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**IN THE DISTRICT COURT OF THE THIRD JUDICIAL DISTRICT  
OF THE STATE OF IDAHO, IN AND FOR CANYON COUNTY**

STATE OF IDAHO, DEPARTMENT OF  
FINANCE, SECURITIES BUREAU,

Plaintiff,

vs.

RONALD R. HILL,

Defendant.

Case No. CV14-21-00899

**COMPLAINT**

Fee category: Exempt

COMES NOW the State of Idaho, Department of Finance, Patricia R. Perkins, Director, (the "Department"), by and through its counsel, the Office of the Idaho Attorney General, Loren Messerly, Deputy Attorney General, and upon information and belief, complains and alleges as follows:

1. This action is brought pursuant to Idaho's Uniform Securities Act (2004), Idaho Code § 30-14-101 *et seq.* (the "Act"), and in particular Idaho Code § 30-14-603, wherein the Department is authorized to bring actions seeking injunctive and other relief against persons who have either violated or are about to violate provisions of the Act.

## SUMMARY

2. The Department alleges that Defendant Ronald R. Hill (“Hill”) violated Idaho’s securities laws when he solicited Idaho investors to purchase securities from Future Income Payments, LLC (“FIP”).

3. FIP represented its product as a structured cash flow investment; FIP claimed to use investor funds to purchase pensions at a discount from pensioners and then to sell those pensions as a “pension stream” to investors (referred to hereinafter as “Pension Income Stream Products”). FIP generally promised investors a 6% to 8.75% rate of return on their investments. In 2017, Hill sold \$1,760,618 in FIP Pension Income Stream Products to three Idaho investors. Hill received a total of \$77,424 in commissions in connection with these transactions.

4. In April 2018, within a year of Hill’s sales of its investment products to Idahoans, FIP ceased operation, owing nearly \$300 million in unpaid investor payments. In a March 12, 2019 indictment in the U.S. District Court for the District of South Carolina, the United States charged FIP and its owner, Scott A. Kohn, with conspiracy to engage in mail and wire fraud related to FIP’s operations. The three Idaho investors have likely lost much of their investment, and FIP is currently in a liquidation receivership in South Carolina. *In re Receiver*, D.S.C. Case No. 6:19-cv-01112-BHH.

5. Hill is a licensed insurance agent. He was not registered to sell securities. The FIP Pension Income Stream Products were not insurance products. Pension Income Stream Products are considered investment contracts under the Act. Investment contracts are within the definition of “securities” under the Act and as such, can only be sold by securities professionals that are registered under the Act. This registration requirement ensures that securities professionals are competent to comply with securities laws, including the requirement to sell only registered

securities, to do sufficient due diligence on any securities they offer for sale, and to make full and accurate disclosures to investors regarding the risks, suitability, costs, etc. of a security. Hill, however, performed no due diligence regarding the details of the investment, FIP, the risks, etc.

6. Hill did not adequately disclose the risks of Pension Income Stream Products to the Idaho investors. Instead, he offered and sold the three Idaho investors unregistered securities by misrepresenting the investment as safe and with a guaranteed fixed return and by omitting material information.

#### Pension Income Stream Products Generally

7. Contracts for Pension Income Stream Products involve at least three parties: the pensioner selling the rights to his or her future pension income payments, the investor who pays the up-front lump sum amount to acquire the rights to the pensioner's future payments, and a pension purchasing company (here, FIP), sometimes referred to as a factoring company or pension advance company, that facilitates the sale.

8. A typical transaction involves the pension purchasing company collecting information about and evaluating the pensioner and his or her pension. The pension purchasing company concurrently is soliciting investors for the products, often employing various agents to locate investors. The pension purchasing company estimates the lump sum amount that the pensioner will receive from the investor and the monthly amounts that the pensioner will pay to the investor in return.

