STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION

IN THE MATTER OF DETERMINING Whether there has been a violation of the Securities Act of Washington by: Envision Retirement, LLC; Cirrus Partners, Inc.; MRG International, Inc.; Stephen J. Barrett, Respondents.	)	Order No.: S-13-1167-14-FO01 FINAL ORDER AS TO CIRRUS PARTNERS, INC. AND MRG INTERNATIONAL, INC.

On October 25, 2013, the Securities Administrator of the State of Washington issued Statement of Charges number S-13-1167-13-SC01, hereinafter referred to as the Statement of Charges. The Statement of Charges, together with a Notice of Opportunity to Defend and Opportunity for Hearing, hereinafter referred to as "Notice of Opportunity for Hearing" and an Application for Adjudicative Hearing, hereinafter referred to as "Application for Hearing," was served on Respondents Cirrus Partners, Inc. and MRG International, Inc. on October 30, 2013. The Notice of Opportunity for Hearing advised Respondents, Cirrus Partners, Inc. and MRG International, Inc. that a written application for an administrative hearing on the Statement of Charges must be received within twenty days from the date of receipt of the notice. Respondents, Cirrus Partners, Inc. and MRG International, Inc. each failed to request an administrative hearing within twenty days of receipt of the Statement of Charges and Notice of Opportunity for Hearing, either on the Application for Hearing provided, or otherwise.

The Securities Administrator therefore will adopt as final as to Cirrus Partners, Inc. and MRG International, Inc. the following Findings of Fact and Conclusions of Law as set forth in the Statement of Charges and enter a final order against Respondents Cirrus Partners, Inc. and MRG International, Inc. to cease and desist from violations of the Securities Act.

The Securities Administrator makes the following Findings of Fact and Conclusions of Law:

FINDINGS OF FACT

Respondents

1. Envision Retirement, LLC ("Envision") (IARD no. 117337) is an inactive Washington limited liability company formed on June 26, 2006 and administratively dissolved on October 3, 2011. Envision is registered in Washington as an investment adviser. Envision previously maintained a principal place of business in Kingston, Washington. Envision is the successor of Stephen Barrett's original advisory business, Redmond Investment Group, Inc., which Barrett first registered in the State of Washington as an investment adviser in November 1999.

2. Stephen J. Barrett ("Barrett") (CRD no. 2575118) is a Washington resident who has been registered as an investment adviser representative in Washington since 1999. Barrett is president, the sole member, and sole owner, of Envision.

3. MRG International, Inc. ("MRG") is a Nevada corporation formed on or around October 10, 2006 that previously maintained a principal place of business in Reno, Nevada. In or around 2007, MRG acquired a Nevada company named Marketing Results Group, LLC that was in the business of email marketing systems. Beginning in late 2007, MRG compensated Barrett for developing business plans for MRG. Between October 2008 and June 2010, Barrett was the Chief Financial Officer of MRG. In or around June 2010, MRG merged into Cirrus.

4. Cirrus Partners, Inc. ("Cirrus") is an inactive Washington corporation formed on June 4, 2010 and administratively dissolved on October 1, 2012. Cirrus previously maintained a principal place of business in Kingston, Washington. Between approximately June 2010 and February 2013, Barrett was the Chief Executive Officer of Cirrus.

Offer and Sale of MRG Promissory Notes

5. Between approximately June 2007 and April 2010, Barrett sold approximately $3 million worth of MRG subordinated convertible promissory notes to at least twenty-seven Washington investors, including at least twenty-six clients of Envision, Barrett's investment advisory firm. Barrett sold these promissory notes to at least five non-accredited investors. Prior to Barrett's sales, MRG had raised at least $3.5 million through the offer and sale of notes to investors outside of Washington.

6. The subordinated convertible promissory notes provided interest rates ranging from ten to eighteen percent and had terms ranging from one month to two years. The notes were convertible to shares of MRG stock and provided that the debt owed by the note holder was "expressly subordinate in right of payment to …all of the [c]ompany's [s]enior indebtedness whether currently outstanding or incurred in the future."

7. In or around 2007, Barrett participated in a series of conference calls with executives at Marketing Results Group, LLC after receiving an email promoting its marketing system. Barrett then purchased a marketing system from the company. At or around that time, MRG acquired Marketing Results Group, LLC as MRG was developing cloud computing and file-sharing software, including software known as Jamuse, MuseWorx, and ShareFilesEZ. In May 2007, Barrett purchased $10,000 worth of MRG common stock. Barrett next began discussions with MRG executives regarding raising funds for the company through the sale of convertible promissory notes. At the time of MRG's offering in Washington, MRG had a very limited operating history and had not finalized its business plan.

