

THE ARKANSAS SECURITIES DEPARTMENT

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ARKANSAS SECURITIES DEP

IN THE MATTER OF:

CASE NO S-08-046

NO. S-08-46-08-CO01

GREAT NATION INVESTMENT CORPORATION
AND MARTIN A. NORTHERN

CONSENT ORDER

This Consent Order is entered pursuant to the Arkansas Securities Act, codified at Ark. Code Ann. §23-42-101 through §23-42-509 (“Act”), the Rules of the Arkansas Securities Commissioner (“Rules”) promulgated under the Act and the Arkansas Administrative Procedures Act, codified at Ark. Code Ann. §25-16-201 through §25-16-303 in accordance with an agreement by and between the Staff of the Arkansas Securities Department (“Staff”), Great Nation Investment Corporation (“Great Nation”), and Martin A. Northern (“Northern”) in full and final settlement of all claims that could be brought against Great Nation and Northern by the Staff on the basis of the facts set forth herein.

Great Nation and Northern admit the jurisdiction of the Act and the Arkansas Securities Commissioner (“Commissioner”), waive its and his right to a formal hearing and, without admitting or denying the findings of facts made herein, consent to the entry of this order and agree to abide by its terms.

FINDINGS OF FACT

**Count I – Sales of Securities in Excess of
Amount Allowed Under Exemptions**

1. On July 28, 2005, Great Nation made a filing with the Department pursuant to Ark. Code Ann. §23-42-504(a)(9) for an exemption from registration for securities being

offered for sale concerning the Bay Area Fellowship Church. “For every proof of exemption filed with the commissioner under subdivision (a)(9) of this section, there shall be paid to the commissioner a filing fee of one-tenth percent (0.1%) of the maximum aggregate offering price at which the securities are to be offered in this state, but the fee shall in no case be less than twenty-five dollars (\$25.00) or more than five hundred dollars (\$500).” Ark. Code Ann. §23-42-504(b)(4). The proof of exemption for this securities offering was signed by a director for Great Nation, Don Glenn. Great Nation paid a \$250.00 filing fee for the proof of exemption and in paragraph number one of said proof of exemption it states, “Filing fee of \$250.00 for registration of maximum sales not to exceed \$250,000.00”. In violation of the maximum dollar sales limit under this exemption filing, but not in violation of the offer and sales to not more than thirty-five (35) purchasers’ limitation, agents or employees of Great Nation sold a total of \$288,000.00 worth of the Bay Area Fellowship securities in Arkansas. Further, Respondent Northern was responsible for \$22,000.00 in excess of the stated amount of \$250,000.

2. On October 14, 2005, Great Nation made a filing with the Department pursuant to Ark. Code Ann. §23-42-504(a)(9) for an exemption from registration for securities being offered for sale concerning the Church of the Harvest of America, Inc. “For every proof of exemption filed with the commissioner under subdivision (a)(9) of this section, there shall be paid to the commissioner a filing fee of one-tenth percent (0.1%) of the maximum aggregate offering price at which the securities are to be offered in this state, but the fee shall in no case be less than twenty-five dollars (\$25.00) or more than five hundred dollars (\$500).” Ark. Code Ann. §23-42-504(b)(4). The proof of

exemption for this securities offering was signed by a director for Great Nation, Don Glenn. Great Nation paid a \$250.00 filing fee for the proof of exemption and in paragraph number one of said proof of exemption it states, "Filing fee of \$250.00 for registration of maximum sales not to exceed \$250,000.00". In violation of the maximum dollar sales limit under this exemption filing, but not in violation of the offer and sales to not more than thirty-five (35) purchasers' limitation, agents or employees of Great Nation sold a total of \$399,750.00 worth of the Church of the Harvest of America securities in Arkansas. Further, Respondent Northern was responsible for \$177,750.00 in excess of the stated amount of \$250,000.