9. To facilitate the transfer of funds, the pension purchasing company may establish a bank account or escrow account from which the pensioner receives the lump sum amount and in which the pensioner deposits the future monthly payment amounts. In addition, the investor may deposit the lump sum amount into, and receive the monthly payments from, that same bank or

escrow account. A pensioner may also be required to obtain a life insurance policy to cover the outstanding balance due on the contract in the event of the pensioner's death before full payment of the amount due to the investor. The pension purchasing company's fees, any life insurance policy premiums and any other applicable fees or commissions, including commissions paid to an associated salesperson (like Hill), are deducted from the lump sum amount paid to the pensioner.

10. Federal laws prohibit the assignment of particular pension benefits. As such, a pensioner does not typically directly assign future pension payments to an investor and instead is bound to make the future payments to the investor only by contract.

11. Pension Income Stream Products are complex, and they potentially present a number of investor protection issues. While the expected yields for Pension Income Stream Products may initially seem like an attractive option for investors, investors may not fully understand the issues presented by the products. For example, investors may pay significant commissions (e.g., 7 percent or higher) to purchase the products. In addition, the products are generally illiquid, meaning an investor needing funds may not be able to sell the product or may be able to sell the product only at a loss. Furthermore, because federal laws prohibit the assignment of particular pension benefits, if a pensioner stops making monthly payments at any time, an investor may be left with only a breach of contract claim.

12. The products also may be problematic for pensioners. For instance, pension purchasing companies may not clearly disclose the costs and terms of the product, including associated fees or the real difference between the lump sum that will be paid to the pensioner versus the value of the future income stream the pensioner is giving up (sometimes referred to as the pensioner's effective interest rate for the lump sum payment). Moreover, a company may present confusing offer terms thereby making it difficult to understand the product. In addition,

pensioners may not understand that they may be required to obtain a life insurance policy and that the payments for the policy are subtracted from the lump sum payment. Furthermore, certain pension purchasing companies have changed their names or moved the location of their business operations in response to governmental investigations and litigation. Companies may also operate under more than one name. These activities result in associated persons, pensioners and investors having limited publicly available information when evaluating transactions with the companies.

### **JURISDICTION AND VENUE**

13. Jurisdiction is proper under the Act pursuant to Idaho Code §§ 30-14-610 and 5-514. The acts and practices alleged herein comprising violations of law by the above-named Defendant occurred in Idaho. The three investors resided in Oakley, Boise, and Meridian at the time of their investments. Defendant Hill resided in Canyon County.

14. Venue is proper, pursuant to Idaho Code § 5-404, as Defendant Hill resides in Canyon County.

### **DEFENDANT**

15. Hill is a resident of Nampa, Idaho and has worked as an insurance agent since high school. Hill has been licensed with the Idaho Department of Insurance since 2007. Hill has never been registered to sell securities nor to provide investment advice.

### **FACTS**

#### **Future Income Payments, LLC**

16. Since approximately 2011, FIP was in the business of marketing and selling Pension Income Stream Products. FIP was owned and operated by Scott Kohn (“Kohn”) and has been registered to do business in several states including California, Delaware, and Nevada.

17. FIP advertised itself as a factoring company that specialized in buying pension

income streams in the secondary market (i.e. from pensioners), providing a discounted lump-sum payment to retirees in exchange for an assignment of their monthly pension benefits for a period of one to ten years. FIP funded the lump-sum payments with money raised by selling securities, which were marketed as “Structured Cash Flows.” FIP’s website, [www.structuredcashflows.com](http://www.structuredcashflows.com), advertised these Structured Cash Flows as fixed income cash flow alternatives that offered competitive rates and predictable income.

18. The FIP website claimed that the income received by a pension recipient originated from one of several institutions including state and federal government retirement plans or investment-grade corporation pension plans. The FIP investment contract issued by FIP, titled *FIP, LLC Non-Qualified Purchase Agreement* (“Purchase Agreement”), was then offered and sold to investors. The Purchase Agreement stated that investors would receive the stated 6% to 8.75% return in connection with the assignment of monthly pension benefits. In other words, FIP sold a Pension Income Stream Product.

