

**BEFORE THE SECURITIES COMMISSIONER  
OF THE STATE OF KANSAS**

In the Matter of:

EDWIN D. JONES,

Docket No. 11 E 016

KSC No. 2007-5367

Respondent.

\_\_\_\_\_  
Pursuant to K.S.A. 17-12a604

**STIPULATION FOR CONSENT ORDER**

This proceeding follows an investigation conducted by the staff of the Office of the Securities Commissioner of Kansas, pursuant to K.S.A. 17-12a602. As a result of the investigation, staff for the Office of the Securities Commissioner alleges that:

**Allegations of Fact**

1. Respondent Edwin D. Jones [hereinafter "Respondent"] is a licensed Kansas insurance agent [License No. 929263] with a last known address of [REDACTED]

2. At all times relevant herein, Respondent was working as an agent for the National Foundation of America [hereinafter "NFOA"], a former Tennessee nonprofit corporation, after being referred by another agent.

3. Based on information posted on the NFOA website [www.nationalfoundationofamerica.org], the stated NFOA goal was to assist individuals with their charitable planning goals. To accomplish this, NFOA offered an "Asset Exchange Program" [hereinafter "AEP"]. The AEP was composed of three areas which an individual could take advantage of: real estate, securities and annuities. The AEP is also referred to as the "charitable installment plan."

4. NFOA stated that when an individual transferred securities, annuities, real estate or cash, to NFOA, the individual would receive a guaranteed monthly income for a certain period of time, interest, a generous tax deduction and the IRS forgiveness of a large portion of the capital gain, as well as other important benefits.

5. Although promoted by NFOA as a “charitable gift annuity,” in reality, the investment operated as an investment contract. Both products are securities.

6. Respondent reviewed NFOA advertisements in trade publications and learned that NFOA was offering a 9% commission to agents selling their products.

7. Respondent did not receive anything in writing from NFOA and did not verify any of the claims made by NFOA or its president, Richard Olive.

8. Between September 2006 and May 2007, Respondent sold, or attempted to sell, the NFOA charitable installment plan to six (6) Kansas residents and received commissions in the amount of \$78,935.12, as outlined below:

[REDACTED]	\$ 4,241.73
[REDACTED]	\$15,011.20
[REDACTED]	\$ 3,041.84
[REDACTED]	\$ 8,110.29
[REDACTED]	\$28,255.57
[REDACTED]	\$14,707.83
[REDACTED]	\$ 5,566.66

9. In addition to the sales above, Respondent split a commission with two other individuals on the sale of an NFOA charitable installment plan to a seventh Kansas resident [REDACTED \$12,000.97 total commission]. Said Kansas resident closed his brokerage account and used the cash to purchase the NFOA plan.

10. Respondent’s total commission amount was \$82,935.44.

11. In early 2007, NFOA was investigated by the Tennessee Department of Commerce and Insurance. As a result of the investigation, Tennessee issued an order

requiring NFOA to stop engaging in business and placing it in receivership for liquidation. [Case No. 07-1163-JV]

12. On or about July 6, 2007, a receiver representing the Tennessee Insurance Commissioner sent a demand letter to Respondent for the return of his commissions. Respondent did not reply to the demand letter.

13. On or about March 3, 2008, the Kansas Insurance Commissioner issued an order [Summary Order No. 3773-SO] to Respondent for violations of Kansas insurance statutes, censuring him for irresponsibility and incompetence in the conduct of business in the State of Kansas.

#### **Allegations of Law**

14. The investment, to-wit: an investment contract, is a security as defined by K.S.A. 17-12a102(28).

15. At the time of the transaction, Respondent transacted business as an agent in the State of Kansas without being registered, in violation of K.S.A. 17-12a402(d).

16. Adequate grounds exist under K.S.A. 17-12a604 to invoke administrative sanctions against Respondent and such order is in the public interest.

Respondent, wishing to obtain disposition of this matter without invoking any right to a hearing before the Securities Commissioner, or his designee, has determined not to contest the issuance of an order by the Commissioner on the basis of the above allegations.

**IT IS THEREFORE STIPULATED AND AGREED** by and between Respondent and staff for the Securities Commissioner of Kansas that:

1. The Consent Order may be issued by the Kansas Securities Commissioner without further proceedings in this matter.

2. Respondent, by entering into this Stipulation for Consent Order, does not admit to the allegations by the Office of the Kansas Securities Commissioner and the issuance of the Consent Order is a compromise settlement of a disputed claim and resolves the allegations herein.

3. Respondent hereby waives his right to a hearing before the Commissioner, or his designee, with respect to this matter, the issuance of the Consent Order and the above allegations.

4. Respondent agrees to pay a FINE in the amount of \$5,000.00. Said payment is to be made to the Office of the Kansas Securities Commissioner within thirty (30) days of entry of the Consent Order.

**APPROVED BY:**

/s/ Edwin D. Jones  
Edwin D. Jones  
*Respondent*

May 5, 2011  
Date

/s/ Gail E. Bright  
Gail E. Bright, #14572  
Associate General Counsel  
Office of the Kansas Securities Commissioner  
109 SW 9<sup>th</sup> St., Suite 600  
Topeka, Kansas 66612

May 10, 2011  
Date