

Spring 2019

# Taking Action



To protect consumers and promote a healthy business climate

# Mortgage



- **Cascade Northern Mortgage Inc., M-19-0029** – The division issued a cease-and-desist order and assessed a \$2,500 fine against Cascade for allowing an unlicensed staff member to be listed as the mortgage loan originator on a loan application. The division discovered this unlicensed activity as part of a routine examination, and Cascade has licensed the staff member as a mortgage loan originator. This was a repeat violation from 2015.
- **Andre D. Jones, M-18-0112** – The division issued a cease-and-desist order and assessed a \$5,000 fine against Jones for engaging in Oregon residential mortgage origination without an active Oregon license. Jones is prohibited from seeking re-licensure as an Oregon mortgage loan originator.
- **True Mortgage, Inc. and Sidney True, M-18-0063** – The division issued a cease-and-desist order and assessed a \$10,000 fine against True Mortgage and Sidney True for violations of the Oregon mortgage lender law, including engaging in a pattern of failing to adequately supervise its licensees and/or review its mortgage activities. True Mortgage and Sidney True are prohibited from seeking re-licensure under the Oregon mortgage lender law for 10 years, and Sidney True is prohibited from serving as a control person of an Oregon-licensed mortgage broker for 10 years.



# Securities



- **Platinum Trading Company, S-18-0067** – The division issued a cease-and-desist order and assessed a \$40,000 fine against Platinum Trading Company for violations of the Oregon securities law, including the sale of unregistered securities and fraud in connection with the sale of securities. Platinum solicited funds from investors and promised to pool investors' funds to purchase cryptocurrency. Once investors sent money for the investment, Platinum became unresponsive. The company failed to respond to investors' requests to withdraw their funds, and investors did not receive a return of their principal or any interest.
- **Harold F. Couglar, S-18-0089** – The division issued a cease-and-desist order against

Couglar for effecting securities transactions on accounts that did not belong to his member firms, failing to inform his member firms of these activities, and making misrepresentations. Couglar is denied the use of any securities exemptions, and prohibited from ever seeking re-licensure in the Oregon securities industry. Additionally, the Financial Industry Regulatory Authority (FINRA) barred Couglar from associating with its members and terminated his license.

- **William J. Kuhn aka Invest/O – Registered Investment Advisors, S-18-0111** – The division canceled the investment adviser representative and state investment adviser licenses of William J. Kuhn and Invest/O – Registered Investment Advisors for failing to maintain an errors and omissions insurance policy of at least \$1 million, and failing to provide the division with proof of coverage.
- **Steven A. Gotter, S-19-0011** – The division issued a cease-and-desist order and denial of securities exemptions against Gotter after FINRA fined him \$10,000 and suspended him from the association for two months. Gotter allowed his direct reports to use his password and authorized them to sign his name to documents verifying his review and approval of client and firm documents he never reviewed nor approved. The division issued Gotter a conditional securities license, prohibiting him from supervising other Oregon securities licensees until he re-takes and passes the Series 8 exam.





- **Megan Weakland, S-19-0031** – The division issued a cease-and-desist order and denial of securities exemptions against Weakland after FINRA fined Weakland \$5,000 and suspended her from association with its member firms for two months. An investigation revealed that Weakland used her supervisor’s password to access client documents and sign his name evidencing his review and approval of client and firm documents he never reviewed nor approved.
- **Holly Walcher, S-19-0030** – The division issued a cease-and-desist order and denial of securities exemptions against Walcher after FINRA fined Walcher \$5,000 and suspended her from associating with its member firms for two months. An investigation revealed that Walcher used her supervisor’s password to access client documents and sign his name to documents evidencing his review and approval of client and firm documents he never reviewed nor approved.
- **Justin D. Williams and Williams Wealth Management, Inc., S-19-0013** – The division issued a cease-and-desist order and assessed a \$40,000 fine against Williams Wealth Management and its owner and sole investment adviser, Justin D. Williams, for engaging in unfair practices in violation of the Oregon securities law. Williams invested significant client funds through his company and leveraged inverse exchange traded funds without considering each clients’ individual financial circumstances or informing them of the risks and long-range implications of such an investment. The division also denied Williams and his company the use of any securities exemptions, and barred them from the Oregon securities industry for three years.
- **Reliance Investing, Inc. and Destry Witt, S-15-0089** – The division issued a cease-and-desist order and assessed a \$10,000 fine against Reliance Investing, Inc. and its president and investment adviser, Destry Witt, for unlicensed investment adviser activity. Witt, through his company, offered investment advice to at least six Oregon clients without being licensed in Oregon.

