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5 STATE AUDITOR'S OFFICE  
6 SECURITIES DEPARTMENT & INSURANCE DEPARTMENT  
7 HELENA, MONTANA

8 IN THE MATTER OF: ) Case No.: 03-28-05-141 I  
9 )  
10 SURE FOUNDATION INTERNATIONAL, ) CEASE AND DESIST ORDER  
11 INC., REBECCA JENSEN and JON ) (AMENDED)  
12 TOLMAN JENSEN, their agents and )  
13 representatives, INTERNATIONAL )  
14 BUSINESS EDUCATION ASSOCLATION, )  
15 JACQUELINE ANN LARGENT, JASON )  
16 MICHAEL WRIGHT, ROBERT LEE )  
17 HARDING, JR., FRANK WILLIAMS, and )  
18 John and/or Jane Does 1-196,  
19 Respondents.  
20  
21

22  
23 The Commissioner of Securities and Insurance of the State of Montana (Commissioner),  
24 pursuant to the authority of the Securities Act of Montana, §§ 30-10-101, et seq., Mont Code  
25 Ann. (2003), and the Insurance Code of Montana, §§ 33-1-101, et seq., Mont. Code Ann. (2003),  
hereby issues the following allegations of fact, proposed conclusions of law, order and notice of  
right to a public hearing for Respondents.

26  
27 **ALLEGATIONS OF FACTS**

28 1. Sure Foundation International (SFI) is a corporation whose principal offices are  
29 located at 2711 Santa Clara Drive, Suite 200, Santa Clara, UT 84765. At all times material  
30 hereto, SFI was not registered with the Securities Department of the Montana State Auditor's  
31 Office to transact business in securities, and was not properly notice-filed as a multilevel

1 distribution company. At all times material to this action, SFI did not have a certificate of  
2 authority to conduct insurance business in Montana.

3 2. Rebecca Jensen (R. Jensen) is the President and Chief Executive Officer of SFI.  
4 R. Jensen is not registered with either the Securities or the Insurance Department in any  
5 capacity.

6 3. Jon Tolman Jensen is a trustee of SFI. J. Jensen is not registered with either the  
7 Securities or Insurance Department in any capacity.

8 4. International Business Education Association (hereafter "IBEA") is a membership  
9 association promoted by SFI. At all times material to this action, IBEA was not registered with  
10 the Securities Department to transact business in securities, and was not properly notice-filed as  
11 a multilevel distribution company. At all times material to this action, IBEA did not have a  
12 certificate of authority to conduct insurance business in Montana.

13 5. **Jacqueline Ann Largent is an unregistered securities salesperson and**  
14 **unlicensed insurance producer who promotes and conducts an illegal pyramid scheme and,**  
15 **in connection with the illegal pyramid scheme sells, solicits or negotiates insurance.**

16 6. **Jason Michael Wright is an unregistered securities salesperson and**  
17 **unlicensed insurance producer who promotes and conducts an illegal pyramid scheme and,**  
18 **in connection with the illegal pyramid scheme sells, solicits or negotiates insurance.**

19 7. **Robert Lee Harding, Jr., is an unregistered securities salesperson and**  
20 **unlicensed insurance producer who promotes and conducts an illegal pyramid scheme and,**  
21 **in connection with the illegal pyramid scheme sells, solicits or negotiates insurance.**

22 8. **Frank Williams is an unregistered securities salesperson and unlicensed**  
23 **insurance producer who promotes and conducts an illegal pyramid scheme and, in**  
24 **connection with the illegal pyramid scheme sells, solicits or negotiates insurance.**  
25

1           9.     John and/or Jane Does are unregistered securities salespersons, unlicensed  
2 insurance producers and participants of SFI.

3           10.    The Securities Department learned that SFI conducted multiple promotional  
4 meetings for the purpose of promoting IBEA memberships in Montana without first notice filing  
5 with the Department as a multilevel distribution company. Materials and information from the  
6 meetings held by SFI indicate the IBEA program is an illegal pyramid scheme.

7           11.    IBEA memberships are investment contracts. An investment contract is a  
8 security. A review of the Securities Department's records indicates IBEA memberships are not  
9 properly registered.

10          12.    As outlined in Exhibit A, participants purchase memberships in the IBEA for  
11 which they receive a "business entity." IBEA markets primarily two types of memberships, a  
12 "Gold Level" membership for \$600.00 and a "Platinum Level" membership for \$1,020.00. SFI's  
13 marketing materials indicate that a "Gold Level" member receives a legal business entity, as well  
14 as IBEA benefits and the possibility for profits from recruitment. SFI's marketing materials  
15 indicate that a "Platinum Level" member receives the same, however, a "Platinum Level"  
16 participant has greater earnings power. **EXHIBIT A.**

17          13.    SFI's IBEA marketing materials include a projection that a "Gold Level"  
18 member's expected business entity will perform as follows, provided "you [gold level member]  
19 sponsoring one person by your third month, and everybody else doing the same."