8. Beginning in or around June 2007, Barrett began soliciting his advisory clients by telephone and during meetings at his office. Barrett also solicited one investor who worked in his office building. Barrett met several investors at their homes to solicit additional investments. Several of Barrett's clients referred their family members to Barrett as potential investors. In the summer of 2009, Barrett and other MRG personnel held a meeting at a restaurant in Kingston, Washington attended by local businesspeople. At the meeting, MRG personnel discussed the offering in general terms and stated that MRG might locate a customer support center in Kingston.

9. In some of his solicitations, Barrett conveyed a sense of urgency regarding the investment. For example, in the summer of 2007, Barrett solicited one advisory client by telephone while the client was on vacation. On another occasion, Barrett told an investor that MRG had an immediate need for cash to keep MRG's servers running while soliciting an additional note purchase.

10. Barrett represented to some investors that MRG would be sold to a large company in the near future. Barrett represented to at least one investor that such negotiations were underway, and stated that Microsoft was one of the companies to which MRG could potentially be sold.

11. Barrett told investors that the sale of the MRG would yield very high returns for investors. Barrett told one investor that the sale of MRG would deliver a "conservative target" of three to five times the investor's principal investment. Barrett told at least one investor that he could earn a return of 800 to 1000%, and later revised this figure down to 500 to 600% when soliciting a second investment from the investor. Barrett told another investor that an MRG note offered the highest return of any product on the market. Barrett told an investor that a doubling or tripling of his principal investment was possible. Barrett told another investor to expect a minimum return of 400 to 600% on his investment. Barrett called an advisory client and told him that investing in MRG would generate profits that would enable the client to purchase a yacht. After hearing this, the client allowed Barrett to withdraw $40,000 from an IRA and to invest in MRG with that money.

12. At least nine investors, including at least five non-accredited investors, did not receive any documents prior to their investment in MRG. Barrett provided other investors with a document entitled "MuseWorx Business Plan 2010" (the "business plan") and a private placement memorandum ("PPM") regarding shares of convertible preferred stock of MRG.

13. The business plan provided information on the market place in which MRG intended its products to compete, the MuseWorx software product, reasons why MuseWorx software would dominate its market, and details regarding MRG's key personnel and its goals. The business plan predicted that MuseWorx would have over 70,000 subscribers within two years and 120,000 subscribers and revenues of $200 million within four years. Barrett failed to provide the basis for these forecasts in the business plan. The business plan also discussed MRG's marketing plan and the company's anticipated expansion. The business plan also presented financial information which represented that MRG had assets worth approximately $42 million, including approximately $39 million that was attributed to "Marketing Automation." However, no explanation was provided concerning what "Marketing Automation" entailed or how its value had been determined.

14. MRG notes were convertible to MRG stock at the noteholders' option and the PPM provided information concerning MRG stock. However, no Washington investor exercised these conversion rights. The PPM addressed two classes of stock. The first class was preferred stock offered to existing noteholders in order to retire the debt

evidenced by their notes, which the PPM represented to be in excess of $2.5 million. The second class consisted of new or additional shares of MRG preferred stock. The PPM discussed the offering, risk factors, use of proceeds, dilution, and MRG's plan of distribution, among other subjects.

15. Most investors paid by checks payable to MRG, while others transferred funds by wire. Several advisory clients paid by checks made payable to Barrett or to Envision. At least one advisory client agreed to allow Barrett to liquidate a portion of an IRA and to transfer the proceeds to MRG.

Misrepresentations and Omissions in the Offer and Sale of MRG Notes

16. In the offer and sale of MRG notes, Barrett minimized or failed to disclose certain risks. Barrett told multiple investors that an MRG note was a safe, "low risk" investment. Barrett told one investor that, in the worst case scenario, the investor would receive complete repayment of principal and payment of interest. Barrett made no disclosures about the risks of investing in MRG to at least four investors.

17. Barrett failed to provide at least nine investors with any information about MRG's financial status, including, but not limited to, outstanding debts and the fact that MRG had defaulted on certain notes, prior to their note purchases. Barrett failed to provide multiple investors with any information regarding how MRG would use their investment funds.

18. Barrett and MRG did not provide any basis for the predicted returns or revenue projections included in the business plan discussed above, nor did Barrett and MRG disclose the assumptions underlying such predicted returns and revenue projections.

19. Barrett and MRG did not disclose to at least three investors information about the source of funds that MRG would use to repay investors.

20. Barrett and MRG did not disclose to at least three investors information about MRG's key personnel, including, not limited to, any relevant business experience.

