

BEFORE THE IOWA INSURANCE COMMISSIONER

IN THE MATTER OF)
) CEASE AND DESIST ORDER
DANIEL WILLIAM HUEBNER)
NET WORTH ONE, INC.)
RENTAL PROPERTY LLC PROGRAM) DIVISION FILE NO.: 1000286
(A/K/A ROYALTY, LEASE, RENT PARTNERSHIP)
PROGRAM LOAN))

Now comes the Iowa Insurance Division ("Division") pursuant to the provisions of the Iowa Uniform Securities Act – Iowa Code Chapter 502 and finds as follows:

PARTIES AND JURISDICTION

1. The Commissioner of Insurance, Susan Voss, pursuant to Iowa Code § 502.601 (2007), administers the Iowa Uniform Securities Act.
2. Daniel William Huebner ("Huebner") is an individual with a last known address of 7 Oakridge Drive, Grinnell, Iowa 50112.
3. Huebner was licensed as a securities agent in the state of Iowa from February 25, 1999 until March 4, 2003 with Heartland Investment Associates, Inc., an Iowa licensed broker-dealer. Prior to that, Huebner had been licensed as a securities agent in the state of Iowa from August 26, 1983 until November 23, 1998 with N.I.S. Financial Services, Inc., an Iowa licensed broker-dealer.
4. On August 15, 2003, Huebner entered into a Consent Order with the Division in which he agreed, without admitting or denying the findings, to a revocation of his securities and insurance producer licenses in the state of Iowa. On December 21, 2004, Huebner entered into a Consent Order with the National Association of Securities Dealers, Inc. (the "NASD") in which he consented, without admitting or denying the allegations, to being barred from association with any NASD member in any capacity.

5. Net Worth One, Inc. was an entity with a last known address of 7 Oakridge Drive, Grinnell, Iowa 50112. Net Worth One, Inc. was incorporated in the state of Iowa on March 5, 1999 and registered with the Iowa Secretary of State's Office. The corporation was dissolved on August 7, 2006 by the Iowa Secretary of State's Office for a failure to deliver its 2006 Biennial Report as required by Iowa law.

6. Rental Property LLC Program (also known as Royalty, Lease, Rent Partnership Program Loan) is an entity with a last known address of 7 Oakridge Drive, Grinnell, Iowa 50112. Rental Property LLC Program is controlled by Huebner. The Iowa Secretary of State's website does not contain any information on this entity.

7. Huebner, Net Worth One, Inc. and Rental Property LLC Program have engaged in acts or practices within the state of Iowa constituting violations of Iowa Code Chapters 502 and/or any rule or order adopted or issued pursuant to Iowa Code Chapter 502. The Commissioner of Insurance is authorized to issue a summary order directed to any person requiring the person to cease and desist from engaging in such acts or practices or take other affirmative action as in her judgment is necessary to comply with the requirements of Iowa Code Chapter 502 pursuant to Iowa Code §§ 502.604 (2007) and 502.604 (2003).

FACTUAL BACKGROUND

I. HUEBNER'S RENTAL PROPERTY PROMISSORY NOTE PROGRAM

8. On March 5, 1999, Huebner incorporated a business called Net Worth One, Inc. According to Huebner, the purpose of this business was to manage rental properties. The rental properties consisted of single family residences.

9. In the Iowa 2000 Biennial Report for Net Worth One, Inc., Huebner listed his son, Gregory Huebner, as the president of Net Worth One, Inc. Huebner listed himself as the secretary, treasurer and director of the company. In the Iowa 2002 and 2004 Biennial Reports

for Net Worth One, Inc., Huebner listed his son, Gregory Huebner, as the president, secretary, treasurer, and director of the company. Huebner was shown as the registered agent for the firm. Huebner, in a sworn statement given to the Division, acknowledged that Gregory Huebner was not involved with Net Worth One, Inc. in any manner.

