

BEFORE THE
DIVISION OF SECURITIES
DEPARTMENT OF FINANCIAL INSTITUTIONS
STATE OF WISCONSIN

In the Matter of
ACCELERATED BENEFITS CORP.
and JESS LAMONDA

PETITION FOR ORDER

Respondents.

File No. S-99170(EX)

The staff of the Enforcement Unit, Registration & Enforcement Section, of the Division of Securities, Department of Financial Institutions, State of Wisconsin has conducted an investigation in this matter pursuant to sec. 551.56, Wis. Stats. and as a result thereof alleges as follows:

1. Accelerated Benefits Corp. (“ABC”) is a foreign business entity with a last known address at 105 E. Robinson St., Second Fl., Orlando FL 32801;
2. Jess LaMonda (“LaMonda”) is a co-founder and President of ABC;
3. ABC is in the business of offering and selling interests in the death benefits of life insurance policies (otherwise known as “viatical settlements”);
4. During at least December 1997, an agent of ABC offered and sold a viatical settlement to at least one person in Wisconsin;
5. Pursuant to the ABC viatical settlement offering documents, ABC was responsible for all aspects of the selection and purchase of the life insurance policy to be sold including the determination of the viator’s life expectancy, and for all management of the policy once it was purchased, with the investor having no say in the process;
6. The ABC viatical settlement is an investment in a common enterprise with the expectation of profit to be derived through the essential managerial efforts of someone other than the investor;
7. The ABC viatical settlement is an investment contract security pursuant to DFI-Sec 1.02(6), Wis. Adm. Code and sec. 551.21, Wis. Stats.;
8. The ABC viatical settlement was not registered for sale in Wisconsin pursuant to sec. 551.21, Wis. Stats.
9. Respondents have violated sec. 551.21, Wis. Stats., by offering and selling unregistered securities;
10. The agent selling the ABC viatical settlements was not licensed pursuant to Ch. 551, Wis. Stats.;

11. By using unlicensed agents in Wisconsin, Respondents have violated sec. 551.31(2), Wis. Stats.;
12. On February 5, 2001, the Florida Department of Insurance revoked, after a hearing, ABC's license to buy and sell insurance policies from viators;
13. The Florida Department of Insurance found that ABC purchased insurance policies that were "clean-sheeted," the practice of fraudulently hiding an insured's true medical condition from the insurance company in order to obtain a life insurance policy;
14. Respondents failed to inform investors that the policies they were purchasing might be "clean-sheeted";
15. Respondents actions, in failing to notify investors that what they were purchasing might be clean-sheeted policies, constitutes the making of a untrue statement of a material fact or the omission to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading, in violation of sec. 551.41, Wis. Stats.;
16. The ABC viatical settlement offering documents state that the **"Purchaser will not incur costs of any type beyond the amount purchaser tenders as the policy purchase deposit..."** (emphasis in original);
17. In those cases where the viators have lived beyond their life expectancy, investors are now being required to pay insurance premiums to keep the policies in effect;
18. The statement in Paragraph 16 constitutes the making of a untrue statement of a material fact or the omission to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading, in violation of sec. 551.41, Wis. Stats.
19. On March 13, 2001, an Oklahoma court appointed a conservator to oversee ABC and transferred all of ABC's assets to the conservator.

THEREFORE, the staff of the Enforcement Unit petitions the Administrator for the issuance of the attached Order.

DATED this 21st day of October, 2002.



David A. Cohen
Supervising Attorney
Enforcement Unit