

**BEFORE THE DIRECTOR OF THE DEPARTMENT OF FINANCE
OF THE STATE OF IDAHO**

STATE OF IDAHO, DEPARTMENT OF
FINANCE, SECURITIES BUREAU,

Complainant,

vs.

DOUGLAS REID ANDREW;
PARAMOUNT FINANCIAL SERVICES, INC.
d/b/a LIVE ABUNDANT;
AARON REID ANDREW;
MARCUS KENT MAXFIELD; and
JEREMY ALMA WATSON.

Respondents.

Docket No. 2017-7-15-F

**ORDER TO CEASE AND DESIST
AND NOTICE OF OPPORTUNITY
FOR A HEARING**

The Director of the Idaho Department of Finance ("Director"), being authorized and directed to administer and enforce the Idaho Uniform Securities Act (2004) ("Act"), Idaho Code § 30-14-101 *et seq.*, has conducted an investigation and the Director allege the following facts that constitutes a basis for the issuance of an ORDER TO CEASE AND DESIST ("Order") pursuant to Idaho Code § 30-14-604(a)(1) requiring Douglas Reid Andrew, Paramount Financial Services, Inc. d/b/a Live Abundant, Aaron Reid Andrew, Marcus Kent Maxfield, and Jeremy Alma Watson ("Respondents") to cease and desist from violating the Act by selling unregistered securities to Idaho residents, selling securities without being registered to sell securities, and omitting material facts, in connection with the offer, sale, or purchase of securities to Idaho residents. This Order is effective upon the date of issuance.

RESPONDENTS

1. **Douglas Reid Andrew** ("Douglas") is a resident of Salt Lake City, Utah and is the owner of Paramount Financial Services, Inc. Douglas was licensed with the Utah Insurance

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Department from 1974 through 2006. Douglas was never registered to sell securities or provide investment advice.

2. **Paramount Financial Services, Inc.** (“Live Abundant”) was registered with the State of Utah in 1995 by Douglas. Paramount Financial Services, Inc. conducted business under multiple d/b/a’s including Live Abundant. Paramount Financial Services, Inc. registered the d/b/a of Live Abundant with State of Utah in 2014. Live Abundant was a rebranding of Douglas Andrew’s financial practice and provided retirement planning services and seminars selling life insurance policies. Live Abundant has never been registered to sell securities or provide investment advice.
3. **Aaron Reid Andrew** (“Andrew”) is a resident of Holladay, Utah. Andrew is an insurance producer at Live Abundant and has been licensed with the Insurance Departments in the states of Idaho and Utah since 2008 and 2002, respectively. Andrew was never registered to sell securities or provide investment advice.
4. **Marcus Kent Maxfield** (“Maxfield”) is a resident of Pleasant Grove, Utah. Maxfield is an insurance producer at Live Abundant and has been licensed with the Insurance Departments of the states of Idaho and Utah since 2013 and 2011, respectively. Maxfield was never registered to sell securities or provide investment advice.
5. **Jeremy Alma Watson** (“Watson”) was a resident of Sandy, Utah. Watson was a producer at Live Abundant and was licensed with the Insurance Departments in the states of Idaho (2017 –2018) and Utah (2012 – 2019). Watson was never registered to sell securities or provide investment advice.

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RECITALS OF FACT

WOODBIDGE SECURITIES

6. Woodbridge Mortgage Investments Funds 1, 2, 3, 3A, 4, and 5 (collectively, “Woodbridge”) marketed themselves as commercial mortgage lenders to commercial borrowers in exchange for a first position mortgage on the borrower’s commercial real estate. Woodbridge claimed to fund the commercial loans with money they raised from investors by selling one-year promissory notes. Woodbridge sold these promissory notes as First Position Commercial Mortgages (“FPCM”) or Mezzanine Loans (“ML”). These promissory notes are securities, as defined in Idaho Code § 30-14-102(28): “(28) ‘Security’ means a note;”
7. Woodbridge pooled FPCM and ML investor proceeds and, when sufficient money to fund the commercial loan was raised, the transaction was finalized, and Woodbridge obtained a legally recorded first position mortgage on the property. Woodbridge purportedly then assigned a portion of its first position mortgage on the property to FPCM investors.
8. Woodbridge, and their affiliates, filed for Chapter 11 bankruptcy on December 4, 2017 citing “unforeseen costs associated with ongoing litigation and regulatory compliance.”
9. On December 20, 2017, the Securities and Exchange Commission (“SEC”) filed a complaint against Woodbridge and its affiliates, alleging that Robert Shapiro, owner of Woodbridge, conducted a nationwide Ponzi scheme that raised over \$1.22 billion from over 8,400 investors. The complaint asserts that Woodbridge issued unregistered securities in the form of promissory notes and paid unregistered sales agents to sell the investments.
10. At no time were securities sold by Woodbridge, in the form of FPCM or ML, registered as securities in Idaho (or anywhere) nor did they qualify for an exemption.
11. Live Abundant solicited and sold FPCM and ML for Woodbridge through at least three of their producers. These producers acted as unregistered sales agents as they were never registered to sell securities or provide investment advice. Agents included:

