

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

STATE OF IDAHO, Department of
Finance, Securities Bureau,
Complainant,

vs.

Bradley Kay Hofhines

Respondent.

Docket No. 2017-7-17-D

AGREEMENT AND ORDER

The Director of the Department of Finance, State of Idaho ("Director") has conducted an investigation into the conduct of Bradley Kay Hofhines. 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 Bradley Kay Hofhines 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. **Bradley Kay Hofhines** ("Hofhines") is a 64 year-old male with a last known mailing address of 6834 Canyon Run Drive, Star, Idaho. He has been licensed with the Idaho Department of Insurance since 2000 and is the owner of Eagle Summit Enterprises, LLC and Gateway Educational Solutions, LLC. Hofhines registered with FINRA and the Idaho Department of Finance as a broker-dealer agent and as a registered investment advisor in 1999 and 2002, respectively. As of February 11, 2010, Hofhines was no longer registered to sell securities and, as of August 15, 2017, he was no longer registered to provide investment advice.

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. Hofhines signed up as an independent contractor (hereafter agent) for Conestoga in approximately July 2014. The Compensation Schedule, between Conestoga and Hofhines, states that the agent will be entitled to a percentage of the investor’s funds as compensation for referring investors to Conestoga.
5. Hofhines solicited and sold securities, in the form of life settlement investment contracts (“investment contracts”), as Conestoga’s agent, to at least two Idaho residents. He received \$10,500 in commissions for the following sales:
 - \$8,750 from MR & BR’s investment of \$125,000 in approximately October 2014, and
 - \$1,750 from JG & JG’s investment of \$25,000 in approximately December 2014.
6. At the time of the above transactions, Hofhines was not registered to sell securities in Idaho, nor did he qualify for an exemption.

FINDINGS OF VIOLATIONS

Offer & Sale of Securities by an Unregistered Agent

7. Investment contracts, including life settlement contracts, are “securities” as defined by *Idaho Code §30-14-102(28)*.
8. *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.
9. 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 is exempt from registration as an agent under subsection (b) of this section.

10. Hofhines, as an agent of Conestoga, offered and sold investment contracts to Idaho residents. Hofhines 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*.

ACKNOWLEDGMENT AND REMEDIES

11. Hofhines agrees to the entry of the Order.
12. Hofhines admits the findings of violations of Idaho law set forth in this Order.
13. Hofhines agrees to pay restitution in the amount of ten thousand, five hundred dollars (\$10,500).
14. Hofhines agrees to pay a civil penalty of ten thousand dollars (\$10,000) for the violations of the Act, pursuant to *Idaho Code §30-14-604(d)*. The Department agrees to reduce the penalty to \$500 if Hofhines complies with the terms of this Order.
15. Hofhines agrees that he shall not register as an investment advisor representative or a broker-dealer representative by the State of Idaho until the restitution and penalty are paid in full.
16. Hofhines agrees that failure to timely meet all terms and conditions set forth in this Order shall be considered a material breach of this Order entitling the Director to seek civil enforcement pursuant to *Idaho Code §30-14-603*. Hofhines agrees that in such a civil enforcement action the appropriate relief would be at least a permanent injunction against offering, issuing, buying or selling securities in the State of Idaho, and a monetary award to the Department equaling the penalties and any unpaid investor compensation due under the terms of this Order.
17. Hofhines agrees to make payments as set forth in the Stipulation and Consent to Entry of Agreement and Order.
18. Hofhines agrees that failure to make a payment on time is a material breach of this Order and the agreements embodied herein. If Hofhines fails to make a payment on time, the Department shall provide him with notice of breach via U.S. Mail, whereupon Hofhines shall have ten (10) days from the date of the Department mailing notice within which to affect a complete cure. Following the expiration of the curative window the Department may exercise its remedy for

breach in paragraph 16 above. Hofhines is not entitled to any notice of breach by the Department other than that specified in this paragraph.

19. Hofhines 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.

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


AGREED TO and ACKNOWLEDGED this 5 day of NOV, 2018.


BRADLEY KAY HOFHINES

IT IS SO ORDERED

DATED this 6TH day of NOVEMBER, 2018.

STATE OF IDAHO
DEPARTMENT OF FINANCE


GAVIN M. GEE, Director of Finance

