

STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT

IN THE MATTER OF: )  
)

RELIANCE FINANCIAL GROUP, INC., )  
its officers, agents, affiliates, employees, )  
successors and assigns; and )  
DONALD GOLDSTEIN. )

FILE NO. C0200238

ORDER OF PROHIBITION

TO THE RESPONDENTS:

Reliance Financial Group, Inc.  
3475 Lenox Road N.E. Suite 400  
Atlanta, Georgia 30326

Reliance Financial Group, Inc.  
301 Yamato Road Suite 3160  
Boca Raton, Florida 33431

Donald Goldstein  
3475 Lenox Road N.E. Suite 400  
Atlanta, Georgia 30326

Donald Goldstein  
301 Yamato Road Suite 3160  
Boca Raton, Florida 33431

c/o Mr. Charles P. Randall  
Bank of America Tower, Suite 500  
150 East Palmetto Park Road  
Boca Raton, Florida 33432-4832

WHEREAS, the above captioned matter came to be heard on July 3, 2002 pursuant to a Notice of Hearing dated June 13, 2002 and the record of the matter under the Illinois Securities Law of 1953 (815 ILCS 5) ("the Act") has been reviewed by the Secretary of State or his duly authorized representative;

WHEREAS, the rulings of the Hearing Officer on the admission of evidence and all motions are deemed to be proper and are hereby concurred with by the Secretary of State;

WHEREAS, the proposed Findings of Fact and Conclusions of Law and Recommendation of the Hearing Officer, Richard M. Cohen, in the above captioned matter have been read and examined;

WHEREAS, the Findings of Fact of the Hearing Officer are accepted and are hereby adopted as the Findings of Fact of the Secretary of State as follows:

1. The Department gave proper notice of this hearing to Respondents.
2. The Department has personal jurisdiction over Respondents under Section 11.F of the Act, pursuant to its proper service of the Notice of Hearing.
3. Respondents did not appear at the hearing, either personally or through counsel.
4. Respondents are found to be in default.
5. Exhibits have been offered and received from the Department, admitted into evidence, and a proper record of all proceedings has been made and preserved as required.
6. There are no outstanding petitions, motions, or objections in the proceeding.
7. Reliance Financial Group, Inc. ("Reliance" or collectively with Goldstein, "Respondents"), is a corporation engaged in the business of selling viatical life insurance programs. Its principal places of business are 3475 Lenox Road N.E. Suite 400, Atlanta, Georgia 30326, and 301 Yamato Road Suite 3160, Boca Raton, Florida 33431.
8. Donald Goldstein ("Goldstein" or collectively with Reliance, "Respondents") is an individual whose last known addresses are 3475 Lenox Road N.E. Suite 400, Atlanta, Georgia 30326, and 301 Yamato Road Suite 3160, Boca Raton, Florida 33431. At all relevant times, Goldstein was the president of Reliance.
9. Gary Bronner ("Bronner") is an individual whose last known address is 101 Doolin Street, Lemont, Illinois 60439. At all relevant times, Bronner was a registered salesperson with the State of Illinois through Merrill Lynch, Pierce, Fenner & Smith Inc.
10. In March and April of 1999, Bronner engaged in offering and selling to Illinois investors, among other things, investments in life insurance policies written on terminally ill persons through viatical programs offered to the general public by Reliance.
11. Helen Bochenczak ("HB") is a natural person who resides at 15317 Brassie Drive, Orland Park, Illinois 60462.

