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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING) Order No.: S-13-1225-15-CO01
whether there has been a violation of the)
Securities Act of Washington by:)
)
Wolfe Capital Group, LLC; James Bernard Wolfe;) CONSENT ORDER AS TO MICHAEL RAY SNODGRASS
Saves, Inc.; and Michael Ray Snodgrass,) AND SAVES, INC.
)
Respondents.)

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INTRODUCTION

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On February 4, 2015, the Securities Administrator of the Securities Division of the Department of Financial Institutions (“Securities Division”) issued a Statement of Charges and Notice of Intent to Enter Order to Cease and Desist, To Impose Fines and To Charge Costs, Order No. S-13-1225-14-SC01, against Respondents Wolfe Capital Group, LLC, James Bernard Wolfe, Saves, Inc. and Michael Ray Snodgrass. Pursuant to the Securities Act of Washington, RCW 21.20, the Securities Division and Respondents Michael Ray Snodgrass and Saves, Inc. do hereby enter into this CONSENT ORDER in settlement of the matters alleged herein. Respondents Michael Ray Snodgrass and Saves, Inc. neither admit nor deny the Findings of Fact and Conclusions of Law as stated below.

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FINDINGS OF FACT

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Respondents

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1. Wolfe Capital Group, LLC (“WCG”) was a limited liability company that was formed in Nevada in July 2006, with a principal place of business in Las Vegas, Nevada. WCG presented itself to the public as a full-service, wealth management firm.

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2. James Bernard Wolfe (“Wolfe”) is the founder, President and managing member of WCG, and is believed to have been a resident of Nevada at all times relevant to this Statement of Charges. From 1995 to 2003, Wolfe was intermittently registered as a securities salesperson in multiple states, including Nevada, when he worked at various investment advisor and brokerage firms. He has never been registered as a securities salesperson in Washington. Wolfe has a CRD number of 2605630.

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3. Saves, Inc. is a Washington corporation with a principal place of business in Cle Elum, Washington. It was incorporated in 1998. During the period relevant to this Statement of Charges, Saves, Inc. was an insurance business operated by Michael Snodgrass.

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4. Michael Ray Snodgrass (“Snodgrass”), a Washington resident, is the founder, President, Secretary and Treasurer of Saves, Inc. Snodgrass also acted as the President of Insurance Services at WCG beginning in early 2007. During the period relevant to this Statement of Charges, Snodgrass held a license as an insurance agent with

1 the Washington Office of Insurance Commissioner (WA OIC Lic. #124474). Snodgrass was registered as a securities
2 salesperson in the state of Washington from October 1983 to April 1985, when he worked at New York Life
3 Securities. Snodgrass has not been registered as a securities salesperson since then. Snodgrass has a CRD number of
4 1126517.

5 Nature of the Offerings

6 *Introduction*

7 5. Beginning in approximately 2006, Wolfe created and solicited an investment opportunity, in which he
8 represented that investors could purchase rental property using a pre-approved \$1 million line of credit. The income
9 that an investor would receive from the rental property would be high enough for the investor to pay down the line of
10 credit and, most importantly, receive a steady stream of income. Wolfe operated this scheme through WCG.

11 6. After meeting Wolfe and learning about this investment, Snodgrass joined WCG. From
12 approximately 2006 to 2007, Wolfe and Snodgrass solicited investments in WCG to prospective investors in multiple
13 states. WCG raised at least \$1,020,000 from at least thirty-two investors, at least five of whom were Washington
14 residents, including Snodgrass himself. WCG failed to provide the investors with most of the promised services
15 required under the investment, and many, if not most, of the investors lost their entire investment, including
16 Snodgrass.

17 7. Additionally, while soliciting investments in WCG, Snodgrass also offered a separate investment
18 through his company, Saves, Inc. Saves, Inc. raised at least \$100,000 from at least one Washington investor, an
19 elderly retiree who also invested in the WCG investment. This investor lost his entire WCG investment and most of
20 his Saves, Inc. investment.

21 *Wolfe Capital Group Real Estate Investment*

22 8. From approximately 2006 to 2007, Wolfe and other WCG representatives solicited investors
23 throughout most of the western United States, with Snodgrass soliciting WCG investments from Washington residents
24 at investment seminars and through personal contacts. Snodgrass raised at least \$90,000 for WCG from Washington
25 investors.

9. Wolfe and Snodgrass told investors that for a \$30,000 investment, WCG would create an LLC for an
investor and that through this LLC, the investor could purchase WCG-recommended rental property, primarily
condominium-hotel units. Wolfe and Snodgrass represented that the investor could purchase this rental property with
a pre-approved \$1 million line of credit. Wolfe and Snodgrass claimed that a lending company partnered with WCG
would provide the line of credit and that the income an investor earned from renting his or her property would both
pay down the line of credit and provide the investor with income.

10. Wolfe and Snodgrass told investors that they would have a passive role in the investment, presenting
it as a turn-key investment. For example, they told investors that WCG had leads on several investment properties and

1 that it would provide them with a list of properties that they could purchase. WCG staff would then handle the
2 purchase and sale of the properties on the investor's behalf. WCG also partnered with a property management
3 company that would manage the rental property for the investor.

