

5. This Affidavit of Compliance is declared filed of record as of the date set forth below in compliance with Section 413(h) of the Act.

FURTHER AFFIANT SAYETH NOT.

Dated this 3rd day of May, 2002.

(SEAL)

Irving L. Faught
Irving L. Faught, Administrator

Subscribed and sworn to before me this 3rd day of May, 2002.

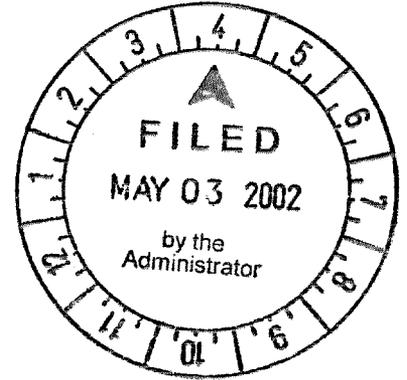
(NOTARY SEAL)

Brenda London Smith
Notary Public

My Commission Expires:

August 26, 2005

STATE OF OKLAHOMA
DEPARTMENT OF SECURITIES
FIRST NATIONAL CENTER, SUITE 860
120 NORTH ROBINSON
OKLAHOMA CITY, OKLAHOMA 73102



In the Matter of:

American Benefits Group, Inc., National Viatical Trust, Inc.,
Richard G. Doggett and Kenneth L. Henderson

Respondents.

File No. ODS 00-124

NOTICE OF OPPORTUNITY FOR HEARING

1. Pursuant to his authority under Section 405 of the Oklahoma Securities Act (Act), Okla. Stat. tit. 71, §§ 1-413, 501, 701-703 (1991 & Supp. 2000), the Administrator of the Oklahoma Department of Securities (Department) authorized an investigation into the activities of American Benefits Group, Inc., National Viatical Trust, Inc., Richard G. Doggett and Kenneth L. Henderson (hereinafter referred to as "Respondents") in connection with the offer and/or sale of securities in and/or from the state of Oklahoma.

2. On the 17th day of April, 2002, the attached Recommendation to Issue an Order to Cease and Desist (Recommendation) was left in the office of the Administrator.

3. Pursuant to Section 406(b) of the Act, the Administrator hereby gives notice to Respondents of their right to request a hearing to show why an order based on the Recommendation should not be issued.

4. The request for a hearing on the Recommendation must be received by the Administrator within fifteen (15) days after service of this Notice. Pursuant to Section 406(b) of the Act, failure to request a hearing within fifteen (15) days after service of this Notice shall result in the issuance of an order to cease and desist against Respondents.

5. The request for hearing shall be in writing and Respondents shall specifically admit or deny each allegation, or state that Respondents do not have, and are unable to obtain, sufficient information to admit or deny each allegation in said request as required by 660:2-9-1(c) of the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities (Rules).

6. Upon receipt of a written request, pursuant to 660:2-9-2 of the Rules, a hearing on this Notice shall be set within sixty (60) days or a written order denying hearing shall be issued.

7. Notice of the date, time and location of the hearing shall be given to Respondents not less than ten (10) days in advance thereof pursuant to 660:2-9-3(a) of the Rules. Additionally, the notice may contain matters to supplement this Notice and the Recommendation attached hereto.

Witness my Hand and the Official Seal of the Oklahoma Department of Securities this 3rd day of May, 2002.

(SEAL)



IRVING L. FAUGHT, ADMINISTRATOR OF THE
OKLAHOMA DEPARTMENT OF SECURITIES

CERTIFICATE OF MAILING

The undersigned hereby certifies that on the 6th day of May, 2002, a true and correct copy of the above and foregoing Notice of Opportunity for Hearing and attached Recommendation to Issue an Order to Cease and Desist was mailed by certified mail, return receipt requested, delivery restricted, with postage prepaid thereon addressed to:

American Benefits Group, Inc.
3350 Cumberland Circle, Suite 1900
Atlanta, GA 30339

