

Tung Chan, Securities Commissioner

## **Minutes of the Colorado Securities Board Meeting Thursday, September 22, 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 Vice Chair Keith Olivia, Rikard Lundberg and Elizabeth Karpinski Vonne. Nicolas Budor was not available for the beginning of the meeting but joined the meeting at approximately 9:17 a.m.

Division of Securities staff members present were Securities Commissioner Tung Chan, Deputy Commissioner David Cheval, Chief Investigator Jonathan Block, Chief Examiner Jeffrey Eaby 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 June 16, 2022, meeting. Rikard Lundberg moved to approve the minutes and Keith Olivia seconded the motion with the corrections. Program Assistant Shiela Gowan will make corrections and send out to Board and Chair Mahon for signature. The Board voted unanimously to approve the June 16, 2022, meeting minutes.

### **2. Introduction of New Board Appointee and Annual Election of Chair and Vice Chair**

- Commissioner Chan introduced the new Board appointee Elizabeth Karpinski Vonne and recognized the reappointment of Nilsa Mahon. Elizabeth Karpinski Vonne gave the Board a brief introduction of her background. Chair Mahon asked the Board for annual election of Chair and Vice Chair.
- Nilsa Mahon nominated Keith Olivia as Chair. Keith Olivia accepted the nomination. Nilsa Mahon nominated Elizabeth Vonne as Vice Chair. Keith Olivia seconded the motion. Elizabeth Vonne accepted the nomination as Vice Chair. Chair Mahon asked the Board for a motion to approve Keith Olivia as Chair and Elizabeth Vonne as Vice Chair.

- Rikard Lundberg motioned to approve, and Keith Olivia seconded the motion. Board unanimously motioned to approve the Chair and Vice Chair appointments. Chair Olivia continued with the rest of the agenda.

### 3. Report on Division Activities

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

- Commissioner Chan congratulated Keith Olivia as new appointment to Chair for the Board and thanked Nilsa Mahon for service as Chair and applying for a second term.
- The Division will be holding the next Board meeting in person in December.
- Commissioner Chan gave a brief update of the upcoming rule making scheduled for December 1.
- Some of the key changes include:
  - The new continuing education (CE) requirements for investment adviser representatives (IARs). This is a North American Securities Administrators Association (NASAA) model rule that has been adopted by 12 states so far with more expected in the future.
  - Implementation of Regulation Best Interest (Reg BI) for broker dealers and sales representatives.
- Commissioner Chan discussed the White House's executive order on digital assets released on September 16. She also briefly discussed bipartisan efforts in Congress to propose bills to regulate digital assets.
- Commissioner Chan discussed a recent meeting at the Governor's mansion with industry regarding blockchain proposals. State level interest remains high.
- Commissioner Chan discussed staffing. The Division filled two investigator positions recently which were filled with two examiners, creating no change in the net number of positions open.

The Division currently has two examiner positions, two investigator positions and a public information officer position open.

Chief Investigator Jon Block provided an update on the enforcement section:

- The Division received a Colorado consumer complaint regarding Geoffrey James. Geoffrey James is accused of misleading investors by claiming to run a successful gold mining and importing business. James is alleged to have promised his clients returns of 200% to 600% within 90 days. He is accused of stealing \$5.4 million from investors.

In June 2020 as a result of the Division's investigation, James was charged with 14 felony counts including those surrounding the Colorado Organized Crime Control Act (COCCA). In November 2020, a superseding indictment filed against James for his continued misconduct added six other counts. James was also indicted in January of 2022 federally on three counts of wire fraud. This past month, James pleaded guilty to one count of theft. He will be sentenced in November.

- The Division currently is training two new investigators. The Division usually has seven investigators, and currently has five investigators.

Chief Examiner Jeff Eaby provided an update on the examination section:

- Examination section current position for an investment adviser licensing examiner position has been posted. John Harth is planning to retire in 2023. Currently two examiners are in training and will soon be conducting exams independently.
- Over the summer, the Division exam section participated in the North American Securities Administrators Association's (NASAA) Regulation Best Interest (Reg BI) implementation training.
- The ongoing financial planning guide, which the Division released in March, received comments from the public and industry. A few of the comments were picked up and reported in the media. The Division has thoroughly reviewed these comments and will be issuing a response as well as a revised guide with clarifications.

- The exam staff worked on two orders against firms:
  - An order against a company that moved to Colorado and continued to offer investment advice before becoming licensed in Colorado.
  - An order that dealt with a firm that was sanctioned for not complying with a prior order.

#### 4. New Board and Continuing Board Member Training

- Executive Session with the Board and First Assistant Attorney General Robert Finke was scheduled to be held in executive session. A motion to enter executive session was made by Nilsa Mahon and seconded by Rikard Lundberg. The Board voted unanimously to move to executive session. The Board entered executive session at 9:48 a.m. All Board members were present.
- First Assistant Attorney General Robert Finke provided training to the Board members in compliance with Colorado Revised Statute §24-3.7-102 (C.R.S. §24-3.7-102) regarding annual training for Colorado boards and commissions. This training was held in executive session. The Board exited executive session at 10:38 a.m.

#### 5. Other Business

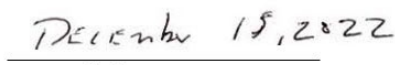
- None

#### 6. Schedule Date and Time for Next Meeting

- Next scheduled meeting is December 15, 2022, at 9:00 a.m., in person at 1560 Broadway, Suite 100B at the Welcome Center conference room.

The meeting was adjourned at 10:45 a.m.

  
Chair

  
Date