

**THE COMMONWEALTH OF MASSACHUSETTS
OFFICE OF THE SECRETARY OF THE COMMONWEALTH
SECURITIES DIVISION
ONE ASHBURTON PLACE
BOSTON, MASSACHUSETTS 02108**

IN THE MATTER OF:)
)
Global Prosperity Group)
and all)
Officers, Directors, Brokers, Agents,)
Employees Thereof)
Respondents)

Docket No. E-98- 58

FINAL ORDER

On July 25, 1998, the Enforcement Section of the Massachusetts Securities Division of the Office of the Secretary of the Commonwealth (the "Enforcement Section" and the "Division", respectively) served the Respondents with a Notice of an Adjudicatory Hearing and a copy of the Enforcement Section's Administrative Complaint and Ex Parte Order for a Temporary Order to Cease and Desist. Pursuant to M.G.L. c. 110A, the Massachusetts Uniform Securities Act (the "Act") and in accordance with 950 C.M.R. §10.06(e) the Respondents had twenty-one (21) days in which to answer the Administrative Complaint. The Respondents have failed to answer.

Pursuant to M.G.L. c. 30A, §10, and in accordance with 950 C.M.R. §10.06(e), the Respondent is deemed to be in default and the uncontroverted allegations contained in the administrative complaint filed July 24, 1998, shall be deemed admitted.

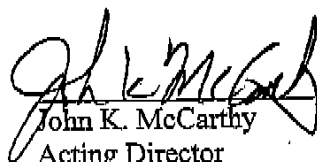
As a result, the Division finds the following:

1. The Respondents operate a multi-level marketing program. The Respondents' operation, organization and business structure is an illegal pyramid scheme.
2. The program being offered by the Respondents is an investment contract. Investment contracts are a security under the Act. The securities being offered by the Respondents are not registered as the Act requires.
3. The Respondents are not registered as a broker-dealer or as agents of such as the Act requires.
4. The above stated acts and omissions committed by the Respondent are in violation of M.G.L. c. 110A, §§101, 201 and 301.
5. Based on the forgoing, ordering the Respondents to permanently cease and desist from further violating M.G.L. c. 110A, is in the public interest.
6. This order is necessary and appropriate for the protection of investors and is consistent with the purposes fairly intended by the policy and provisions of M.G.L. c. 110A.

Therefore, the Division **HEREBY ORDERS** that:

1. The Respondents are deemed to be in default;
2. The allegations set forth in the Administrative Complaint are found as fact; and
3. The Respondents are ordered to permanently cease and desist from further violating the provisions of M.G.L. c. 110A.

MASSACHUSETTS SECURITIES DIVISION



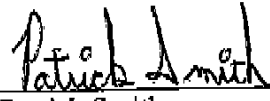
John K. McCarthy
Acting Director

Massachusetts Securities Division
One Ashburton Place, Room 1701
Boston, MA 02108
617/727-3548

Dated this 31st day of August, 1998.

CERTIFICATE OF SERVICE

I, Patrick Smith, hereby certify that on this 31st day of August, 1998, I served a copy of the foregoing documents by depositing them at an official United States mail facility and sending them first class mail.



Patrick Smith

THE COMMONWEALTH OF MASSACHUSETTS
 OFFICE OF THE SECRETARY OF THE COMMONWEALTH
 SECURITIES DIVISION
 ONE ASHBURTON PLACE
 BOSTON, MASSACHUSETTS 02108

SECRETARY OF
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IN THE MATTER OF:)
)
 Global Prosperity Group)
 and all)
 Officers, Directors, Brokers, Agents,)
 and Employees Thereof)
)
 Respondents)

Docket No. E-98-58

**ADMINISTRATIVE COMPLAINT AND *EX PARTE* MOTION FOR A
 TEMPORARY ORDER TO CEASE AND DESIST**

PRELIMINARY STATEMENT

The Enforcement Section of the Massachusetts Securities Division of the Office of the Secretary of the Commonwealth (the "Enforcement Section" and the "Division", respectively) has filed this Complaint in order to commence an adjudicatory proceeding against the above named respondents for violating the Massachusetts Uniform Securities Act, M.G.L. c. 110A (the "Act"). The Enforcement Section alleges that Global Investment Group ("Global") is currently in the process of fraudulently offering a security in the Commonwealth of Massachusetts.