National Viatical Trust, Inc.
6 Commerce Drive, Suite 2000
Cranford, NJ 07016

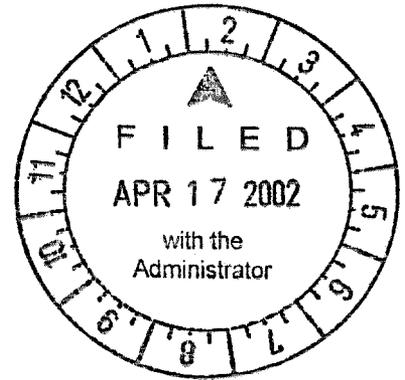
Richard G. Doggett
6 Commerce Drive, Suite 2000
Cranford, NJ 07016

Kenneth L. Henderson
3350 Cumberland Circle, Suite 1900
Atlanta, GA 30339



Brenda London Smith
Paralegal

**STATE OF OKLAHOMA
DEPARTMENT OF SECURITIES
FIRST NATIONAL CENTER, SUITE 860
120 NORTH ROBINSON
OKLAHOMA CITY, OKLAHOMA 73102**



In the Matter of:

American Benefits Group, Inc., National Viatical Trust, Inc.,
Richard G. Doggett and Kenneth L. Henderson,

Respondents.

File No. ODS 00-124

**RECOMMENDATION TO ISSUE AN ORDER
TO CEASE AND DESIST**

Pursuant to the Oklahoma Securities Act (Act), Okla. Stat. tit. 71, §§ 1-413, 501, 701-703 (1991 & Supp. 2000), an investigation was conducted into the activities of the named Respondents in connection with the offer and/or sale of securities in and/or from the state of Oklahoma.

Based thereon, the following Findings of Fact, Authorities, and Conclusions of Law are submitted to the Administrator (Administrator) of the Oklahoma Department of Securities (Department), or his designee, in support of the issuance of an Order to Cease and Desist (Recommendation).

Findings of Fact

1. At all times material hereto, National Viatical Trust, Inc. (NVT) was described as having a business address of 6 Commerce Drive, Suite 2000, Cranford, New Jersey. NVT purported to be a Cayman Islands corporation that issued, offered and sold viatical investment contracts.

2. At all times material hereto, American Benefits Group, Inc. (ABG) was described as having a business address of 3350 Cumberland Circle, Suite 1900, Atlanta, Georgia. ABG was a Georgia corporation that marketed and sold NVT viatical investment contracts issued by NVT. ABG was not registered under the Act to transact business in the state of Oklahoma as a broker-dealer or agent.

3. At all times material hereto, Richard G. Doggett (Doggett) was the Trustee for NVT or the President and Trustee for NVT. Doggett was not registered under the Act to transact business in the state of Oklahoma either as a broker-dealer or as an agent.

4. At all times material hereto, Kenneth L. Henderson (Henderson) was the Vice-President of ABG. Henderson was not registered under the Act to transact business in the state of Oklahoma as a broker-dealer or as an agent (collectively, NVT, ABG, Doggett and Henderson shall be referred to as "Respondents").

5. Beginning in or about September, 1997, Respondents offered and sold to the public (Investors) written agreements relating to the purchase of the life insurance policy death benefits of individuals (Viators). Traditionally, the Viator is a person who is terminally ill and has a life expectancy of only a few years or less. A viatical settlement contract establishes the terms under which a viatical settlement company pays compensation or anything of value to the Viator, which compensation or value is less than the expected death benefit of the insurance policy, in return for the Viator's assignment, transfer, sale, devise, or bequest of the death benefit or ownership of the insurance policy to the viatical settlement company. The payment to the Viator is based on the amount of the policy and the life expectancy of the Viator. The Investors contract to purchase a percentage share of the proceeds from the Viator's life insurance policy upon the death of the Viator (Viatical Investment Contracts).

6. The Viatical Investment Contracts were offered by Respondents primarily through newspaper advertisements and sales agents.

7. The efforts and responsibilities of NVT in connection with the viatical settlement contracts and Viatical Investment Contracts included:

- a. accepting or rejecting proposed Viators;
- b. conducting independent evaluation and review of medical records;
- c. purchasing the policy of the Viator;
- d. ensuring the transfer of ownership of the insurance policy;
- e. registering the Investor with the life insurance company as the irrevocable beneficiary;
- f. providing closing documents to the Investor;
- g. tracking the status of the Viator until death; and
- h. completing all documents required for the death benefits claim.

