

IN THE IOWA DISTRICT COURT FOR POLK COUNTY

THE STATE OF IOWA ex rel.)
THOMAS J. MILLER,)
ATTORNEY GENERAL OF IOWA,)
99AG25112)
and CRAIG A. GOETTSCH,)
SUPERINTENDENT OF SECURITIES)

Plaintiff,)

v.)

THE WOLFORD GROUP, INC.)
THE WOLFORD CORPORATION,)
RODNEY WOLFORD, SR.,)
RODNEY WOLFORD, JR., and,)
FNBD, L.L.C., a/k/a, 1st NATIONAL)
BANK OF DAD, L.L.C.,)
RACHEL NELSON, and)
DANIEL BROWN)
Defendant.)

EQUITY NO. CE 47069

CONSENT JUDGMENT
(DANIEL BROWN)

FILED
POLK COUNTY IOWA
07 SEP - 6 PM 2:52
CLERK DISTRICT COURT

This Court, recognizing that, per Appendix A, the plaintiff, by Gordon Allen, Deputy Attorney General, and Defendant Daniel Brown have consented to the entry of this judgment, finds as follows:

1. The Court has jurisdiction over the parties and the subject matter of this litigation.
2. Venue is proper in Polk County.
3. Plaintiff commenced this action by filing suit on August 20, 2003, in this Court alleging Defendants The Wolford Group, Inc., The Wolford Corporation, FNBD, L.L.C., Rodney Wolford, Sr., and Rodney Wolford, Jr. violated the Iowa Consumer Fraud Act, Iowa Code section 714.16 (2003) in connection with their sales, purchases and leases of people's homes, and their advertising

in support of this business. The petition was amended on December 1, 2003 to include allegations of violations of Iowa Code sections 502.201, 502.301(2), 502.401(1)-(2), 502.404, and 502.405 in connection with the offer and/or sale of unregistered securities and to add Defendants Daniel Brown and Rachel Nelson.

4. Plaintiff is the State of Iowa, ex rel. Thomas J. Miller, the duly elected Attorney General of Iowa and Craig A. Goettsch, the Iowa Superintendent of Securities.

5. Defendant Brown is a former employee of Defendants The Wolford Group and/or The Wolford Corporation and/or FNBD. Defendant Brown was named in the Amended Petition as an employee and in his individual capacity.

6. The State alleged that Defendant Brown's offer and/or sale or aiding and abetting in the offer and/or sale of unregistered securities in the form of notes and/or evidence of indebtedness and/or investment contracts constitutes a violation of Iowa Code section 502.201.

7. The State also alleged that Defendant Brown's conduct directed at prospective investors constitutes the employment of or aiding and abetting in the employment of a device, scheme, or artifice to defraud investors and was unlawful pursuant to Iowa Code section 502.401(1).

8. The State further alleged that Defendant Brown's untrue and/or misleading statements constitute the making of or aiding and abetting in the making of untrue statements of material fact and/or the failure to state material facts which, in the light of the circumstances under which they were made, were necessary to make other statements not misleading in violation of Iowa Code section 502.401(2).

9. The State further alleged that Defendant Brown's recommendations of the purchase of a security without reasonable grounds to believe that the transaction or recommendation was suitable

was unlawful pursuant to Iowa Code section 502.404.

10. The State also alleged that Defendant Brown made a false and/or misleading statement in a document filed with the administrator of chapter 502 in violation of Iowa Code section 502.405.

11. Defendant Brown admits to the following allegations contained in the Amended Petition:

a. The offer and/or sale of unregistered securities in the form of notes and/or evidence of indebtedness and/or investment contracts in violation of Iowa Code section 502.201;

b. Aiding and abetting in the employment of a device, scheme, or artifice to defraud investors in violation of Iowa Code section 502.401(1);

c. Aiding and abetting the making of an untrue statement of a material fact or omitting to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading in violation of Iowa Code section 502.401(2); and

d. The recommendation of the purchase of a security without reasonable grounds to believe that the transaction or recommendation was suitable in violation of Iowa Code section 502.404.

12. Defendant Brown acknowledges and agrees that this agreement may negatively affect an application to become licensed as a broker-dealer, agent, investment adviser and/or investment adviser representative pursuant to Iowa Code chapter 502. In the event that Defendant Brown makes such application, Defendant Brown agrees that all statements and allegations set forth in the State's Amended Petition shall be deemed to be admitted for the limited purpose of establishing his qualifications for licensure pursuant to Iowa Code section 502.304 and 191 Iowa Administrative Code rules 50.1, 50.8,

and 50.94-96, or equivalent provisions. Further, Defendant Brown agrees that for the purpose of licensing, he is subject to 191 Iowa Administrative Code rules 50.16(2)(b)(5) and 50.22(2)(e)(5), or equivalent provisions.

13. Defendant Brown acknowledges and agrees that this agreement may negatively affect an application to become licensed as an insurance producer pursuant to Iowa Code chapter 522B. In the event that Defendant Brown makes such application, Defendant Brown agrees that all statements and allegations set forth in the State's Amended Petition shall be deemed to be admitted for the limited purpose of establishing his qualifications for licensure pursuant to Iowa Code section 522B.5, or equivalent provision.

IT IS ORDERED, ADJUDGED AND DECREED that:

A. Pursuant to Iowa Code § 502.604(2), Defendant Brown and all other persons acting in concert with or participating with Defendant Brown, who have actual or constructive notice of this order, are hereby RESTRAINED and ENJOINED from all of the following:

1. Offering and/or selling registered, unregistered, exempt, and/or federally covered securities;
2. Transacting business as a broker-dealer, agent, investment adviser and/or investment adviser representative without registration pursuant to Iowa Code sections 502.301-302;
3. Employing, directly or indirectly, any device, scheme, or artifice in connection with the offer and/or sale of securities;
4. Making untrue statements of material fact or omitting to state material facts necessary to make any statements made not misleading in connection with the offer and/or sale of securities;

5. Recommending to a customer the purchase, sale or exchange of a security without reasonable grounds to believe that the transaction or recommendation is suitable for the customer based upon reasonable inquiry concerning the customer's investment objectives, financial situation and needs, and other known relevant information.

6. Dissipating, secreting, or otherwise disposing of any and all investor funds in his possession and/or under his control; and

7. In any other respect violating Iowa Code chapter 502.

B. Defendant Brown is hereby ordered to pay to the Iowa Insurance Division the sum of five hundred dollars (\$500) for the payment of costs incurred in pursuing its action against Defendant Brown. The payment of costs shall be made to the Iowa Insurance Division at the time of the signing of this Consent Judgment by Defendant Brown and shall be by money order or cashier's check.

C. This Consent Judgment shall not bar the State or any other governmental entity from enforcing other laws or rules against defendants relating to any of defendants' practices, including those alleged in the Amended Petition, and shall have no impact on any cause of action which could be brought against Defendant Brown by a private party.

D. The Court reserves jurisdiction over this action in order to take any further action deemed necessary to enforce this judgment and to award the State judgment for any costs, including attorneys fees, it incurs in the event of noncompliance by a defendant.

IT IS SO ORDERED this 6th day of Sept., 2004.


JUDGE, Fifth Judicial District of Iowa
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