



COLORADO

**Department of
Regulatory Agencies**

Division of Securities

Tung Chan, Securities Commissioner

Minutes of the Colorado Securities Board Meeting Thursday, March 24, 2022

Due to COVID-19, the meeting was held virtually through Google Meet. The meeting was called to order at 9:00 a.m. by Chairperson Nilsa Mahon. Additional Board members in attendance were Keith Olivia, Nicholas Budor, Lawrence Reifurth and Rikard Lundberg. Division of Securities staff members present were Securities Commissioner Tung Chan, Deputy Commissioner David Cheval, Chief Investigator Jonathan Block, Chief Examiner Jeffrey Eaby, Examiner Robert Fira, Examiner Doan Tai and Program Assistant Shiela Gowan. First Assistant Attorney General Robert Finke was also in attendance.

1. Approval of Previous Board Meeting Minutes

- Chair Mahon asked for a motion to approve the minutes from the December 9, 2021, meeting. Keith Olivia moved to approve the minutes and Rikard Lundberg seconded the motion. The Board voted unanimously to approve the December 9, 2021, meeting minutes.

2. Report on Division Activities

Commissioner Chan provided a brief overview of Division activities over the last quarter:

- Commissioner Chan congratulated Nicholas Budor and Keith Olivia for service as Board members and obtaining Senate confirmation.
- Commissioner Chan introduced two new employees: Examiner Robert Fira and Examiner Doan Tai, who both provided the Board with a brief overview of their background.

- The Division currently has three vacancies: Two investigators and the public and media relations position. Once announcements are posted, Commissioner Chan will forward the announcements to Board members.
- Commissioner Chan gave an update on the Ricchio case: Briefing and argument were completed before the Colorado Court of Appeals.
- An Investment Advisers' Financial Planning Guide was distributed and posted to the Division website on March 23, 2022.
- Commissioner Chan was a judge on a panel at ETHDenver 2022 in February and also participated in a Fireside Chat during the event.
- Commissioner Chan has been elected as a Trustee for the Investor Protection Trust (IPT), a nonprofit that holds disbursements from security settlements around the country for use in investor protection projects and outreach at the state level. IPT works closely with North American Securities Administrators Association (NASAA) members.
- BlockFi Settlement: The U.S. Securities and Exchange Commission (SEC) alleged that BlockFi Lending LLC failed to register the offer and sales of its retail crypto lending product in violation of provisions of the Investment Company Act of 1940. The matter was settled with the SEC and the states, and the State of Colorado is scheduled to receive \$900,000 of the total settlement, which will be paid into the general fund.

Chief Investigator Block provided an update on the enforcement section:

- The Division received a complaint from a Colorado resident who invested with a Chicago based real estate development company that represented it was going to construct a hotel in Colorado Springs, Colorado. The complainant previously invested with this developer. In the most recent transaction, rather than sending the funds to the issuer, the individual sales representative had the complainant transfer his investment funds to the sales representative's personal account. The complainant did not discover the conversion until he was trying to get a K1 and the issuer informed him that they did not recognize him as an investor of the project.

The Division investigated the matter and referred it to the El Paso County District Attorney's Office for criminal prosecution. The salesperson, Peter Dumon, was eventually charged with two counts of securities fraud and one count of theft

- Jason Lobins matter: Lobins solicited investors, telling one he was going to create a wealth management fund and telling another he was going to fund a real estate project in Pittsburgh. Lobins raised about \$400,000 from three investors. The Division investigated and found no evidence that Lobins created a wealth management fund, nor did he fund a project in Pittsburgh. This matter was referred to the Denver District Attorney's Office and Lobins was eventually charged with two counts of securities fraud and two counts of theft.
- Steve Rodemer matter: Rodemer, a licensed investment adviser at the time, took approximately \$400,000 from a client's account without authorization. After completing an investigation, the matter was referred to the Colorado Attorney General's Office for criminal prosecution and Rodemer was subsequently indicted on one count of securities fraud.

Rodemer pleaded guilty to the securities fraud count and an added misdemeanor count. He received a two-year supervised deferred sentence on the felony conviction and entered on the misdemeanor count. In addition to community service and court costs, full restitution was paid to the victim.

- In February, the Division referred seven matters to prosecutors.

Chief Examiner Eaby provided an update on the examination section:

- Examination section is fully staffed after adding the two new examiners who were introduced earlier in the meeting.
- In January 2022, the Division approved 8,000 applications for Investment Adviser Representatives and Sales Representatives. Applications returned to the normal amount with 4,000 applications received in February 2022.
- The Division completed approximately 10 examinations each month.

- The Examination Section produced an ongoing financial planning guide, exam priorities and an investor adviser guide. All are available on the Division's website.

3. Other Business

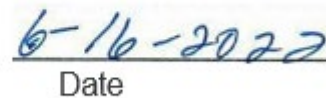
- Chairperson Mahon discussed the new emails assigned to Board members and indicated that they are all in working order.

4. Schedule Date and Time for Next Meeting

- Next scheduled meeting is June 16, 2022, at 9:00 a.m., Virtual Google meeting to be held.

No further business, the meeting was adjourned at 9:55 a.m.


Chair


Date