The conduct of the respondent violates various provisions of the Act. This adjudicatory proceeding seeks, *inter alia*, a temporary and permanent order directing respondents to cease and desist from violations of the Act.

JURISDICTION AND AUTHORITY

1. The Division is a department of the Secretary of the Commonwealth with jurisdiction over matters relating to securities and investments as provided by the Act. The Act authorizes the Division to regulate broker-dealers and agents located in or transacting business within the Commonwealth of Massachusetts.
2. Pursuant to the Act and M.G.L. c. 30A, the Division has the authority to conduct an adjudicatory proceeding to enforce the provisions of the Act and all the regulations promulgated thereunder. This proceeding is brought in accordance with §§204 and 407A of the Act.
3. Section 10.06 of the Regulations relates to the issuance of Temporary Orders to Cease and Desist and reads in pertinent part that "The Division may request a temporary order to cease and desist from the Presiding Officer. This request may be made *ex parte*."
4. The Enforcement Section specifically reserves the right to amend this complaint and/or to bring additional administrative complaints to reflect information developed during the ongoing investigation.

RESPONDENTS

5. Global has a last known address of 2245 North Green Valley Parkway, Suite 640, Henderson, NV 89014.

CONDUCT OF THE RESPONDENT

6. Global operates a multilevel marketing program. The initial investment made by a prospective investor is the purchase of a program. The program is any of a series of financial tapes and/or seminars. In order to become a "Director" in Global an

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investor is required to meet a one-time qualification of seven referral sales. Once the investor has referred a total of seven sales (purchases of a program) they become a qualified "Director for Life". "Directors" are then allowed to make a ninety percent (90%) profit on the sale of programs to other prospective investors.

7. Based upon information and belief, the focus of Global's organization and business structure is in the nature of a pyramid scheme. Initial investors are enriched through an ever-increasing pyramid of investors. The primary focus of the Global organization is to produce an ever increasing number of "Directors" so that previous investors can share in the payments made each time seven new investors are brought into the pyramid. The "educational component" is merely a ruse to lure additional investors into the scheme.
8. Based upon information and belief, Global lures investors into the scheme with false guarantees of incredible wealth generated while working part-time. The inherent danger and fraud existing in a pyramid scheme is that at some point the scheme will reach a saturation point. When no new investors are available, the most recent investors will not receive the incredible wealth they have been guaranteed.
9. Global intends to hold a series of meetings during the weekend of July 25, 1998 in the Commonwealth of Massachusetts. If Global is allowed to recruit new prospects into Global then the citizens of Massachusetts suffer a high probability of irreparable harm.

- 10. Based upon the review and analysis of the Division the Respondents marketing program constitutes a security under the Act. The securities being offered by Global are neither registered nor exempt therefrom as required by the Act.
- 11. Global is not registered, as required by law, as a broker-dealer with the Division.
- 12. The State of South Dakota, Department of Commerce & Regulation, Division of Securities issued a cease and desist order against Global on February 10, 1998.
- 13. The State of Michigan, Department of the Attorney General, Consumer Protection Division issued a cease and desist order against Global on April 24, 1998.
- 14. The State of North Dakota, Securities Commissioner issued a series of cease and desist orders against Global on April 3, 1998, April 17, 1998, and April 20, 1998.

CAUSES OF ACTION

COUNT I

- 15. The Division realleges and restates the allegations and facts set forth in paragraphs 1 through 14.
- 16. Section 101 of the Act states that "[I]t is unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly (1) to employ any device, scheme, or artifice to defraud, (2) to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, or (3) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person."

- 17. Global's conduct as described above constitutes a violation of M.G.L. c. 110A, §101.

COUNT II

- 18. The Division realleges and restates the allegations and facts set forth in paragraphs 1 through 17.
- 19. Section 201(a) of the Act states that "[I]t is unlawful for any person to transact business in the commonwealth as a broker-dealer of agent unless he is registered under this chapter."
- 20. The failure of the Respondent to register under the Act constitutes a violation of M.G.L. c. 110A, §201(a).

