

STATE OF ALABAMA  
ALABAMA SECURITIES COMMISSION

IN THE MATTER OF:

AMERIFIRST FOUNDATION, INC.  
LONNIE HAWKINS  
ALLEN GOODMANSEN  
MICHAEL MCLAUGHLIN

RESPONDENTS

)  
ADMINISTRATIVE ORDER  
NO. CO-2004-0004

CONSENT 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 ("Act"), upon due consideration of the subject matter hereof, and having confirmed information of the offers for sale and/or sale of securities into, within or from the State of Alabama, has determined as follows:

RESPONDENTS

1. AMERIFIRST FOUNDATION, INC. ("AMERIFIRST") is an Arizona Corporation with a business address of 1630 S. Stapley #219, Mesa, Arizona 85204. During all times relevant to this complaint AMERIFIRST conducted securities transactions in the State of Alabama to wit: the solicitation and/or sale of charitable gift annuities to Alabama residents.

2. LONNIE HAWKINS ("HAWKINS") served as President of AMERIFIRST during all times relevant to this complaint. HAWKINS acted as an agent of AMERIFIRST with a business address of 1630 S. Stapley #219, Mesa, Arizona 85204.

3. ALLEN GOODMANSEN ("GOODMENSEN") served as Secretary of AMERIFIRST during all times relevant to this complaint. GOODMANSEN acted as an agent of AMERIFIRST with a business address of 1630 S. Stapley #219, Mesa, Arizona 85204.

4. MICHAEL MCLAUGHLIN ("MCLAUGHLIN") served as Vice President of AMERIFIRST during all times relevant to this complaint. MCLAUGHLIN acted as an agent of AMERIFIRST with a business address of 1630 S. Stapley #219, Mesa, Arizona 85204.

#### STATEMENT OF FACTS

5. On August 6, 2003, an audit was conducted of the S. Howard Smith Agency ("SHSA"), an affiliate agency of Great American Advisors, Inc. ("GAA") an Alabama registered broker dealer. SHSA is located at 380 Mendel Parkway, Montgomery, AL 36117. The audit revealed that Howard Smith ("SMITH"), a registered broker-dealer agent of GAA, and Barbara Mincey ("MINCEY"), an unregistered employee of the SHSA, sold charitable gift annuities of AMERIFIRST totaling \$1,029,951.38 to seven Alabama residents during the period from December 2000 until January 2002. A check of the files of the Registration Division of the Alabama Securities Commission revealed that none of the charitable gift annuities sold were registered nor were any filings made to perfect an exemption from registration.

6. On January 26, 2004, the Commission staff issued a Cease and Desist Order No. CD-2004-0004, directing AMERIFIRST and other respondents to immediately cease and desist from further offers or sales of any security into, within or from the State of Alabama.

7. An informal hearing was conducted by telephone on April 26, 2004. Richard Durfee of Durfee & Associates, P.C., acting as general counsel, represented AMERIFIRST and its employees named in this Order. At the conclusion of the hearing, AMERIFIRST agreed to waive any further administrative proceedings available to it and instead to resolve this matter by way of this Consent Order.

8. AMERIFIRST completed a rescission offer to all Alabama investors in which they explained that the transactions in the charitable gift annuities were made in violation of Alabama law.

#### CONCLUSIONS OF LAW

9. Any annuity, not issued by an insurance company, is a security pursuant to § 8-6-2(10), Code of Alabama 1975. The charitable gift annuities issued by AMERIFIRST are, by definition, securities in Alabama.

10. Pursuant to § 8-6-4, Code of Alabama 1975, it is unlawful for any person to offer or sell any security in Alabama unless it is registered under the Alabama Securities Act, the security is exempt under § 8-6-10 or the transaction in which the security is sold is exempt under § 8-6-11. AMERIFIRST offered and sold securities, i.e., charitable gift annuities, which were not registered and for which no exemption had been perfected.

11. Pursuant to § 8-6-3(a), Code of Alabama 1975, it is unlawful to employ an agent to transact securities business in this state unless the agent is registered. Barbara Mincey, an unregistered employee of SHSA, offered and sold securities of AMERIFIRST, i.e., charitable gift annuities, to five Alabama residents.

**WHEREAS**, RESPONDENTS admit that securities transactions were effected in the State of Alabama prior to registration or the perfection of any applicable exemption, and state that the information and assertions presented to the Commission during its investigation of this matter are true and correct; that RESPONDENTS understand the Commission's reliance upon such information and assertions in its determination to accept this Order, and that should this information or these assertions prove to be incorrect or misrepresented, the Commission may seek such other administrative, civil, or criminal remedies that may be available to it under the provisions of the Act.

**WHEREAS**, RESPONDENTS have voluntarily waived all rights to a hearing upon entry of this Order, and have consented to the entry of this Order, and

**WHEREAS**, the Commission finds this Order necessary and appropriate in the public interest for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the Act, and

**WHEREAS**, the Commission and RESPONDENTS are desirous of settling this matter as hereafter set forth and agree to the entry of this Order.

**ACCORDINGLY, IT IS HEREBY ORDERED:**

1. That RESPONDENT AMERIFIRST shall, until such time as the securities are properly registered, or an appropriate exemption from registration has been perfected, refrain from effecting securities transactions into, within or from the State of Alabama.

2. That RESPONDENT AMERIFIRST shall not employ, or allow to act on its behalf, any broker-dealer or agent to effect securities transactions in this state who is not appropriately registered or exempt from registration under the Alabama Securities Act.

3. That RESPONDENT AMERIFIRST shall ensure that proper procedures are enacted to preclude any future non-compliance with the Act.

4. That in accordance with Section 8-6-19(j)(1), Code of Alabama 1975, RESPONDENT AMERIFIRST shall pay to the **State of Alabama** an administrative assessment in the total sum of One Thousand Dollars (\$1,000), said funds to be tendered in certified funds contemporaneously with the entry of this Order.

5. That in accordance with Section 8-6-19(k)(1), Code of Alabama 1975, RESPONDENT AMERIFIRST shall pay to the **Alabama Securities Commission**, as

partial reimbursement for the Commission's cost for investigating this matter, the sum of Five Hundred Dollars (\$500), said funds to be tendered in certified funds contemporaneously with the entry of this Order.

6. That the entry of this Order resolves the Cease and Desist Order, Administrative Order No. CD-2004-0004, issued January 26, 2004, only as it relates to RESPONDENTS AMERIFIRST FOUNDATION, INC., LONNIE HAWKINS, ALLEN GOODMANSEN and MICHAEL MCLAUGHLIN.

**AGREED AND CONSENTED** to on dates indicated:

RESPONDENT:

AMERIFIRST COMMUNITY FOUNDATION

BY: Lonnie Hawkins  
TITLE: President  
DATE: 9-1-05

LONNIE HAWKINS  
PRESIDENT

BY: Lonnie Hawkins  
DATE: 9-1-05

ALLEN GOODMANSEN  
SECRETARY

BY: Allen Goodmansen  
DATE: 9-1-05

MICHAEL MCLAUGHLIN  
VICE PRESIDENT

DATE: 8/1/05

APPROVED AND ORDERED this 4<sup>th</sup> day of October, 2005



ALABAMA SECURITIES COMMISSION  
770 Washington Avenue, Suite 570  
Montgomery, AL 36130-4700  
(334) 242-2984  
BY:

BY:

JOSEPH P. BORG  
Director