

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

STATE OF IDAHO, Department of Finance,  
Securities Bureau,

Complainant,

vs.

RONALD MELVIN HILL,

Respondent.

Docket No. 2019-7-01-A

**AGREEMENT AND ORDER**

The Department of Finance, State of Idaho acting through its Securities Bureau ("Department") has instituted an investigation into the conduct of Ronald Melvin Hill. 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 Department and Ronald Melvin Hill have agreed to resolve this matter without a public hearing. Therefore, the Director of the Department of Finance ("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. **Ronald Melvin Hill** ("Hill") is a 63-year-old male residing at 1412 Smith Avenue, Nampa, Idaho. Hill has been licensed with the Idaho Department of Insurance since 1991. Hill has never held a securities license.

**BACKGROUND**

2. Future Income Payments, LLC ("FIP") was a factoring company that specialized in buying and selling secondary market pension income streams. FIP provided a discounted lump sum payment to retirees in exchange for remittance of their monthly pension benefits for one to ten years. FIP funded the payments with money they raised by selling securities in the form of investment contracts which were marketed as Structured Cash Flows.

3. Structured Cash Flows were advertised as providing higher rates of returns than other traditional fixed or income products. Investors could choose terms of three to ten years with rates from five to eight percent. FIP would identify one or more retirees that met the investor's parameters and would provide the investor with an investment contract titled "Non-Qualified Purchase Agreement" in exchange for the investor's funds.
4. Scott Kohn ("Kohn"), who fully owned and controlled FIP, had previously pleaded guilty in 2006 to trafficking counterfeit computer equipment and served 15-months in federal prison. FIP was incorporated in April 2011 in Delaware, registered as Pensions, Annuities, & Settlements, LLC in California in 2013 (business name changed to FIP in 2014), and registered in Nevada in 2015.
5. FIP represented that the exchange of monthly pension payments for a lump sum was a sale the pension, however multiple state consumer lending regulators allege that these were loans and took action against FIP.
6. On May 19, 2015, Washington State entered a cease-and-desist order against FIP. The state alleged that FIP was acting as an unlicensed loan company.
7. On September 15, 2015, FIP entered into a Stipulation to Desist and Refrain Order with the California Commissioner of Business Oversight. The state alleged that FIP engaged in the business of a finance lender or broker without a license and FIP agreed to stop operations in the capacity as a finance lender or broker.
8. On October 20, 2016, FIP entered into a Consent Order with the New York Department of Financial Services. The state alleged that FIP operated without a license, charged interest rates higher than New York's civil usury caps, and intentionally misrepresented their financial products or services. The company was banned from operating in the State of New York, were required to provide concessions for pensioners, and were fined.
9. On December 22, 2016, FIP entered into an Assurance of Voluntary Compliance with the Iowa Attorney General. The state alleged that FIP was not licensed to offer consumer loans in Iowa and had concerns that the company was charging exorbitant interest rates of up to

200 percent, on cash advances. FIP was banned from offering unlicensed loans and charging interest rates that violate state law and ordered to pay \$35,000 to be refunded to pensioners.

10. On February 16, 2017, the City of Los Angeles announced their office would be filing a lawsuit against Kohn and his companies. The City alleged predatory lending practices that targeted seniors and veterans, including using illegal debt collection practices and charging interest rates up to 96%. Additionally, Kohn solicited investors to invest in the underlying pension loans, but failed to disclose material information and made material misrepresentations.
11. On August 16, 2017, the State of Minnesota's Attorney General filed a complaint against FIP alleging unlicensed lending and charging interest rates higher than the Minnesota law allows.
12. In March 2019, a federal grand jury indicted Kohn on charges of conspiring to engage in mail and wire fraud and alleged that FIP was operating a Ponzi scheme.
13. At no time were FIP investment contracts registered as securities in Idaho nor did they qualify for an exemption.
14. Hill solicited and sold investment contracts, as an agent of FIP, to at least six Idaho residents. Hill received \$15,163 in commissions for the following sales:
  - \$1,000 from KG's investment of \$25,000 in approximately August 2017;
  - \$1,000 from FG's investment of \$25,000 in approximately December 2017;
  - \$4,800 from CH's investment of \$120,000 in approximately July 2017;
  - \$1,566 from KL's investment of \$39,145 in approximately April 2017;
  - \$4,797 from JM's investment of \$119,935 in approximately September 2016; and
  - \$2,000 from KR's investment of \$50,000 in approximately August 2017.
15. At the time of the above transaction, Hill was not registered to sell securities in Idaho, nor did he qualify for an exemption.

