



COLORADO

**Department of
Regulatory Agencies**

Division of Securities

Minutes of the Colorado Securities Advisory Board Meeting Wednesday, March 5, 2025

The meeting was held in person at 1560 Broadway, Conference Room 100D, Denver, CO 80202. The meeting was called to order at 10:00 a.m. by Chairperson Elizabeth Karpinski Vonne with a quorum present. Additional Board members in attendance were Nilsa Mahon, Philip McDermott and Gary DeWaal, and by Google Meet, Nicolas Budor.

Division of Securities staff members present in person included Securities Commissioner Tung Chan, Deputy Securities Commissioner Jeffrey Eaby, Chief Examiner Jason Gross, Investor Education and Public Outreach Coordinator Annelise Grygiel and Program Assistant Shiela Gowan, and by Google Meet Auditor Coco Shimizu. In person Division counsel included First Assistant Attorney General Robert Finke and Senior Assistant Attorney General Graham Gerhart.

Chairperson Elizabeth Karpinski Vonne asked for a motion to approve the minutes of the December 9, 2024, meeting. Gary DeWaal moved to approve the minutes and Philip McDermott seconded the motion. The Board members voting unanimously approved the December 9, 2024, meeting minutes.

1. Report on Division activities:
 - The Commissioner provided her report:
 - Commissioner Chan thanked Nicolas Budor and Philip McDermott for testifying before the Senate Finance Committee confirmation hearing yesterday. Afterward Commissioner Chan spoke with some of the senators who were very impressed with the candidates of the securities advisory board. Both appointments were passed out of the committee to the full Senate for consent and approval. Commissioner Chan introduced Auditor Coco Shimizu who gave a brief introduction of her background.
 - Commissioner Chan stated that the Division is hosting its next in-person free Continuing Education class for Investment Adviser Representatives here. This time it will be held by Chief Examiner Jason Gross, Public Outreach Coordinator Annelise Grygiel and Examiner Donnie Tai. They will be presenting 2025 exam priorities, and it will include one ethics credit for IARs. Right after this course the Division will again be presenting the course that was presented in the fall. So that in total three credits with one of them being ethics will be available to attendees. The courses will be held on Wednesday, March 12, with the first course from 9:00 am to 10:00 am, and the second course will be from 10:30 am to 12:30 pm at 1560 Broadway Conference Room 100B.

- Commissioner Chan stated she was a speaker on an ETH Denver panel, that had about 20,000 attendees. Commissioner Chan once again was on a panel with Coinbase and Commissioner Chan will also be meeting with Coinbase and other state regulators next week.
- The Division has had an active quarter in the enforcement side. The Division has filed administrative actions against about 10 entities with fake websites. Deputy Commissioner Eaby will be doing the enforcement update today in place of Jon Block who is in NASAA training enforcement.
- Chief Examiner Jason Gross provided an update on examinations:
 - The Division is staying on track with the Investment Advisor Representative Continuing Education that went into effect January 1, 2024. About 96 percent of about 16,000 Colorado investment advisers have completed the 2024 credit requirements.
 - Regarding Division staffing, we had a lead examiner position posted, with 13 qualified candidates and will be starting the interview process in the next week or two. The Division may also be posting for an Examiner I position.
 - At the last meeting Chief Examiner Gross spoke of an investment advisory firm Global Wealth. Global Wealth used third-party software for billing. The billing was not accurate. They were not calculating fees based off the charges the clients agreed to. The overcharge estimate could be upwards of six figures. In that stipulation the Division required the firm to hire a consultant who reported that the firm had been overcharging clients' fees for over 2 years, which is a significant amount based on the size of the business. The clients have been refunded.
 - For the fiscal year ending June 30, 2025, the examination team is working hard to meet their examination goals.
- Deputy Commissioner Jeff Eaby provided an update on the Enforcement section, filling in for Chief Investigator Jonathan Block, who is at NASAA enforcement training in Pittsburgh, PA with our two newest investigators, Hannah Stewart and Jennifer Grounds, along with most other states who participated in that training.
 - The Division and Assistant Attorney Generals have a very busy trial schedule. In the Division's case against Indxcoin and Paster Eli Regalado, the Division is waiting for the judge to decide on two motions for summary judgment. The first motion concerns whether Indxcoin is a security. The Judge has requested summary judgment motions by both sides on two issues. The trial is set for May 5, and it is possible we might not get a decision on those motions before the trial date.
 - The next trial is scheduled for June 2 against D'Mine and Arlus Daniel. In that matter the Division alleged the Defendants fraudulently offered mining investments to clients.
 - In mid-June there is a trial scheduled against Bombay and Michael Bissonnette; currently scheduled as two separate trials that may be consolidated into one. Those allegations included fraud in the offering of investments into an Indian food restaurant.

