

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF)	
)	FILE NO. 1700517
Allen A. Thomas)	
)	

AMMENDED CONSENT ORDER

TO RESPONDENT: Allen A. Thomas
 2902 Scott Crescent
 Flossmoor, IL 60422

WHEREAS, Allen A. Thomas ("Respondent") on April 10, 2019, executed a certain Stipulation to enter into a Consent Order ("Stipulation"), which hereby is incorporated by reference herein.

Whereas this Amended Order supersedes the Consent Order dated the 17th day of April, 2019.

WHEREAS, by means of the Stipulation, Respondent has admitted to the jurisdiction of the Secretary of State and service of a Notice of Hearing ("Notice") in this matter and Respondent has consented to the entry of this Consent Order of Prohibition ("Consent Order").

WHEREAS, by means of the Stipulation, Respondent has acknowledged that the following allegations shall be adopted as the Secretary of State's Findings of Fact and has admitted to the truth thereof:

1. Acknowledges that he had the opportunity to consult with legal counsel regarding this matter.
2. Waives Respondent's rights to Notice of Hearing requirements pursuant to the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act").
3. Admits to the jurisdiction of the Illinois Secretary of State over him and admits to subject matter jurisdiction over this proceeding.
4. Waives compliance with the provisions of the Administrative Procedure Act [5 ILCS 100.1 0-5 *et seq.*] regarding contested cases pursuant to Section 25 thereof.

5. Waives any and all rights to hearing and post-hearing procedures otherwise available pursuant to the Act.
6. Acknowledges and agrees that a Consent Order Shall be entered against Respondent.
7. Waives any rights he may have to judicial review by any court by way of suit, appeal or extraordinary remedy resulting from the entry of the Consent Order.
8. Allen A. Thomas is a Registered Insurance Producer with a last known address of 2920 Scott Crescent, Flossmoor, IL 60422.
9. That at all relevant times, Allen A. Thomas was not registered with the Secretary of State as a salesperson or investment advisor representative in the State of Illinois pursuant to Section 8 of the Act.
10. That at all relevant times, We The People (WTP) was not registered in the State of Illinois to sell insurance or securities, nor was the product that was sold registered as an insurance product or a security.
11. The WTP Charitable Gift Annuity (CGA), product that was sold, is a contractual transfer of appreciated property (stocks or other assets) in exchange for receiving payments that are in part a tax-free return of principal and part ordinary income in the form fixed payments for a certain length of time.
12. By means of the Stipulation, the Respondent acknowledged, without admitting or denying the truth thereof, that the following allegations contained in the Notice of Hearing shall be adopted as the Secretary of State's Findings of Fact:
 - A. Beginning in or about May 2008 and continuing through April 2012, WTP offered to have investors exchange various assets, including stocks, annuities, real estate, or cash for a WTP CGA.
 - B. In March 2008, Richard K. Olive and Susan Olive (the "Olives") were hired by WTP to create and run the CGA program.
 - C. At the time they joined WTP, the Olives were subject to numerous adverse proceedings related to their previous business, the National Foundation of America (NFOA)
 - D. NFOA offered similar products as did WTP to elderly investors
 - E. In April 2007, the State of Florida charged the Olives with unauthorized and illegal transactions through NFOA and presenting "an immediate danger to the public health, safety and welfare of Florida consumers." In May 2007, the Texas State Securities Board issued a cease and desist order charging NFOA and Richard Oliver with intentionally failing to disclose material facts in the sale of unregistered securities.

