

STATE OF ALABAMA  
ALABAMA SECURITIES COMMISSION

IN THE MATTER OF:	)	
	)	Administrative Order
FORTRESS FOUNDATION INC.	)	NO.CD-2005- 0018
G. T. FUNDS INC.	)	
aka: GODS TRUST FUNDS, INC	)	
LEROY HOBACK	)	
THOMAS EDWARD CRAWFORD	)	
O. BRUCE MIKELL	)	
WILLIAM E. SCHWERDTFEGER	)	
GLORIA N. STREIG	)	
RA'NIC STREIG SCHWERDTFEGER	)	
RAYMOND M. STREIG	)	
	)	
<u>RESPONDENTS</u>	)	

CEASE AND DESIST ORDER

The Alabama Securities Commission ("Commission"), having the power to administer and provide for the enforcement of all provisions of Title 8, Chapter 6, Code of Alabama 1975, the Alabama Securities Act, upon due consideration of the subject matter hereof, and having confirmed information of the offer and sale of securities into, within, or from the State of Alabama, has determined as follows:

RESPONDENTS

1. FORTRESS FOUNDATION INC., ("FFI"), with a business address of 416 NW 6<sup>TH</sup> Street, Bentonville, Arkansas 72712-4716 was incorporated in the Country of Belize Central America on August 21, 2003.
2. G.T. FUNDS INC., aka: GODS TRUST FUNDS, INC., ("GTF"), with a business address of 5906 Indian Hills Lane, Sugar Land, Texas 77478 was incorporated in the state of Washington on October 12, 2001.

3. LEROY HOBACK. ("HOBACK"), is the President of Fortress Foundation Inc., with a home address of 416 NW 6<sup>th</sup> Street, Bentonville, Arkansas 72712-4716.

4. O. BRUCE MIKELL ("MIKELL") is the Vice President of Fortress Foundation Inc., with a home address of 1474 Echo Trail, Warrior, Alabama 35180.

5. THOMAS EDWARD CRAWFORD ("CRAWFORD") is an agent of Fortress Foundation Inc., with a home address of 110 Summer Drive, Scottsboro, Alabama 35768.

6. WILLIAM E. SCHWERDTFEGER, ("SCHWERDTFEGER"), is an agent of G.T. Funds with a business address of 5906 Indian Hills Lane, Sugar Land, Texas 77478.

7. GLORIA N. STREIG ("G. STREIG") is an agent of G.T. Funds Inc., with a business address of 5906 Indian Hills Lane, Sugar Land, Texas 77478.

8. RA'NIC STREIG SCHWERDTFEGER, ("R. SCHWERDTFEGER"), is the Vice President of G.T. Funds Inc., with a business address of 5906 Indian Hills Lane, Sugar Land, Texas 77478.

9. RAYMOND M. STREIG ("R. STREIG") is the President of G.T. Funds Inc., with a business address of 5906 Indian Hills Lane, Sugar Land, Texas 77478.

#### STATEMENT OF FACTS

10. The Commission is in receipt of information that GTF, and FFI, through their agents HOBACK, CRAWFORD, MIKELL, W. SCHWERDTFEGER, G. STREIG, R. SCHWERDTFEGER, and R. STREIG, engaged in the offer and/or

sale of securities to Alabama residents, involving the proposed sale/trade of foreign currency, to wit: investment contracts entitled "International Currency Trade Contracts", into, within or from the State of Alabama.

11. The investment plan which was described as a "private placement, by invitation only, 'hedge fund'", called for solicited investors to place a minimum investment of \$10,000. The investment had to remain deposited with G.T. Funds for at least one year, and upon completion of the requisite time would yield represented returns which varied from 3% to 6% per month to 4% to 8% a day. Investment Funds were deposited into the Fortress Foundation bank account held at the Bank of America, located in Bentonville, Arkansas. Funds were then transferred to the G.T. Funds bank account held at the Bank of America, located in Houston, Texas. Although the contract provided that FFI "does not charge a 'per day' commission, FFI does charge the investor a 1% account management fee on the 'net new monthly trade profits.'" Net new monthly trade profits were defined as the investor's half of the gross new monthly trade profits.

