STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCIAL REGULATION

In the Matter of: WESLEYAN INVESTMENT FOUNDATION, INC. Respondent.	Case No. S-20-0053 FINAL ORDER TO CEASE AND DESIST, DENYING USE OF EXEMPTION UNDER ORS 59.035(12), AND ASSESSING CIVIL PENALTY, AND CONSENT TO ENTRY OF ORDER

The Division of Financial Regulation (the "Division"), acting on behalf of the Director of the Department of Consumer and Business Services for the State of Oregon (the "Director"), has investigated the business activities of Wesleyan Investment Foundation, Inc. ("Respondent" or "WIF"). The Division has concluded that Respondent has violated one or more provisions of Oregon Revised Statutes ("ORS") 59.005 to 59.505, 59.991, and 59.995, and the Oregon Administrative Rules ("OAR") promulgated under those laws (collectively, the "Oregon Securities Law").

Respondent, without admitting or denying the findings of fact or conclusions of law contained herein, wishes to resolve this matter with the Director.

Now, therefore, as evidenced by the signature(s) subscribed herein, Respondent hereby CONSENTS to entry of this Order.

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BACKGROUND

WIF is a church extension fund based in Indiana. Since 1972, WIF has been offering and selling unregistered securities in the form of variable rate demand accounts, known as a "Deposit Investment," in Oregon. WIF mistakenly believed it was exempt from registering the Deposit Investments in Oregon. One potential exemption from registration allows for

sales to 10 or fewer purchasers in Oregon in any 12-month period provided, among other things, there is no public advertising or general solicitation. WIF claimed this exemption applied for the entire duration of its offerings in Oregon; however, WIF sold to more than 10 investors in certain 12-month periods and also engaged in public advertising and general solicitation. Accordingly, its sales of Deposit Investments did not comply with the Oregon Securities Law for the entirety of the period in which it offered and sold securities in the state. On March 6, 2019, WIF submitted an application for securities registration to the Division to register the Deposit Investments in Oregon. In its application, WIF self-reported its non-compliance with the Oregon Securities Law with respect to the periods in which it sold to more than 10 investors within a 12-month period. Respondent represented separately in its application that it would not make further sales of securities in Oregon without an order of securities registration. The Division entered into a consent order with WIF on November 12, 2019, ordering WIF to cease and desist selling unregistered securities in violation of ORS 59.055 and to pay a civil penalty of $13,500. Shortly after the consent order was entered, but prior to an order of securities registration being issued by the Division, Respondent disclosed an additional 7 sales in Oregon. All of the transactions were executed after Respondent represented it had ceased sales in Oregon.

As demonstrated in more detail below, the Division concluded that WIF violated the Oregon Securities Law by: selling unregistered securities in Oregon, violating the November 2019 consent order of the Director, representing to the Director that it had ceased sales in Oregon, and not correcting the information provided to the Director regarding its prior sales in Oregon.

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FINDINGS OF FACT

The Director FINDS that:

1. Respondent is a duly organized non-member, non-profit 501(c)(3) corporation

established in the state of Indiana on February 5, 1960. The organization has been in continuous operation through predecessor entities since 1946. Its principal executive offices are located at 13300 Olio Road, Fishers, Indiana 46037.

Public Offering in Oregon

2. Since 1972, Respondent has offered and sold an unsecured debt obligation to members and affiliates of Wesleyan Church (the "Church"), known as the Deposit Investment ("Deposit Investment").

3. Deposit Investments are demand accounts with variable interest rates.

4. The proceeds of Deposit Investments are used to finance loans to member churches for church expansion projects and organizational expenses, commonly known as a church extension fund.

5. Deposit Investments are available publicly to members and affiliates of the Wesleyan Church.

6. Respondent promotes the sale of its Deposit Investments through word-of-mouth and by publication in church bulletins at churches participating in its loan program.

7. In addition, Respondent maintains a publicly available website at https://wifonline.com/ ("URL") which contains introductory information regarding the Deposit Investment ("Website") and a publicly available Facebook page that links to the Website.

8. Respondent utilized the Website to promote and sell securities in Oregon. Between 1972 and 2004, a total of 10 separate transactions occurred in Oregon. The Website was created in 2004. From 2005 to 2019, Respondent executed a total of 77 separate transactions in Oregon.

9. Since 2019, access to the offering circular for the Deposit Investment has been available on the Website by selecting any state in which the Respondent is authorized to

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sell securities.

10. However, from 2019 to 2020, a person in Oregon accessing the Website could select a different state and view the offering circular online and then complete an online investment application to purchase securities.

11. At no time did Respondent register the Deposit Investments sold since 1972 in Oregon.

Application for Securities Registration

12. On March 6, 2019, Respondent submitted to the Division an application for securities registration by qualification ("Application") pursuant to ORS 59.065.

