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

**TO: WILLIAM RANDOLPH WINTERS, AKA
BILL WINTERS
4678 Marine Parkway, Tower 1
Unit # 105
New Port Richey, Florida 34652**

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 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, William Randolph Winters, aka Bill Winters, ("Winters") was an individual residing in the State of Florida, with his last known address located at 4678 Marine Parkway, Tower 1, New Port Richey, Florida 34652.

4. 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 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" (hereinafter the "NFOA Installment Plan").

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

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

14 9. In or about March of 2007, Winters offered and sold securities in California in the
15 form of investment contracts labeled NFOA Installment Plans by placing telephone calls to individual
16 investors. Winters, acting as NFOA's agent, advised investors to exchange their existing annuity
17 contracts for NFOA Installment Plans. He told investors that the NFOA was a fabulous company and
18 that investors would not have to worry about a return on their investment.

19 10. Winters and NFOA specifically targeted unsophisticated investors in promoting or
20 offering the NFOA Installment Plan.

21 11. One (1) California investor, through Winters, transferred ownership of her existing
22 annuity in exchange for an NFOA Installment Plan, totaling \$66,450.35. The participating investor
23 was required to transfer ownership of her annuity through a change of ownership form. The change
24 of ownership form is signed by the current owner with a box checked that the change of ownership is
25 a gift. The new owner's signature is that of "Richard Olive, President." The change of ownership
26 form also bears the signature of the investor's "Financial Advisor," Winters, who acts as a witness to
27 the transfer.

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1 12. Winters received a total of \$4,176.57 in commissions from NFOA, representing
2 approximately 8% of the value of the annuity transferred by the investor.

3 13. In connection with the offer and sale of these securities, the above-described NFOA
4 Installment Plan, Winters misrepresented and/or failed to disclose to investors the following material
5 facts:

- 6 a. the risks related to the purchase of the NFOA Installment Plan;
- 7 b. information regarding the assets, liabilities, profits, losses, cash flow, and other
8 financial data concerning NFOA;
- 9 c. that NFOA and Richard K. Olive are the subjects of an Order to Cease and Desist
10 Issued by the Insurance Commissioner of the State of Washington on September 18,
11 2006, captioned, "In the Matter of National Foundation of America, Richard K. Olive
12 and Susan L. Olive," Order No. D06-245;
- 13 d. that NFOA has not been granted nonprofit status under IRC section 501(c)(3);
- 14 e. that IRC section 453 solely provides for the installment method of accounting for
15 income tax purposes and does not define the NFOA Installment Plan;
- 16 f. that NFOA has failed to register with the Office of the Attorney General, State of
17 California, Registry of Charitable Trusts as a charitable corporation doing business
18 within the State of California pursuant to Government Code section 12585, pursuant to
19 the Supervision of Trustees and Fundraisers for Charitable Purposes Act, Government
20 Code section 12580, et seq.;
- 21 g. that Winters received a 8% sales commission from NFOA for selling and/or
22 promoting the NFOA Installment Plan to investors.

23 14. Winters was previously employed as a registered representative of a licensed broker-
24 dealer, Preferred Securities Group, Inc., and terminated his registration with the State of California
25 Department of Corporations and the National Association of Securities Dealers ("NASD") on
26 December 2, 1997. Winter's NASD disclosure occurrence composite report reflects a history of
27 customer complaints concerning his activities as a registered representative of a licensed broker-
28 dealer.

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

1 state.

2 16. On July 9, 2007, the Commissioner issued a Desist and Refrain Order to NFOA and
3 Richard K. Olive for violations of sections 25110 and 25401 of the Corporate Securities Law of
4 1968.

5 17. On or about June 21, 2007, by Consent Order, the Chancery Court of Davidson
6 County, Tennessee placed NFOA into receivership. Leslie A. Newman, Commissioner of Commerce
7 and Insurance for the State of Tennessee, in her capacity as Rehabilitator/Liquidator of NFOA,
8 ("Liquidator") has custody of all assets and operations of NFOA and is to wind-down the company's
9 operations.

10 18. On or about September 11, 2007, the Chancery Court of Davidson County, Tennessee
11 entered a Final Order of Liquidation and Injunction, converting NFOA's rehabilitation receivership
12 action into a liquidation proceeding. NFOA's remaining assets are to be distributed to NFOA
13 investors and creditors according to a plan of liquidation filed by the Liquidator.

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

16 Based upon the foregoing findings, the California Corporations Commissioner is of the
17 opinion that the above-described NFOA Installment Plan is a security subject to qualification under
18 the California Corporate Securities Law of 1968 and is being or has been offered or sold without first
19 being qualified in violation of section 25110 of the Corporate Securities Law of 1968. Pursuant to
20 Section 25532 of the Corporate Securities Law of 1968, William Randolph Winters, aka Bill Winters,
21 is hereby ordered to desist and refrain from the further offer or sale of securities, in the State of
22 California, including but not limited to investment contracts in the form of NFOA Installment Plans,
23 unless and until qualification has been made under said law or unless exempt.

24 Furthermore, the California Corporations Commissioner is of the opinion that the securities
25 William Randolph Winters, aka Bill Winters, offered or sold in this state were by means of written or
26 oral communications which included an untrue statement of a material fact or omitted to state a
27 material fact necessary in order to make the statements made, in the light of the circumstances under
28 which they were made, not misleading, in violation of 25401 of the Corporate Securities Law of