COUNT III

- 21. The Division realleges and restates the allegations and facts set forth in paragraphs 1 through 20.
- 22. Section 301 of the Act states that "[I]t is for any person to offer or sell any security in the commonwealth unless (1) it is registered under this chapter or (2) the security or transaction is exempted under section 402."
- 23. The failure of the Respondent to register the security under the Act or perfect an exemption therefrom constitutes a violation of M.G.L. c. 110A, §301.

PUBLIC INTEREST

- 24. It is in the public interest and will protect Massachusetts's investors to order the respondent to permanently cease and desist from violations of the Act for each, any and all of the reasons set forth above.

SANCTIONS AND REMEDIES

25. Section 407(a) of the Act states that “[I]f the secretary determines, after notice and opportunity for hearing, that any person has engaged in or is about to engage in any act or practice constituting a violation of any provision of this chapter or any rule or order issued thereunder, he may order such person to cease and desist from such unlawful act or practice and may take such affirmative action, including the imposition of an administrative fine, the issuance of an order for an accounting, disgorgement or rescission or any other such relief as in his judgment may be necessary to carry out the purposes” of the Act.

RELIEF REQUESTED

WHEREFORE, the Enforcement Section of the Division requests that the Director or Hearing Officer take the following action:

- A. Find as facts the allegations as set forth in paragraphs 1 through 25 of this Administrative Complaint;
- B. Find that all the sanctions, remedies and relief as detailed herein are in the public interest and necessary for the protection of Massachusetts investors;
- C. Temporarily Order the respondents to cease and desist from further violations of M.G.L. c. 110A, et seq.;
- D. Permanently Order the respondents to cease and desist from further violations of M.G.L. c. 110A, et seq.;
- E. Take such further action as may be deemed just and appropriate.

The Enforcement Section hereby files a Motion that the Orders in paragraphs A,B and C ,above, be issued on a *Ex Parte* Temporary basis in view of following facts that indicate that any delay in issuing these Orders will likely result in irreparable harm to the public interest:

- A. The on-going nature of the Respondents' alleged conduct;
- B. The seriousness of the type of fraudulent activity alleged in the Complaint;
- C. The likelihood that the Respondent may defraud other Massachusetts residents; and
- D. The likelihood of the Enforcement Section's success on the merits of the Administrative Complaint.

ENFORCEMENT SECTION
 MASSACHUSETTS SECURITIES DIVISION

By: Thomas Ryan
 Thomas Ryan
 Enforcement Attorney

Matthew J. Nestor
 Matthew Nestor
 Chief of Enforcement

Dated this 24th day of July 1998.

COMMONWEALTH OF MASSACHUSETTS
OFFICE OF THE SECRETARY OF THE COMMONWEALTH
SECURITIES DIVISION
ONE ASHBURTON PLACE 17TH FLOOR
BOSTON, MASSACHUSETTS 02108

IN THE MATTER OF:

Global Prosperity Group
 and all
 Officers, Directors, Brokers, Agents,
 and Employees Thereof

Respondents.

No. E-98-58

NOTICE OF AND ORDER FOR ADJUDICATORY PROCEEDINGS AND
ALLOWANCE OF EX PARTE MOTION TO CEASE AND DESIST

1. William Francis Galvin, Secretary of the Commonwealth, by his Securities Division, hereby commences an adjudicatory Proceeding against the above-captioned Respondents.
2. This Proceeding is commenced pursuant to the provisions of Massachusetts General Laws chapter 30A and chapter 110A (the "Act") and 950 Code of Massachusetts Regulations 10.00 *et seq.* (the "Rules").
3. Section 407A of the Act provides in pertinent part:

(a) [i]f the Secretary determines, after notice and opportunity for hearing, that any person has engaged in or is about to engage in any act or practice constituting a violation of any provision of [the Act] or any rule or order issued thereunder, he may order such person to cease and desist from such unlawful act or practice and may take such affirmative action, including the imposition of an administrative fine, the issuance of an order for an accounting, disgorgement or rescission or any other such relief as in his judgment may be necessary to carry out the purposes of [the Act].

(b) If the secretary makes written findings of fact that the public interest will be irreparably harmed by delay in issuing an order under subsection (a), the secretary may issue a temporary cease and desist order.