- a. Aaron R. Andrew (“Andrew”) Andrew solicited and sold Woodbridge securities to at least one Idaho resident.
 - b. Marcus K. Maxfield (“Maxfield”) Maxfield solicited and sold Woodbridge securities to at least two Idaho residents.
 - c. Jeremy A. Watson (“Watson”) Watson solicited and sold Woodbridge securities to at least two Idaho residents.
12. Live Abundant received a total of \$79,941.67 in commissions (i.e. transaction-based compensation that was a percentage of the sales proceeds), from Woodbridge, for sales by Live Abundant’s unregistered sales agents that solicited and sold FPCM and ML to at least five Idaho residents.
13. Live Abundant retained \$55,874.57 of these commissions and paid their agents, Andrew, Maxfield, and Watson, \$24,067.10 in total commissions.
14. Andrew solicited and sold ML, as an unregistered agent of Live Abundant, to at least one Idaho resident, JM. JM invested \$230,000, in approximately February 2016, and Andrew received a commission of \$4,485.00 from this sale.
15. Maxfield solicited and sold FPCM, as an unregistered agent of Live Abundant, to at least two Idaho residents. Maxfield received \$9,462.50 in commissions for the following sales:
 - a. \$8,400 from AW’s investments totaling \$400,000 in approximately May and July 2016; and
 - b. \$1,062.50 from DR & MR’s investment of \$50,000 in approximately March 2017.
16. Watson solicited and sold FPCM, as an unregistered agent of Live Abundant, to at least two Idaho residents. Watson received \$10,119.60 in commissions for the following sales:
 - a. \$5,394.60 from DA’s investment of \$399,600.00 in approximately June 2016; and
 - b. \$4,725 from AL’s investment of \$350,000 in approximately March 2017.

17. At the time of the above transactions, Andrew, Maxfield, and Watson were not registered to sell securities in Idaho, nor did they qualify for an exemption.
18. At the time of the above transactions, Live Abundant was not registered as a broker-dealer in Idaho, nor did the company qualify for an exemption.

FINDINGS OF VIOLATIONS

OFFER AND SALE OF UNREGISTERED SECURITIES

(Violation of Idaho Code § 30-14-301)

19. Idaho Code § 30-14-102(28) defines a “security,” in pertinent part, as a note or investment contract.
20. The promissory notes issued by Woodbridge, and offered and sold by the Respondents, constitute securities within the meaning of Idaho Code § 30-14-102(28).
21. Idaho Code § 30-14-301 provides, “It is unlawful for a person to offer or sell a security in this state unless: (a) The security is a federal covered security; (b) The security, transaction or offer is exempted from registration under sections 30-14-201 through 30-14-203, Idaho Code; or (c) The security is registered under this chapter.”
22. Respondents’ offer and sale of securities to Idaho residents, without proper registration of such securities in Idaho, constitutes a violation of Idaho Code § 30-14-301.

OFFER AND SALE OF SECURITIES BY AN UNREGISTERED BROKER-DEALER

(Violation of Idaho Code § 30-14-401)

23. Respondents were acting as a broker-dealer in effecting or attempting to effect purchases or sales of securities as defined by Idaho Code § 30-14-102(4) “ ‘Broker-dealer’ means a person engaged in the business of effecting transactions in securities for the account of others or for the person's own account.”).

