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## Texas State Securities Board

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JACK D. LADD  
MEMBER

BRYAN K. BROWN  
MEMBER

**SSB Docket No. 03-001**

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IN THE MATTER OF  
PENSION PLANS OF AMERICA;  
KEN A. WRIGHT; AND LLOYD SHARP

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**Order No. CDO-1491**

TO: Pension Plans of America, Inc.  
16505-A S. E. 1st PMB99  
Vancouver, Washington 98684  
and  
15714 N. E. 12th Way  
Vancouver, Washington 98684

Ken A. Wright  
16505-A S. E. 1st PMB99  
Vancouver, Washington 98684  
and  
1400 Candlelight Drive  
Eugene, Oregon 97402

Lloyd Sharp  
16505-A S. E. 1st PMB99  
Vancouver, Washington 98684  
and  
15714 N. E. 12th Way  
Vancouver, Washington 98684

### **EMERGENCY CEASE AND DESIST ORDER**

This is your OFFICIAL NOTICE of the issuance by the Securities Commissioner of the State of Texas ("Securities Commissioner") of an EMERGENCY CEASE AND DESIST ORDER pursuant to Section 23-2 of The Securities Act, TEX. REV. CIV. STAT. ANN. art. 581-1 et seq. (Vernon 1964 & Supp. 2003) ("Texas Securities Act").

The Staff of the Enforcement Division ("the Staff") of the Texas State Securities Board ("the Securities Board") has presented evidence sufficient for the Securities Commissioner to find that:

## FINDINGS OF FACT

1. Pension Plans of America, Inc. ("Respondent PPA") is a non-profit corporation with business addresses of 16505-A S. E. 1st PMB99, Vancouver, Washington 98684 and 15714 N. E. 12th Way, Vancouver, Washington 98684.
2. Ken A. Wright ("Respondent Wright") is an individual who purports to be the President of Respondent PPA and who has the last known addresses of 16505-A S. E. 1st PMB99, Vancouver, Washington 98684 and 1400 Candlelight Drive, Eugene, Oregon 97042.
3. Lloyd Sharp ("Respondent Sharp") is an individual who purports to be the Chairman of the Board of Respondent PPA and who has the last known addresses of 16505-A S. E. 1st PMB99, Vancouver, Washington 98684 and 15714 N. E. 12th Way, Vancouver, Washington 98684.
4. The Internet website accessible at <http://www.pensionamerica.org> (the "website") indicates that Respondent PPA is making available interests in a limited partnership referred to as the "Green Tree Growth Fund." The website further indicates that the purchase of these limited partnership interests from Respondent PPA entitles investors to a "fixed high rate of return" and "limited risk." The website provides the e-mail address [pensionamerica@yahoo.com](mailto:pensionamerica@yahoo.com) for further information.
5. During or about January, 2003, at least one Texas resident ("the Prospect") requested further information by e-mailing the above e-mail address. Thereupon, Respondent Sharp, on behalf of Respondent PPA, called the Prospect and made available investments described as limited partnership interests in limited partnerships organized by Respondent PPA. Respondent Sharp indicated that Respondent PPA organizes limited partnerships wherein Respondent PPA acts as the general partner and the investor as the limited partner. The investor provides the funds used by the partnership to purchase paulownia trees. Respondent PPA arranges for the cultivation and harvesting of the trees by third parties. Once the trees are harvested, they are sold to another party for a profit.
6. Respondent Sharp further represented to the Prospect that the limited partnership interests were "very, very secure" and employed a ten-point scale to measure the risk associated with an investment therein. Respondent Sharp indicated that a rating of "one" on this ten point scale would be the equivalent of a safe investment in "Fort Knox gold" and a "ten" would be the equivalent of a "high risk" investment. Respondent Sharp explained that an investment in the aforementioned limited partnership interests would rate as a "two" on this scale and, therefore, would constitute an investment only slightly riskier than an investment in "Fort Knox gold" and removed from the realm of "high risk" investments. Respondent Sharp further noted that the potential "downside" to investing in the limited partnership interests

would occur if the “world market quit using paper and quit using wood products... which [is] not apt to happen.”

7. Respondent Sharp sent, or caused to be sent, to the Prospect sales literature concerning paulownia trees and offering documents for limited partnership interests in the Pension Plans of America Blue Partnership, Ltd. (“Blue Partnership, Ltd.”) and the Pension Plans of America 12/12 Green Tree Growth Fund 001, Ltd. (“12/12 Growth Fund”) via U.S. mail. The offering materials indicate that PPA “is offering a tree purchase/investment program” and that the “buyer/investor...may elect to have their trees bought back, at or after the sixth year.” Both offering documents list Ken A. Wright as President of Respondent PPA.

