

FILED

COMMONWEALTH OF PENNSYLVANIA 2019 NOV 19 AM 11:23
DEPARTMENT OF BANKING AND SECURITIES

PA DEPARTMENT OF
BANKING AND SECURITIES

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND
SECURITIES, BUREAU OF SECURITIES
COMPLIANCE AND EXAMINATIONS

DOCKET No.: 190092 (SEC-CAO)

v.

PRIMITIVE METHODIST INVESTMENT
FOUNDATION, INC.

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking and Securities (“Department”), Bureau of Securities Compliance and Examinations (“Bureau”), has conducted an investigation of the business practices of Primitive Methodist Investment Foundation, Inc. (“PMIF”). Based on the results of its investigation, the Bureau has concluded that PMIF has operated in violation of the Pennsylvania Securities Act of 1972, 70 P.S. § 1-101 *et seq.* (“1972 Act”). PMIF, in lieu of litigation, and without admitting or denying the allegations herein, and intending to be legally bound, hereby agrees to the terms of this Consent Agreement and Order (“Order”).

BACKGROUND

1. The Department is the Commonwealth of Pennsylvania’s administrative agency authorized and empowered to administer and enforce the 1972 Act.
2. The Bureau is primarily responsible for administering and enforcing the 1972 Act for the Department.

3. PMIF was, at all times material herein, a Pennsylvania non-profit corporation with an address at: Redacted .

4. From in or about April 2008 until August 2019, PMIF offered and sold interests in “hybrid savings accounts” (“Interests”) to Pennsylvania residents.

5. PMIF offered and sold Interests to at least one Pennsylvania resident.

6. The Interests described above are “securities” within the meaning of Section 102(t) of the 1972 Act, 70 P.S. §1-102(t).

7. PMIF is the “issuer” of the Interests described above within the meaning of Section 102(l) of the 1972 Act, 70 P.S. §1-102(l).

8. The records of the Department disclose that the Interests were (a) not registered under Section 201 of the 1972 Act, 70 P.S. §1-201; (b) not exempt from registration under Section 202 of the 1972 Act, 70 P.S. §1-202; (c) not federally covered securities under Section 211 of the 1972 Act, 70 P.S. §1-211; and (d) that the offers relating to the Interests were not exempt under Section 203 of the 1972 Act, 70 P.S. §1-203.

VIOLATION

9. By engaging in the acts and conduct set forth in paragraphs 3 through 8 above, PMIF offered the Interests to Pennsylvania residents in violation of Section 201 of the 1972 Act, 70 P.S. § 1-201.

RELIEF

10. PMIF shall pay the Department an administrative assessment in the amount of \$100,000.00. Payment shall be made by certified check or money order made payable to the “Department of Banking and Securities” and shall be mailed or delivered in person to the Bureau

of Securities Compliance and Examinations located at 17 North Second Street, Suite 1300, Harrisburg, Pennsylvania 17101.

11. The administrative assessment shall be paid as follows:

a. \$12,500.00 within 30 days of the Effective Date of this Order, as defined in paragraph 21;

b. \$12,500.00 on or before February 7, 2020;

c. \$12,500.00 on or before May 8, 2020;

d. \$12,500.00 on or before August 7, 2020,

e. \$12,500.00 on or before November 6, 2020;

f. \$12,500.00 on or before February 5, 2021;

g. \$12,500.00 on or before May 7, 2021; and

h. \$12,500.00 on or before August 6, 2021.

12. PMIF is ORDERED to effect a rescission offer to all Pennsylvania residents who purchased the Interests, pursuant to Section 513 of the 1972 Act, 70 P.S. § 1-513, and in accordance with the 1972 Act's Regulations, 10 Pa. Code §§ 504.060, 513.010.

13. PMIF shall submit its Form RO and all supporting documents in connection with the rescission offer to the Department by June 30, 2020.

14. PMIF is ORDERED to comply with the 1972 Act, and Regulations adopted by the Department, and in particular Section 201 of the 1972 Act, 70 P.S. § 1-201.

15. Should PMIF fail to pay the assessment as set forth in paragraphs 10 and 11 above or shall PMIF not effect the rescission offer set forth in paragraphs 12 and 13 above, the sanctions set forth elsewhere in the Order shall continue in full force and effect until full payment is made.

However, this provision shall not be construed as affording PMIF the option of either paying the assessment or being indefinitely subject to the sanctions.

16. Should PMIF fail to comply with any and all provisions of this Order, the Department may impose additional sanctions and costs and seek other appropriate relief subject to PMIF's right to a hearing pursuant to the 1972 Act.

FURTHER PROVISIONS

17. Consent. PMIF hereby knowingly, willingly, voluntarily and irrevocably consents to the entry of this Order pursuant to the Bureau's authority under the 1972 Act and agrees that it understands all of the terms and conditions contained herein. PMIF, by voluntarily entering into this Order, waives any right to a hearing or appeal concerning the terms, conditions and/or penalties set forth in this Order.

18. Entire Agreement. This Order contains the entire agreement between the Department and PMIF. There are no other terms, obligations, covenants, representations, statements, conditions, or otherwise, of any kind whatsoever concerning this Order. This Order may be amended in writing by mutual agreement by the Department and PMIF.

19. Binding Nature. The Department, PMIF, and all officers, owners, directors, employees, heirs and assigns of PMIF intend to be and are legally bound by the terms of this Order.

20. Counsel. This Order is entered into by the parties upon full opportunity for legal advice from legal counsel.

21. Effectiveness. PMIF hereby stipulates and agrees that the Order shall become effective on the date the Bureau executes the Order ("Effective Date")

22. Other Enforcement Action.

(a) The Department reserves all of its rights, duties, and authority to enforce all statutes, rules, and regulations under its jurisdiction against PMIF in the future regarding all matters not resolved by this Order

(b) PMIF acknowledges and agrees that this Order is only binding upon the Department and not any other local, state or federal agency, department, or office regarding matters within this Order.

23. Authorization. The parties below are authorized to execute this Order and legally bind their respective parties.

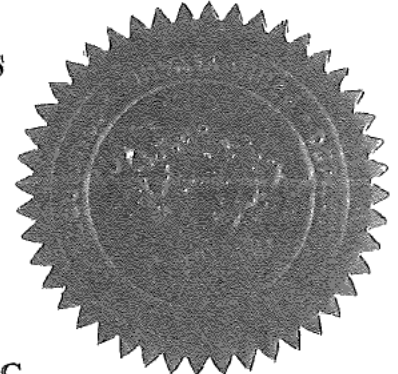
24. Counterparts. This Order may be executed in separate counterparts, by facsimile and/or by PDF.

25. Titles. The titles used to identify the paragraphs of this document are for the convenience of reference only and do not control the interpretation of this document.

26. Finding. The Department finds that it is necessary and appropriate in the public interest and for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the 1972 Act to issue this Order.

WHEREFORE, in consideration of the foregoing, including the recital paragraphs, the Commonwealth of Pennsylvania, Department of Banking and Securities, Bureau of Securities Compliance and Examinations, and the Primitive Methodist Investment Foundation, Inc., intending to be legally bound, do hereby execute this Consent Agreement and Order.

FOR THE COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES
BUREAU OF SECURITIES COMPLIANCE AND EXAMINATIONS



Redacted

~~Joseph J. Minisi, Deputy Secretary for Securities~~

Date: 11/19/19

FOR PRIMITIVE METHODIST INVESTMENT FOUNDATION, INC.

Redacted

~~(Officer Signature)~~

Jacqueline M. Kerlin
(Print Officer Name)

Chairperson
(Title)

Date: 11/9/2019