12. HOBACK and MIKELL, with the assistance of R. STREIG and R. SCHWERDTFEGER, created a sales force known as Commitment Holder Associates ("CHA"). According to CRAWFORD he was recruited by MIKELL and became an agent (CHA) of FFI in the state of Alabama. Commissions to a CHA ranged from 10% to 20%.

13. Both MIKELL and CRAWFORD effected securities transactions by solicitation and/or sale of "International Currency Trade Contracts" to Alabama residents. An accounting analysis revealed that all commissions paid to a CHA (agent) came from funds invested by later investors and not from any real profits.

14. HOBACK and MIKELL began the solicitation of investors by conducting seminars in Rogers, Arkansas in October or November 2003. From its inception through October 2004, FFI collected \$351,800.00 from 32 investors and sent it to GTF. Of these funds, one Alabama resident invested \$10,000.00. According to

bank records, of the total collected amount, the four officers of GTF, R. STREIG, R. SCHWERDTFEGER, G. STREIG, and W. SCHWERDTFEGER, utilized approximately 65% of that amount for their own personal use. There is no indication that any actual currency trading was accomplished. No money was ever returned to the FFI account from GTF even though GTF was supposedly engaged in currency trading on a daily basis for almost a year.

15. Monthly statements were sent out by FFI to the investors depicting a rate of return for the month in question of anywhere from 20.94% to 1.04%. This rate of return was not based on any known record of currency trading. Supposedly, R. STREIG, and R. SCHWERDTFEGER gave HOBACK and MIKELL this rate of return in telephone conversations each month. However, no investor was ever dispersed any returns since the contract required that the funds were to be maintained in their accounts for one year. GTF never sent FFI any statement showing any currency trading by a company or firm licensed to trade in foreign currency trading.

16. In 2004, after repeated attempts by FFI to have GTF provide evidence of currency trading, HOBACK and MIKELL began looking for another entity with which to trade foreign currencies. An account was opened with REVCO, a legitimate trading company in January 2005. Approximately \$150,000.00 was solicited and collected from 15 new investors and was deposited into this account.

17. A review of the files of the Registration Division of the Alabama Securities Commission revealed no record of registration or any exemption from registration for any of the named respondents or the securities mentioned in item 10 of this Order.

CONCLUSIONS OF LAW

18. RESPONDENTS are not registered as securities agents, broker dealers, Investment Advisors, or Investment Advisor Representatives in the state of Alabama. The sale of securities by a dealer or agent, Investment Advisor, or Investment Advisor Representative, without benefit of registration in the state of Alabama is a violation of Section 8-6-3(a), Code of Alabama 1975.

19. The securities of G.T. Funds and Fortress as described in item 10 of this Order are neither registered nor exempt from registration in the state of Alabama. The sale of unregistered securities in the state of Alabama is a violation of Section 8-6-4, Code of Alabama 1975.

This Order does not prevent the Alabama Securities Commission from seeking such other civil or criminal remedies that are available to it under the Act.

This Order is appropriate in the public interest for the protection of investors and is consistent with the purposes of the Act.

**ACCORDINGLY, IT IS HEREBY ORDERED** that RESPONDENTS **CEASE AND DESIST** from further offers or sales of any security into, within or from the State of Alabama.

Entered at Montgomery, Alabama, this 17<sup>th</sup> day of April, 2005



ALABAMA SECURITIES COMMISSION  
770 Washington Street, Suite 570  
Montgomery, Alabama 36130-4700  
(334) 242-2984

BY:

A handwritten signature in black ink, appearing to read "Joseph P. Borg", is written over a horizontal line.

JOSEPH P. BORG  
Director