3. On November 22, 2005, Great Nation made a filing with the Department pursuant to Ark. Code Ann. §23-42-504(a)(9) for an exemption from registration for securities being offered for sale concerning the Greenville Community Christian Church, Inc. "For every proof of exemption filed with the commissioner under subdivision (a)(9) of this section, there shall be paid to the commissioner a filing fee of one-tenth percent (0.1%) of the maximum aggregate offering price at which the securities are to be offered in this state, but the fee shall in no case be less than twenty-five dollars (\$25.00) or more than five hundred dollars (\$500)." Ark. Code Ann. §23-42-504(b)(4). The proof of exemption for this securities offering was signed by a director for Great Nation, Don Glenn. Great Nation paid a \$250.00 filing fee for the proof of exemption and in paragraph number one of said proof of exemption it states, "Filing fee of \$250.00 for registration of maximum sales not to exceed \$250,000.00". In violation of the maximum dollar sales limit under this exemption filing, but not in violation of the offer and sales to not more than thirty-five (35) purchasers' limitation, agents or employees of Great Nation

sold a total of \$292,000.00 worth of the Greenville Community Christian Church securities in Arkansas.

4. On December 27, 2005, Great Nation made a filing with the Department pursuant to Ark. Code Ann. §23-42-504(a)(9) for an exemption from registration for securities being offered for sale concerning the Full Counsel Christian Fellowship and Full Counsel Ministries, Inc. “For every proof of exemption filed with the commissioner under subdivision (a)(9) of this section, there shall be paid to the commissioner a filing fee of one-tenth percent (0.1%) of the maximum aggregate offering price at which the securities are to be offered in this state, but the fee shall in no case be less than twenty-five dollars (\$25.00) or more than five hundred dollars (\$500).” Ark. Code Ann. §23-42-504(b)(4). The proof of exemption for this securities offering was signed by a director for Great Nation, Don Glenn. Great Nation paid a \$250.00 filing fee for the proof of exemption and in paragraph number one of said proof of exemption it states, “Filing fee of \$250.00 for registration of maximum sales not to exceed \$250,000.00”. In violation of the maximum dollar sales limit under this exemption filing, but not in violation of the offer and sales to not more than thirty-five (35) purchasers’ limitation, agents or employees of Great Nation sold a total of \$504,000.00 worth of the Full Counsel Christian Fellowship securities in Arkansas. Further, Respondent Northern was responsible for \$297,000.00 in excess of the stated amount of \$250,000.

5. On October 2, 2007, Great Nation made a filing with the Department pursuant to Ark. Code Ann. §23-42-504(a)(9) for an exemption from registration for securities being offered for sale concerning the First Baptist Church of Sterling, Inc. “For every proof of exemption filed with the commissioner under subdivision (a)(9) of this section,

there shall be paid to the commissioner a filing fee of one-tenth percent (0.1%) of the maximum aggregate offering price at which the securities are to be offered in this state, but the fee shall in no case be less than twenty-five dollars (\$25.00) or more than five hundred dollars (\$500).” Ark. Code Ann. §23-42-504(b)(4). The proof of exemption for this securities offering was signed by a director for Great Nation, Don Glenn. Great Nation paid a \$250.00 filing fee for the proof of exemption and in paragraph number one of said proof of exemption it states, “Filing fee of \$250.00 for registration of maximum sales not to exceed \$250,000.00”. In violation of the maximum dollar sales limit under this exemption filing, but not in violation of the offer and sales to not more than thirty-five (35) purchasers’ limitation, agents or employees of Great Nation sold a total of \$292,500.00 worth of the First Baptist Church securities in Arkansas. Further, Respondent Northern was responsible for \$2,500.00 in excess of the stated amount of \$250,000.

