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**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;
JEREMY ALMA WATSON;
GREGORY DUCKWITZ;
J. SCOTT REYNOLDS; and
LELAND WHITING,

Respondents.

Docket No. 2017-7-15-F

**STIPULATED ORDER RESOLVING
ADMINISTRATIVE COMPLAINT
RE RESPONDENT MARCUS KENT
MAXFIELD**

The State of Idaho, Department of Finance, acting through its Securities Bureau (the “Department”) instituted an investigation into the conduct of Paramount Financial Services Inc., dba Live Abundant, Douglas Reid Andrew, Aaron R. Andrew, Marcus Kent Maxfield, Jeremy Alma Watson, Gregory Duckwitz, J. Scott Reynolds, and Leland Whiting (collectively, the “Respondents”). Pursuant to said investigation, on July 22, 2021, the Department filed its initial

**STIPULATED ORDER RESOLVING ADMINISTRATIVE COMPLAINT RE RESPONDENT MARCUS
KENT MAXFIELD**

“Order to Cease and Desist and Notice of Opportunity for a Hearing” against five of the eight Respondents, which initiated this administrative enforcement action. On January 12, 2022, the Department filed its Administrative Complaint, which added the additional three Respondents and added various additional facts and claims of violations to this administrative enforcement action. The Administrative Complaint alleges various violations of the Idaho Uniform Securities Act (2004), Idaho Code §30-14-101 *et seq.* related to the sales of investments offered by two entities, Future Income Payments, LLC (“FIP”) and Woodbridge Group of Companies, LLC d/b/a Woodbridge Wealth (“Woodbridge”).

The Department and one of the Respondents – Marcus Kent Maxfield (“Respondent Maxfield”) -- have agreed to resolve this matter without a public hearing (resolution of the matter with other Respondents has or will be addressed in separate settlement documents). Therefore, the Director of the Department of Finance (“Director”) deems it appropriate and in the public interest that this Stipulated Order ("Order") be entered, and Respondent Maxfield, without admitting or denying any factual allegations asserted by the Department, consents to the entry of this Order.

STIPULATION AND ORDER

The Department and Respondent Maxfield hereby stipulate to the following remedies and administrative order:

Respondent Marcus Kent Maxfield

The Department made the following allegations as it relates to Respondent Maxfield:

1. Respondent Paramount Financial Services, Inc. d/b/a Live Abundant (“Live Abundant”) was registered with the State of Utah in 1995. Paramount Financial Services, Inc. conducted business under multiple DBAs including Live Abundant, which DBA it registered with

State of Utah in 2014. Live Abundant purported to provide retirement planning services and seminars selling life insurance policies, typically indexed universal life insurance policies. Live Abundant has never been registered in any state to sell securities or provide investment advice.

2. Respondent Aaron Reid Andrew ("A. Andrew") is a Utah resident. A. Andrew was an insurance producer at Live Abundant. A. Andrew has never been registered in any state to sell securities or provide investment advice.

3. Respondent Maxfield is a Utah resident. Maxfield was an insurance producer at Live Abundant. Maxfield was never registered in any state to sell securities or provide investment advice.

4. Respondent Jeremy Alma Watson ("Watson") is a Utah resident. Watson was an insurance producer at Live Abundant. Watson was never registered in any state to sell securities or provide investment advice.

5. Respondent Gregory Duckwitz ("Duckwitz") is a Utah resident. Duckwitz was an insurance producer at Live Abundant. Duckwitz was never registered in any state to sell securities or provide investment advice.

6. Respondent J. Scott Reynolds ("Respondent Reynolds" or "Reynolds") is a Utah resident. Reynolds was an insurance producer at Live Abundant. Reynolds was never registered in any state to sell securities or provide investment advice.

7. Respondent Leland Whiting ("Whiting") is a Utah resident. Whiting was an insurance producer at Live Abundant.

8. A. Andrew, Maxfield, Watson, Duckwitz, Reynolds, and Whiting are collectively referred to herein as "Respondent Agent Producers."

