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

TO: DONALD J. HALWEG
LEAD RESOURCES & MARKETING
400 Bola Place
Alamo, California 94507

DESIST AND REFRAIN ORDER

(For violations of sections 25110, 25230, and 25401 of the Corporations Code)

The California Corporations Commissioner finds that:

1. At all relevant times herein, 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. NFOA maintains or maintained a website located at: www.nationalfoundationofamerica.org.

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

3. At all relevant times herein, Donald J. Halweg ("Halweg") was an individual residing in the State of California, with his last known address located at 400 Bola Place, Alamo, California 94507. Halweg is an insurance agent, licensed by the State of California.

4. At all relevant times herein, Lead Resources & Marketing ("LRM"), form of organization unknown, is or was an entity with an address located at P.O. Box 436, Alamo, California 94507. On information and belief, Halweg is the founder and principal of LRM, a marketing firm organized to offer "charitable installment purchase plans" to investors. LRM maintains a website at: www.leadresourcesandmarketing.com.

5. NFOA's website states that NFOA offers to 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 NFOA's website, is a "[NFOA] Tax Deductible

1 Installment Plan. . . [a] contract that pays out for a guaranteed number of years regardless of age,
2 [has] an unlimited number of beneficiaries on a single contract, and is defined in general in section
3 453 of the Internal Revenue Code of 1986" (hereinafter the "NFOA Installment Plan").

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

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

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

13 9. NFOA has not registered with the Office of the Attorney General, State of California,
14 Registry of Charitable Trusts as a charitable corporation doing business within the State of California
15 as is required by California Government Code section 12585, pursuant to the Supervision of Trustees
16 and Fundraisers for Charitable Purposes Act, Government Code section 12580, et seq.

17 10. Beginning in or about January of 2007 and continuing through February of 2007,
18 Halweg and LRM offered and sold securities in California in the form of investment contracts labeled
19 NFOA Installment Plans through face-to-face meetings with individual investors. Halweg, acting as
20 NFOA's agent, advised investors to exchange their existing annuity contracts for NFOA Installment
21 Plans. He represented to investors that the NFOA Installment Plan would provide them with a return
22 of money with far lower taxes than their existing annuities.

23 11. Halweg and NFOA specifically target elderly, unsophisticated investors in promoting
24 or offering the NFOA Installment Plan.

25 12. Three (3) California investors, through Halweg and LRM, transferred ownership of
26 their existing annuities in exchange for NFOA Installment Plans, totaling \$636,135. Participating
27 investors were required to transfer ownership of their annuity through a change of ownership form.
28 The change of ownership form is signed by the current owner with a box checked that the change of

1 ownership is a gift. The new owner's signature is that of "Richard Olive, President." The change of
2 ownership form also bears the signature of the investor's "Financial Advisor," Donald Halweg, who
3 acts as witness to the transfer.

4 13. All of the California investors who exchanged their existing annuities for NFOA
5 Installment Plans are retired senior citizens who are dependent upon NFOA's contractual payments to
6 cover their monthly living expenses.

7 14. Halweg received a total of \$49,671.05 in commissions from NFOA, representing
8 approximately 9% of the value of the annuities transferred by the NFOA investors.

9 15. In connection with the offer and sale of these securities, the above-described NFOA
10 Installment Plan, Halweg and LRM misrepresented and/or failed to disclose to investors the
11 following material facts:

- 12 a. the risks related to the purchase of the NFOA Installment Plan;
- 13 b. information regarding the assets, liabilities, profits, losses, cash flow, and other
14 financial data concerning NFOA;
- 15 c. that NFOA and Richard K. Olive are the subjects of an Order to Cease and Desist
16 Issued by the Insurance Commissioner of the State of Washington on September 18,
17 2006, captioned, "In the Matter of National Foundation of America, Richard K. Olive
18 and Susan L. Olive," Order No. D06-245;
- 19 d. that NFOA has not been granted nonprofit status under IRC section 501(c)(3);
- 20 e. that IRC section 453 solely provides for the installment method of accounting for
21 income tax purposes and does not define the NFOA Installment Plan;
- 22 f. that NFOA has failed to register with the Office of the Attorney General, State of
23 California, Registry of Charitable Trusts as a charitable corporation doing business
24 within the State of California pursuant to Government Code section 12585, pursuant to
25 the Supervision of Trustees and Fundraisers for Charitable Purposes Act, Government
26 Code section 12580, et seq.;
- 27 g. that the NFOA Installment Plan would provide a return of the investors' money with
28 far lower taxes than an annuity contract; and
- 29 h. that Halweg received a 9% sales commission from NFOA for selling and/or promoting
30 the NFOA Installment Plan to investors.