# Insurance

- **AllCare Health Plan, Inc., INS-19-0032** – The division issued a cease-and-desist order and assessed a \$1,000 fine against AllCare Health Plan, Inc. for failing to timely file a Corporate Governance Annual Disclosure. Insurers must file the disclosure by June 1 each year.
- **Rainwater Insurance Inc., INS-19-0018** – The division issued a cease-and-desist order and revoked the nonresident insurance producer license of Rainwater Insurance because Washington revoked Rainwater’s resident producer license for violating conditions of a previous administrative order.
- **Curtis L. Browning, INS-19-0025** – The division issued a cease-and-desist order and revoked the nonresident insurance producer license of Curtis L. Browning because California revoked Browning’s resident producer license for failing to notify it of a criminal conviction within thirty days.
- **Samantha J. Owens, INS-19-0026** – The division issued a cease-and-desist order and revoked the nonresident insurance producer license of Samantha J. Owens because Nebraska revoked Owens’ resident producer license for making false or fraudulent statements on insurance applications.
- **Laqanna M. Cunningham, INS-19-0034** – The division issued a cease-and-desist order and revoked the nonresident insurance producer license of Laqanna Cunningham because Florida revoked Cunningham’s resident producer license after she plead no contest to a felony criminal charge.
- **Scott B. Rhoten and Northwest Community Insurance LLC, INS-18-0066** – The division issued a cease-and-desist order and assessed \$10,000 against licensed insurance producers Scott Rhoten and Northwest Community Insurance LLC, for failing to inform an Oregon client that his insurance policy application had been denied, failing to refund the client’s

premium payment in a timely manner, and failing to demonstrate financial responsibility in connection with transactions.

- **John W. Kaklis, INS-19-0035** – The division issued a cease-and-desist order and revoked the nonresident insurance producer license of John W. Kaklis and denied his application for renewal of his insurance producer license. Kaklis failed to notify the division of administrative actions where his license was revoked in Louisiana in November 2016 and Washington in October 2018.
- **Edward J. Chadwick and Kelt, LLC, INS-19-0021** - The division issued a cease-and-desist order and revoked the nonresident insurance producer licenses of Edward J. Chadwick and his company, Kelt, LLC, because Washington revoked the resident licenses of Chadwick and Kelt upon finding he engaged in fraudulent conduct, failed to respond to Washington’s inquiries, and failed to provide requested documents and information.





- **Valentina L. Ojeda, INS-19-0017** – The division issued a cease-and-desist order and revoked the nonresident insurance producer license of Valentina L. Ojeda because California revoked Ojeda’s resident producer license after she was convicted of multiple misdemeanors and one felony related to the qualifications, functions, or duties of an insurance licensee.
- **Heathergrey Corp., INS-18-0116** – The division issued a cease-and-desist order and assessed a \$1,000 fine against Heathergrey Corp. for failing to designate an affiliated individual insurance producer on its renewal application for its nonresident business entity insurance producer license, and for failing to respond to multiple inquiries from the division.
- **Buffett Senior Healthcare Corp., INS-18-0117** – The division issued a cease-and-desist order and assessed a \$1,000 fine against Buffett Senior Healthcare Corp for failing to notify the division of certain administrative actions taken by Louisiana and North Carolina when it applied for renewal of its nonresident entity insurance producer license.
- **Helen Kyung Chang (aka Helen Lee) and Joany Inc. aka Impact Health Inc.**

**INS-18-0094** – The division issued a cease-and-desist order and assessed \$26,000 against Helen Lee and Joany Inc. Lee and Joany offered consumers a \$50 gift card for filling out an insurance survey through either Facebook or Craigslist. The survey required consumers to provide a copy of their health care identification card with a valid effective date and member number. Lee, or representatives of Joany, used that information to forge consumers’ signatures on an agent of record form. This allowed Lee to receive commissions from insurance companies without the consumers’ consent or knowledge.