FIP Investment, a Fraudulent Scheme

9. FIP was previously known as Pensions, Annuities, & Settlements, LLC, originally formed in April 2011.

10. FIP at times described itself as a “factoring” company that specialized in buying and selling secondary market pension income streams. FIP purported to provide a discounted lump sum payment to retirees in exchange for remittance of their monthly pension benefits for one to ten years. FIP purported to fund the payments to pensioners with money they raised from investors by selling purchase agreements marketed as Structured Cash Flows (“FIP Pension-Stream Product”). The FIP Pension-Stream Product is a security under Idaho Code § 30-14-102(28), as it meets the “investment contract” analysis provided under Idaho Code § 30-14-102(28)(d).

11. Scott Kohn (“Kohn”), who fully owned and controlled FIP, was a convicted felon: on December 11, 2006, Kohn pled guilty in the United States District Court for the District of Columbia, to conspiracy, trafficking in counterfeit goods, and aiding and abetting trafficking, all federal felonies. On December 11, 2006, Kohn was sentenced to 15 months in federal prison.

12. The industry of selling investments in pension streams is especially risky. For example, a Forbes article, dated June 7, 2012, was entitled “Investors Who ‘Buy’ Pensions Are Buying Trouble.” The article referred to the business troubles of several pension sellers that preceded FIP, including Structured Investments Co. (“SICO”) and Voyager Financial Group. The article notes one key problem: “contracts with pensioners that were supposed to fund that steady stream of income for investors are, according to legal experts and a growing number of judges, illegal and unenforceable. Federal laws clearly prohibit military retirees from assigning their pensions and the Internal Revenue Service code that covers private pensions also prohibits the practice.” The article also noted various regulatory actions and investigations already brought against SICO and

Voyager. These regulatory actions against SICO and Voyager multiplied in 2013 and 2014 and various states (e.g., Arkansas, Pennsylvania, Texas) found that these pension investment products were securities under their state laws.

13. FIP had its own long history of regulatory violations and related business troubles. FIP's purchases of pension streams were subject to various legal challenges by state regulators, consumer protection groups, and pensioners who claimed the pension-stream purchases were usurious, unenforceable, and otherwise violative of law. From 2014 through 2017, FIP was sued and/or signed settlement documents with the states of Washington, Colorado, California, Massachusetts, North Carolina, New York, Iowa, and Minnesota.

14. In April 2018, FIP ceased operation, owing nearly \$300 million in unpaid investor payments. FIP is currently in a liquidation receivership. *In re Receiver*, D.S.C. Case No. 6:19-cv-01112-BHH. The Receiver has filed various actions against Live Abundant and its insurance producers seeking to recover commissions paid by FIP as fraudulent transfers and payments in furtherance of the fraudulent scheme.

Woodbridge Investment, a Fraudulent Scheme

15. Woodbridge was a purported commercial mortgage lender that lent money to commercial borrowers in exchange for a mortgage on the borrower's commercial real estate. Woodbridge purported to fund the commercial loans with money it raised by selling securities in the form of one-year first position commercial mortgage promissory notes or Mezzanine Loans promissory notes ("Woodbridge Notes"). These Woodbridge Notes are securities under Idaho Code § 30-14-102(28). In addition, such Woodbridge Notes meet the "investment contract" analysis provided under Idaho Code § 30-14-102(28)(d).

16. In February 2017, the Department commenced its investigation of Woodbridge.

17. Woodbridge had already agreed to sanctions for securities violations with various other states including Massachusetts (issued May 4, 2015), Texas (issued July 17, 2015), and Arizona (issued October 4, 2016). Woodbridge was also already under investigation with other states like Pennsylvania (Consent Order issued April 24, 2017), Michigan (Cease and Desist Order issued August 8, 2017), and Colorado (Order to Show Cause issued October 12, 2017).

18. Woodbridge, and its affiliates, filed for Chapter 11 bankruptcy on December 4, 2017, citing “unforeseen costs associated with ongoing litigation and regulatory compliance.”

19. 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. Woodbridge and Shapiro ultimately consented to a \$1 billion judgment. The SEC also sued some of the largest unregistered internal and external sales agents.