12. In March of 1999 Bronner offered HB an opportunity to invest in a Reliance viatical program ("Reliance Program"). On April 12<sup>th</sup>, 1999 HB invested \$10,000 in the Reliance Program through Bronner. The investment period began April 12<sup>th</sup>, 1999 and ended March 17<sup>th</sup>, 2002.
13. Respondents guaranteed HB a 30% return on the Reliance Program. They also promised HB that the Reliance Program would mature no later than March 17<sup>th</sup>, 2002. The terms of the Reliance Program were based on the life expectancy of Mr. Albert Thanhauser ("viator"), together with Reliance's guarantee. If the viator died prior to March 17, 2002 the insurance company that issued the underlying insurance policy would pay out the proceeds, and HB would receive \$13,000 through the agency of Reliance. If, however, the viator survived until March 17, 2002 then the Reliance Program would mature, and Reliance would pay out \$13,000 to HB in accordance with the terms of its guarantee.
14. Respondents promised HB she would receive \$13,000 no later than March 17<sup>th</sup>, 2002 whether the viator lived or died. Respondents did not inform HB that there was no independent basis for the guarantee, or that she would be paid by March 17, 2002 if and only if funds were available. Nor was HB informed that the Reliance Program was risky and that she may lose her investment. HB relied on Respondents' representations that she would receive \$13,000 no later than March 17, 2002 when she invested \$10,000 in the program.
15. On March 17, 2002 the viator was still alive, and HB's investment in the Reliance Program matured under the terms of the guarantee. Accordingly, HB was to be paid \$13,000 by Respondent Reliance.

WHEREAS, the Department rejects the proposed Finding of Fact made by the Hearing Officer:

1. As of this date, HB has not received any payments from Reliance or any other Respondent and her repeated attempts to contact Respondent Goldstein have been futile.

WHEREAS, the Department makes the following Finding of Fact:

1. Only after the Department issued its Notice of Hearing to the Respondents, did Respondents make HB whole.

WHEREAS, the proposed Conclusions of Law are correct and are adopted by the Secretary of State as follows:

1. The Department has jurisdiction over the subject matter hereof pursuant to the Act.

Order of Prohibition

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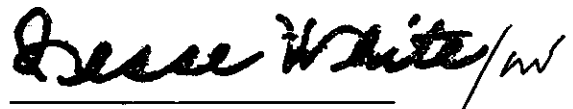
2. The Respondents' activities described in paragraphs 12-14 above involve the offer and sale of investment contracts and therefore securities as those terms are defined in Section 2.1, 2.5 and 2.5a of the Act.
3. Section 12.A of the Act provides that it shall be a violation for any person to offer or sell any security except in accordance with the provisions of the Act.
4. Section 12.F of the Act provides that it shall be a violation of the Act for any person to engage in any transaction, practice or course of business in connection with the sale or purchase of securities which works or tends to work a fraud or deceit upon the purchaser or seller thereof.
5. Section 12.G of the Act provides that it shall be a violation of the Act for any person to obtain money or property through the sale of securities by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made not misleading.
6. By virtue of the foregoing, Respondents have violated Sections 12.A, 12.F and 12.G of the Act.

WHEREAS, an Order of Prohibition is in all respects authorized and appropriate in this case under Section 11 of the Act; and

WHEREAS, the Secretary of State adopts the Hearing Officer's Recommendation that an order be entered permanently prohibiting the Respondent from offering or selling any securities in the State of Illinois;

NOW THEREFORE IT IS HEREBY ORDERED that, pursuant to the foregoing Findings of Fact and Conclusions of Law, and the Recommendation of the Hearing Officer, and pursuant to the authority provided under Section 11.E (2) of the Act: Respondents Donald Goldstein and Reliance Financial Group, Inc. are permanently PROHIBITED from offering or selling any securities in the State of Illinois.

Dated: This 15<sup>th</sup> day of January, 2003.

A handwritten signature in black ink that reads "Jesse White" followed by a stylized monogram "JW".

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Jesse White  
Secretary of State  
State of Illinois

Order of Prohibition

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Notice: Failure to comply with the terms of this Order shall be a violation of Section 12.D of the Act. Any person or entity who fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of this Order, shall be guilty of a Class 4 felony.

This is a final order subject to administrative review pursuant to the Administrative Review Law (735 ILCS 5/3-101 et seq.) and the Rules and Regulations of the Act (14 Ill. Adm. Code, Ch.1, Sec. 130.1123). Any action for judicial review must be commenced within thirty-five (35) days from the date a copy of this Order is served upon the party seeking review.

Attorney for the Secretary of State:

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