19. From 2011 to 2018 FIP raised hundreds of millions of dollars from thousands of investors nationwide, including some Idaho investors. At no time was FIP’s Pension Income Stream Product registered as a security in Idaho nor did it qualify for an exemption from registration.

20. FIP founder, Kohn, was a convicted felon for fraud. In 2006, Kohn pled guilty to trafficking counterfeit computer equipment and was sentenced to serve 15-months detention in federal prison.

21. In addition, prior to Hill’s sales of FIP to Idaho investors in 2017, FIP already had a long history of regulatory violations and related business troubles. FIP promised investors that they would be paid from pension-streams purchased by FIP. However, 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:

a. In January 2015, FIP and Kohn signed an Assurance of Discontinuance with the State of **Colorado** agreeing not to enter into any transactions in Colorado without first obtaining a supervised lender's license and not to charge interest on their existing agreements in Colorado.

b. On May 19, 2015, **Washington** State entered a cease-and-desist order against FIP. The state asserted that FIP was acting as an unlicensed loan company and was obtaining excessive fees from Washington consumers (the pension streams). The cease and desist order stated that Washington was seeking to impose a \$25,000 fine and require reimbursement of all fees and interest in excess of the lump sum loans. Attached was an Exhibit A that showed just how FIP was preying on pensioners in need of immediate cash. Exhibit A listed dozens of pensioners who had received lump sums that were a small fraction of the pension payments they signed over to FIP. As just a few examples: pensioner A.P. received a loan/lump sum of \$4,400 and signed over pension payments for 120 months totaling \$46,568; pensioner E.T. received a loan/lump sum of \$36,600 and signed over pension payments for 120 months totaling \$109,360; and pensioner G.G. received a loan/lump sum of \$39,000 and signed over pension payments totaling \$116,796.

c. On November 18, 2016, Kohn signed a Consent Order with **Washington** agreeing that FIP would pay the \$25,000 fine, would only make the pensioners repay the lump sum payment they had received from FIP and nothing more, and would not do any more business without obtaining a lender's license.

d. On March 3, 2015, the **California** Commissioner of Business Oversight issued a Desist and Refrain Order against Kohn and FIP that ordered them to stop lending without a license.

On September 15, 2015, FIP entered into a Stipulation to Desist and Refrain Order with the California Commissioner of Business Oversight, which confirmed the findings of unlicensed lending and confirmed the order prohibiting further unlicensed lending.

e. In March of 2016, FIP entered into an Assurance of Discontinuance with the Commonwealth of **Massachusetts** that FIP would not enter into any further agreements with Massachusetts residents and would not charge interest on its existing contracts with Massachusetts residents, relief totaling approximately \$2 million for eighty-five veterans and other pensioners.

f. In June of 2016, FIP entered into a settlement with the State of **North Carolina** whereby it agreed to reform its existing North Carolina transactions and to ensure that any future transactions would comply with the usury laws of North Carolina.

g. On October 20, 2016, FIP entered into a 23-page Consent Order with the **New York** Department of Financial Services that stated 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 Order stated that FIP loaned pensioners a total of \$2,461,900 and was projected to collect \$8,870,132, a profit of more than 250%. The company was banned from operating in the State of New York, agreed to pay a \$500,000 civil penalty, and agreed to provide approximately \$6.35 million in relief based upon 292 transactions with New York consumers.

h. On November 23, 2016, the **Consumer Financial Protection Bureau** ("CFPB") served FIP with a Civil Investigative Demand ("CID"). Based on that investigation, the CFPB brought a lawsuit against FIP and Kohn in September 2018.

i. 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 was charging exorbitant interest rates of up to 200 percent. FIP was banned from



offering unlicensed loans and charging interest rates that violate state law, ordered to pay a \$35,000 fine, and ordered to refund all payments obtained in excess of the lump-sum loan amounts.

j. In February 2017, the City of **Los Angeles** filed suit against FIP, alleging that the company charged usurious, hidden interest rates as high as ninety-six percent, prohibited early termination of the loans (ensuring consumers could not avoid the high interest rates), and employed abusive collection practices.

k. Numerous pensioners also brought lawsuits against FIP and Kohn, including a class action filed in the Central District of California on September 11, 2017, a lawsuit filed in the Middle District of Florida on March 31, 2016, a lawsuit filed in the Southern District of Alabama on January 11, 2016, and a lawsuit filed in the District of Massachusetts on March 8, 2016. These lawsuits uniformly alleged that FIP used fraud and other improper business practices to purchase pension rights at unfairly low prices, charging excessive and inadequately disclosed fees and interest, and in violation of state and federal law.