13. In its Application materials, Respondent disclosed to the Division its prior sales of Deposit Investments in Oregon.

14. Respondent submitted with its March 2019 Application to the Division the following written statement:

> "The Foundation interprets O.R.S. § 59.035(12)(a)(E) to mean that effective as of the date of filing of this application, the Foundation may not issue Deposit Investments pursuant to the Transactional Exemption (even if the sale otherwise qualifies under O.R.S. § 59.035(12)(a)) until this registration application is accepted or formally denied. Accordingly, the Foundation has paused offers and sales of Deposit Investments to the State investors until the Oregon Division of Financial Regulation (the "Division") provides further notice."

15. Thus, at the time of its Application, Respondent submitted to the Director a written statement that it understood the Transactional Exemption did not apply and therefore it had ceased selling Deposit Investments in Oregon until the Division approved or denied the Application.

16. In response to a verbal request from the Division, Respondent provided a list of

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prior sales which showed January 24, 2019 as the last date of sale in Oregon.

17. When the list was submitted in March 2019, Respondent did not indicate this list was in any way incomplete or would need to be amended. It was therefore believed that Respondent had in fact ceased sales in Oregon.

18. At no time prior to January 2020 did Respondent attempt to amend the list of prior sales or correct the information provided to the Director regarding its prior sales in Oregon.

Prior Consent Order

19. The Division and Respondent agreed to resolve the matter of prior unregistered sales in Oregon by consent order.

20. On November 12, 2019, a consent order was entered in Division case number S-19-0081 against Respondent ("2019 Consent Order").

21. The 2019 Consent Order concluded that Respondent sold unregistered securities in violation of Oregon Revised Statutes ("ORS") 59.055.

22. Under the terms of the 2019 Consent Order, Respondent was ordered to:

(a) Cease and desist offering and selling unregistered securities;

(b) Pay a civil penalty of $13,500 for violation of the Oregon Securities Law; and

(c) Comply with the Oregon Securities Law.

23. Respondent satisfied the civil penalty immediately upon signing and returning the Consent to the Director. Thus the prior action against Respondent was closed.

Additional Sales of Unregistered Securities

24. Upon entry of the 2019 Consent Order, the Division proceeded with its review of Respondent's Application for securities registration.

25. On January 16, 2020, the Division sought anew to confirm by e-mail

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correspondence that Respondent had ceased selling its Deposit Investments in Oregon.

26. In response, Respondent provided a list of prior sales including sales executed after January 24, 2019 (the last date of sale in the prior list) and not previously disclosed or known to the Division.

27. Between March 28, 2019 and January 8, 2020, Respondent sold Deposit Investments to 7 separate purchasers in Oregon in the aggregate value of $158,210.75. These previously undisclosed transactions occurred before and after the Consent Order was entered in November 2019 and all of these transactions took place after Respondent represented to the Division in its March 2019 Application that it would cease sales unless and until the Division issued an order of registration.

28. At no relevant time was an order of securities registration issued to the Respondent.

29. The Deposit Investments sold between March 28, 2019 and January 8, 2020 were not registered in Oregon.

CONCLUSIONS OF LAW

The Director CONCLUDES that:

30. Under ORS 59.015(19)(a), "security" means a note, stock, treasury stock, bond, debenture, evidence of indebtedness, investment contract, or, in general, any interest or instrument commonly known as a "security."

31. The Deposit Investment is a "security" under ORS 59.015(19)(a).

32. Under ORS 59.055, it is unlawful for any person to offer or sell any security in this state, unless: the security is registered and the offer or sale is not in violation of any rule or order of the Director; the security is exempt under ORS 59.025 or the sale is exempt under ORS 59.035; or the security is a federal covered security for which a notice has been filed and fees have been paid under ORS 59.049.

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33. By selling securities that were not registered, exempt from registration, or federal covered securities, Respondent violated ORS 59.055.

34. By selling unregistered securities in violation of the Consent Order entered on November 12, 2019 in case number S-19-0081, Respondent violated the terms of an order of the Director and thus violated ORS 59.055.

35. Under ORS 59.451, it is unlawful for any person who is the subject of an investigation under ORS 59.245 or examination under ORS 59.235, directly or indirectly, to make or file or cause to be made or filed with the Director any statement, report, or document which is false in any material respect or manner.

36. By representing to the Director that Respondent had ceased selling its Deposit Investments in Oregon and failing to abide by that representation when it executed subsequent sales in Oregon, and by failing to amend or correct the information provided to the Director regarding its prior sales in Oregon, Respondent violated ORS 59.451.

37. Under ORS 59.045(2), the Director may by order deny the use of any exemption by a person if the Director has reason to believe that the person has engaged in or is about to engage in an act or practice constituting a violation of the Oregon Securities Law.

38. Because the Director has reason to believe that Respondent has engaged in violations of the Oregon Securities Law, including ORS 59.055 and ORS 59.451, the Director may deny the Respondent the use of exemptions under ORS 59.045(2).

39. Under ORS 59.245(4), if the Director has reason to believe that any person has engaged, is engaging, or is about to engage in any violation of the Oregon Securities Law, the Director may issue an order, subject to ORS 59.295, directed to the person to cease and desist from the violation or threatened violation.

40. Because the Director has reason to believe that Respondent has violated the Oregon Securities Law, including ORS 59.055 and ORS 59.451, the Director may issue an

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order directed to Respondent to cease and desist from those violations.

