

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

In the Matter of

Global Corporate Alliance, Inc,
Duncan John MacDonald III,
Gloria Ann Solomon,
John W. Kosolcharoen,
Millennia International LLC, and
David R. Damante

PETITION FOR ORDER

File No. S - 225433 (EX)

Respondents.

The staff of the Bureau of Enforcement of the Division of Securities, Department of Financial Institutions, State of Wisconsin ("Division") has conducted an investigation in this matter pursuant to Wis. Stat. § 551.602, and as a result thereof alleges as follows:

1. Global Corporate Alliance, Inc ("GCA") is a Texas Corporation with last known business addresses of 3333 Lee Parkway, Suite 600, Dallas, TX 75219 and 15455 Dallas Parkway, Addison, TX 75001-6760.
2. Duncan John MacDonald III ("MacDonald") [crd # 2452996] is a resident of Dallas, TX and was at all material times the Chairman, Founder, and control person of GCA, with a last known business address at GCA.
3. Gloria Ann Solomon ("Solomon") is a resident of Dallas, TX and was at all material times the Chief Administrative Officer and control person of GCA with a last known business address at GCA.
4. John W. Kosolcharoen ("Kosolcharoen") is a resident of Rancho Santa Margarita, CA and was at all material times an agent of GCA with a last known business address at GCA.
5. Millennia International LLC ("Millennia") is a Nevada limited liability company with no known business address but with an address for registered agent David R. Damante of 25 Summit Walk Trail, Henderson, NV 89052.
6. David R. Damante ("Damante") is a Nevada resident who was at all material times a managing member, control person, and registered agent of Millennia, with a last known business address of 33 Summit Walk Trail, Henderson, NV 89052.
7. GCA is a for-profit corporation which served as the exclusive management company of the North American Consumer Alliance ("NACA"), a Texas Domiciled Not-for-Profit Association that created and packaged insured benefit healthcare programs and policies administered to corporations, organization, and other entities. As the management company, GCA claimed to sell NACA healthcare policies throughout the United States.
8. In or about 2008, GCA began soliciting investors to enter into "Overage Purchase Agreements" (hereafter "OPA") with GCA. Respondents represented to the public that the difference between the "retail" prices that NACA members paid for their health care plans and the lower "wholesale" prices that NACA paid to insurers to purchase group

policies was used to pay a “management fee” to GCA. However, Respondents claimed that GCA was restricted by legal regulations and NACA’s non-profit status from receiving more than a “conservative management fee.” Amounts received by GCA in excess of said “conservative” fee resulted in the “overage.” Respondents then offered the “overage” as an investment vehicle.

9. Respondents represented to potential investors that legal regulations required GCA to sell off the “overage” and apply the proceeds from the sale to the company’s “growth capital.” Upon entering into the OPA, an investor was to receive a set monthly payment for each premium-paying NACA member that purchased insurance after the OPA was executed. Investors in the GCA overage offering were completely passive and had no responsibilities for managing the investment or for performing any role at GCA, NACA or any other related entity in order to obtain the returns on investment that Respondents represented the investors would receive.
10. The OPA was an investment in a common enterprise where the investors had an expectation of profit to be derived through the essential managerial efforts of others, and therefore constitutes an investment contract security pursuant to Wis. Stat., § 551.102(28).
11. In or about June 2009, Damante was named as a defendant in a civil lawsuit filed in the United States District Court for the District of Nevada, wherein it was alleged that Damante committed securities fraud amongst other offenses. Damante confessed judgment and judgment was entered against him in or about April 2010 in the amount of \$2,250,000.
12. Upon information and belief, Millennia entered into an agreement with GCA to sell the OPA investment contracts.
13. In or about August 2010, Damante, acting on behalf of Millennia and GCA, solicited a Wisconsin resident to purchase an OPA investment contract.
14. Damante represented to the Wisconsin resident that the resident would receive a “discount rate” on the OPA investment and that he would become wealthy by investing through Damante.
15. In or about August 2010, the Wisconsin resident provided Damante with \$50,000 for the purchase of an OPA investment contract.
16. Damante’s civil judgment for securities fraud and the judgment debt against him in the amount of \$2,250,000 were material to investors whom Damante solicited.
17. Damante never disclosed to the Wisconsin resident the civil judgment against him for securities fraud or the \$2,250,000 debt incurred as a result of that judgment.
18. In 2010, the GCA offered and sold OPA investment contract securities to at least two other persons in Wisconsin. GCA and its representatives promised the Wisconsin investors a return of \$.05 per enrolled member per month of the overage collected by GCA on NACA membership association programs.
19. Solomon signed at least three Wisconsin investors’ investment contracts. Solomon was also a signatory to a JPMorgan Chase Bank business account held in the name of GCA to which Respondents instructed at least two Wisconsin investors to transfer their investment funds via wire transfer.