- F. In May 2007, in a civil action, the State of Tennessee charged the Olives with selling products without licenses and registration.
- G. Respondent Thomas acknowledges and agrees that he saw an advertisement in a magazine for the WTP CGA and thought it was a good investment for Investor DS.
- I. Respondent acknowledges and agrees that he recommended that Investor DS purchase a WTP CGA.
- J. Respondent Thomas acknowledges and agrees that he recommended that Investor DS trade two annuities (Avia Policy #096990 and American Investors Policy #549664) for the WTP CGA.
- K. In or about 2009, based on Respondent's recommendation, Investor DS traded those said annuities for a WTP CGA, in exchange for \$31,566.00.
- L. Under the CGA agreement, WTP agreed to make periodic payments, immediately or after a period of deferment, for the lifetime of the CGA purchaser and his or her designated beneficiary.
- M. Respondent Thomas acknowledges that in return, Investor DS had an expectation to receive tax benefits and a revenue stream of \$57,136.53.
- N. Respondent Thomas acknowledges and agrees that he was paid an \$1873.32 commission referral fee in exchange for recommending the CGA exchange with WTP.
- O. On or about July 17, 2017, Investor DS filed a complaint with the Illinois Secretary of State Securities Department alleging that Respondent Thomas promised tax benefits and a stream of income for a WTP CGA for \$31,566.00.
- P. Investor DS further alleged that she was never given any tax benefits.
- Q. Respondent Thomas acknowledges that WTP funds were seized.
- R. The WTP funds were seized by the Securities and Exchange Commission in the United States District Court for the Southern District of Florida (*Securities and Exchange Commission v. We The People, Inc. of The United States Case No. 2:13-cv-14047*), for violating directly or indirectly, Section 17(a) of Securities Exchange Act of 1933 [15 U.S.C. §77q(a)] in the offer or sale of any securities by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly:

- a. to employ any device, scheme, or artifice to defraud;
 - b. to obtain money or property by means of any untrue statement of a material fact or any omission of a material fact necessary in order to make the statements made, of the circumstances under which they were made, not misleading; or
 - c. to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser by, directly or indirectly,
 - (i) creating a false appearance or otherwise deceiving any person; or
 - (ii) disseminating false or misleading documents, materials, or information or making, either orally or in writing, any false or misleading statement in any communication with any investor or prospective investor about: any investment in or offering of securities; the registration status of such offering or of such securities; the prospects for success of any product or company; the use of investor funds; or the misappropriation of investor funds or investments proceeds.
- S. On March 1, 2012, Richard and Susan Oliver were indicted by a federal grand jury of fraud in connection with the sale of investments at NFOA, found guilty, and sentenced to 372 months (31 years) in prison and \$5,992,181.24 restitution in *USA v. Oliver*, (3:12-cr-00048), U.S. District Court, Middle District of Tennessee (Nashville).
- T. On February 13, 2013, Melanie Damian was appointed by the Federal Court as the receiver and was discharged on August 17, 2016.
- U. Melanie Damian, the Federal Court appointed receiver turned over seized WTP funds to Tom Dieters at The Miami Foundation (TMF).
- V. TMF distributed \$14,200.00 in a lump sum payment and \$4866.61 in installment payments to Investor DS, totaling \$19,066.61.
- W. Respondent acknowledges and agrees to repay Investor DS the difference between the \$19,066.61 repayment by TMF and her investment of \$31,566.00, which amounts to \$12,499.39 in restitution.
13. Section 5 of the Act provides, *inter alia*, that all securities except those exempt under Sections 2.A and 3 of the Act or those offered or sold in transactions exempt under Section 4 of the Act shall be registered with the Secretary of State prior to their offer or sale in the State of Illinois.