20. On May 2, 2018, Woodbridge signed a Consent Order to Cease and Desist with the Department that stated, (1) “Woodbridge sold securities in the form of promissory notes ... [that] 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”; and (2) “Woodbridge associated with and compensated independent agents that were not registered to sell securities, nor did they qualify for a registration exemption at the time they were sold, in violation of Idaho Code §30-14-402(d).”

SEC Suit Against Live Abundant and A. Andrew Related to Woodbridge Sales Only

21. The SEC sued Live Abundant and A. Andrew on December 18, 2018, related to its sales of Woodbridge. *See* Case 2:18-cv-10481, U.S. District Court, Central District of California. The Complaint alleged, “[A.] Andrew and Live Abundant: From November 2015 through July 2017 – [earned] approximately \$1.8 million in transaction-based commissions earned as a

result of raising approximately \$43 million from 350 investors in 9 states.”

22. On January 21, 2021, the SEC obtained a final judgment against Live Abundant for “disgorgement of \$647,197.41 representing net profits gained as a result of the conduct alleged in the Amended Complaint, together with prejudgment interest thereon in the amount of \$103,466.90, and a civil penalty in the amount of \$100,000 ...” Live Abundant has not paid any amounts towards the judgment of \$850,664.31.

23. On January 21, 2021, the SEC also obtained a final judgment against A. Andrew for “disgorgement of \$136,539.85 representing net profits gained as a result of the conduct alleged in the Amended Complaint, together with prejudgment interest thereon in the amount of \$19,587.65, and a civil penalty in the amount of \$75,000”

Live Abundant and Producers Sales Practices Regarding Woodbridge and FIP

24. In approximately 2011-2012, Live Abundant’s executive team learned of the FIP Pension-Stream Product. Live Abundant determined that the FIP Pension-Stream Products, providing fixed returns monthly, would work well with, or as an alternative to, its indexed universal life products.

25. In approximately 2015, Live Abundant’s executive team learned of the Woodbridge Notes. Live Abundant determined that the Woodbridge Notes, providing fixed returns and maturity every twelve months, would work well with, or as an alternative to, its indexed universal life products.

26. Respondent Agent Producers primarily obtained clients who invested in FIP and Woodbridge from Live Abundant seminars in which Respondent Agent Producers were assigned to prospective clients as their “wealth architect.” As a result of the Live Abundant seminars and radio advertisements, Respondent Agent Producers had clients who invested in FIP and

Woodbridge from Idaho.

27. Respondent Agent Producers told many investors that their funds would be safe and secure while invested in FIP and Woodbridge and did not inform investors of the risk of investing in FIP and Woodbridge.

28. Respondent Agent Producers recommended that some of their clients withdraw their funds from legitimate investments in retirement accounts to invest in the FIP or Woodbridge investments. Various Live Abundant clients moved qualified retirement funds from their IRA and 401K accounts into self-directed IRA accounts, to be able to invest in Woodbridge and FIP.

29. Respondent Maxfield knew that he was not licensed to sell securities. Respondent Maxfield did not do adequate, independent due diligence to determine whether the Woodbridge and FIP products were a security.

30. Respondent Maxfield used Woodbridge's marketing materials to solicit clients to invest in Woodbridge, but Respondent Maxfield did not do independent due diligence to verify whether Woodbridge was accurately describing itself or the investment. For example, Respondent Maxfield did not obtain financials from Woodbridge. Woodbridge was not a public company, and Respondents knew very little, if any, verifiable information about Woodbridge or about the safety of their clients' putting money into Woodbridge.

31. Respondents received a commission for sales of the Woodbridge Notes. The Woodbridge Notes usually paid a "wholesale" rate of return of 9%, but the client typically got a 5-7% rate of return (interest on promissory note) and Live Abundant got the difference of 2-4%. As alleged by the SEC, Live Abundant received commissions of approximately \$1.8 million. Live Abundant retained a large portion of the commission from Woodbridge and the individual producer received the rest of the commission.

