

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

In the matter of:

HBR VI, LLC

---

Docket No. 2020-7-05-C

**AGREEMENT AND ORDER**

The State of Idaho, Department of Finance, acting through its Securities Bureau ("Department") has instituted an investigation into the conduct of HBR VI, LLC ("Respondent"). 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 Respondent have agreed to resolve this matter without a public hearing or adjudication of this matter. 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. **HBR VI, LLC** ("HBR VI") was registered in Nevada and Delaware in March 2016 and April 2016, respectively. HBR VI is owned by Mountain High Capital, LLC (57.5%) and investors (42.5%) and was managed during the relevant time period by Mountain High Capital Management LLC. HBR VI addresses include 1303 W. Walnut Hill Lane, Suite 305, Irving, Texas and 195 Hwy 50, Suite 301, Zephyr Cove, Nevada.
2. HBR VI has never ever been registered as an investment adviser firm nor as a broker-dealer firm.

**RELATED PARTIES**

3. **Mountain High Capital, LLC** ("Mountain High") was registered in Nevada in March 2016 and is managed by Resolute Capital Partners, Ltd. Mountain High is the majority owner of HBR VI.

4. **Mountain High Capital Management LLC** (“MHCM”) was registered in Nevada in December 2014 and is managed by Resolute Capital Partners, Ltd. and Choice Performance, Inc.
5. **Resolute Capital Partners, Ltd.** (“Resolute”) was registered in Nevada in 2010 and Texas in October 2018. Resolute is an investment management and consulting company that provides investors access to alternative investments. Resolute works and partners with issuers to bring in capital to fund the issuers projects and advises investors on investment opportunities that match the investor’s ideal fund and their risk profile.
6. **Choice Performance, Inc.** (“CPI”) was registered in Nevada in September 1998.

### **BACKGROUND**

#### ***ISSUANCE OF SECURITIES BY HBR VI, LLC***

7. HBR VI was formed to own 60% of the working interests in six oil and gas well leases and Homebound Resources, LLC is the owner of the remaining 40% of the working interest in the well leases.
8. HBR VI acquired funds through the issuance of both debt and equity securities in the form of promissory notes and interests in a limited liability company. The equity securities were limited liability company interests in HBR VI, with HBR VI owning and operating six oil wells in Menard, Concho, and Marion County Texas.
9. Investors in equity securities received an interest in the limited liability company, considered securities under the Act, in exchange for their investment funds.
10. Distributions of net revenues, after taxes, were split between the unaffiliated owner(s) of the mineral rights (25%) and the owners of the working interest of the wells (75%). Payments to Mercury Operating, LLC (the licensed operator of the wells) and debt service payments were subtracted from the working interest portion which was then split between HBR VI (60%) and Homebound (40%). HBR VI expenses were subtracted from HBR VI’s portion which was then

split between Mountain High (57.5%) and investors (42.5%). Investor funds were used to purchase the 60% working interest in the well leases.

11. Investors in the debt securities received a 36-month promissory note, at 8.5% interest issued by HBR VI in exchange for their investment funds. Investor funds would be used for the acquisition of oil and gas producing properties and related activities.
12. The promissory notes issued by HBR VI are securities under the Act. The Act defines “Security” to include: a note; stock; treasury stock; security future; bond; debenture; evidence of indebtedness; certificate of interest or participation in a profit-sharing agreement; collateral trust certificate; preorganization certificate or subscription; transferable share; investment contract; voting trust certificate; certificate of deposit for a security; fractional undivided interest in oil, gas or other mineral rights; ....Idaho Code § 30-14-102(28).
13. The HBR VI offering documents claimed the securities were offered and sold through WealthForge Securities, LLC (“WealthForge”). WealthForge is a registered broker-dealer and received commissions of 0.5% of the investment proceeds.
14. ISD solicited and sold HBR VI promissory notes to two Idaho residents, JB and RS. ISD marketed itself as an IRA facilitator. ISD has never been registered to sell securities nor provide investment advice.
15. LL solicited and sold HBR VI interests in the limited liability company to one Idaho resident, JH.
16. HBR VI, through LL and ISD, offered and sold Idaho investor JH an interest in the limited liability company and sold Idaho investors JB and RS promissory notes from May 2016 through August 2016. JH, JB, and RS provided HBR VI with investment funds totaling \$93,500. To date, all investor funds have been returned to the investors.
17. HBR VI filed with the SEC under Regulation D, Rule 506(b), in July 2016, claiming an exemption from registration under the Securities Act of 1933