31 16. These securities, the above-described NFOA Installment Plans, were offered or sold in

1 this state in issuer transactions. The Department of Corporations has not issued a permit or other
2 form of qualification authorizing any person to offer or sell these NFOA Installment Plans in this
3 state.

4 17. Halweg and LRM are conducting business as investment advisers by advising
5 California residents to exchange their existing annuities for securities in the form of NFOA
6 Installment Plans, and their activities thus come within the meaning of California Corporations Code
7 section 25009. Pursuant to Corporations Code section 25230, Halweg and LRM were required to
8 obtain a certificate from the Commissioner to conduct business as investment advisers in California.

9 18. The Commissioner has no record of having received an application from, or having
10 granted an investment adviser certificate to Donald J. Halweg or Lead Resources & Marketing.

11 19. Halweg was previously employed as a registered representative of a licensed broker-
12 dealer, Sterling Financial Investment Group, and terminated his registration with the State of
13 California and the National Association of Securities Dealers ("NASD") on August 19, 2004.
14 Halweg's NASD disclosure occurrence composite report reflects a history of customer complaints
15 concerning his activities as a registered representative of a licensed broker-dealer.

16 20. On July 9, 2007, the Commissioner issued a Desist and Refrain Order to NFOA and
17 Richard K. Olive for violations of sections 25110 and 25401 of the Corporate Securities Law of
18 1968.

19 21. On or about June 21, 2007, by Consent Order, the Chancery Court of Davidson
20 County, Tennessee placed NFOA into receivership. Leslie A. Newman, Commissioner of Commerce
21 and Insurance for the State of Tennessee, in her capacity as Rehabilitator of NFOA, has custody of all
22 assets and operations of NFOA and is to wind-down the company's operations.

23 22. At the present time, the following states have issued Cease and Desist Orders to
24 NFOA and Richard K. Olive: Alabama, Florida, Illinois, Iowa, Texas, and Washington.

25 Based upon the foregoing findings, the California Corporations Commissioner is of the
26 opinion that the above-described NFOA Installment Plan is a security subject to qualification under
27 the California Corporate Securities Law of 1968 and is being or has been offered or sold without first
28 being qualified in violation of section 25110 of the Corporate Securities Law of 1968. Pursuant to

1 Section 25532 of the Corporate Securities Law of 1968, Donald J. Halweg and Lead Resources &
2 Marketing are hereby ordered to desist and refrain from the further offer or sale of securities, in the
3 State of California, including but not limited to investment contracts in the form of NFOA
4 Installment Plans, unless and until qualification has been made under said law or unless exempt.

5 Furthermore, the California Corporations Commissioner is of the opinion that the securities
6 Donald J. Halweg and Lead Resources & Marketing offered or sold in this state were by means of
7 written or oral communications which included an untrue statement of a material fact or omitted to
8 state a material fact necessary in order to make the statements made, in the light of the circumstances
9 under which they were made, not misleading, in violation of 25401 of the Corporate Securities Law
10 of 1968. Pursuant to section 25532 of the Corporate Securities Law of 1968, Donald J. Halweg and
11 Lead Resources & Marketing made, or caused to be made, misrepresentations or omissions of
12 material facts in connection with the offer or sale of securities and are hereby ordered to desist and
13 refrain from offering or selling or buying or offering to buy any security in the State of California by
14 means of any written or oral communication which includes an untrue statement of a material fact or
15 omits to state a material fact necessary in order to make the statements made, in the light of the
16 circumstances under which they were made, not misleading.

17 Finally, the Commissioner is of the opinion that Donald J. Halweg and Lead Resources &
18 Marketing have conducted business as investment advisers in this state for compensation by advising
19 investors to exchange their existing annuities for NFOA Installment Plans without first having
20 applied for and secured from the Commissioner a certificate, authorizing them to act in that capacity,
21 in violation of section 25230 of the Corporate Securities Law of 1968. Pursuant to section 25532,
22 Donald J. Halweg and Lead Resources & Marketing, are further ordered to desist and refrain from
23 conducting business as an investment adviser in this state unless and until they have applied for and
24 secured from the Commissioner a certificate, then in effect, authorizing them to act in that capacity.

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

Dated: August 6, 2007
Los Angeles, California

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
ALAN S. WEINGER
Lead Corporations Counsel
Enforcement Division