20. In June 2013, MacDonald and Solomon each pled guilty to charges of Conspiracy to Commit Wire Fraud in violation of 18 U.S.C. § 371 and 18 U.S.C. 1343 for operating a fraudulent scheme with the GCA overage offering. As part of their pleas, MacDonald and Solomon admitted that the GCA offering was a fraudulent Ponzi scheme, including in the following specifics:
- a. MacDonald, Solomon, and GCA falsely represented to investors that GCA had a successful history of soliciting paying members and that the company was generating substantial revenue from these paying members. In fact, GCA and NACA had little or no paying members, no revenue, and no history of selling interests in the “overage” revenue stream;
 - b. MacDonald and Solomon fabricated the membership enrollment figures to materially inflate the number of new paying members in an attempt to sell OPA’s to investors. MacDonald and Solomon intentionally provided this false information to GCA’s sales agents so that the agents would disseminate the false data to sell OPA’s to investors;
 - c. MacDonald and Solomon created fictitious GCA employees and sent out communications to GCA agents and investors about the OPA investments under the guise of the fictitious employees;
 - d. The GCA Overage offering did not generate any income or revenue;
 - e. Less than fifty people actually bought healthcare policies during the lifetime of the OPA offering;
 - f. Payments made to existing investors came from funds that GCA received from new investors.
21. Kosolcharoen provided to at least two Wisconsin investors the offering materials falsified by MacDonald and Solomon, wherein it was falsely represented that GCA would utilize investor funds for infrastructure or growth of the company, excluding payroll, operating expenses, and other costs associated with day-to-day business activity. The Wisconsin investors were never told that their funds would be used to make payments to other investors.
22. Kosolcharoen also provided at least two Wisconsin investors with a set of projections falsified by Solomon and MacDonald which purported to detail the number of members that would be enrolled during a two-year period. According to these false projections, an investor that purchased an OPA investment contract for \$100,000 would receive a return on investment in the amount of \$491,875.00 within a 24-month period.
23. Kosolcharoen represented to at least one Wisconsin investor, based on information received from GCA, that it was statistically improbable that GCA and NACA would not enroll a sufficient number of members to pay the projected returns on investment.
24. Kosolcharoen also represented to that same Wisconsin investor, based on information received from GCA, that as of July 15, 2010, GCA had been enrolling approximately 15,000 members per month, and that the membership base was due to increase substantially more because of marketing campaigns launched by GCA’s National Associations and/or Organizations.

25. Solomon, MacDonald and GCA never disclosed to investors that Solomon filed for Chapter 7 bankruptcy in the United States District Court for the Eastern District of Texas (Sherman) on or about April 8, 1999.
26. Solomon, MacDonald and GCA never disclosed to investors that MacDonald filed for Chapter 7 bankruptcy in the United States District Court for the Eastern District of Texas (Sherman) on or about January 4, 2010.
27. GCA was an “issuer” in the OPA offering as that term is defined by Wis. Stat. § 551.102(17).
28. Kosolcharoen was an “agent” for issuer GCA as that term is defined by Wis. Stat. § 551.102(2).
29. Kosolcharoen has never been registered with the Division as a securities agent pursuant to Ch. 551, Wis. Stats.
30. Kosolcharoen violated Wis. Stat. § 551.402(1) by transacting business in Wisconsin as a securities agent without being registered with the Division.
31. GCA, MacDonald and Solomon violated Wis. Stat. § 551.402(4) by employing an unlicensed agent to sell securities in Wisconsin.
32. Millennia acted as a “broker-dealer” in offering and selling the OPA investment contracts, as that term is defined by Wis. Stat. § 551.102(4).
33. Damante acted as an “agent” for Millennia, as that term is defined by Wis. Stat. § 551.102(2).
34. Millennia has never been registered with the Division as a broker-dealer pursuant to Ch. 551, Wis. Stats.
35. Damante has never been registered with the Division as an agent pursuant to Ch. 551, Wis. Stats.
36. Millennia violated Wis. Stat. § 551.401(1) by transacting business in Wisconsin as a broker-dealer without being registered with the Division.
37. Damante violated Wis. Stat. § 551.402(1) by transacting business in Wisconsin as a securities agent without being registered with the Division.
38. Millennia violated Wis. Stat. § 551.402(4) by employing an unlicensed agent to sell securities in Wisconsin.
39. The OPA investment contracts were never registered with the Division. Respondents violated Wis. Stat. § 551.301 by offering and selling unregistered securities in Wisconsin.
40. As detailed above, Damante and Millennia violated Wis. Stat. § 551.501(2) by omitting to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, in connection with the offer and sale of securities.
41. As detailed above, MacDonald, Solomon, and GCA violated Wis. Stat. § 551.501(2) by, in connection with the offer and sale of securities, making untrue statements of fact and

omitting to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

42. As detailed above, MacDonald, Solomon, and GCA violated Wis. Stat. § 551.501(3), by, in connection with the offer and sale of securities, engaging in an act, practice, or course of business that operates or would operate as a fraud or deceit on another person in the connection with the offer and sale of securities to persons in Wisconsin.

Therefore, the staff of the Bureau of Enforcement petitions the Administrator of the Division of Securities for the issuance of the attached Order pursuant to Ch. 551, Wis. Stats.

Dated this 4th day of September, 2013.



Chad MacHolz
Examiner
Bureau of Enforcement



Andrew J. Parrish
Staff Attorney