6. On November 6, 2007, Great Nation made a filing with the Department pursuant to Ark. Code Ann. §23-42-504(a)(9) for an exemption from registration for securities being offered for sale concerning the Gethsemane Christian Community Church, Inc. “For every proof of exemption filed with the commissioner under subdivision (a)(9) of this section, there shall be paid to the commissioner a filing fee of one-tenth percent (0.1%) of the maximum aggregate offering price at which the securities are to be offered in this state, but the fee shall in no case be less than twenty-five dollars (\$25.00) or more than five hundred dollars (\$500).” Ark. Code Ann. §23-42-504(b)(4). The proof of exemption for this securities offering was signed by a director for Great Nation, Don Glenn. Great Nation paid a \$250.00 filing fee for the proof of exemption

and in paragraph number one of said proof of exemption it states, "Filing fee of \$250.00 for registration of maximum sales not to exceed \$250,000.00". In violation of the maximum dollar sales limit under this exemption filing, but not in violation of the offer and sales to not more than thirty-five (35) purchasers' limitation, agents or employees of Great Nation sold a total of \$355,000.00 worth of the Gethsemane Christian Community Church securities in Arkansas. Further, Respondent Northern was responsible for \$91,000.00 in excess of the stated amount of \$250,000.

7. With each of the six above referenced securities all offers and sales made in Arkansas in excess of the maximum dollar sales limit, but not in violation of the offer and sales to not more than thirty-five (35) purchasers' limitation, were not made pursuant to a security or transactional exemption under Ark. Code Ann. §23-42-503 or Ark. Code Ann. §23-42-504. Furthermore, the securities were not otherwise registered under the Act or were covered securities.

Count II – Print and Internet Advertising
Prohibited by Exemptions

8. With each of the six exemption filings listed in ¶¶ 1-6 made by Great Nation with the Department pursuant to Ark. Code Ann. §23-42-504(a)(9) the proof of exemption filing for this securities offering was signed by a director for Great Nation, Don Glenn. In paragraph number ten of each proof of exemption it states, "No public advertising or solicitation will be employed."

9. In addition to the above listed proof of exemption filings, between 2005 and the present time Great Nation made an additional thirty-eight (38) proof of exemption filings under Section 23-42-504(a)(9) with the Department of which no transactions were made in ten (10) of the exempted filings. Under Rule 504.01(A)(9), Great Nation

included in each of the forty-four (44) proofs of exemption a representation that no public advertising or solicitation will be employed in effecting the proposed transaction.

10. Great Nation acting through its agent, Northern, and Northern acting with the approval of Great Nation, placed print advertisements in a variety of religious publications, including the Arkansas Baptist News, Word & Way Missouri News, Baptist Messenger and the Baptist Record. These advertisements ran from October 2006 through April 2008 and advertised that Great Nation sold unspecified securities ranging in interest rates of up to 8.25% and 8.5%.

11. Great Nation acting through its agent, Northern, and Northern acting with the approval of Great Nation, created or was associated with two (2) internet websites, www.churchbonds.net and www.martinnorthern.com. These websites promote church bonds as desirable securities investments by stressing benefits including available interest rates. These internet websites do not identify any particular securities offered by Great Nation. By Consent, the parties agree the websites may have been posted in violation of the aforementioned Rule.

Count III – Failure to Supervise

13. Great Nation failed reasonably to supervise its agent, Northern, as well as its other agents or employees, by failing to input the dollar limit in its computer system to prevent sales in excess of the amount for which it had paid a \$250.00 filing fee. No limit on sales was required had Great Nation paid the maximum filing fee of \$500. Great Nation failed to either pay the maximum filing fee or take or have in place reasonable measures to prevent the sales of securities in excess of the securities' registration exemption limits as detailed in ¶¶ 1-7 and the print and internet advertising as detailed in

¶¶ 8-12, or, if such measures existed, by failing to enforce them to prevent, discourage, address or stop the activities as described herein.