20           Month 1   Business Entity is awarded to you [gold level member]

21           Month 2   You [gold level member] begin receiving product or service from SFI selected  
22                    provider

23           Month 3-7   You [gold level member] receive high quality products and services

24           Month 8    You [gold level member] receive a check for \$116.40

25           Month 9    You [gold level member] receive a check for \$197.70

1 Month 10 You [gold level member] receive a check for \$308.10

2 Month 11 You [gold level member] receive a check for \$568.20

3 Month 12 You [gold level member] receive a check for \$1,147.80

4 **EXHIBIT A**

5 14. SFI's [BEA marketing materials include a projection that a "Platinum Level"  
6 member's expected business activity will perform as follows, provided "you [platinum level  
7 member] sponsoring one person by your third month, and everybody else doing the same."

8 Month 1 Business Entity is awarded to you [platinum level member]

9 Month 2 You [platinum level member] begin receiving product or service from SFI  
10 selected provider. Health/Life/Disability Insurance Coverage begins.

11 Month 3-6 You [platinum level member] receive high quality products and services

12 Month 7 You [platinum level member] receive a check for \$91.50

13 Month 8 You [platinum level member] receive a check for \$261.00

14 Month 9 You [platinum level member] receive a check for \$538.50

15 Month 10 You [platinum level member] receive a check for \$622.50

16 Month 11 You [platinum level member] receive a check for \$1,230.00

17 Month 12 You [platinum level member] receive a check for \$2,331.00

18 **EXHIBIT A**

19 15. The [BEA promotional materials provided by SFI promise, *inter alia*, a Montana  
20 participant investing \$600.00 as a "gold level" member could earn \$2,338.20 by purchasing one  
21 "business entity" and recruiting one (1) other to join the program. Furthermore, the [BEA  
22 promotional materials promise a Montana participant investing \$1,020 as a "platinum level"  
23 member could earn \$5,203.50 by purchasing one "business entity" and recruiting one (1) other to  
24 join the program. According to the [BEA promotional materials, the newly recruited participant  
25 then purchases and receives a "business entity" but must also recruit one (1) other to join the

1 program. Additionally, the IBEA promotional materials indicate that when participants recruit  
2 others to join the program, those new individuals are placed below the recruiter on SFI's IBEA  
3 compensation plan, in a traditional pyramid scheme format. **EXHIBIT A.**

4 16. The promotional materials provided by IBEA also promise that at some point in a  
5 participant's membership they will receive "health/life insurance for the rest of [the participant's]  
6 life with no out of pocket expense." **EXHIBIT A.**

7 17. SFI purports to be a multilevel distribution company. SFI, its principals,  
8 employees and agents solicited investments in SFI's program in Montana through the use of  
9 promotional materials, recruitment meetings, and Internet websites. In doing so, SFI, through R.  
10 Jensen and J. Jensen and their agents and representatives, offered and/or sold association  
11 memberships to at least two hundred (200) residents of Superior, Lewistown, Missoula, Lolo,  
12 Bonner, Florence, Bridger, Clinton, Big Fork, Polson, St. Ignatius, Charlo, Moiese, Pablo,  
13 Bozeman, Seeley Lake, Kalispell, Whitefish, Fairfield, East Helena, Glendive, Columbia Falls,  
14 and other Montana locations to invest in a pyramid scheme.

15 18. Each of the two hundred (200) recruits conducted securities and insurance  
16 business without appropriate licensure or the benefit of an exemption. Additionally, all two  
17 hundred (200) participants were involved in an illegal pyramid promotional scheme.

18 19. At all times material hereto, Respondents represented to persons in Montana that  
19 all aspects of SFI's IBEA program were authorized by the State of Montana.

20 20. Although the sale of various products is briefly mentioned in the promotional  
21 materials, Respondents emphasize that profit is earned primarily by recruiting others to join and  
22 purchase an IBEA membership rather than through the sale of products. Furthermore,  
23 Respondents used a brochure in their marketing to participants that states "[b]enefits include  
24 products and services delivered to your door, insurance protection, monthly commission checks,  
25 and overall peace of mind." The brochure goes on to state "[q]ualifying associates will receive

1 medical and life insurance.” Respondents are not licensed to offer or sell insurance to or from  
2 the State of Montana. EXHIBIT A.

3 21. The actions of Respondents constitute the offer or offer to sell securities as  
4 defined by the Securities Act.

5 22. The records of the Departments disclose that the IBEA program offered by  
6 Respondents was not properly notice filed as a multilevel distribution company in Montana prior  
7 to the date it began soliciting participants.