32. Similarly, Respondent Maxfield used FIP's marketing materials to solicit clients to invest in FIP, but Respondent Maxfield did not do independent due diligence to verify whether FIP was accurately describing itself or the investment. FIP claimed that a key protection for investors was a reserve account that FIP funded, which would pay investors if a seller of pension rights died or otherwise defaulted on payment. However, Respondent Maxfield never verified if such an account was actually funded and in what amount. FIP also promised the account was independently audited. Respondent Maxfield never saw any such audit. Contrary to its claims, FIP did not significantly fund the reserve account or independently audit it.

Sales of Woodbridge to Idaho Residents

33. Live Abundant and its producers sold the Woodbridge Notes to several Idaho residents. A. Andrew solicited and sold Woodbridge securities to at least one Idaho resident. Maxfield solicited and sold Woodbridge securities to at least two Idaho residents. Watson solicited and sold Woodbridge securities to at least two Idaho residents.

34. 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 Woodbridge Notes to at least five Idaho residents. Live Abundant retained \$55,874.57 of these commissions and paid their agents, A. Andrew, Maxfield, and Watson, \$24,067.10 in total commissions.

Sales of FIP to Idaho Residents

35. Live Abundant and its agents sold the FIP Pension-Stream Product to at least six Idaho residents, with some of them investing several times. A. Andrew, Maxfield, Watson, Whiting, Duckwitz, and Reynolds all were responsible for and received the commission from at least one sale of FIP securities to at least one Idaho investor.

36. Live Abundant received a total of \$70,890 in commissions from FIP for sales by Live Abundant's unregistered sales agents that solicited and sold FIP Pension-Stream Product to at least six Idaho residents. Live Abundant retained some of these commissions and paid the remainder to its six producers.

37. At the time of the above transactions related to FIP and Woodbridge securities, Respondent Maxfield was not registered to sell securities in Idaho, nor did he qualify for an exemption.

38. At the time of the above transactions, Respondent Maxfield was not registered as a broker-dealer in Idaho, nor did he qualify for an exemption.

Violations and Remedies

39. Respondent Maxfield neither admits nor denies the allegations made by the Department.

40. In the Administrative Complaint filed on January 12, 2022 in this matter, the Department asserted that the FIP Pension-Stream Product and Woodbridge Notes were securities, pursuant to Idaho's Uniform Securities Act (2004) (the "IUSA"), Idaho Code § 30-14-102(28), and were unregistered and non-exempt. As such, the Department asserted that the Respondents violated three provisions of the IUSA: (1) sale of unregistered, non-exempt securities in violation of Idaho Code § 30-14-301; (2) acting as an unregistered broker in violation of Idaho Code § 30-14-402 (except for Respondent Whiting, who was a registered broker-dealer representative and therefore was not alleged to have violated this provision); and (3) making material misrepresentations and omissions to Idaho investors regarding the FIP and Woodbridge securities in violation of Idaho Code § 30-14-501(2) (collectively, the "Securities Violations").

41. Respondent Maxfield neither admits nor denies the violations of § 30-14-301, but he

concedes to the remedies and penalties imposed below that are based on the Department's claim that he violated § 30-14-301. Respondent Maxfield neither admits nor denies the violations of § 30-14-402, but he concedes to the remedies and penalties imposed below that are based on the Department's claim that he violated § 30-14-402. Respondent Maxfield neither admits nor denies the violations of § 30-14-501, but he concedes to the remedies and penalties imposed below that are based on the Department's claim that he violated § 30-14-501.

42. Respondent Maxfield, however, agrees that he shall not deny or contest the Securities Violations in any present or future: (a) bankruptcy proceeding, or (b) non-criminal proceeding in which the Department is a party (collectively, "proceeding(s)"). Respondent Maxfield further agrees that in any such proceedings, the Securities Violations may be taken as true and correct and that this Order shall collaterally estop him from re-litigating with the Department or any other Idaho state agency acting by through or under the Department, in any forum in Idaho, the accuracy of the Securities Violations.