10. Gregory Huebner, in a sworn statement given to the Division, denied any involvement with Net Worth One, Inc. He stated that this company was solely his father's business, and he had no involvement with the company. Gregory Huebner stated he was unaware that he had been listed as an officer or director of Net Worth One, Inc. and never served in any capacity with the corporation.

11. Huebner is and was responsible for the financial management of Net Worth One, Inc. including the negotiation and purchase of rental properties. He also opened a bank account for the business and handled all deposits and withdrawals from that account.

12. Huebner raised funds to purchase single family rental properties. To do so, he issued unsecured promissory notes to investors. The promissory notes were issued in the name of Rental Property LLC Program, an entity that apparently existed in name only, to investors. The purpose of the name Rental Property LLC Program was to create the illusion investors had an interest in or were somehow secured by real estate. The program also conveyed the image that an investor was participating with other investors in an on going business. However, the notes were simply unsecured personal loans to Huebner. The notes stated that the "manager" of the Rental Property LLC Program was Net Worth One, Inc., which was Huebner.

13. Huebner solicited insurance and securities clients and personal friends and acquaintances to invest in his notes. There was no suitability determination made by Huebner as to whether these notes would be an appropriate investment for purchasers. Nor did Huebner consider a potential investor's investment objectives or risk tolerance. According to Huebner, these investors "were aware [the money] was going into rental property that would produce

income....” Investors in the promissory notes were not provided any disclosure documents. For example, there was no written explanation of the use of the funds or the risks involved in the investment.

14. Huebner sold his notes to approximately 12 investors. These were generally unsophisticated investors with limited financial experience and who trusted Huebner. Huebner stated in a sworn statement that he has paid back certain investors although he provided no documentation to support this claim. Certain investors have attempted to obtain their investments back from Huebner with no success.

15. Huebner has maintained contact with investors through the mailing of, at least, one newsletter. In the “Spring 2004 Newsletter,” Huebner provided some thoughts about long term savers. He also stated the following:

What do you do when thinking about estate planning? Call for some estate planning ideas. Want to reduce your personal income tax if you are self-employed? Call for tax saving ideas. Need consulting in financial planning? Call for financial planning ideas.

The newsletter stated at the bottom “Heartland Business Group” and stated “Dan” and a phone number. According to Huebner the “Heartland Business Group” was simply a name he used. Until March 4, 2003, Huebner had been associated with “Heartland Investment Associates, Inc.,” an Iowa licensed broker-dealer which had terminated him for failing to disclose outside business activities. Huebner no longer had a securities agent license or insurance producer license. Nor had Huebner ever been licensed as an investment adviser representative.

16. Huebner has represented himself to the public, on business cards, as a Certified Estate Planner (“CEP”) and a Certified Financial Industry Consulting (“CFIC”). According to the National Institute of Certified Estate Planners (“NICEP”), Huebner may have been a CEP in 1998. However, since at least the fall of 2002, Huebner had not been in good standing with the NICEP and was not entitled to use this designation. A Google search for a Certified Financial

Industry Consulting or Consultant did not provide any information on this purported professional designation.

17. Huebner also represented himself to the public, on business cards, as “Dan Huebner, CEP, CFIC, Field Representative” providing “Tax Consulting Services [at] 1-800-753-6465” for an entity called Corporate Works. The Corporate Works business card also indicated that a “Doug Jordon, CPA” was also affiliated with this entity. According to Huebner, Corporate Works was not a real business, but “simply a concept that I had put together for folks ... if they’re wanting to have somebody do their income taxes other than who they’re currently doing, then I simply referred them to my CPA.” Huebner stated that there was no business relationship between Huebner and Doug Jordon, CPA.

18. In July 2006, Gregory Huebner became licensed as a resident insurance producer. In August 2006, Gregory Huebner prepared a sales brochure titled “Personal Financial Concepts.” The brochure provides sales points on fixed index products sold by Gregory Huebner and “Cash Flow Rents” sold by Huebner. Gregory Huebner and Huebner met with several prospective clients and provided the sales brochure to them. During these sales presentations, Huebner solicited money for his promissory note program.