#### Defendant Hill

22. Hill admits that he did not undertake any due diligence to learn about FIP and its business of selling Pension Income Stream Products to investors. As an insurance agent, Hill was licensed to sell insurance products. However, FIP Pension Income Stream Products were not insurance products and did not claim to be insurance products.

23. Hill also did not do any due diligence to confirm whether he was sufficiently licensed to sell FIP's financial products or whether FIP was selling securities that could only be marketed and sold through licensed securities professionals, e.g. he did not contact either the Idaho Department of Insurance or the Idaho Department of Finance.

24. Hill sold FIP to his customers through a relationship he had with Melanie Schulze-

Miller, who served at times as the National Sales Director for Life Insurance for Shurwest, LLC, a life insurance broker. When Hill had a client interested in investing money, Hill contacted Schultze-Miller and they jointly worked to sell Hill's clients what they described as structured settlements: buying the Pension Income Stream Product from FIP to provide a stream of monthly pension payments to the investor client, and then having the investor buy a life insurance product with premiums that would be paid from the FIP pension stream payments. Hill and Schulze-Miller then each received significant commissions from these sales of (1) the FIP securities and (2) the life insurance products.

25. Hill has never been registered with the Department to sell securities.

26. The FIP securities sold by Hill were not registered with the Department.

#### Investors

27. In 2017, Hill solicited, offered and/or sold unregistered securities to at least three Idaho investors. These investors were between 71 and 80 years old and were convinced to invest an excessive amount of their assets in this risky investment.

#### *Investor C.B.*

28. C.B. is a married 75-year-old female resident of Oakley, Idaho who is a retired registered nurse. C.B. was cold called by Hill in fall 2016, and Hill represented himself as an Investment Counselor. Hill recommended C.B. transfer her 401k and IRA assets to Gold Star Trust Company (a self-directed IRA company) ("Gold Star"), which would then allow her to sell her investments and reinvest the money into the FIP Pension Income Stream Product.

29. C.B. had no experience with investing in Pension Income Stream Products and she was not a sophisticated investor. Hill did not make any substantial disclosures regarding FIP or the Pension Income Stream Product that C.B. was purchasing.

30. In March 2017 and May 2017, C.B. invested \$134,482.68 and \$25,000, respectively, with FIP through Hill. These amounts totaled more than 50% of all investable assets for C.B. and her husband. Hill also sold C.B. life insurance policies with Minnesota Life Insurance Company and those policy premiums were supposed to be paid from the FIP pension streams.

31. Hill received commissions of \$6,379, approximately 4%, in connection to the sales of FIP's Pension Income Stream Product to C.B. Hill also likely received commissions for the sale of the life insurance policy.

32. The net principal due C.B. from her investment through FIP is approximately \$159,000. Without her principal and stream of payments from FIP, C.B. was unable to pay her life insurance premiums for the policies from Minnesota Life.

*Investor L.V.*

33. L.V. is an 80-year-old male resident of Meridian, Idaho. In April 2017, L.V. invested \$200,000 with FIP through Hill. Hill represented that the investment in FIP would be a safe, conservative investment that would yield a guaranteed 8% return. L.V. previously had this money invested in a bank CD. This investment in FIP was more than 25% of L.V.'s total investable assets. Hill also sold L.V. a life insurance policy from Minnesota Life Insurance Company. L.V. paid another \$18,000 in an upfront premium for that insurance policy. Hill told L.V. that future premiums for the life insurance policy would be paid from the FIP monthly income stream.