21. At least four investors did not receive the information about MRG stock contained in the PPM.

Offer and Sale of Cirrus Promissory Notes

22. On June 24, 2010, MRG merged with Cirrus in an effort to address MRG's inability to bring its products to market on the scale MRG had anticipated and to provide a fresh start for a new management team assembled in response to the deterioration in communication between Barrett and MRG's other executives. After the merger, Cirrus had no assets and there was no formal plan in place to transfer MRG's assets to Cirrus so that Cirrus could pursue the launch of the software products originally developed by MRG.

23. Shortly after this merger, Cirrus began issuing "Amended and Restated Promissory Notes" (the "restated notes") to investors who had previously purchased notes from MRG. Barrett approached investors to whom he had previously sold MRG promissory notes and attempted to persuade them to accept the Cirrus notes to replace their MRG notes. Between approximately July 2010 and September 2012, Cirrus and Barrett persuaded at least thirty-one Washington investors to accept Cirrus's restated notes. At least six of these investors were not accredited investors as defined by Rule 501 of Regulation D.

24. According to the terms of the restated notes, Cirrus promised to pay the sum that the investor had originally provided to MRG, stating that the restated notes would supersede and replace the original MRG note. The restated notes compounded unpaid interest from the MRG note, adding it to the principal of the restated note. The restated notes provided terms ranging from four months to three years. Many of the restated notes provided for a bonus payment if the holder agreed to extend the note's term. These notes provided interest rates ranging from ten to eighteen percent.

25. The restated notes also granted investors the right to convert the debt owed them into common stock of Cirrus. Noteholders could convert the aggregate unpaid principal plus accrued interest to stock at $0.99 per share.

26. In addition to the restated notes, Barrett also sold at least $80,000 worth of new Cirrus promissory notes to at least three Washington investors. These notes had terms ranging from nine to thirty six months and provided for interest rates of ten and eighteen percent.

27. Barrett solicited investors by phone or email in an effort to have them accept Cirrus's restated notes. In one instance, Barrett arrived unannounced at an investor's workplace and asked the investor to sign two of Cirrus's restated notes. In an email asking an investor to accept a restated note, Barrett disclosed that MRG and Cirrus were

merging but did not disclose MRG's failure to roll out its products as it had anticipated and the deterioration in communication that precipitated the merger. In his solicitation, Barrett led some investors to believe they had no choice but to accept the restated notes from Cirrus. For example, Barrett misleadingly told one investor that his MRG note was no longer valid and that he had to sign Cirrus notes within three months in order to preserve his investment.

28. Barrett provided at least one investor with a brochure that he had created concerning Cirrus. The brochure outlined Cirrus' business and target market, but provided no information concerning the risks of accepting a Cirrus note to replace an MRG note, such as Cirrus's lack of assets and the absence of a formal plan to transfer MRG's assets to Cirrus. Further, the brochure did not discuss Cirrus's financial status, or explain why MRG and Cirrus had merged.

29. To date, Cirrus has not made any payments on its notes and its operations generally ceased in late 2012.

Misrepresentations and Omissions in the Offer and Sale of Cirrus Notes

30. In the offer and sale of the Cirrus notes, Barrett and Cirrus failed to disclose material information to investors regarding the merger of MRG and Cirrus, including the reasons for the merger: MRG's inability to bring its products to market on the scale it had anticipated and the deterioration in communication among MRG's executives.

31. Barrett failed to disclose the risks of purchasing a Cirrus note to at least one investor. Such risks included those arising from Cirrus's lack of assets and the absence of an agreement to transfer MRG's assets to Cirrus. Barrett failed to provide at least one investor with any information concerning Cirrus's financial status, including, but not limited to, information regarding the debts evidenced by the restated notes. Barrett and Cirrus did not disclose information regarding the source of funds that Cirrus would use to repay its investors to at least one investor. Barrett and Cirrus failed to disclose information about Cirrus's key personnel, including, but not limited to, their names and relevant prior business experience, to at least one investor.

Unsuitable Investment Recommendations

32. Given the illiquidity of the MRG and Cirrus notes, MRG's status as a pre-revenue business, and Cirrus's lack of assets and assumption of MRG's debts, MRG and Cirrus notes were both high risk investments. Notwithstanding this, Barrett recommended to at least three clients who had low risk tolerances that they purchase MRG notes. Barrett

failed to maintain records reflecting this preference for at least one of these conservative investors. Furthermore, each of these clients regularly reminded Barrett of their low risk tolerance.