8 23. The records of the Departments disclose that the IBEA program offered by  
9 Respondents was not registered as a security in Montana prior to the date of this order.

10 24. The records of the Departments disclose that Respondents were not registered as  
11 broker-dealers or salespersons in Montana prior to the date of this order.

12 25. The records of the Departments disclose that Respondents did not have a  
13 certificate of authority to operate as an insurance company.

14 26. The records of the Departments disclose that Respondents were not properly  
15 licensed as insurance producers in Montana prior to the date of this order.

16 27. In connection with the above-described offers of IBEA membership interests to  
17 persons in Montana, Respondents failed to disclose, at a minimum, the following material facts  
18 necessary to disclose in order to make the statements made about the investment in light of the  
19 circumstances under which they were made not misleading:

20 a. that the market for SFI’s IBEA memberships will eventually become saturated as  
21 the supply of new members declines and representatives recruited later in time will be  
22 unable to generate promised returns;

23 b. that at all times material hereto, SFI’s IBEA program was not registered as a  
24 security in Montana;

1 c. that at all times material hereto, SFI's IBEA program was not properly notice  
2 filed as a multilevel distribution program in Montana;

3 d. that at all times material hereto, SFI's IBEA program is an illegal pyramid  
4 promotional scheme.

5 e. that at all times material hereto, SFI's IBEA program was not licensed to offer or  
6 sell insurance products in Montana.

7 24. In connection with the above-described offers of IBEA membership interests to  
8 persons in Montana, Respondents made untrue statements of material fact when they represented  
9 that the program was legitimate.

10 25. In connection with the above offers of securities to persons in Montana,  
11 Respondents engaged in an act, practice or course of business which operates or would operate  
12 as a fraud or deceit upon any person in that the SFI's IBEA program constitutes an illegal  
13 pyramid promotional scheme.

14 26. SFI's IBEA marketing materials include statements such as "Some benefits are  
15 underwritten by an A+ rated insurance company." Neither SFI or IBEA is licensed to offer or  
16 sell insurance. SFI's IBEA program does not carry insurance benefits, contrary to its  
17 representations to potential participants. In reality, SFI's IBEA program offers its participants  
18 the ability to join the National Association for the Self-Employed to gain access to certain  
19 insurance products.

20 27. Montana participants contacted the Departments with questions regarding SFI;  
21 specifically asking if they paid the association membership price would they then receive the  
22 various types of insurance promised in the promotional information. One individual relied upon  
23 Respondents' representations, believing he had obtained the necessary insurance to cover the  
24 cost of leg surgery.





1           9.       In connection with the above offers of securities to persons in Montana,  
2 Respondents violated MCA, § 30-10-201(1), by transacting business as broker-dealers or  
3 salespersons in Montana without registering as such.

4           10.      In connection with the above offers of securities to persons in Montana,  
5 Respondents violated MCA, § 30-10-202, by transacting business in unregistered securities.

6           11.      In connection with the above offers of securities to persons in Montana,  
7 Respondents violated MCA, § 30-10-301, (b), by failing to disclose, at a minimum, the following  
8 material facts which were necessary to disclose in order to make the statements made about the  
9 investment in light of the circumstances under which they were made not misleading:

- 10           a.       that the market for Respondents' "business entities" will eventually become  
11           saturated as the supply of new members declines and representatives recruited later in  
12           time will be unable to generate promised returns;
- 13           b.       that at all times material hereto, Respondents' program was not registered as a  
14           security in Montana;
- 15           c.       that at all times material hereto, Respondents' program was not properly notice  
16           filed as a multilevel distribution program in Montana;
- 17           d.       that at all times material hereto, Respondent's program is an illegal pyramid  
18           promotional scheme.
- 19           e.       that Respondents made fraudulent statements of material fact when they  
20           represented that the program was legitimate in order to encourage participation in the  
21           program.
- 22           f.       that Respondents would provide health and life insurance coverage at no cost to  
23           participants as a benefit of participation in the scheme.

24           12.      In connection with the above offers of IBEA membership interests to persons in  
25 Montana, Respondents engaged in an act, practice or course of business which operates or would

1 operate as a fraud or deceit upon any persons in that the program constitutes an illegal pyramid  
2 promotional scheme.

3 13. In connection with the above offers of IBEA membership interests to persons in  
4 Montana, Respondents violated § 30-10-326, MCA, by operating a multi-level distribution  
5 company in this state without properly notice filing with the Department.

6 14. In connection with the above offers of IBEA membership interests to persons in  
7 Montana, Respondents violated § 30-10-301, MCA, by representing to persons in Montana that  
8 the program was registered in Montana.

9 15. In connection with the solicitation and sale of Respondents' program to persons in  
10 Montana, Respondents violated § 33-17-201, MCA in not having a license to sell insurance.