4 11. Snodgrass told at least one Washington investor that the returns on the investment would be
5 substantial. In documents Wolfe and Snodgrass provided to some investors, WCG stated that it would guarantee their
6 monthly cash flow, that there was a "money back guarantee" and that WCG would provide a full refund if the investor
7 did not receive their LLC and line of credit within 60 days of investing.

8 12. Snodgrass failed to verify much of the information that Wolfe told him about the investment before
9 he presented the information to investors. Snodgrass also failed to learn much, if anything, about WCG's financial
10 state or Wolfe's background and experience. Snodgrass instead relied upon what he was being told by Wolfe and
11 others who supposedly knew Wolfe very well.

12 13. In the sale of WCG investments, WCG, Wolfe and Snodgrass failed to disclose to investors the
13 identity of the lending company or property management company that WCG had partnered with, as well as the bases
14 and assumptions underlying any projected returns or WCG's cash flow guarantee. They also failed to disclose to
15 investors that there was no actual line of credit that the investors could utilize, and that there were no rental properties
16 that could actually be purchased. Snodgrass did not disclose any risks of the investment to any of the Washington
17 investors that he solicited. Wolfe also failed to disclose any risks of the investment to the Washington investor that he
18 spoke with prior to that investor's investment.

19 14. While he was still soliciting investments, Snodgrass moved from Washington State to Las Vegas to
20 become the President of WCG's Insurance Services group in early 2007. Snodgrass claimed that he received no
21 compensation for his work, but instead provided funds to Wolfe to help keep WCG afloat. Snodgrass did so with a
22 verbal promise from Wolfe that Snodgrass would be able to share in the great returns that WCG would experience in
23 the future.

24 15. By about April or May 2007, Wolfe told investors that there were no condominium-hotel units for
25 sale. By July 2007, the WCG real estate investment had collapsed. The most that WCG provided to investors was an
26 LLC and a prequalification letter for the line of credit from Land Capital Financial, its purported lending partner. No
27 investor is known to have actually purchased any property through the WCG investment. WCG failed to provide
28 refunds to many, if not most, of the investors, despite receiving many requests for refunds. Many of the investors,
29 including all of the Washington investors, lost their entire investment.

30 16. In August 2007, WCG was forced into involuntary bankruptcy by several of its creditors. The
31 bankruptcy case was eventually dismissed because WCG and Wolfe failed to cooperate with the proceedings.

32 *Saves, Inc. Promissory Notes*

33 17. In addition to soliciting investments in WCG, Snodgrass also independently sold insurance and other

1 financial products. He often held seminars in Washington in which he presented these products to the public as part of
2 a wealth management strategy. While presenting such a seminar at a hotel in Bremerton, Washington, Snodgrass met
3 a retiree in his mid-80s, who sought investment ideas that could help provide for his wife should anything happen to
4 him.

5 18. Snodgrass then met with the investor at the investor's home. Through Snodgrass, the investor
6 refinanced three of his properties, including his primary residence, all of which the investor owned outright. Using the
7 proceeds from the refinances, the investor purchased from Snodgrass a \$500,000 life insurance policy, \$150,000
8 annuity, and the \$30,000 WCG investment. Snodgrass received commissions for all the products he sold to this
9 investor.

10 19. Subsequent to these investments, Snodgrass told the investor that he knew of a good investment
11 opportunity. Snodgrass provided no other information about the investment to the investor, including any disclosure
12 document or prospectus. Despite this, the investor, who was used to doing business on "trust and a handshake,"
13 believed Snodgrass to be honest and trusted him. Snodgrass sold a promissory note to the investor for \$60,000 in
14 March 2007. In May 2007, Snodgrass sold the investor another promissory note for \$40,000. The investor used
15 proceeds from refinancing his properties to pay for the two notes.

16 20. Both notes were issued through Snodgrass's company, Saves, Inc. The two notes bore an interest rate
17 of 24% per annum. Snodgrass wrote a payment schedule on the March 2007 note in which he promised to make a
18 final balloon payment of \$61,200 in September 2007. The May 2007 note contained no maturity date. Snodgrass and
19 Saves, Inc. failed to provide the investor with any information about the investment and how Snodgrass and Saves,
20 Inc. would repay the investor. Snodgrass and Saves, Inc. also failed to provide the investor any information about
21 Saves, Inc., including any financial information about the company. Further, Snodgrass and Saves, Inc. failed to
22 disclose any risks of the investment to the investor.

23 21. Rather than invest the Saves, Inc. investor's funds, Snodgrass used the funds to pay Saves, Inc.'s
24 credit cards, to make split commission payments to another agent, and to pay for his Las Vegas living expenses.
25 While in Las Vegas, Snodgrass gave some of the Saves, Inc. investor's funds to Wolfe, who in turn spent some of it
on entertainment. Snodgrass further used the Saves, Inc. investor's funds to pay his wife over \$11,000 and to make a
\$7,344 payment to another Washington WCG investor on an earlier note that Snodgrass had issued to that investor.
This payment was substantially late. Snodgrass failed to disclose to the Saves, Inc. investor that he would use the
investment funds to pay his personal and business expenses.