34. L.V. had no experience with investing in Pension Income Stream Products and he was not a sophisticated investor. L.V. did not understand this complex investment product. Hill did not make any substantial disclosures regarding FIP or the Pension Income Stream Product that L.V. was purchasing.

35. Hill received commissions of \$8,000, approximately 4%, in connection to the sale

of FIP's Pension Income Stream Product to L.V. Hill also likely received commissions for the sale of the life insurance policy.

36. L.V. only received \$9,588.06 in pension payments before payments stopped; the net principal due to L.V. is approximately \$190,000, plus the \$18,000 insurance premium. Without the principal he invested or the stream of payments from FIP, L.V. was unable to pay his life insurance premiums for the policy from Minnesota Life.

*Investor K.S.*

37. K.S. is a 71-year-old female who is retired and was a resident of Boise, Idaho at the time of her investment. K.S. met Hill in October 2017 through a real estate agent.

38. K.S. met the real estate agent and then Hill shortly after listing a commercial property for sale. Hill solicited K.S. about using any sale proceeds for investing in a structured sale, which he claimed was safe, could defer capital gains, and would produce income that would be used to purchase a life insurance product.

39. K.S. had no experience with investing in Pension Income Stream Products and she was not a sophisticated investor. She did not understand this complex investment product. Hill did not make any substantial disclosures regarding FIP or the Pension Income Stream Product.

40. K.S. sold her commercial property in November 2017, and the check for the proceeds of the sale, \$1,401,136.54, was used to fund the structured sale investment in FIP upon Hill's advice.

41. Upon investment, K.S. received an investment contract titled *FIP, LLC Non-Qualified Purchase Agreement* ("K.S. Purchase Agreement"). Exhibit A to the K.S. Purchase Agreement was a list of the 58 different pension contracts that K.S. was buying and that were supposed to provide an 8% return and pay \$21,505.68 annually for 7 years. Hill also sold K.S. a

life insurance policy with Pacific Life and its premiums were to be paid from the FIP pension income stream.

42. Hill received commissions of \$63,045, approximately 4.5%, in connection to the sale of FIP's investments to K.S. Hill also likely received commissions for the sale of the life insurance policy.

43. K.S. received only three months of the promised seven years of payments, i.e. she received pension payments of approximately \$65,000 and the net principal due to K.S. is approximately \$1,336,000. Without her principal or the stream of payments from FIP, K.S. was unable to pay her life insurance premiums for the policy from Pacific Life. K.S. paid an initial \$125,000 premium on the policy and she has also lost that policy and those funds.

44. On or about November 16, 2020, in the FIP Receivership case, the Receiver obtained a Default Judgment against Hill for the approximate amount of his commissions: \$77,430.45. It is unclear whether Hill has paid any amounts to the Receiver.

#### Material Misrepresentations

45. To induce investors to invest, Hill made several false representations.

a. Hill represented to the investors that the investment was low risk or risk free, and that the invested principal was safe. However, it was a risky investment for all of the many reasons discussed above, including: the risk of any of the dozens of pensioners refusing to turn over their pensions; pensioners bringing lawsuits against FIP to unwind their sales; regulators bringing lawsuits against FIP to either unwind the pension sales or otherwise sanction FIP for violating lending laws; FIP being run by a man previously convicted of felony fraud; FIP violating its promised escrow agreements to comingle pension funds and not paying over funds earmarked to certain investors; FIP becoming insolvent because of the numerous lawsuits brought by pensioners

and regulators and other consumer protection entities; FIP paying too much in commissions and other fees to support returns promised; pensioners refusing to pay the exorbitant fees and interest charged by FIP; FIP not providing any public financial information regarding the financial health of its business; FIP having only existed as a factoring business since 2011; etc.

b. Hill led investors to believe that there was a guaranteed return of a fixed amount.

The return was not guaranteed for all of the reasons stated above in paragraph a.