## FINDINGS OF VIOLATIONS

### OFFER & SALE OF UNREGISTERED SECURITIES

16. Investments in investment contracts are “securities” as defined by *Idaho Code §30-14-102(28)*.
17. Pursuant to *Idaho Code §30-14-301*, 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.
18. Hill sold securities in the form of investment contracts. The securities were not registered, nor did they qualify for a registration exemption at the time they were sold, in violation of *Idaho Code §30-14-301*.

### OFFER & SALE OF SECURITIES BY AN UNREGISTERED AGENT

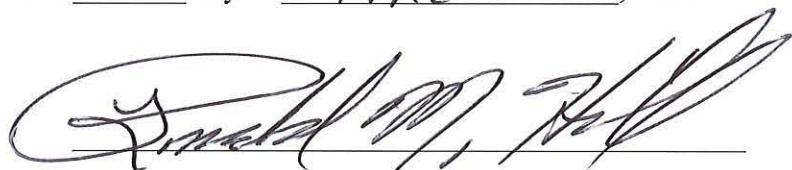
19. *Idaho Code §30-14-102(2)* defines an “agent” as an individual, other than a broker-dealer, who represents a broker-dealer in effecting or attempting to effect purchases or sales of securities or who represents an issuer in effecting or attempting to effect purchases or sales of the issuer's securities.
20. 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.
21. Hill offered and sold FIP investment contracts to Idaho residents. Hill 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

22. To economically and efficiently resolve the pending dispute, the parties agree to entry of this Agreement and Order in lieu of other proceedings.
23. Hill neither admits nor denies the Complainant's findings of facts and conclusions of law set forth in this Order.
24. Hill hereby waives any rights he may have to notice and opportunity for hearing on this matter.
25. Hill agrees to disgorge commissions received in the amount of ten thousand three hundred sixty-three dollars (\$10,363). This amount does not include commissions, Hill received, totaling \$4,800, from CH's investment which has been returned to the investor.
26. Hill agrees to pay a civil penalty of eighteen thousand dollars (\$18,000) for the violations of the Act, pursuant to *Idaho Code §30-14-604(d)*. As an incentive, the Department agrees to waive \$15,000 of the penalty upon completion of the payment plan, and if Hill otherwise complies with the terms of this Order.
27. Hill will make payments as follows:
  - a. A good faith payment of \$2,000 shall be remitted not later than thirty (30) days from the date the Director executes this Order.
  - b. Payments of \$500 per month, for a period of (10) months, shall be remitted every thirty (30) days after the initial good faith payment has been remitted.
  - c. A balloon payment of the remaining balance of disgorged commission and penalty due shall be remitted not later than three hundred and sixty-five (365) days days from the date the Director executes this Order.
  - d. Respondent may make additional payments, but will continue paying as agreed until the disgorged commission and penalty has been paid in full, after which his payments will cease.
  - e. Payment shall be made to the "Idaho Department of Finance."

- 28. Hill 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.
- 29. Hill agrees to not claim the availability of, use, or offer or sell securities under any exemptions under the Act without giving written notice to the Director. Said written notice shall be provided at least ten (10) day in advance of the proposed activities in Idaho.
- 30. In the event that the Hill commits future violations of the Act or fails to adhere to the terms of this Order, Hill 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 5 day of March, 2020.



RONALD MELVIN HILL

**IT IS SO ORDERED**

DATED this 5<sup>th</sup> day of March, 2020.

STATE OF IDAHO  
DEPARTMENT OF FINANCE



PATRICIA R. PERKINS, Director of Finance