33. One of these conservative investors had only invested in CDs and mutual funds prior to working with Barrett and Envision. Barrett emphasized that investing in MRG was consistent with this client's conservative investment objectives. Moreover, this client was very near retirement when Barrett recommended MRG notes, prompting Barrett to emphasize that investing in MRG was appropriate because the note would "turn over quickly." Another conservative investor had only invested in annuities, bonds, and mutual funds prior to Barrett's recommendation of MRG notes. Each of these clients purchased MRG notes upon Barrett's recommendation.

34. Barrett also recommended that clients invest substantial portions of their portfolios in MRG and Cirrus. Barrett did not establish a maximum percentage of a client's portfolio that could be suitably invested in MRG and Cirrus notes. Barrett recommended to one client that he invest thirty-one percent of his assets in MRG notes. The client used money from an IRA to make this investment after Barrett assured him that he would not incur a tax penalty for doing so. The client incurred a substantial tax penalty by following Barrett's advice. Barrett recommended to at least three other clients that they invest over twenty percent of their assets in MRG notes. One of these clients was a retired couple and has since had to rent space out of their home to meet their financial obligations.

Failure to Disclose Conflicts of Interest

35. Barrett did not disclose his roles as a paid consultant and then chief financial officer of MRG, or his role as Cirrus's chief executive officer, or any resulting conflicts of interest to at least four clients when recommending MRG and Cirrus notes. Furthermore, Barrett did not disclose his status as an MRG and Cirrus shareholder, nor any resulting conflicts of interest, to at least four clients when recommending MRG and Cirrus notes.

<u>False Filings with the Director</u>

36. Item 6 of Form ADV, Part 1 requires investment advisers to disclose and describe any business in which the adviser is actively engaged outside of his advisory business. On March 31, 2008, Envision made a filing with the Investment Advisers Registration Depository ("IARD") that failed to disclose that Barrett was providing consulting services to MRG on Item 6 of Form, ADV, Part 1. On April 17, 2009 and March 31, 2010, Envision made filings

with the IARD that failed to disclose that Barrett was serving as the Chief Financial Officer of MRG on Item 6 of Form ADV, Part 1.

37. Item 11 of Form ADV, Part 2 requires the adviser to identify and address potential conflicts of interest arising from the adviser's business. In March 30, 2011, Envision made a filing with IARD that did not disclose the conflicts of interest resulting from Barrett's sales of Cirrus's securities to Envision's advisory clients in Item 11 of Form ADV, Part 2.

Registration Status

38. In or around January 2009, MRG filed a Notice of Exempt Offering of Securities pursuant to Regulation D, Rule 506 of the Securities Act of 1933 with the Securities and Exchange Commission. The Notice indicated that MRG was offering equity securities. MRG did not file such an exemption claim with the Securities Administrator in the State of Washington. By relying on Regulation D, Rule 506, MRG was required to comply with all applicable terms, conditions, and requirements of Regulation D. MRG failed to comply with Rule 502(b) of Regulation D because it failed to provide certain non-financial statement information (such as the use of proceeds) and financial statements meeting the requirements of Regulation S-X of the Securities Act of 1933 to non-accredited investors prior to their purchase of MRG notes. Therefore, MRG failed to meet the requirements to claim the exemption available under Regulation D, Rule 506.

39. Cirrus is not currently and has not previously been registered to sell its securities in the State of Washington and has not filed a claim of exemption.

40. Barrett was not registered as a securities salesperson or broker-dealer in the State of Washington during the period relevant to this Final Order.

CONCLUSIONS OF LAW

Based upon the above Findings of Fact, the following Conclusions of Law are made:

1. The offer and/or sale of promissory notes, conversion rights, and stock described above constitute the offer or sale of a security as defined at RCW 21.20.005(14) and (17).

2. MRG violated RCW 21.20.140 because no registration for the offer or sale of its securities is on file with the Securities Administrator and no valid claim of exemption for such offers and sales existed.

3. Cirrus violated RCW 21.20.140 because no registration for the offer or sale of its securities is on file with the Securities Administrator.

4. Barrett violated RCW 21.20.040 by offering or selling said securities while not registered as a securities salesperson or broker-dealer in the State of Washington.

5. Barrett, MRG, and Cirrus each violated RCW 21.20.010 because, as set forth above, Barrett, MRG, and Cirrus, in connection with the offer or sale of securities, made untrue statements of material fact or omitted to state material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading. Such violation by Barrett is a ground for revocation of his investment adviser representative registration pursuant to RCW 21.20.110(1)(b).