#### Material Omissions

46. Hill did not tell potential investors certain information that would be necessary to make other statements not misleading and that an investor would likely consider as material to a decision to invest with Hill and FIP. Hill failed to disclose the following material information:

a. Information about FIP's financial condition or operating history;

b. Information about FIP's escrow arrangements and the lack of protections to ensure that earmarked pensions were paid to investors and could not be converted by FIP;

c. Information about Kohn, FIP's owner, chief executive officer, and member, including his criminal history as a convicted felon for counterfeiting;

d. That numerous pensioners had filed lawsuits against FIP, refusing to turn over their pension payments for various reasons, including fraud, violation of usury laws, and violation of lending laws.

e. That numerous regulators had successfully brought actions against FIP and other companies selling Pension Income Stream Products, imposing fines and forcing companies to stop buying pensions, stop selling Pension Income Stream Products to investors, and void the pensions purchased.

f. That numerous consumer protection groups, including the CFPB, had brought

actions or issued warnings to consumers regarding the predatory nature of the pension purchasing practices of companies like FIP and regarding the securities violations and material misrepresentations and nondisclosures regarding the sale of those pension rights to investors.

g. That if pensioners refused to pay the funds, as many had begun doing, and if FIP was unwilling or unable to front the payments, then the investors would not receive their promised monthly payments and would lack the funds to pay their insurance policy premiums and those policies could lapse and become valueless.

h. The amount and type of compensation paid to Hill;

i. That Hill was not registered as an agent or broker to sell the securities, as required by the Act;

j. That the Pension Income Stream Products were securities issued by FIP, but were not registered as required by the Act;

k. That Hill was not registered as an investment adviser to give advice about selling investment products in order to reinvest in FIP products or to move funds out of a 401K and/or IRA account and into a self-directed IRA.

### **CLAIMS FOR RELIEF**

#### **COUNT ONE**

#### **Securities Fraud - False and Misleading Statements and Omissions – as to all three investors (Violation of Idaho Code § 30-14-501)**

47. The allegations of paragraphs 1 through 46 above are realleged and incorporated herein as if set forth verbatim.

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

49. Hill's misrepresentations to investors as set forth in paragraph 45 and its subparagraphs were made in connection with the offer, sale or purchase of securities. Hill's misrepresentations were false and misleading, constituting violations of Idaho Code § 30-14-501(2) as to each misrepresentation to each investor.

50. Hill's omissions of material facts and failures to disclose to investors and prospective investors as set forth in paragraph 46 and its subparagraphs were made in connection with the offer, sale or purchase of securities, and constitute violations of Idaho Code § 30-14-501(2) as to each omission and failure to disclose to each investor.

51. Per the plain language of the statute and Idaho case law, intent is not an element of the claim.

**COUNT TWO**  
**Offer and Sale of Unregistered Securities – as to all three investors**  
**(Violation of Idaho Code § 30-14-301)**

52. The allegations of paragraphs 1 through 46 above are realleged and incorporated herein as if set forth verbatim.

53. Hill offered for sale and sold in Idaho securities in the form of investment contracts, more particularly described in paragraphs 1 through 45, and referred to generally as Pension Income Stream Products.

54. Such securities were not registered with the Department as required by Idaho Code § 30-14-301.

55. Pursuant to Idaho Code § 30-14-301, it is unlawful to offer or sell unregistered securities.

56. Hill's solicitation of investors and his important role in the sale of securities to



several Idaho investors, including receiving transaction-based compensation for his important solicitation and sales role, without those securities being properly registering in Idaho, constitutes a violation of Idaho Code § 30-14-301. Per the plain language of the statute and Idaho case law, intent is not an element of the claim.

**COUNT THREE**  
**Failure to Register as an Investment Adviser - as to Investor C.B.**  
**(Violation of Idaho Code § 30-14-403)**

57. The allegations of paragraphs 1 through 46 above are realleged and incorporated herein as if set forth verbatim.

58. Idaho Code § 30-14-102(15) defines investment adviser as any person who, for compensation, engages in the business of advising others as to the value of securities or the advisability of investing in, purchasing, or selling securities.