41. Under ORS 59.995(1)(a), any person who violates or who procures, aids or abets the violation of ORS 59.005 to 59.505, 59.710 to 59.830, 59.991 and 59.995 or any rule or order of the Director shall be subject to a penalty of not more than $20,000 for every violation, which shall be paid to the General Fund of the State Treasury.

ORDERS

The Director issues the following ORDERS that:

Final Order to Cease and Desist

42. Pursuant to the authority under ORS 59.245(4), the Respondent, and all entities owned or controlled by Respondent, its successors and assignees, shall CEASE AND DESIST violating ORS 59.055 and 59.451.

43. Respondent shall cease and desist selling unregistered securities in Oregon.

Final Order Denying Use of Exemption

44. Pursuant to the authority of ORS 59.045(2), the Director hereby permanently DENIES Respondent, and all entities owned or controlled by Respondent, its successors and assignees, the use of the transactional exemption under ORS 59.035(12).

Final Order Assessing Civil Penalty

45. Pursuant to the authority under ORS 59.995(1), the Director does hereby assess a CIVIL PENALTY of sixty-five thousand dollars ($65,000) against Respondent payable to the Department of Consumer and Business Services for violating the Oregon Securities Law as follows:

A. $35,000 for 7 unlawful securities transactions in violation of ORS 59.055, of which each transaction is a separate violation;

B. $10,000 for violating the prior order of the director in violation of ORS 59.055;

C. $20,000 for representing to the Director that Respondent had ceased sales in

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Oregon and not correcting the information provided to the Director regarding its prior sales in Oregon in violation of ORS 59.451.

46. The Director SUSPENDS the collection of twenty thousand dollars ($20,000) of the civil penalty assessed above, so long as Respondent:

A. Undertakes to fully examine its books and records and submit to the Director a complete list of sales in Oregon prior to the date of this Order, including the account, date of sale, and sale price, and to immediately amend the same if additional information is discovered;

B. Pays the remaining forty-five thousand dollars ($45,000) of civil penalties;

C. Refrains from relying on the exemption to registration under ORS 59.035(12);

D. Complies with all terms and conditions of this Order; and

E. Complies with all requirements of the Oregon Securities Law.

47. The Director agrees to WAIVE the foregoing suspended twenty thousand dollars ($20,000) of civil penalties at the end of a three-year period from the effective date of this Consent Order, provided Respondent complies with the Oregon Securities Law and the terms of this Order. If Respondent fails to comply with the Oregon Securities Law or otherwise fails to comply with the terms of this Consent Order, then the suspended portion of the civil penalty shall become immediately due and payable.

48. Respondent shall pay forty-five thousand ($45,000) of the civil penalty at signing, prior to the entry of this Order.

49. The Director reserves the right to immediately take enforcement action, pursuant to the procedures set forth in ORS 183.745, to reinstate the suspended civil penalty if Respondent violates any term of this Order.

50. The Director makes no finding and nothing in this Order is intended to state or imply a finding that Respondent engaged in fraudulent, manipulative, or deceptive conduct,

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nor engaged in any device, scheme or artifice to defraud, nor engaged in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person.

51. This is a "Final Order" under ORS 183.310(6)(b). Entry of this Order in no way limits or prevents further remedies, sanctions, or actions which may be available to the Director under Oregon law to enforce this Order, for violations of this Order, for conduct or actions of Respondent that are not covered by this Order, or against any Respondent or other party not covered by this Order.

SO ORDERED this 15th day of December, 2020 in Salem, Oregon.

ANDREW R. STOLFI, Director
Department of Consumer and Business Services

Dorothy Bean, Chief of Enforcement
Division of Financial Regulation

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CONSENT TO ENTRY OF ORDER

I, Craig A. Dunn, state that I am an authorized representative of and have the authority to act on behalf of Respondent, WESLEYAN INVESTMENT FOUNDATION, INC. ("WIF"), in this matter. WIF, by and through the undersigned, hereby agrees that it has read the foregoing Order and fully understands the contents thereof. WIF has been advised of the right to a hearing and of the right to be represented by counsel in this matter, and has been represented by counsel in this matter. WIF voluntarily consents to the entry of this Order without force or duress, expressly waiving any right to a hearing in this matter, and waiving any rights to administrative or judicial review of this Order. WIF understands that the Director reserves the right to take further action to enforce this Order and to take appropriate action upon discovery of other violations of the Oregon Securities Law not hereby resolved. WIF agrees to fully comply with the terms and conditions of this Order. WIF understands that this document is a public record.

Signature: Craig A. Dunn

Printed Name: Craig A. Dunn, Chief Executive Officer

State of Indiana

County of Hamilton

Signed before me this 4th day of December, 2020 by Craig A. Dunn as Chief Executive Officer of WESLEYAN INVESTMENT FOUNDATION, INC.

Heidi A. LeRoy Notary Public

HEIDI A. LEROY
Hancock County
NOTARY PUBLIC
Commission Number
NP0727898
NOTARY SEAL
My Commission Expires July 26, 2028
STATE OF INDIANA

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