

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

STATE OF IDAHO, Department of Finance, Securities
Bureau,

Complainant,

vs.

Bill John Grigorieff

Respondent.

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Docket No. 2017-7-~~15~~-A

AGREEMENT AND ORDER

The Director of the Department of Finance, State of Idaho ("Director") has conducted an investigation into the conduct of Bill John Grigorieff. Pursuant to said investigation, it appears that violations of the *Idaho Uniform Securities Act (2004)* ("Act"), *Idaho Code §30-14-101 et seq.* have occurred. The Director and Bill John Grigorieff have agreed to resolve this matter without a public hearing. Therefore, the Director deems it appropriate and in the public interest that this Agreement and Order ("Order") be entered, and the Respondent consents to the entry of this Order.

RESPONDENT

1. **Bill John Grigorieff** ("Grigorieff") is a 45 year-old male with a last known mailing address of 1465 S.W. Knoll Drive, Suite 102, Bend, Oregon. He was licensed with Idaho Department of Insurance in 2013, but the license was not renewed after 2015. Grigorieff has had an insurance producer license with the State of Oregon's Division of Financial Regulation since 2011 and is a Senior Advisor through his assumed business name, Wealth Planning Group ("WPG"). WPG provides wealth planning advice and services. Grigorieff registered with FINRA and the State of Oregon's Division of Financial Regulation as a broker-dealer agent in 2002. As of October 17, 2005, Grigorieff was no longer registered to sell securities.

BACKGROUND

2. Conestoga International, LLC, previously Conestoga Settlement Services, LLC (collectively "Conestoga"), claimed an exemption from securities registration, under the securities act of 1933, by filing a Rule 506 Regulation D with the Department, in 2011.
3. Conestoga is a life settlement provider and is in the business of purchasing life insurance policies from policy owners. A fractional interest of the future benefits payable under the life insurance policies are sold to life settlement investors ("investors") through independent contractors.

4. Grigorieff signed up as an independent contractor (hereafter agent) for Conestoga in approximately February 2013. The Compensation Schedule, between Conestoga and Grigorieff, states that the agent will be entitled to a percentage of the investor's funds as compensation for referring investors to Conestoga.
5. Grigorieff became acquainted with client HB, an Idaho resident, on or before February 18, 2014. Shortly after this date, Grigorieff emailed HB the following documents:
 - Conestoga's brochure "Fractional Life Settlement Portfolio",
 - Conestoga's "Private Placement Memorandum" dated April 3, 2013,
 - Conestoga's "Policy Selection Sheet",
 - Brief medical histories of the policy owners,
 - A power point on life settlements,
 - Multiple articles on life settlement investments, and
 - A document titled "Family Money Flows".
6. On March 18, 2014, Grigorieff sent a questionnaire for HB to complete and requested her 457 retirement statement and Edward Jones IRA statements. Grigorieff told HB that he wanted to review the statements to see how her money was being invested. Based on the information and documents HB provided, Grigorieff advised HB to invest in fractional life settlements, suggesting the investment would be a safe way for her to grow and protect her nest egg.
7. The "Family Money Flows" document ("FMF") was Grigorieff's internal document used to illustrate, to HB, how rolling her assets into a fractional life settlement would generate income, protect her from dips in the market, and reduce her tax liability. Grigorieff provided HB at least five versions of this document between February 25 and May 14, 2014.
8. The FMF shows Grigorieff's recommendation that HB liquidate her 457 and IRA retirement accounts to invest in Conestoga's fractional life settlements. HB followed Grigorieff's advice and invested a substantial portion of her 457 and IRA retirement funds in Conestoga's fractional life settlements.
9. Grigorieff solicited and sold securities, in the form of life settlement investment contracts ("investment contracts"), as Conestoga's agent, to at least one Idaho resident, HB. HB invested \$102,000, in approximately July 2014, and Grigorieff received a commission of \$7,140 for this sale.

10. On or before June 10, 2014, Grigorieff advised HB to liquidate investments from her 457 retirement account to fund a Minnesota Life (“ML”) policy. HB followed Grigorieff’s advice and purchased the MI. policy with half the funds coming from her 457 retirement plan and the other half from her savings.
11. Grigorieff has never been registered to sell securities, or provide investment advice, in Idaho, nor does he qualify for an exemption.

FINDINGS OF VIOLATIONS

Offer & Sale of Securities by an Unregistered Agent

12. Investment contracts, including life settlement contracts, are “securities” as defined by *Idaho Code §30-14-102(28)*.
13. *Idaho Code §30-14-102(2)* defines an “agent” as 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.
14. Pursuant to *Idaho Code §30-14-402*, 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 qualifies for an exemption from registration.
15. Grigorieff, as an agent of Conestoga, offered and sold investment contracts to an Idaho resident. Grigorieff was not registered to sell securities, nor did he qualify for a registration exemption at the time the securities were sold, in violation of *Idaho Code §30-14-402*.

Investment Advice by an Unregistered Investment Adviser Representative

16. *Idaho Code §30-14-102(16)* defines an “investment adviser representative” as an individual employed by or associated with an investment adviser who makes any recommendations or otherwise gives investment advice regarding securities, manages accounts or portfolios of clients, determines which recommendation or advice regarding securities should be given, provides investment advice or holds herself or himself out as providing investment advice, receives compensation to solicit, offer, or negotiate for the sale of or for selling investment advice.
17. Pursuant to *Idaho Code §30-14-404*, it is unlawful for an individual to transact business in this state as an investment adviser representative unless the individual is registered under this chapter as an investment adviser representative or qualifies for an exemption from registration.
18. Grigorieff provided investment advice to an Idaho resident regarding the investor’s securities. Grigorieff was not registered to provide investment advice, nor did he qualify for a registration exemption at the time the advice was provided, in violation of *Idaho Code §30-14-404*.

ACKNOWLEDGMENT AND REMEDIES

1. Respondent agrees to the entry of the Order.
2. Respondent admits the findings of violations of Idaho law set forth in this Order.
3. Respondent agrees to pay restitution of seven thousand, one hundred, forty dollars (\$7,140). Said restitution is to be paid not later than thirty (30) days from the date the Director executes this Order. Payment shall be made to the “Idaho Department of Finance”.
4. Respondent agrees to pay a civil penalty of three thousand dollars (\$3,000) for the violations of the Act, pursuant to *Idaho Code §30-14-604(d)*. Said civil penalty is to be paid not later than thirty (30) days from the date the Director executes this Order. Payment shall be made to the “Idaho Department of Finance”. The Department agrees to waive two thousand dollars (\$2,000) of the penalty if restitution is paid as agreed above.
5. Respondent agrees to not now, nor in the future, offer or sell securities in, into, or from Idaho without complying with the requirements of the Act and its rules.

6. In the event that the Respondent commits future violations of the Act or fails to adhere to the terms of this Order, Respondent acknowledges that the Idaho Department of Finance can incorporate the allegations giving rise to this Order in any future proceeding.

AGREED TO and ACKNOWLEDGED this 25 day of APRIL, 2018.

Bill John Grigorieff
BILL JOHN GRIGORIEFF

IT IS SO ORDERED

DATED this 26TH day of APRIL, 2018.

STATE OF IDAHO
DEPARTMENT OF FINANCE

Gavin M. Gee
GAVIN M. GEE, Director of Finance

