

STATE CORPORATION COMMISSION

SECURITIES CONTROL

AT RICHMOND, JUNE 15, 2007

COMMONWEALTH OF VIRGINIA, ex rel.

JUN 15 2007 10:15

STATE CORPORATION COMMISSION

v.

CASE NO. SEC-2007-00039

CHILDREN OF AMERICA, INC.,

Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that Children of America, Inc. ("Defendant"): (1) violated § 13.1-504 B of the Virginia Securities Act ("Act"), § 13.1-501 et seq. of the Code of Virginia, by employing an unregistered agent; and (2) violated § 13.1-507 of the Act by offering and selling securities that were not registered and were not exempt from registration.

The State Corporation Commission ("Commission") is authorized by § 13.1-506 of the Act to revoke the Defendant's registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, by § 13.1-521 A of the Act to impose certain monetary penalties, and by § 12.1-15 of the Code of Virginia to settle matters within its jurisdiction.

The Defendant neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Settlement Order.

As a proposal to settle all matters arising from these allegations, the Defendant has made an offer of settlement to the Commission wherein the Defendant will abide by and comply with the following terms and undertakings:

(1) The Defendant will pay to the Treasurer of the Commonwealth of Virginia the amount of five thousand dollars (\$5,000) in monetary penalties.

(2) The Defendant will pay to the Commission the amount of one thousand dollars (\$1,000) to defray the cost of investigation.

(3) The Defendant will make a rescission offer to the investors.

(a) Within thirty (30) days of the date of this Settlement Order, the Defendant will make a written offer of rescission sent by certified mail to the investors, which will include an offer to repay all monies invested by or through the Defendant, and a provision that gives each investor thirty (30) days from the date of receipt of the rescission offer to provide the Defendant with written notification of their decision to accept or reject the offer.

(b) The Defendant will include with the written offer of rescission a copy of this Settlement Order.

(c) If the rescission offer is accepted, the Defendant will forward the payment to the investors within seven (7) days of receipt of the acceptance.

(d) Within ninety (90) days from the date of the Settlement Order, the Defendant will submit to the Division an affidavit, executed by the Defendant, which contains the date on which each investor received the offer of rescission, the investor's response, and, if applicable, the amount and the date that payment was sent to the investor.

(4) The Defendant will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

The Commission, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Division, is of the opinion that the Defendant's offer should be accepted.

Accordingly, IT IS THEREFORE ORDERED THAT:

(1) The offer of the Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) The Defendant fully comply with the aforesaid terms and undertakings of this settlement; and

(3) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of the Defendant's failure to comply with the terms and undertakings of the settlement.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:

Alan Fraade, Esquire, Mintz & Fraade, P.C., 488 Madison Avenue, New York, New York 10022; and the Commission's Office of General Counsel and Division of Securities and Retail Franchising.

