

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: National Foundation of
America

FILE NO. 0700043

ORDER OF PROHIBITION

TO RESPONDENTS: National Foundation of America
1308 Buckingham Circle
Franklin, TN 37064

WHEREAS, a Temporary Order of Prohibition and Suspension was issued by the Secretary of State on December 5, 2007, temporarily prohibiting Respondent from offering or selling securities and acting as an investment adviser representative, and suspending his registration as a salesperson and investment advisor representative in the State of Illinois until further order of the Secretary of State.

WHEREAS, pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act"), the failure to request a hearing within thirty (30) calendar days of the entry of a Temporary Order shall constitute an admission of any facts alleged therein and constitute a sufficient basis to make the Temporary Order final.

WHEREAS, Respondent has failed to request a hearing on the matters contained in the Temporary Order within thirty (30) calendar days of the entry of said Temporary Order and Respondent is hereby deemed to have admitted the facts alleged in the said Temporary Order.

WHEREAS, the Secretary of State, by and through his duty authorized representatives, has adopted the Findings of Fact contained in the said Temporary Order as the Secretary of State's Final Findings of Fact as follows:

COUNT I:

Respondent Made Misrepresentations to Investors In Connection With the Sale of Securities

1. National Foundation of America, (NFOA) is a Tennessee company with last known address 1308 Buckingham Circle Franklin, TN 37064.
2. On August 18, 2006, Respondent solicited an Illinois Investor (hereinafter "Investor") to purchase an installment plan (hereinafter "the Plan") issued by NFOA.

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3. According to the terms of the Plan Investor would receive a NFOA tax deductible installment plan by transferring Investor's title to three Allianz equity indexed annuity policies totaling \$36,017.75 by way of donation to NFOA.
4. In exchange for donating to NFOA Investor's interest in the three equity indexed annuities, Respondent NFOA agreed to pay Investor an amount of \$477.27 a month for five years from NFOA.
5. Respondent represented to Investor that NFOA was a charitable non-profit organization under Section 501(c)(3) of the Internal Revenue Code.
6. Respondent NFOA represented to Investor that by entering into this transaction and by donating her interest in her three annuities to NFOA, Investor would be able to attain a tax deduction of \$14,445.
7. Respondent represented to Investor that as a result of this deduction Investor would receive tax savings totaling \$3,611.
8. NFOA represented to Investor that this transaction would provide guaranteed, fixed income to Investor, while humanitarian and charitable work was done around the world.
9. Investor's last monthly payment owed to her by NFOA pursuant to the Plan was made in April of 2007.
10. Investor has not received any monthly payment pursuant to the Plan since April of 2007.
11. Respondent NFOA made the following material misrepresentations and omissions to Investor in connection with the sale of the Plan:
 - a. That NFOA was a charitable non-profit organization under Section 501(c)(3) of the Internal Revenue Code.
 - b. That NFOA failed to disclose the risks related to the purchase of the Plan.
12. NFOA in fact was not in fact a charitable non-profit organization under Section 501(c)(3) of the Internal Revenue Code at the time of the sale of the Plan.
13. The activities described above constitute the offer and sale of a security as those terms are defined in Sections 2.1, 2.5, and 2.5a of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act").
14. Section 12.F of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*, ("the Act") provides, *inter alia*, that it shall be a violation of the Act for any person to engage in any transaction, practice or course of business in connection with the sale or purchase

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of securities which works or tends to work a fraud or deceit upon the purchaser or seller thereof.

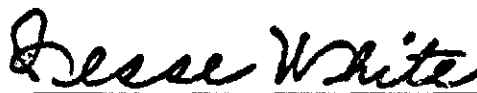
15. By virtue of the foregoing, Respondents violated Section 12.F of the Act.
16. Section 12.G of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*, (“the Act”) provides, *inter alia*, that it shall be a violation of the Act for any person to obtain money or property through the sale of securities by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.
17. By virtue of the foregoing, Respondents violated Section 12.G of the Act.
18. Section 11.F(2) of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*, (“the Act”) provides, *inter alia*, that the Secretary of State may temporarily prohibit or suspend for a maximum period of 90 days, by an order effective immediately, the registration of a salesperson, if the Secretary of State shall in his or her opinion, based on credible evidence, deem it necessary to prevent an imminent violation of this Act or to prevent losses to investors which the Secretary of State reasonably believes will occur as a result of a prior violation of this Act.

WHEREAS, the Secretary of State, by and through his duly authorized representative, has adopted the Conclusions of Law contained in the said Temporary Order as the Secretary of State’s Conclusion of Law as follows:

1. By virtue of the foregoing, Respondent violated 12.F of the Act.
2. By virtue of the foregoing, Respondent violated 12.G of the Act.

NOW THEREFORE IT IS HEREBY ORDERED THAT: pursuant to the authority granted by Section 11.F of the Act, Respondent National Foundation of America is **permanently PROHIBITED** from offering or selling securities in or from the State of Illinois.

Dated: This 8th day of April 2008.



JESSE WHITE
Secretary of State
State of Illinois

NOTICE: Failure to comply with the terms of this Order shall be a violation of Section 12.D of the Act. Any person or entity who fails to comply with the terms of this Order shall be a violation of Section 12.D of the Act. Any person or entity who fails to comply with the terms of

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this Order of the Secretary of State. having knowledge of the existence of this Order, shall be guilty of Class 4 felony.

This is a final order subject to administrative review pursuant to the Administrative Review Law, 735 ILCS 5/3-101 et seq. And the Rules and Regulations of the Illinois Securities Act (14 Ill. Admin. Code, Ch. I, Sec. 130.1123). Any action for judicial review must be commenced within thirty-five (35) days from the date a copy of this Order is served upon the party seeking review.

Attorney for the Secretary of State:
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