24. Idaho Code § 30-14-401 provides, “(a) Registration requirement. It is unlawful for a person to transact business in this state as a broker-dealer unless the person is registered under this chapter as a broker-dealer or is exempt from registration as a broker-dealer under subsection (b) or (d) of this section.”
25. Respondents’ offer and sale of securities to Idaho residents without properly registering as a broker-dealer with the Idaho Department of Finance constitutes a violation of Idaho Code § 30-14-402.

OFFER AND SALE OF SECURITIES BY AN UNREGISTERED AGENT

(Violation of Idaho Code § 30-14-402)

26. Respondents Andrew, Maxfield, and Watson were acting as agents in effecting or attempting to effect purchases or sales of securities as defined by Idaho Code § 30-14-102(2) “ ‘Agent’ means an individual, other than a broker-dealer, who represents a broker-dealer in effecting or attempting to effect purchases or sales of securities or who represents an issuer in effecting or attempting to effect purchases or sales of the issuer’s securities.” Agents Andrew, Maxfield, and Watson were acting as agents of Respondent PFS in effecting or attempting to effect purchases or sales of securities as defined by Idaho Code § 30-14-102(2).
27. Idaho Code § 30-14-402 provides, “ (a) Registration requirement. It is unlawful for an individual to transact business in this state as an agent unless the individual is registered under this chapter as an agent or is exempt from registration as an agent under subsection (b) of this section.”
28. Respondents Andrew, Maxfield, and Watson acted as agents of Respondent PFS in the offer and sale of securities to Idaho residents without properly registering as an agent with the Idaho Department of Finance in violation of Idaho Code § 30-14-402(a).
29. Idaho Code § 30-14-402(d) provides that “It is unlawful for a broker-dealer ... engaged in offering, selling, or purchasing securities in this state, to employ or associate with an agent who transacts business in this state on behalf of broker-dealers ... unless the agent is

registered under subsection (a) of this section or is exempt from registration under subsection (b) of this section.”

30. Respondent PFS associated with the agents that offered and sold securities to Idaho residents without properly registering as an agent with the Idaho Department of Finance in violation of Idaho Code § 30-14-402(d).

FRAUD

(Violation of Idaho Code § 30-14-501)

31. Idaho Code § 30-14-501 provides, "It is unlawful for any person, in connection with the offer, sale, or purchase of a security, directly or indirectly... to make an untrue statement of material fact or to omit a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading..."
32. Respondents failed to disclose that the securities being offered by Woodbridge and Respondents, were not registered as required under the Act. Respondents further failed to disclose that they were not registered to sell securities as required under the Act. Respondents' omission concerning the registration status of the securities and sales agents constitutes omissions of material facts in connection with the sale of a security, in violation of Idaho Code § 30-14-501(2).
33. Idaho Code § 30-14-604(a)(1) provides that if the Director determines a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of the Act, the Director may issue an order directing the person to cease and desist from engaging in the act, practice, or course of business or to take other action necessary or appropriate to comply with the Act. Pursuant to Idaho Code § 30-14-604(b), such Order is effective on the date of issuance and will become final by operation of law if no hearing is requested within the time period stated in Idaho Code § 30-14-604(b). Idaho Code § 30-14-604(g) provides that noncompliance with this Order, and any final order, can be enforced through civil contempt proceedings.

34. Idaho Code § 30-14-604(d) provides that the Director may impose a civil penalty not to exceed five thousand dollars (\$5,000) for each violation in a final order issued under Idaho Code § 30-14-604(c).

- a. Respondents Douglas and Live Abundant committed two separate violations of the Act with regard to each sale of Woodbridge securities to five Idaho investors for a total of ten violations.
- b. Respondent Andrew committed two separate violations of the Act with regard to the sale of Woodbridge securities to one Idaho investor for a total of two violations.
- c. Respondent Maxfield committed two separate violations of the Act with regard to each sale of Woodbridge securities to two Idaho investors for a total of four violations.
- d. Respondent Watson committed two separate violations of the Act with regard to each sale of Woodbridge securities to two Idaho investors for a total of four violations.

CEASE AND DESIST ORDER

The Director, having reviewed the foregoing, and good cause appearing therefor, hereby finds the Respondents have violated the Idaho Uniform Securities Act (2004), Idaho Code § 30-14-101 *et seq.*, as alleged above.