- In August, a big trial is scheduled in Metals.com which is brought by the Commodity Futures Trading Commission with many states joining. The Division will see if there will be a change to that current trial schedule.
- Turning to criminal matters that the Division investigated first and then referred to prosecutors, the first was Reid Phillips who was a real estate developer who owned and controlled multiple business entities, some of which were based in Boulder Colorado. Between 2015 and 2017 Phillips solicited and received approximately 6.17 million dollars for seven projects from investors. In each of the seven investments it's alleged that Phillips omitted including the fact that he had at least 27 liens against the business entities as well as multiple adverse arbitration awards. In addition, in each of the seven investments Phillips diverted investor money to entities the owner controlled. Phillips was charged in February of 2022. Then in December Phillips plead guilty to one count of securities fraud in exchange for the remaining charges to be dropped, and he was sentenced the same day to three years of probation and prohibited from handling client funds and soliciting securities or investments in Colorado again and also ordered to fulfill 100 hours of public service.
- The second matter was referred to Arapahoe County District Court and involves Griffin Hammond. Mr. Hammond, approximately 20 years old, held himself out as an options trader and solicited investments from a lot of classmates and family. Mr. Hammond was able to raise approximately \$60,000 from 48 investors. The Division alleged that none of this money was invested and instead was primarily used for gambling. This matter was referred for criminal prosecution and on December 24 Mr. Hammond was charged with two counts of securities fraud and one count of theft, as well as one count of selling unregistered securities. There is a warrant for his arrest.
- A civil matter brought in the Denver District Court against Joseph Holder Jr. where the Division alleged a romance scam defrauded women that Holder met at gyms as well as on several online dating applications. Mr. Holder solicited the women for investments in a company in Texas. The complaint alleged that investors were told they would earn returns seven times greater than the initial investment and get their funds back at any time -- neither of which were true. In December the parties stipulated to a permanent injunction with Mr. Holder agreeing to refrain from selling securities in Colorado again and repaying all investor funds, which was approximately a hundred thousand dollars.
- Three separate petitions: The Division's staff petitioned Commissioner Chan for an order to Show Cause on whether a number of shell entities were either offering unregistered investment advice or engaged in securities fraud. There was a hearing held last Friday, February 28, 2025. The Hearing was in front of an Administrative Law Judge. It is expected we will receive an initial decision shortly within the next few days and then the Commissioner will review and issue final orders.
- The final case for discussion involves a CPA in Colorado Springs.

- This was a sad case where the CPA was a victim of an advanced fee scam and unfortunately, he involved numerous investors who lost a significant amount of funds. The CPA named Matthew Westenberg was approached by one of his CPA clients in late 2022 about an opportunity the client had to obtain a 300-million-dollar loan through two alleged well-established entities, one in the UK and one in Qatar. The client told Mr. Westenberg that the client needed to raise three million dollars and a bank guarantee standby letter of credit to obtain that loan. Mr. Westenberg offered to raise the three million dollars in exchange for a fixed fee plus a ten percent finders fees for his efforts. In response, Mr. Westenberg then went to many of his CPA clients soliciting them for this investment through promissory notes between January 2023 and September 2024. Mr. Westenberg raised approximately \$2.3 million with promissory notes that promised high returns between 16 percent and 100 percent in a short period of time. The Division alleged those promissory notes were securities. As part of the investigation, it was determined that Mr. Westenberg also sent approximately \$350,000 of his own funds. The client that approached him included \$400,000 of their funds. The outcome of this was that the CPA entered into a stipulated cease and desist order with the Division where he agreed to never offer sales of securities in Colorado again and not to solicit funds from any of his CPA clients.

2. Other Business: No other business.

3. Schedule date and time for next meeting: The next meeting was scheduled to be Wednesday, June 4, 2025, at 10:00 a.m. to 11:00 a.m. The meeting will be in person at 1560 Broadway, Suite 100D at the DORA Welcome Center conference room.

The meeting was adjourned at 11:14 a.m.


Chair

June 10, 2025
Date