- **Luke Smith, Jeremy Rugg, and PBI Insurance Agency LLC, INS-18-0097** – The division issued a cease-and-desist order and assessed \$100,000 against Luke Smith and PBI Insurance Agency for collecting premiums and not remitting them to insurers, and for commingling business account funds with premium trust account funds. Jeremy Rugg, as the designated responsible licensed producer for PBI Insurance Agency was responsible for the business entity’s compliance with the insurance code making him subject of the order and penalty. The \$100,000 penalty will be suspended if the parties pay \$35,000 in restitution to affected consumers within two years. The division also permanently barred Smith from the insurance industry in Oregon, and permanently barred Rugg from serving as a designated responsible licensed producer in Oregon. The division also obtained a judgement against Smith, Rugg, and PBI Insurance for \$30,206.65 through a civil case.
- **Pioneer Educators Health Trust, INS-19-0004** – The division issued a cease-and-desist order and assessed a \$20,000 fine against Pioneer Educators Health Trust, an Oregon multiple employer welfare arrangement, for failing to timely file its 2017 audited financial report.

# Non-Depository Programs

- **Linx Card, Inc., MT-18-0050** – The division issued a cease-and-desist order and assessed a \$200,000 fine against Linx Card, Inc. for engaging in unregistered money transmission business in Oregon. Linx provides consumers the ability to transfer funds from their personal credit or debit cards onto proprietary cards developed by Linx. Consumers can redeem those funds to purchase products at certain marijuana dispensaries that partnered with Linx. As a result of the division's action, a wholly-owned subsidiary of Linx obtained a money transmitter license to legally operate in Oregon.
- **Alpine Capital Recovery LLC, CA-19-0037** – The division issued a cease-and-desist order and assessed a \$400 fine against Alpine Capital Recovery LLC for attempting to collect debts alleged to be owed by an Oregon consumer without being registered with the division as a collection agency.
- **John Michael Grishkin, MSD-17-0014** – The division issued a cease-and-desist order and assessed a \$30,000 fine against Grishkin for defrauding at least three consumers in a manufactured structure transaction when he received funds from the consumers for the purchase of certain manufactured structures then failed to deliver the structures to the consumers. Grishkin is barred from the





manufactured structure dealer industry for seven years. The division had taken prior action against Grishkin for securities violations when he defrauded a victim out of several thousands of dollars, made an agreement with the division to make a refund to the victim, then made no effort to repay the victim.

- **Encompass Recovery Group, LLC., DM-19-0010** – The division issued a cease-and-desist order and assessed a \$4,000 fine against Encompass Recovery Group for providing debt management services to Oregon consumers without being registered as a debt management service provider. Consumers deposited funds into dedicated accounts and Encompass used the funds to make debt payments to the consumers' creditors. As the result of the division's action, Encompass refunded the remaining consumer funds in its possession, and the fees it collected from consumers as payment for its services.
- **United Advisors Group, LLC., DM-19-0022** – The division issued a cease-and-desist order and assessed a \$20,000 fine against United Advisors Group for providing debt management services to Oregon consumers without being registered as a debt management service provider. United Advisors Group is a document preparation company that offers to help borrowers in applying for

the repayment, consolidation, and forgiveness programs of the U.S. Department of Education.

- **Tristar Consumer Law, PC, et al., DM-18-0103** – The division issued a cease-and-desist order and assessed a \$20,000 fine against Tristar Consumer Law, PC, now known as American Consumer Rights Organization, and Tristar Consumer Law Foundation. Tristar offered to provide debt management services to Oregon consumers without being registered as a debt management service provider, and charging illegal up-front fees, among other violations. An Oregon consumer paid Tristar more than \$7,000 for alleged debt validation and/or modification services, but Tristar failed to perform the services.
- **Patrick A. Sizemore aka Sizemore Law Group, DM-18-0027a** – The division issued a cease-and-desist order and assessed a \$120,000 fine against Sizemore for providing debt management services to Oregon consumers without being registered as a debt management service provider, and charging illegal up-front fees. Sizemore was a licensed California attorney who contracted with M3 Investments LLC, a Virginia company that solicited clients to pay fees for credit card reduction and debt consolidation services. Sizemore allowed M3 to use his name, address, and California state bar number to offer debt management services. This allowed M3 to claim reliance on the attorney exemption to the debt management registration requirement, and gave consumers the impression that a law firm was providing debt management services for them. Sizemore was the subject of a 2015 administrative action taken by the division for the same conduct, and Sizemore promised at that time to cease his debt management business operations and affiliations. Sizemore had more than 170 clients in Oregon. The division also took a related action against M3 for unregistered debt management service provider activities and charging illegal up-front fees. That order can be [found here](#).