II. HUEBNER ACTING AS AN AGENT FOR KENNSINGTON HOLDING CORPORATION / SUMMIT FINANCIAL SERVICES, INC.

19. Beginning in or about 2002, Huebner took money from clients of his insurance and securities businesses for the purpose of investing their money for them. Huebner used his clients’ money to purchase investment contracts in the form of interests in “Account Receivable Financing” or “International Receivable Collections” with Kennsington Holding Corporation (“Kennsington”) or Summit Financial Services, Inc. (“Summit”) owned by or associated with Jules Fleder of Beverly Hills, CA and other individuals. Kennsington was formerly a Nevada

corporation with its principal place of business located at 2316 Harding Ridge Drive, Henderson, Nevada. Summit was formerly a Nevada corporation located at 5442 Dungaree Street, Las Vegas, Nevada.

20. Kennsington, Summit and other Fleder owned companies were the subject of civil and criminal prosecution by federal authorities beginning in December 2004. They were alleged to have operated a fraudulent investment scheme wherein interest payments were made to prior investors with money received from subsequent investors rather than any profits from operations.

21. Huebner stated that he was recruited to solicit funds on behalf of Kennsington / Summit. Huebner described the Kennsington and Summit investments as accounts receivable programs. Huebner placed seven to ten investors in these notes.

22. Huebner did not know if Kennsington or Summit's investments were registered with the Iowa Securities Bureau. He stated that he was told an attorney had written an opinion that the Kennsington investment was not a security. In fact, neither Kennsington or Summit had been registered with the Iowa Securities Bureau for the sale of securities in Iowa.

23. Huebner approached his securities and insurance clients and other persons to purchase the Kennsington and Summit investments.

24. Huebner made little or no attempt to determine if an investment with Kennsington or Summit was suitable to the investor based on his/her investment objectives and risk tolerance.

25. Several investors including J. VH, DD, LR, RO, PC, FG, SM, and RS, lost some or all of their investment with Kennsington and/or Summit when these entities ceased operations and went into a receivership. Information on the Kennsington receivership can be found at www.flederreceiver.com.

III. MATERIAL MISREPRESENTATIONS AND OMISSIONS

26. Huebner, Net Worth One, Inc. and Rental Property LLC Program made misrepresentations and omissions of material fact to investor(s) including, but not limited to, the following:

- a. misrepresented the investment risk(s) being taken by investors in Net Worth One, Inc., Rental Property LLC Program, Kennsington and Summit;
- b. misrepresented the returns being earned by investors on their investment with Net Worth One, Inc., Rental Property LLC Program, Kennsington and Summit;
- c. misrepresented that Huebner was acting as a financial adviser when he recommended the purchase of Kennsington, Summit and his promissory note program;
- d. failed to disclose to investors the scope of the investors' risk;
- e. failed to disclose to investors an adequate accounting of how investor funds were expended;
- f. failed to adequately disclose to investors the background and investment experience of Huebner;
- g. failed to disclose to investors timely and accurate information regarding the assets, liabilities, profits, losses, cash flow and other financial data of Net Worth One, Inc. and Rental Property LLC Program;
- h. failed to disclose to investors that Huebner's promissory notes were not secured with a real estate mortgage or other collateral;
- i. failed to disclose to investors that Huebner had sold investments in Kennsington, Summit and his Rental Property LLC Program without the written permission of his broker-dealer as required by Iowa law;
- j. failed to disclose to investors that they should consult an attorney or other independent financial adviser to protect their interests regarding Huebner's Kennsington and Summit investments and his own promissory note program;

k. failed to disclose to investors that Huebner had not registered as an agent for the sale of these securities pursuant to Iowa Code section 502.402 (2007) and/or 502.301 (2003); and

l. failed to disclose to investors that Huebner had not registered securities pursuant to Iowa Code section 502.301 (2007) and/or 502.201 (2003).