Now, therefore, it is hereby ordered that Respondents shall CEASE AND DESIST from violations of the Idaho Uniform Securities Act (2004), and rules promulgated thereunder, to include: offering or selling unregistered securities to Idaho residents; selling securities as an unregistered broker-dealer or agent; associating with unregistered agents in the selling of securities; and engaging in securities fraud (by failing to disclose material facts in connection with the offer or sale of securities to Idaho residents).

Respondents Douglas Reid Andrew and Paramount Financial Services, Inc. d/b/a Live Abundant are ordered to jointly pay a civil penalty of \$15,000, pursuant to Idaho Code § 30-14-604(d).

Respondent Aaron Reid Andrew is ordered to pay a civil penalty of \$3,000, pursuant to Idaho Code § 30-14-604(d).

Respondent Marcus Kent Maxfield is ordered to pay a civil penalty of \$6,000, pursuant to Idaho Code § 30-14-604(d).

Respondent Jeremy Alma Watson is ordered to pay a civil penalty of \$6,000, pursuant to Idaho Code § 30-14-604(d).

This Order is in the public interest, issued for the protection of investors, and consistent with the purposes of the Act.

THIS ORDER IS EFFECTIVE UPON ITS ISSUANCE.

Dated: 7-22-2021

Patricia Highley by VS
PATRICIA HIGHLEY, Securities Bureau Chief
Idaho Department of Finance

IT IS SO ORDERED

DATED this 22nd day of July, 2021.

STATE OF IDAHO
DEPARTMENT OF FINANCE

Patricia R. Perkins
PATRICIA R. PERKINS, Director



NOTICE AND OPPORTUNITY FOR A HEARING

The Respondents shall take notice that if any of the Respondents wish to contest the foregoing Order to Cease and Desist and Notice of the Opportunity for a Hearing ("Order"), each Respondent shall file a request for hearing pursuant to Idaho Code § 30-14-604(b) within thirty (30) days after the service of this Order. If any Respondent does not timely request a hearing and none is ordered by the Director within that time period, the Order, which may include a civil penalty or costs of the investigation, becomes final as to that Respondent by operation of law. If a hearing is timely requested by a Respondent or ordered, the Director, after notice of and opportunity for a hearing, may modify or vacate the Order or extend it until final determination.

A request for a hearing must be made in writing and addressed to:

Patricia Highley
Securities Bureau Chief
Idaho Department of Finance
P.O. Box 83720
Boise, Idaho 83720-0031

A copy of such request must also be served upon the Department's counsel, Loren Messerly, Deputy Attorney General, at the same address.

If a hearing is requested or ordered pursuant to Idaho Code § 30-14-604(b), a hearing will be set by the Director within fifteen (15) days after receipt of a timely written request, and such hearing will be conducted pursuant to Chapter 52, Title 67, Idaho Code. A final order may not be issued unless the Director makes findings of fact and conclusions of law in a record pursuant to Chapter 52, Title 67, Idaho Code. The final order by the hearing officer may make final, vacate, or modify the Order.

If the Respondents require any assistance of the kind the Department provides under the Americans with Disabilities Act (e.g. sign language interpreters, Braille copies of documents) in order to participate in or understand these proceedings, the Department will supply such reasonable assistance upon an advance request.

Should this order become a final order by operation of law, as discussed above, then any party may file a motion for reconsideration of this final order within fourteen (14) days of the service date of this order.

The agency will dispose of the petition for reconsideration within twenty-one (21) days of its receipt, or the petition will be considered denied by operation of law. See Section 67-5246(4), Idaho Code.

Should this order become a final order by operation of law, as discussed above, then pursuant to Sections 67-5270 and 67-5272, Idaho Code, any party aggrieved by this final order or orders previously issued in this case may appeal this final order and all previously issued orders in this case to district court by filing a petition in the district court of the county in which a hearing was held, the final agency action was taken, the party seeking review of the order resides, or operates its principal place of business in Idaho, or the real property or personal property that was the subject of the agency action is located. An appeal must be filed within twenty-eight (28) days (a) of the service date of this final order, (b) of an order denying petition for reconsideration, or (c) the failure within twenty-one (21) days to grant or deny a petition for reconsideration, whichever is later. See Section 67-5273, Idaho Code. The filing of an appeal to district court does not itself stay the effectiveness or enforcement of the order under appeal.