

## **INVESTOR PROTECTION CASE HISTORY**

**PREMIUM INCOME CORP., Seattle, WA**  
**ALLEN D. PRAUL, Bettendorf, Iowa**

The Division was contacted by the son of an Iowa couple. The son was concerned that Mr. Praul had approached his parents and sold them an investment promising a potential return between 14 and 48 percent annually. The son was initially skeptical of the investment based on the claimed high returns.

Upon investigation, the Division learned that Allen D. Praul, a licensed insurance producer, had raised approximately \$350,000 from nine Iowa investors and \$237,610 from five Illinois investors to invest in an entity named Premium Income Corp. Praul claimed that funds raised were forwarded to Premium Income Corp. to purchase "currency call deposits," an investment where the purchaser is "gambling" whether the currency will rise or fall against other currencies.

The Division learned that the U. S. Securities Exchange Commission and the Commodities Futures Trading Commission had obtained a Restraining Order, Asset Freeze, and Order Appointing a Temporary Receiver against Premium Income Corp. and others on March 2, 2005.

The SEC documents indicated that large sums of cash were being wired overseas, and "earnings" paid to early investors were financed by investments

from later investors. Further, the SEC found Gerald Rogers, the founder of PIC, and other officers and salespeople were improperly receiving payments from investors' money. The SEC indicated that Rogers had a long history of fraudulent conduct including injunctions and felony convictions.

The Division issued a Cease and Desist Order to Premium Income Corp and Allen Praul on March 22, 2005. The Respondents were ordered to halt sales of unregistered and nonexempt securities and to halt misrepresentations and omissions in the sale of securities. Praul was ordered to cease acting as a securities agent while unregistered. In a subsequent Order and Consent to Order, dated June 21, 2005, Praul agreed to the permanent revocation of his insurance license and was barred from applying for a securities or insurance license in the future.