8. Respondents offered and sold interests in Viatical Investment Contracts to Investors. The efforts of Respondents in offering and selling the interests in the Viatical Investment Contracts included:

- a. screening prospective agents;

- b. establishing and monitoring business practices of all agents;
- c. establishing an escrow account known as a "Premium Reserve Account" to pay life insurance premiums;
- d. assuming responsibility for payment of premiums on the life insurance policies;
- e. assisting NVT in the Viator tracking process;
- f. processing documents between the Investor and NVT;
- g. providing documents to potential Investors; and
- h. acting as an agent on behalf of Investors to acquire Viatical Investment Contracts.

9. Each purchaser of a Viatical Investment Contract issued by NVT was required to execute an application with ABG (Viatical Investment Application). The Viatical Investment Application appointed ABG to act as the agent of the purchaser in the negotiation and purchase of Viatical Investment Contracts. By the terms of the Viatical Investment Application, ABG was to identify, qualify, and purchase, on behalf of the Investor, interests in death benefits of life insurance policies. Profits were determined by the type of plan and life expectancy term selected by the Investor. Upon the closing of the transaction, the purchaser received a certified closing statement. The interest represented by the closing statement was transferable by the purchaser.

10. A purchaser who executed the Viatical Investment Application had no role in the evaluation of a Viator's medical condition or life expectancy or the actual selection of a life insurance policy. Instead, Investors were forced to rely on the Respondents' judgement and discretion to create a Viatical Investment Contract interest that was suitable for investment purposes.

11. After a policy was acquired, Respondents administered all aspects of the investment. They tracked the Viator's status, established a premium reserve account and ensured that policy premiums were paid.

12. Respondents offered and sold Viatical Investment Contracts under what was referred to as a "Trust" plan. Under the Trust plan, NVT stated that "Trust plan participants shall never be required to pay life insurance premiums." Furthermore, NVT was obligated to re-purchase all interests in Trust plan Viatical Investment Contracts at the end of a 36 month period following the viatical settlement date. NVT stated that the Trust plan funded this re-purchase obligation through financial guarantee bonds issued by various well-funded international insurance companies. The Trust program Investors simply signed the Viatical Investment Application, delivered their money, and

waited passively to receive their money at either the time of their Viator's death or at the end of 36 months, whichever occurred first.

13. The Viatical Investment Contracts were not registered pursuant to Section 301 of the Act and no claim of an exemption from the registration provisions of the Act was filed with the Administrator pursuant to Section 401 of the Act.

14. In connection with the offer and sale of Viatical Investment Contracts, Respondents utilized newspaper advertisements and provided brochures and other promotional literature to Investors in and/or from the state of Oklahoma.

15. The promotional literature used by Respondents in connection with the offer and sale of Viatical Investment Contracts was not filed with the Department prior to use in accordance with Section 402 of the Act.

16. Respondents, directly and indirectly, made untrue statements of material fact to Investors in connection with the offer, sale and purchase of Viatical Investment Contracts including, but not limited to, the following:

- a. that an investment in a Viatical Investment Contract has no risk to principal;
- b. that the Viatical Investment Contracts are guaranteed by the Oklahoma Life and Health Insurance Guaranty Association;
- c. that Investors in the Trust plan would automatically receive their funds from NVT at the end of 36 months, if their Viators were still alive;
- d. that NVT insures its ability to fulfill its insurance policy repurchase obligation by acquiring financial guarantee bonds from qualified financial institutions;
- e. that participants in the Trust plan shall "never" have to pay the life insurance premiums of Viators; and
- f. that ABG had established a "Premium Reserve Account" to pay life insurance premiums.

17. Respondents omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made not misleading to Investors in connection with the offer, sale and purchase of Viatical Investment Contracts including, but not limited to, the following:

- a. that a Viatical Investment Contract is a security;

- b. that the Viatical Investment Contracts were not registered as securities under the Act nor were they exempt from registration;
- c. that NVT employed agents who were not registered under the Act;
- d. that there was substantial risk to principal in the Viatical Investment Contracts;
- e. that Trust plan Investors may have to pay life insurance premiums to keep the life insurance policies in effect; and
- f. that Trust plan Investors may not receive their funds from NVT at the end of 36 months, if their Viator is still alive.