8. The offering documents for the Blue Partnership, Ltd. indicate that interests are available at \$10,080 per unit. The offering materials further indicate the Blue Partnership, Ltd. interests provide a 16% return annually, and investors participate in the investment over the next thirty-six years receiving a check every six years when the trees are harvested. These offering materials also indicate that the purchase of interests in Blue Partnership, Ltd. constitute “speculative investments” that involve a “high degree of risk of loss by investors of their entire investment.”

The offering materials for the 12/12 Growth Fund indicate that interests are available at \$9,609.60 per unit. The offering materials further indicate the interests provide a 12% compounded annual return for twelve years. These offering materials also indicate that the purchase of interests in the 12/12 Growth Fund constitute “speculative investments” that involve a “high degree of risk of loss by investors of their entire investment.”

9. The limited partnership interests in 12/12 Growth Fund and Blue Partnership, Ltd. have not been registered with the Securities Commissioner by qualification, notification or coordination and no permit has been granted for their sale within Texas.

10. Respondents PPA, Wright and Sharp, at all times relevant to this Order, have not been registered with the Securities Commissioner as securities dealers, agents, investment advisers, or investment adviser representatives.

11. Respondents PPA and Sharp, through an oral sales presentation conducted by Respondent Sharp, made a statement that is misleading by orally indicating that few risks were involved with the purchase of limited partnership interests from Respondent PPA when the offering materials indicated that the purchase of interests in the Blue Partnership, Ltd. and the 12/12 Growth Fund constitute “speculative investments” that involve a “high degree of risk of loss by investors of their entire investment.”

### CONCLUSIONS OF LAW

1. The limited partnership interests described above are securities as that term is defined in Section 4.A of the Texas Securities Act.
2. Respondents engaged in the offer for sale of the above-described securities as the term "offer for sale" is defined in Section 4.E of the Texas Securities Act.
3. Respondents violated the Texas Securities Act by offering for sale the above-described securities at a time when the securities were not registered with the Securities Commissioner, as required by Section 7 of the Texas Securities Act.
4. Respondents have acted as "dealers" in securities as that term is defined in Section 4.C of the Texas Securities Act.
5. Respondents violated the Texas Securities Act by offering for sale the above-described securities at a time when the Respondents were not registered with the Securities Commissioner, as required by Section 12 of the Texas Securities Act.
6. Respondents PPA and Sharp made an offer of securities in Texas that is materially misleading or otherwise likely to deceive the public by orally indicating that few risks were involved with the purchase of limited partnership interests from Respondent PPA when the offering materials indicated that the purchase of interests in the Blue Partnership, Ltd. and the 12/12 Growth Fund constitute "speculative investments" that involve a "high degree of risk of loss by investors of their entire investment."
7. Respondents' conduct, acts and practices threaten immediate and irreparable harm to the public.
8. The foregoing violations constitute bases for the issuance of an Emergency Cease and Desist Order pursuant to Section 23-2 of the Texas Securities Act.

### ORDER

1. It is therefore ORDERED that Respondents immediately CEASE AND DESIST from acting as securities dealers or agents in and/or from Texas until they are registered with the Securities Commissioner or an available exemption is utilized.
2. It is further ORDERED that Respondents immediately CEASE AND DESIST from offering for sale or selling securities in and/or from Texas until the securities have been registered with the Securities Commissioner or an available exemption is utilized.

3. It is further ORDERED that Respondents PPA and Sharp immediately CEASE AND DESIST from offering securities in and/or from Texas through the use of an offer containing a statement that is materially misleading or otherwise likely to deceive the public.

NOTICE

Pursuant to Section 23-2 of the Texas Securities Act, you may request a hearing before the 31st day after the date you were served with this Order. The request for a hearing must be in writing, directed to the Securities Commissioner, stating the grounds for the request to set aside or modify the Order. Failure to request a hearing will result in the Order becoming final and non-appealable.

You are advised under Section 29.D of the Texas Securities Act that any knowing violation of an order issued by the Securities Commissioner under the authority of Section 23-2 of the Texas Securities Act is a criminal offense punishable by a fine of not more than \$5,000, or imprisonment in the penitentiary for not more than two years, or by both such fine and imprisonment.

SIGNED AND ENTERED by the Securities Commissioner this 10<sup>th</sup> day of January, 2003.

  
DENISE VOIGT CRAWFORD  
Securities Commissioner