Section 10.06 of the Rules relates to issuance of Temporary Orders to Cease and Desist and reads in pertinent part:

"...[T]he Division may request a temporary order to cease and desist from the Presiding Officer. This request may be made ex parte.

5. The Enforcement Section of the Massachusetts Securities Division has filed an Administrative Complaint and an *Ex Parte* Motion to Cease (the "Complaint"). I have read the Enforcement Section's Complaint and the facts set forth therein and after careful consideration, I make the following findings:

6. Solely for the purposes of reaching a determination whether to allow the *Ex Parte* Motion for a Temporary Order to Cease and Desist, I accept the allegations and statements in the Complaint as true.

7. Accepting those facts as true, I find that it is likely that the Enforcement Section will prevail at a subsequent hearing on the merits of this matter.

8. Again, accepting those facts as true for this limited purpose, I find that Massachusetts investors are likely to be irreparably harmed by any delay in issuing an Order directing the Respondents to Temporarily Cease and Desist from further violations of the Act and the Regulations.

9. I make this finding because of:

- A. The on-going nature of the Respondents' alleged conduct;
- B. The seriousness of the type of fraudulent activity alleged in this Complaint;

C. The likelihood that the Respondents may defraud other Massachusetts residents;
and

D. The likelihood of the Enforcement Section's success on the merits of the
Administrative Complaint.

10. Further, in its Complaint, the Enforcement Section has set forth sufficient facts to
establish *prima facie* that securities as defined by §401 of the Act were offered and sold
or that Respondents have a current intention to sell said securities.

11. In its Complaint, the Enforcement Section has set forth sufficient facts to establish
prima facie that securities were sold or that respondents have an intent to sell to or by
persons within the ambit of §414 of the Act.

12. In its Complaint, the Enforcement Section has set forth sufficient facts to establish
prima facie that Respondents are involved in the offer and/or sales of these securities.

13. In its Complaint, the Enforcement Section has set forth sufficient facts to establish
a *prima facie* case that Respondents may have violated §101 of the Act.

14. THEREFORE: Having made the above findings of fact and determining that it is
in the public interest and necessary for the protection of investors and consistent with the
purposes fairly intended by the Act, **IT IS HEREBY ORDERED:**

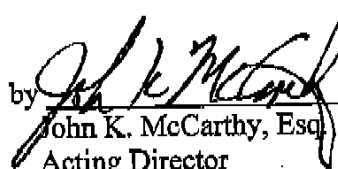
A) Respondents shall immediately Cease and Desist from further violations of the
Act including, but not limited to, conducting any educational seminars within the
Commonwealth of Massachusetts;

C) The above Orders are hereby issued on an *ex parte* Summary basis and are
effective immediately with the signing of this Order;

D) A copy of the Enforcement Section's Complaint and this Order shall immediately be served on the Respondents as provided for by the Rules;

E) The Respondents shall be notified, and by delivery of this Order they are hereby notified, that pursuant to section 407A of the Act and section 10.00 *et seq.* of the Rules, they have a right to request an administrative hearing and that such hearing must be set down within fifteen (15) days after receipt by this Division of their written request for such hearing. Said hearing will be held to determine if this Order should become permanent and final.

WILLIAM FRANCIS GALVIN
SECRETARY OF THE COMMONWEALTH

by 
John K. McCarthy, Esq.
Acting Director
Massachusetts Securities Division
One Ashburton Place, Room 1701
Boston, MA 02108

Signed this 24th day of July, 1998

NOTICE:

FAILURE BY A RESPONDENT TO FILE AN ANSWER TO THIS NOTICE OF ADJUDICATORY HEARING AND ATTACHED ADMINISTRATIVE COMPLAINT WITHIN TWENTY-ONE (21) DAYS AFTER ITS SERVICE WILL BE CONSIDERED A DEFAULT.

THIS MAY RESULT IN THE ENTRY OF A DEFAULT JUDGMENT OR SUCH OTHER ACTIONS AGAINST THE RESPONDENT AS THE PRESIDING OFFICER OF THESE PROCEEDINGS MAY DEEM APPROPRIATE.