11 16. In connection with the solicitation and sale of Respondents' program,  
12 Respondents violated § 33-1-1302, MCA in misrepresenting material facts with the intention of  
13 causing another person to rely upon the misrepresentation to that relying person's detriment.

14 17. In connection with the solicitation and sale of Respondents' program,  
15 Respondents violated § 33-2-101, MCA by acting as an insurer without a certificate of authority  
16 to do so.

### 17 ORDER

18 Pursuant to §30-10-305(1)(a), MCA, it appears to the Commissioner that the above  
19 named Respondents engaged or are about to engage in an act or practice constituting a violation  
20 of the Securities Act of Montana, and pursuant to §30-10-102, MCA, it is in the public interest to  
21 ORDER Respondents to CEASE AND DESIST from the following actions:

- 22 1. Any actions or activity wherein Respondents act as unregistered securities  
23 salesperson in violation of §30-10-201, MCA;
- 24 2. Any act, practice, or course of business that operates or would operate as a fraud or  
25 deceit upon any person, in violation of §30-10-301, MCA;

1 3. Any act that is an untrue statement of material fact of the omission of such a material  
2 fact, in violation of §30-10-301, MCA; and

3 4. Any act that constitutes offering an unregistered security in violation of § 30-10-202,  
4 MCA.

5 Section 30-10-306(1), MCA, provides that any willful violation of this cease and desist  
6 order, upon conviction, may be punished by imprisonment for not more than ten (10) years  
7 and/or a fine not exceeding five thousand dollars (\$5,000).

8 FURTHER, Pursuant to §33-1-318 (1)(a), MCA, it appears to the Commissioner that the  
9 above named Respondents engaged or are about to engage in an act or practice constituting a  
10 violation of the Montana Insurance Code. Therefore, the Commissioner hereby ORDERS that  
11 Respondents CEASE AND DESIST from engaging in any of the following actions:

- 12 1. Any actions or activity wherein Respondents act as unlicensed or unauthorized insurers in  
13 violation of §33-2-101, MCA;
- 14 2. Any actions or activity wherein Respondents act as unlicensed insurance producers in  
15 violation of §33-17-201, MCA; and
- 16 3. Any act that is an untrue statement of material fact of the omission of such a material  
17 fact, in violation of §33-1-1302, MCA.

18 NOTICE

19 Respondent is notified that the Commissioner has issued this temporary cease and desist  
20 order. If Respondent wishes to contest the allegations herein, he shall make a written request for  
21 a hearing to Roberta Cross Guns of this office within fifteen (15) days of receipt of this order.  
22 The hearing shall then be held within twenty (20) days of the Commissioner's receipt of the  
23 hearing request unless otherwise agreed by the parties. If no hearing is requested within fifteen  
24 (15) days of receipt of this order by Respondent, and the Commissioner orders none, this order  
25 shall become permanent.



**EXHIBIT A**



SURE FOUNDATION  
INTERNATIONAL™

**Compensation  
and  
Earnings  
Projection**

# SFI GOLD level Association Plan

With your \$600 Activation Fee today

<u>Month</u>	<u>Expected Business Activity</u>
--------------	-----------------------------------

- |         |   |
|---------|---|
| 1.      | Business Entity is awarded to you                                   |
| 2.      | You begin receiving Product or Service from SFI's selected provider |
| 3. - 7. | You receive high quality products and services                      |
| 8.      | You receive a check for \$116.40                                    |
| 9.      | You receive a check for \$197.70                                    |
| 10.     | You receive a check for \$308.10                                    |
| 11.     | You receive a check for \$568.20                                    |
| 12.     | You receive a check for \$1,147.80 *                                |

**Total Annual Earnings: \$2338.20**

\* At this point your Association's total capital exceeds \$1,800.00. This means that you may elect to join one of our platinum programs in which you could receive health / life insurance for the rest of your life with no out of pocket expense!

\*\*\* This projection is based on the following criteria: You sponsoring one person by your third month, and everybody else doing the same.

# SFI Platinum Level Association Plan

With your \$1020 Activation Fee today

<u>Month</u>	<u>Expected Business Activity</u>
--------------	-----------------------------------

- |         |   |
|---------|---|
| 1.      | Business Entity is awarded to you   |
| 2.      | You begin receiving Product or Service from SFI's selected provider<br>Health / Life / Disability Insurance Coverage begins |
| 3. - 6. | You receive high quality products and services  |
| 7.      | You receive a check for \$91.50   |
| 8.      | You receive a check for \$261.00  |
| 9.      | You receive a check for \$538.50  |
| 10.     | You receive a check for \$622.50  |
| 11.     | You receive a check for \$1,230.00  |
| 12.     | You receive a check for \$2,331.00  |

Total Annual Earnings: \$5,203.50

\*\*\* This projection is based on the following criteria: You sponsoring one person by your third month, and everybody else doing the same.