18. HBR VI provided a Regulation D, Rule 506(b) notice filing to the Department in September 2016.

## **FINDINGS OF VIOLATIONS**

### ***OFFER AND SALE OF SECURITIES BY UNREGISTERED AGENTS***

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. Pursuant to Idaho Code § 30-14-402(d) it is unlawful for an issuer 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 or issuers unless the agent is registered under subsection (a) of this section or is exempt from registration under subsection (b) of this section.
22. LL was not registered to sell securities, nor did she qualify for a registration exemption at the time the HBR VI securities were sold. HBR VI employed or associated with and utilized LL, as an unregistered agent, to offer and sell HBR VI securities to an Idaho resident in violation of Idaho Code § 30-14-402(d).
23. HBR VI employed or associated with and utilized these unregistered agents to offer and sell HBR VI securities, in violation of § 30-14-402(d).

### ***FRAUD***

24. Pursuant to Idaho Code § 30-14-501, it is unlawful for any person, in connection with the offer, sale, or purchase of a security, directly or indirectly: (2) To make an untrue statement of

material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

25. Respondent made the following omission of material facts:

- a. Failure to disclose that the issuer agent was not registered to sell the securities being offered as required by the Act.

26. HBR VI violated Idaho Code § 30-14-501(2) by omitting material facts in connection with the sale of a security.

### **ACKNOWLEDGEMENTS AND REMEDIES**

27. The parties agree to entry of this Agreement and Order in lieu of other proceedings.

28. Respondent neither admits nor denies the Complainant's findings of violations set forth in this Order.

29. Respondent waives its right to notice and opportunity for hearing on this matter provided by Idaho Code § 30-14-604 and under the contested case provisions of the Idaho Administrative Procedures Act Title 67, Chapter 52, Idaho Code. Respondent further waives its right to seek judicial review of this order. The terms contained in this Order herein constitute the entire agreement between the Department and Respondent.

30. Respondent agrees to pay a civil penalty in the amount 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."

31. Respondent agrees that it will verify and retain supporting documents evidencing that agents and broker dealers who solicit, offer, or sell their securities in, into, or from Idaho are registered to sell securities in Idaho. Respondent also agrees that agents and broker-dealers who solicit, offer, or sell securities in, into, or from Idaho are registered to sell securities in Idaho.

32. In conjunction with this Order, Respondent agrees to fully cooperate with the Department in any further related investigation or enforcement action against the agents and broker-dealers that solicited, offered, or sold the securities noted in this Order.
33. 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.
34. Respondent 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, as determined by the Director, shall be provided at least 10 (ten) days in advance of the proposed activities in Idaho.
35. In the event the Respondent commits future violations of the Act or fail to adhere to the terms of this Order, Respondent acknowledges that the Department can incorporate the allegations giving rise to this Order in any future proceeding.

AGREED TO and ACKNOWLEDGED

Dated: November 18, 2022 *J Kuiper*  
 HBR VI, LLC

By: Jacqueline Kuiper, Authorized Signatory

**IT IS SO ORDERED**

DATED this 18<sup>th</sup> day of November, 2022.



STATE OF IDAHO  
 DEPARTMENT OF FINANCE

*Patricia R. Perkins*  
 PATRICIA R. PERKINS, Director  
 Idaho Department of Finance