18. Based upon the foregoing willful violations of the Act, it is in the public interest to issue an order to cease and desist against Respondents.

Authorities

1. Section 2 of the Act provides in part:

(d) "Agent" means any individual other than a broker-dealer who represents a broker-dealer or issuer in effecting or attempting to effect purchases or sales of securities.

A partner, officer, member or director of a broker-dealer or issuer, or a person occupying a similar status or performing similar functions, is an agent only if the person otherwise comes within this definition.

(e) "Broker-dealer" means any person engaged in the business of effecting transactions in securities for the account of others or for his or her own account. "Broker-dealer" does not include:

- (1) an agent;
- (2) an issuer; or
- (3) any other person the Administrator, by rule or order, designates.

* * *

(v) "Security" means any:

* * *

- (11) investment contract[.]

2. Section 101 of the Act provides:

It is unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly[:]

* * *

(2) to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading[.]

3. Section 201 of the Act provides in pertinent part:

(a)(1) It is unlawful for any person to transact business in this state as a broker-dealer or agent unless the person is so registered under this act or unless the person is exempt from registration as provided in paragraph (2) or (3) of this subsection.

* * *

(b) It is unlawful for any broker-dealer or issuer to employ an agent unless the agent is registered or is exempt from registration.

4. Section 301 of the Act provides:

It is unlawful for any person to offer or sell any security in this state unless: (1) it is registered under this act or the security or transaction is exempted under Section 401 of this title; or (2) it is a federal covered security.

5. Section 402(a) of the Act provides in pertinent part:

It is unlawful to distribute to investors or prospective investors, including customers or prospective customers of an investment adviser, or otherwise use any prospectus, pamphlet, circular, form letter, advertisement, or other sales literature in any manner in connection with the offer or sale of any security, except a federal covered security, unless:

(1) it has been filed with the Department of Securities; and

(2) the Department has responded indicating that the Administrator has no objection to its distribution or use.

6. Section 406 of the Act provides in pertinent part:

(a) If the Administrator reasonably believes, whether or not based upon an investigation conducted under Section 405 of this title, that a person has violated the Oklahoma Securities Act, except under the provisions of Section 202.1 or 305.2 of this title, or a rule or order of the Administrator under the Oklahoma Securities Act or has engaged in dishonest or unethical practices in the securities business, the Administrator, in addition to any specific power granted by any other section of the Oklahoma Securities Act, may impose one or more of the following sanctions:

(1) issue an order against the person to cease and desist from engaging in such violation or dishonest or unethical practices or doing any act in furtherance thereof[.]

Conclusions of Law

1. The Viatical Investment Contracts offered and sold by Respondents are securities as defined in Section 2 of the Act.

2. Respondents offered and sold unregistered securities in the state of Oklahoma, in violation of Section 301 of the Act.

3. Respondents ABG, Doggett and Henderson transacted business in the state of Oklahoma as broker-dealers or agents without being registered under the Act, in violation of Section 201 of the Act.

4. Respondents NVT and ABG employed agents in the state of Oklahoma who were not registered under the Act, in violation of Section 201 of the Act.

5. Respondents made untrue statements of material fact and omitted to state material facts in connection with the offer and/or sale of securities in the state of Oklahoma, in violation of Section 101 of the Act.

6. Respondents used sales literature in connection with the offer and sale of securities in the state of Oklahoma without filing such sales literature with the Department and without receiving an indication from the Administrator that he had no objection to its distribution or use, in violation of Section 402 of the Act.

7. The Administrator has the authority under Section 406 of the Act to order Respondents to cease and desist from engaging in violations of the Act.

8. It is in the public interest to order Respondents to cease and desist from engaging in violations of the Act.

WHEREFORE, it is recommended that the Administrator order Respondents to cease and desist from engaging in violations of the Act or doing any act in furtherance thereof.

Dated this 17th day of April, 2002.

Respectfully Submitted,



Patricia A. Labarthe
Enforcement Attorney
Oklahoma Department of Securities
120 North Robinson, Suite 860
Oklahoma City, OK 73102
(405) 280-7700