59. Idaho Code § 30-14-403(a) states that it is unlawful for a person to transact business in Idaho as an investment adviser unless registered with the Department as such.

60. Hill advised C.B. to sell other securities in order to purchase FIP securities. He advised C.B. to transfer her investments out of her 401K and IRA and into a self-directed IRA.

61. By giving this advice, Hill transacted business in Idaho as an investment adviser.

62. Hill was not registered as an investment adviser with the Department as required by Idaho Code § 30-14-403(a).

63. Hill's investment advice to C.B. while not registered as an investment adviser with the Department constituted a violation of Idaho Code § 30-14-403(a).

64. Per the plain language of the statute and Idaho case law, intent is not an element of the claim.

## **COUNT FOUR**

### **Offer and Sale of Securities by an Unregistered Agent or Broker – as to all three investors (Violation of Idaho Code § 30-14-401 or -402)**

65. The allegations of paragraphs 1 through 46 above are realleged and incorporated herein as if set forth verbatim.

66. In effecting or attempting to effect purchases or sales of securities to his various clients, Hill was acting as either an agent of the issuer (FIP) or as a broker for the issuer (the definitions are mutually exclusive), as defined by Idaho Code § 30-14-102(2) and (4).

67. Idaho Code § 30-14-402 provides, "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 ...."

68. Idaho Code § 30-14-401 provides, "It is unlawful for a person to transact business in this state as a broker... unless the person is registered under this chapter as a broker... or is exempt from registration ...."

69. Hill's solicitation of investors and his important role in the offer and/or sale of FIP securities to several Idaho investors, including receiving transaction-based compensation for his sales role, raising more than \$1.76 million for FIP, without properly registering with the Department as an agent of the issuer or as a broker constitutes a violation of Idaho Code § 30-14-401 or -402.

70. Per the plain language of the statute and Idaho case law, intent is not an element of the claim.

### **PRAYER FOR RELIEF**

71. WHEREFORE, the Department prays for judgment in favor of the Department and against Hill as follows:

72. That Hill be adjudged to have violated Idaho's Uniform Securities Act (2004), Idaho Code § 30-14-101 et seq., as to Counts One through Four alleged above, as well as any additional counts proven at trial.

73. That Hill be permanently enjoined from engaging in any act or practice violating any provision of the Act or any rule promulgated thereunder, pursuant to Idaho Code § 30-14-603(b)(1), and in particular, that he be permanently enjoined from selling or offering for sale securities in any form in the state of Idaho and from engaging in the business of advising others as to the value of securities or the advisability of investing in, purchasing, or selling securities in the state of Idaho.

74. That Hill be ordered to pay a civil penalty of up to \$10,000 for each violation of Idaho's Uniform Securities Act (2004) as the Court deems appropriate, pursuant to Idaho Code § 30-14-603(b)(2)(C), and that the Court award a money judgment in favor of the Department in such amount.

75. That Hill be ordered to disgorge commissions paid as a result of the sale of FIP's Pension Income Stream Product to investors, pursuant to Idaho Code § 30-14-603(b)(2)(C), in the amount of \$77,424.00; that Hill pay that amount to the Department, to be held for the benefit of and to be delivered to investors; that the Court award a money judgment in favor of the Department in such amount; and that such disgorgement be deemed not an asset of the Department.

76. That the Department be awarded attorney fees and costs incurred in the preparation and prosecution of this action, pursuant to Idaho Code §§ 12-117 and/or 12-121, and that the court award a money judgment in favor of the Department in such amount. Should judgment be taken by default herein, the Department asserts that \$5,000 is a reasonable sum for the same.

77. That for purposes of exceptions to discharge set forth in Section 523 of the

Bankruptcy Code, 11 U.S.C. § 523, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Hill under any judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Hill of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. § 523(a)(19).

78. For such further relief as this Court may deem just and equitable under the circumstances.

DATED this 1st day of February 2021.

STATE OF IDAHO  
OFFICE OF THE ATTORNEY GENERAL

/s/ Loren K. Messerly  
LOREN K. MESSERLY  
Deputy Attorney General