6. Envision violated RCW 21.20.702 because, as set forth in paragraphs thirty-six through thirty-eight of the Findings of Fact, Envision recommended the purchase of securities without reasonable grounds to believe that the recommendation was suitable. Such conduct is a ground for revocation of Envision's investment adviser registration pursuant to RCW 21.20.110(1)(b). Such conduct is also a ground to impose a fine against Envision pursuant to RCW 21.20.110(1)(b). Barrett, as Envision's sole member and president is the person who controls Envision for purposes of RCW 21.20.110(6). The conduct described in this Conclusion of Law is a ground, pursuant to 21.20.110(6), for revocation of Barrett's investment adviser representative registration. The conduct is also a ground to impose a fine against Barrett pursuant to RCW 21.20.110(6).

7. Envision engaged in a dishonest or unethical practice, as defined by WAC 460-24A-220(1) and prohibited by RCW 21.20.020, and as set forth in paragraphs thirty-six through thirty-eight of the Findings of Fact, by recommending the purchase of securities without reasonable grounds to believe that the recommendation was suitable. Such conduct is a ground for revocation of Envision's investment adviser registration pursuant to RCW 21.20.110(1)(b) and 21.20.110(1)(g). Such conduct is also a ground to impose a fine against Envision pursuant to RCW 21.20.110(1)(b) and 21.20.110(1)(g). Such conduct is a ground, pursuant to 21.20.110(6), for revocation of

Barrett's investment adviser representative registration. Such conduct is also a ground to impose a fine against Barrett pursuant to RCW 21.20.110(6).

8. Envision engaged in a dishonest or unethical practice, as defined by WAC 460-24A-220(11) and prohibited by 21.20.020, by failing to disclose conflicts of interest to clients in writing as described in paragraph thirty-nine of the Findings of Fact. Such conduct is a ground for revocation of Envision's investment adviser registration pursuant to RCW 21.20.110(1)(b) and 21.20.110(1)(g). Such conduct is also a ground to impose a fine against Envision pursuant to RCW 21.20.110(b) and 21.20.110(1)(g). Such conduct is a ground for revocation of Barrett's investment adviser representative registration pursuant to RCW 21.20.110(6). Such conduct is also a ground to impose a fine against Barrett pursuant to RCW 21.20.110(6).

9. Pursuant to RCW 21.20.050, 21.20.450, and WAC 460-24A-047, the Form ADV filings made by Envision with IARD on March 31, 2008, April 17, 2009, March 31, 2010, and March 30, 2011 constitute filings with the director for purposes of RCW 21.20.350.

10. Envision violated RCW 21.20.350 by making four filings with IARD that did not reflect Barrett's involvement with MRG and Cirrus or the conflicts of interest of arising therefrom as described in paragraphs forty and forty-one of the Findings of Fact. Such conduct is a ground for revocation of Envision's investment adviser registration pursuant to RCW 21.20.110(1)(b). Such conduct is also a ground to impose a fine against Envision pursuant to RCW 21.20.110(1)(b). Such conduct is a ground for revocation of Barrett's investment adviser representative registration pursuant to RCW 21.20.110(6). Such conduct is also a ground to impose a fine against Barrett pursuant to RCW 21.20.110(6).

FINAL ORDER

Based upon the foregoing and finding it in the public interest:

IT IS HEREBY ORDERED that Respondents Cirrus Partners, Inc. and MRG International, Inc. and their agents and employees each shall cease and desist from offering and/or selling securities in any manner in violation of RCW 21.20.140, the section of the Securities Act of Washington requiring registration.

IT IS FURTHER ORDERED that Respondents Cirrus Partners, Inc. and MRG International, Inc. and their agents and employees each shall cease and desist from violating RCW 21.20.010, the anti-fraud section of the Securities Act of Washington.

IT IS FURTHER ORDERED that Respondents Cirrus Partners, Inc. and MRG International, Inc. shall each be liable for and shall each pay a separate fine of $10,000.

AUTHORITY AND PROCEDURE

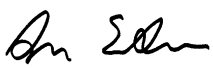
This FINAL ORDER is entered pursuant to the provisions of RCW 21.20.110 and 21.20.390, and is subject to the provisions of RCW 21.20.120 and Chapter 34.05 RCW. Respondents have the right to petition the superior court for judicial review of this agency action under the provisions of Chapter 34.05 RCW. For the requirements for Judicial Review, see RCW 34.05.510 and sections following. Pursuant to RCW 21.20.395, a certified copy of this Order may be filed in Superior Court. If so filed, the clerk shall treat the Order in the same manner as a Superior Court judgment as to the fine, and the fine may be recorded, enforced, or satisfied in like manner.

WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

SIGNED and ENTERED this 5th day of March 2014.

William M. Beatty
Securities Administrator

Approved by:



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