22 22. From April to December 2007, Snodgrass made approximately five payments to the Saves, Inc.
23 investor on the two notes, totaling about \$9,800. After selling the notes, Snodgrass continued to promise repayment to
24 the investor. To date, Snodgrass has made no other payments to the investor. The investor expected a return on his
25 Saves, Inc. investment and depended on it to pay down the three mortgages that Snodgrass had assisted him with. The

investor has been unable to pay for the care that his wife needs. They now rely entirely on government assistance and are unable to meet their monthly expenses.

Registration Status

23. Respondent Wolfe Capital Group, LLC is not currently registered to sell securities in Washington and has not previously been registered to do so.

24. Respondent James Bernard Wolfe is not currently registered to sell securities as a securities salesperson or broker-dealer in Washington and has not previously been registered to do so.

25. Respondent Saves, Inc. is not currently registered to sell securities in Washington and has not previously been registered to do so.

26. Respondent Michael Ray Snodgrass is not currently registered to sell securities as a securities salesperson or broker-dealer in Washington and was not so registered during the period relevant to this Statement of Charges.

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

CONCLUSIONS OF LAW

1. The offers and/or sales of the WCG investment contracts and the Saves, Inc. promissory notes, as described above, constitute the offer and/or sale of a security as defined in RCW 21.20.005(14) and (17).

2. Michael Ray Snodgrass violated RCW 21.20.040 by offering and/or selling said securities while not registered as a securities salesperson or broker-dealer in the state of Washington.

3. Michael Ray Snodgrass and Saves, Inc. each violated RCW 21.20.010, because, as set forth in the Findings of Fact, Michael Ray Snodgrass and Saves, Inc. made untrue statements of material facts or omitted material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

CONSENT ORDER

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

IT IS AGREED AND ORDERED that Respondents, Michael Ray Snodgrass and Saves, Inc., their agents and employees shall cease and desist from violating RCW 21.20.010, the anti-fraud section of the Securities Act of Washington.

IT IS FURTHER AGREED AND ORDERED that Respondent Michael Ray Snodgrass shall cease and desist from violating RCW 21.20.040, the securities salesperson and broker-dealer registration section of the Securities Act of Washington.

1 IT IS FURTHER AGREED AND ORDERED that Respondents, Michael Ray Snodgrass and Saves, Inc.,
shall be jointly and severally liable for and shall pay a fine of \$2,500 and investigative costs of \$2,500.

2 IT IS FURTHER AGREED AND ORDERED that the payment of the fines and costs as described above shall
3 be made as follows: Respondents Michael Ray Snodgrass and/or Saves, Inc, shall pay the Securities Division of the
4 Department of Financial Institutions \$100 on or before the entry of this Consent Order. For the balance of the fines
5 and costs, Respondents Michael Ray Snodgrass and/or Saves, Inc. shall pay the Securities Division of the Department
6 of Financial Institutions on or before the 1st of each month beginning July 1, 2015. Each monthly payment shall be
\$100, except the payment due on September 1, 2015 shall be \$1,000. Half of every payment made shall be allocated
7 to fines, and the other half shall be allocated to costs.

8 IT IS FURTHER AGREED that if Respondents Michael Ray Snodgrass and/or Saves, Inc. fail to make any
9 monthly payment, the remaining balance due in fines and costs shall become immediately due and payable, and the
Securities Division of the Department of Financial Institutions may seek enforcement of this Consent Order pursuant
to RCW 21.20.395.

10 IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this Consent Order.

11 IT IS FURTHER AGREED that Respondents, Michael Ray Snodgrass and Saves, Inc., entered into this
12 Consent Order freely and voluntarily and with a full understanding of its terms and significance.

13 IT IS FURTHER AGREED that in consideration of the foregoing, Respondents Michael Ray Snodgrass and
14 Saves, Inc., waive their right to a hearing and to judicial review of this matter pursuant to RCW 21.20.440 and
Chapter 34.05 RCW.

15 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

16 Signed this 29th day of June, 2015.

17 Signed by:

18 SAVES, INC,

19
20 /s/ Michael Snodgrass
21 MICHAEL RAY SNODGRASS, President

22 Signed by:

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24 /s/ Michael Snodgrass
MICHAEL RAY SNODGRASS, Individually

1 Approved as to form by:

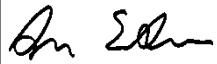
2
3 /s/ Seth Rosenberg
4 SETH ROSENBERG, WSBA No. 41660
5 Attorney for Respondents Michael Ray Snodgrass
6 and Saves, Inc.

7 SIGNED and ENTERED this 28th day of July, 2015.

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9
10 WILLIAM M. BEATTY
11 Securities Administrator

12 Approved by:

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15 SUZANNE SARASON
16 Chief of Enforcement

12 Presented by:

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15 HUONG LAM
16 Financial Legal Examiner

17 Reviewed by:

18 

19 JACK MCCLELLAN
20 Financial Legal Examiner Supervisor