III. INVESTORS

27. In May 2001, J. VH's husband passed away. She received approximately \$75,000 in life insurance proceeds from the death of her husband. Huebner convinced her to invest the \$75,000 in Kennsington's accounts receivable program. J. VH was not told by Huebner about the risks of investing in Kennsington's accounts receivable program. J. VH was not suitable for this investment. J. VH lost her entire investment when Kennsington was shut down in 2004.

28. On January 2, 2002, Huebner convinced J. VH to invest another \$75,000 in a promissory note with Net Worth One, Inc. The check was endorsed and deposited into Huebner's bank account for Net Worth One, Inc. Huebner failed to return her investment to her on the due date. J. VH made several attempts to recover her investment from Huebner. Huebner also gave interest payment checks to her that were returned by the bank for non-sufficient funds. J. VH was repaid her investment of \$75,000 on or about August 2006 after considerable effort to get the money from Huebner.

29. On November 12, 2002, Huebner convinced LN to invest \$15,000 in a promissory note titled "Rental Property LLC Program." The note states that LN will receive an 8% interest with a term of 6 months and may renew every six months unless either party states the note will not be renewed. There is a written in statement of a "5 yr. Term" which was added by Huebner and is not a part of the typed original terms of the note. LN is attempting to recover her investment from Huebner.

30. On April 9, 2007, PC obtained a default judgment against Huebner for money owed him on Rental Property LLC Program notes. The default judgment stated that a total of \$34,670.85 in principal and interest on notes is owed to an entity he controls and \$46,853 in principal and interest on notes owed to another entity that he controls. In addition, PC was granted \$20,000 in punitive damages for “willful and malicious injury by Daniel W. Huebner to the property of plaintiffs...” while Huebner was “acting in a fiduciary capacity...”

31. On or about April 2004, Huebner borrowed \$28,000 from DD with a promissory note from his Rental Property LLC Program. According to DD, he is still owed \$18,000 by Huebner.

32. NB has known Huebner for about 20 years. NB had purchased Pioneer mutual funds from Huebner when Huebner was a licensed securities agent. In 2003, NB redeemed her Pioneer mutual funds. Huebner got notice of this sale from his brokerage firm and showed up at her home to ask why the funds had been redeemed. NB told Huebner that she wanted something liquid, but with a higher interest rate than a savings account. Huebner told NB about his promissory note program. NB invested \$15,000 with Huebner. NB states that she has written numerous letters to Huebner attempting to get her \$15,000 investment back. NB has also called Huebner’s wife on several occasions and left messages for Huebner. Huebner’s wife also gave NB Huebner’s cell phone number, and NB left voice messages on that phone but received no response. NB has still not recovered her \$15,000 investment.

VIOLATIONS OF SECURITIES ACT

COUNT I

UNREGISTERED SECURITIES

33. Paragraphs 1-32 are incorporated herein by reference.

34. Huebner, Net Worth One, Inc. and Rental Property LLC Program have offered or sold, has aided or abetted the offer or sale of, or have participated in the offer or sale of unregistered promissory notes, evidences of indebtedness and/or investment contracts that were not federally covered securities.

35. These promissory notes, evidences of indebtedness and/or investment contracts are securities within the meaning of Iowa Code § 502.102(28) (2007) or 502.102(19) (2003).

36. The securities promoted by Huebner, Net Worth One, Inc. and Rental Property LLC Program were not registered with the Iowa Securities Bureau pursuant to Iowa Code § 502.303, 502.304 or 502.304A (2007) or 502.206, 502.206A or 502.207 (2003), nor do any of the exemptions in Iowa Code § 502.201 or 502.202 (2007) or 502.202 or 502.203 (2003) appear to apply, nor were they federally covered securities.