14. Section 8 of the Act provides, *inter alia*, for registration of dealers, salespersons, investment advisors and investment adviser representative.
15. Section 12.A provides, *inter alia*, that it shall be a violation of the Act for any person to offer or sell any security except in accordance with the provisions of this Act.
16. That Section 11.E (4) of the Act provides that in addition to any other sanction or remedy contained in this Subsection E, the Secretary of State, after finding that any provision of this Act has been violated, may impose a fine as provided by rule, regulation or order not to exceed \$10,000, for each violation of this Act, may issue an order of public censure against the violator, and may charge as costs of investigation all reasonable expenses, including attorney's fees and witness fees.
17. Respondent acknowledges without admitting or denying the averments, that the following shall be adopted as the Secretary of State's Conclusions of Law:
 - a. The Respondent has committed a violation of Sections 5, 8, and 12.A of the Act; and
 - b. By virtue of the foregoing, the Respondent is subject to a fee pursuant to Section 11.E (4) of the Act.
18. Respondent acknowledges and agrees that Respondent desires to resolve this matter absent further administrative action.
19. Respondent acknowledges and agrees that Respondent shall make a total payment of One Thousand dollars (\$1,000.00) which shall be paid in two \$500.00 installments on April 30, 2019 and May 31, 2019 by certified or cashier's check, made payable to the Office of the Secretary of State, Securities Audit and Enforcement Fund.
20. Respondent acknowledges that he will make restitution of \$17,499.39 to Investor DS by December 31, 2019, as follows: Acknowledges and agrees that Respondent shall make two (2) payments of Five-Hundred dollars (\$500.00) which shall be paid on April 30, 2019 and May 31, 2019 by certified or cashier's check, made payable as directed in the Stipulation, and mailed to the Office of the Secretary of State, Securities Department, 69 W. Washington St., Suite 1220, Chicago, IL 60602. Thereafter, starting June 30, 2019 through November 30, 2019, Respondent will make monthly One Thousand dollars (\$1,000.00) payments as directed in the Stipulation, with the balance of \$5,499.39 paid on or before December 31, 2019. Pursuant to Section 13.A.1 of the Act, interest at the rate of 10% per annum per year shall be applied to any unpaid balance, effective January 1, 2020.

21. Respondent acknowledges and agrees that Respondent has submitted with this Stipulation a certified or cashier's check in the amount of Five Hundred dollars (\$500.00). Said check has been made payable to the Office of the Secretary of State, Securities Audit and Enforcement Fund.
22. Respondent acknowledges and agrees that the Stipulation was entered into freely and voluntarily and that no employee or representative of the Secretary of State made any promise to induce its execution, including without limitation, any promises or representations with regard to:
 - a. civil or criminal liability arising from the facts underlying this matter;
 - b. immunity from any such civil or criminal liability; or
 - c. immunity from further action by the Securities Department with respect to violations not connected with the facts underlying this matter.
23. Respondent will cease and desist from conduct in violation of the Act.
24. By means of Stipulation, Respondent Allen A. Thomas agrees he is estopped from seeking relief from the obligations set forth in this Consent Order through any bankruptcy proceedings pursuant to 11 U.S.C. Sec. 523 (a) 19.
25. The Illinois Securities Department will retain jurisdiction over this proceeding for the purpose of enforcing the terms and provisions of the Stipulation.
26. This Consent Order will be binding upon Respondent, his affiliates, successors, and assigns with respect to all conduct subject to the provisions above and all future obligations, responsibilities, undertakings, commitments, limitations, restrictions, events and conditions.

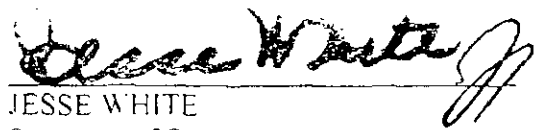
NOTICE: Failure to comply with the terms of this Order shall be a violation of Section 12 D of the Illinois Securities Law of 1953, as amended, 815 ILCS 5/1 *et seq.* Any person or entity who fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of this Order, shall be guilty of a Class 4 felony.

Consent Order

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This is a Final Order subject to judicial review pursuant to the Administrative Review Law, 735 ILCS 5/3-101 *et seq.* and the Rules and Regulations of the 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. Mailing of this Order to the Respondents or representative of record constitutes service of the Order.

Dated: This 6th day of May 2019.



JESSE WHITE
Secretary of State
State of Illinois

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