43. In the event Respondent Maxfield or his spouse pursues bankruptcy protection in the future, Respondent Maxfield further agrees that in such bankruptcy proceeding, pursuant to 11 U.S.C. § 523(a)(19), the following circumstances exist:

a. The obligations incurred as a result of this Order are a result of the conduct set forth above and are for the violation of Idaho state securities laws, pursuant to 11 U.S.C. § 523(a)(19)(A)(i);

b. This Order constitutes a judgment, order, consent order, or decree entered in a state proceeding pursuant to 11 U.S.C. § 523(a)(19)(B)(i), a settlement agreement entered into by Respondent Maxfield pursuant to 11 U.S.C. § 523(a)(19)(B)(ii), and/or a court order for damages, fine, penalty, citation,

restitution payment, disgorgement payment, attorney fee, cost or other payment owed by Respondent Maxfield pursuant to 11 U.S.C. § 523(a)(19)(B)(iii).

44. Respondent Maxfield agrees to pay a civil penalty, ordered by the Department (and fileable as a final order with the district court that can be recorded, enforced, or satisfied in the same manner as a judgment of the court, pursuant to Idaho Code § 30-14-604(f)) as follows:

a. \$11,000, pursuant to the following payment plan: paid at \$188.33 per month until paid in full (60 months), with the first payment due at the time of the signing of this Order.

b. If Respondent Maxfield defaults on the above payment plan in any respect, then the final penalty amount in this Order will be automatically increased from \$11,000 to \$19,000.

c. Respondent Maxfield is also required to make a full financial disclosure, pursuant to the disclosure document provided by the Department, entitled Financial Net Worth Worksheet, which must be completed, signed, and provided at the time of the signing of this Order and must be entirely accurate. *See, e.g., IUSA § 30-14-505.*

45. The Department is not seeking to recover restitution or disgorgement in this settlement. Rather, the SEC, the Woodbridge Bankruptcy Trustee, the FIP Receiver, and numerous investors and their private attorneys are engaged in litigation seeking such recovery.

46. Respondent Maxfield agrees that he will not engage in the offer or sale of securities in any form in or from the state of Idaho.

47. Respondent Maxfield agrees that he will not further violate the IUSA.

48. Respondent Maxfield acknowledges that if he commits a future violation of the

IUSA or fails to adhere to the terms of this Order, the Department can incorporate the allegations giving rise to this Order in any future proceeding. *See also* Idaho Code § 30-14-604(a) (civil action for violation of order issued under the IUSA) & (g) (possible civil contempt for failure to comply with order).


49. By signing and thereby agreeing to this Order, Respondent Maxfield: (a) agrees that this is a final order under Idaho Code § 30-14-604, (b) waives his respective rights to a hearing and/or trial on the alleged violations in the Administrative Complaint, (c) waives his right to notice and opportunity for a hearing on this matter provided by Idaho Code § 30-14-604 and under the contested case provision of the Idaho Administrative Procedures Act, Idaho Code § 67-5240 *et seq.*, and (4) waives his right to seek judicial review of this Order.

50. Respondent Maxfield admits that he has had adequate opportunity to review this matter with an attorney and agrees that this Order is entered into freely and voluntarily and that no promise was made or coercion used to induce such entry.

51. The Department agrees to forego any claim for costs, attorney fees, and reimbursement for investigative efforts in this action pursuant to Idaho Code § 30-14-604, and also agrees to forgo any additional restitution, disgorgement, or penalties against Respondent Maxfield related to this action. Respondent Maxfield agrees to bear his own attorney fees and costs in this action.

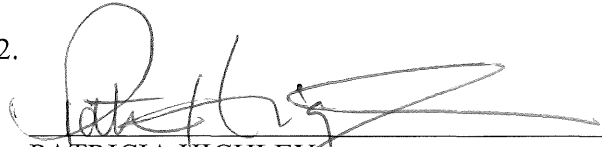
AGREED TO and ACKNOWLEDGED

DATED this 31 day of May 2022.



MARCUS KENT MAXFIELD
Respondent

DATED this 13 day of June 2022.




PATRICIA HIGHLEY
Securities Bureau Chief
Idaho Department of Finance

IT IS SO ORDERED

DATED this 13th day of June 2022.

STATE OF IDAHO
DEPARTMENT OF FINANCE



PATRICIA R. PERKINS
Director
Idaho Department of Finance