37. Therefore, Huebner, Net Worth One, Inc. and Rental Property LLC Program have violated Iowa Code § 502.301 (2007) and/or 502.201 (2003), by offering and/or selling unregistered, non-exempt and non-federal covered securities in Iowa and should be ordered to cease and desist.

38. This action is necessary and appropriate in the public interest and for the protection of investors and consistent with the purposes fairly intended by the provisions of Iowa Code Chapter 502 (The Iowa Uniform Securities Act).

COUNT II

UNREGISTERED AGENT

39. Paragraphs 1-38 are incorporated herein by reference.

40. No individual associated with Kennsington, Summit, Net Worth One, Inc. or Rental Property LLC Program, including Huebner, is or has been registered as an agent for an issuer with the Iowa Securities Bureau.

41. Huebner acted as an unregistered agent in violation of Iowa Code § 502.402 (2007) and/or 502.301(1) (2003).

42. Therefore, those representatives of Kennsington, Summit, Net Worth One, Inc. or Rental Property LLC Program, including Huebner, who have solicited, offered or sold in Iowa these securities have violated Iowa Code § 502.402 (2007) and/or 502.301(1) (2003) and should be ordered to cease and desist.

43. This action is necessary and appropriate in the public interest and for the protection of investors and consistent with the purposes fairly intended by the provisions of Iowa Code Chapter 502 (The Iowa Uniform Securities Act).

COUNT III

MISREPRESENTATIONS

44. Paragraphs 1 - 43 are incorporated herein by reference.

45. Huebner, Net Worth One, Inc. and Rental Property LLC Program have made untrue statements of material fact in the sale of securities.

46. Therefore, Huebner, Net Worth One, Inc. and Rental Property LLC Program have violated Iowa Code § 502.501 (2007) and/or 502.401 (2003) by making untrue statements of material facts and should be ordered to cease and desist.

47. This action is necessary and appropriate in the public interest and for the protection of investors and consistent with the purposes fairly intended by the provisions of Iowa Code Chapter 502 (The Iowa Uniform Securities Act).

COUNT IV
OMISSIONS

48. Paragraphs 1 - 47 are incorporated herein by reference.
49. Huebner, Net Worth One, Inc. and Rental Property LLC Program have made omissions of material facts in the sale of securities.
50. The omission of these material facts, in light of the circumstances surrounding the sale of securities, is misleading.
51. Therefore, Huebner, Net Worth One, Inc. and Rental Property LLC Program have violated Iowa Code § 502.501 (2007) and/or 502.401 (2003) by failing to state material facts, and should be ordered to cease and desist.
52. This action is necessary and appropriate in the public interest and for the protection of investors and consistent with the purposes fairly intended by the provisions of Iowa Code Chapter 502 (The Iowa Uniform Securities Act).

ORDERS

WHEREFORE, IT IS HEREBY ORDERED pursuant to the powers granted to the Commissioner of Insurance by Iowa Code § 502.604 (2007) and 502.604 (2003) as follows:

- A. Huebner, Net Worth One, Inc. and Rental Property LLC Program shall Cease and Desist the offer or sale of, aiding and abetting the offer or sale of, and participating in the offer or sale of the securities described above or any other securities in the state of Iowa while those securities are unregistered, non-exempt and not federal covered securities, in violation of Iowa Code § 502.301 (2007) and/or 502.201 (2003).
- B. All individuals representing Kennsington, Summit, Net Worth One, Inc. or Rental Property LLC Program, specifically including Huebner, shall Cease and Desist acting as agents in the state of Iowa without registration, in violation of Iowa Code § 502.402 (2007) and/or 502.301(1) (2003).

C. Huebner, Net Worth One, Inc. and Rental Property LLC Program shall Cease and Desist making untrue statements of material facts in the offer or sale of securities in violation of Iowa Code § 502.501 (2007) and/or 502.401 (2003).

