary, in the public interest, for the protection of investors and
4 consistent with the purposes, policies, and provisions of the Corporate Securities Law of 1968.

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Dated: July 9, 2007
Los Angeles, California

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
ALAN S. WEINGER
Lead Corporations Counsel
Enforcement Division