APPLICABLE LAW

14. Ark. Code Ann. §23-42-501 states it is unlawful for any person to offer or sell any security in this state unless: (1) it is registered under this chapter; (2) the security or transaction is exempted under Ark. Code Ann. §23-42-503 or Ark. Code Ann. §23-42-504; or (3) it is a covered security.

15. Ark. Code Ann. §23-42-504(b)(4)(A) provides in part that for every proof of exemption filed with the commissioner under subdivision (a)(9) of this section, there shall be paid to the commissioner a filing fee of one-tenth percent (0.1%) of the maximum aggregate offering price at which the securities are to be offered in this state; the maximum filing fee to be paid is \$500.

16. Rule 502.01(D) states that public advertising by any means, including the forms and types set forth in Rule 502.01(E), of securities being offered for sale in transactions exempted by Sections 23-42-504(a)(9) of the Act is prohibited.

17. 504.01(A)(9)(a)(x) states that a proof of exemption shall contain a representation that no public advertising or solicitation will be employed in effecting the proposed transaction.

18. Ark. Code Ann. §23-42-308(a)(2)(J) provides that the commissioner may by order suspend or revoke any registration if he finds that the registrant has failed reasonably to supervise the agents of the broker-dealer.

CONCLUSIONS OF LAW

19. Since multiple shares of the six bond issues listed in ¶¶ 1-7 were sold in Arkansas in excess of the amount for which the filing fee was paid, then each such excess sale of these bond issues was made in violation of Ark. Code Ann. §23-42-504(b)(4)(A) and Ark. Code Ann. §23-42-501.

20. The advertising detailed in ¶¶ 8-12 made by Great Nation acting through its agent, Northern, with the express permission and approval of Great Nation may have constituted advertising of the proposed transaction as described in Rule 502.01(D).

21. Great Nation's approval of the conduct constituting the violations as detailed in ¶¶ 1-13 by Northern and its other agents is a violation of its duty to supervise its agents contained in Ark. Code Ann. §23-42-308(a)(2)(J).

UNDERTAKING

In settlement of this matter, but without admitting or denying the findings of fact made above, Great Nation agrees to pay a fine in the amount of \$21,112.65 for itself and agrees it or Northern shall pay a fine for Northern in the amount of \$15,398.21. In addition, Great Nation and Northern have represented to the Staff that they have taken all necessary remedial actions, concerning administrative matters in order to prevent a repetition of the problems detailed in ¶¶ 1-13. Great Nation will either 1) pay the maximum fee of \$500.00 with each proof of exemption or 2) will utilize the capability of its computer system to limit the dollar amount of sales in Arkansas if a lesser amount of filing is paid with a proof of exemption.

OPINION

This order is in the public interest. In the opinion of the Commissioner, the facts as set out in ¶¶ 1-13 support the violations of the Act as set out in ¶¶ 19-21.

ORDER

IT IS THEREFORE ORDERED that Great Nation pay a fine in the amount of \$21,112.65 for itself, and Northern is assessed a fine in the amount of \$15,398.21. The fine assessed to Northern may be paid by Northern or Great Nation for the benefit of Northern.

WITNESS MY HAND AND SEAL on this ^{20th}21 day of September, 2008.



A. Heath Abshure
ARKANSAS SECURITIES COMMISSIONER

APPROVED AS TO FORM
AND CONTENT:

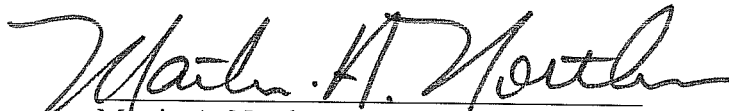


Byron Pat Treat, President
Great Nation Investment Corporation

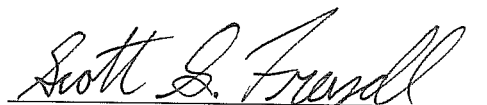
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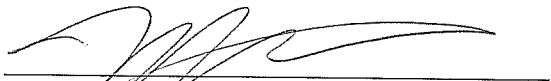
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