D. Huebner, Net Worth One, Inc. and Rental Property LLC Program shall Cease and Desist omitting material facts which, in light of the circumstances surrounding the sale of securities, are misleading in violation of Iowa Code § 502.501 (2007) and/or 502.401 (2003).

E. Huebner, Net Worth One, Inc. and Rental Property LLC Program shall be assessed a civil penalty of \$15,000 for violating provisions of the Iowa Uniform Securities Act pursuant to Iowa Code § 502.604(4) (2007) and 502.604(3) (2003) and rules enacted thereunder.

F. The Division shall retain \$5,000 costs from any penalty or payment.

NOTICE REGARDING FAILURE TO REQUEST A HEARING

If you fail to request a hearing within thirty (30) days of the date of this Cease and Desist Order, the Order shall be a final Order of the Commissioner of Insurance and shall be enforceable by the Commissioner of Insurance in an administrative or court proceeding.

NOTICE REGARDING EXHAUSTION OF ADMINISTRATIVE REMEDIES AND RIGHT TO SEEK JUDICIAL REVIEW

The failure to request a hearing can constitute a failure to exhaust your administrative remedies and limit the issues subject to judicial review. You may seek judicial review of this Order pursuant to Iowa Code chapter 17A after the Order becomes final. The Order becomes final thirty (30) days after it is issued if you do not timely request a contested case hearing, or following hearing if you do timely request a contested case hearing.

NOTICE OF PENALTIES FOR WILLFUL VIOLATION OF THIS ORDER

YOU ARE NOTIFIED that any person who willfully violates this order shall be deemed in contempt of the order pursuant to Iowa Code section 502.604. The administrator may petition the district court to hold a hearing to enforce the order as certified by the administrator. The district court may assess a civil penalty against the person in an amount not less than three thousand dollars but not greater than ten thousand dollars per violation and may issue further orders as it deems appropriate.

YOU ARE ALSO NOTIFIED that a person who willfully violates any provision of this chapter, or any rule or order under this chapter, is guilty of a class “D” felony pursuant to Iowa Code section 502.605(1)(a). A person who willfully violates section 502.401, 502.402, 502.403, or section 502.408, subsection (1) or (2), resulting in a loss of more than ten thousand dollars is guilty of a class “C” felony pursuant to Iowa Code section 502.605(1)(b).

NOTICE REGARDING IMPACT OF ORDER ON EXISTING LICENSES

A final Cease and Desist Order may adversely affect existing business or professional licenses and result in license revocation or disciplinary action. For example, a final Cease and Desist Order issued to a licensed insurance agent may subject the insurance agent to insurance license revocation or other disciplinary action. Further notice is given that the Iowa Insurance Division may review this Cease and Desist Order for a potential license revocation or disciplinary action.

NOTICE OF RIGHT TO REQUEST HEARING

NOTICE IS HEREBY GIVEN that Huebner, Net Worth One, Inc., Rental Property LLC Program or any individual representing any Respondent, may request a hearing in this matter. This

request must be in writing and must be filed within thirty (30) calendar days of the date of this Order with Robert Koppin, Enforcement Attorney, Iowa Insurance Division, 330 Maple Street, Des Moines, Iowa 50319. A notice of the hearing shall be prepared and shall be given at least fifteen (15) days before the date of the hearing unless the parties agree to an earlier date. The hearing shall be held within forty-five (45) days after the date of the notice of the hearing unless extended by the presiding officer for good cause with at least fifteen days notice to the parties. The resulting hearing will be held in accordance with Iowa Code Chapter 17A (2007).

Dated this 17th day of September, 2007.

SUSAN E. VOSS
Commissioner of Insurance

/s/ Jim Mumford

by JIM MUMFORD
First Deputy Commissioner of Insurance

COPY SENT BY CERTIFIED AND FIRST CLASS MAIL TO:

Daniel William Huebner
7 Oakridge Drive
Grinnell, Iowa 50112

Net Worth One, Inc.
c/o Daniel William Huebner
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Rental Property LLC Program
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