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

IN THE MATTER OF DETERMINING) Order No.: S-13-1225-15-FO01
Whether there has been a violation of the)
Securities Act of Washington by:) ENTRY OF FINDINGS OF FACT AND CONCLUSIONS
) OF LAW AND FINAL ORDER TO CEASE AND DESIST,
Wolfe Capital Group, LLC; James Bernard Wolfe;) TO IMPOSE A FINE, AND TO CHARGE COSTS AS TO
Saves, Inc.; and Michael Ray Snodgrass,) WOLFE CAPITAL GROUP, LLC AND JAMES BERNARD
) WOLFE
Respondents.)

7 THE STATE OF WASHINGTON TO: Wolfe Capital Group, LLC, and
8 James Bernard Wolfe

9 On February 4, 2015, the Securities Administrator of the State of Washington issued Statement of Charges
10 and Notice of Intent to Enter Order To Cease and Desist, To Impose Fines and To Charge Costs, Order No. S-13-
11 1225-14-SC01 (“Statement of Charges”) against Respondents Wolfe Capital Group, LLC; James Bernard Wolfe;
Saves, Inc.; and Michael Ray Snodgrass.

12 The Statement of Charges, together with a Notice of Opportunity to Defend and Opportunity for Hearing
13 (“Notice of Opportunity for Hearing”) and an Application for Adjudicative Hearing (“Application for Hearing”), were
served on Respondents Wolfe Capital Group, LLC and James Bernard Wolfe on July 16, 2015 via first class mail.

14 The Notice of Opportunity for Hearing advised Respondents, Wolfe Capital Group, LLC and James Bernard
15 Wolfe, that a written application for an administrative hearing on the Statement of Charges must be received within
16 twenty days from the date of receipt of the notice. Respondents Wolfe Capital Group, LLC and James Bernard Wolfe
17 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.

18 The Securities Administrator therefore will adopt as final the following Findings of Fact and Conclusions of
19 Law as set forth in the Statement of Charges and enter a Final Order against Respondents Wolfe Capital Group, LLC
and James Bernard Wolfe to cease and desist from violations of the Securities Act, and to impose the fine and costs
20 sought in the Statement of Charges.

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

22 **FINDINGS OF FACT**

23 **Respondents**

24 1. Wolfe Capital Group, LLC (“WCG”) was a limited liability company that was formed in Nevada in
25 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.

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.

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. acted both as an insurance business operated by Michael Snodgrass and a consulting business operated by Snodgrass’s wife.

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

Nature of the Offerings

Introduction

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

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

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

Wolfe Capital Group Real Estate Investment

8. From approximately 2006 to 2007, Wolfe and other WCG representatives solicited investors

1 throughout most of the western United States, with Snodgrass soliciting WCG investments from Washington residents
2 at investment seminars and through personal contacts. Snodgrass raised at least \$90,000 for WCG from Washington
investors.

3 9. Wolfe and Snodgrass told investors that for a \$30,000 investment, WCG would create an LLC for an
4 investor and that through this LLC, the investor could purchase WCG-recommended rental property, primarily
5 condominium-hotel units. Wolfe and Snodgrass represented that the investor could purchase this rental property with a
6 pre-approved \$1 million line of credit. Wolfe and Snodgrass claimed that a lending company partnered with WCG
7 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.

8 10. Wolfe and Snodgrass told investors that they would have a passive role in the investment, presenting it
9 as a turn-key investment. For example, they told investors that WCG had leads on several investment properties and
10 that it would provide them with a list of properties that they could purchase. WCG staff would then handle the
purchase and sale of the properties on the investor's behalf. WCG also partnered with a property management
company that would manage the rental property for the investor.

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

14 12. Snodgrass failed to verify much of the information that Wolfe told him about the investment before he
15 presented the information to investors. Snodgrass also failed to learn much, if anything, about WCG's financial state or
16 Wolfe's background and experience.

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

22 14. While he was still soliciting investments, Snodgrass moved from Washington State to Las Vegas to
23 become the President of WCG's Insurance Services group in early 2007. Snodgrass claimed that he received no
24 compensation for his work, but instead provided funds to Wolfe to help keep WCG afloat. Snodgrass did so with a
25

1 verbal promise from Wolfe that Snodgrass would be able to share in the great returns that WCG would experience in
2 the future.

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

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

11 *Saves, Inc. Promissory Notes*

12 17. In addition to soliciting investments in WCG, Snodgrass also independently sold insurance and other
13 financial products. He often held seminars in Washington in which he presented these products to the public as part of
14 a wealth management strategy. While presenting such a seminar at a hotel in Bremerton, Washington, Snodgrass met a
15 retiree in his mid-80s, who sought investment ideas that could help provide for his wife should anything happen to
16 him.

17 18. Snodgrass then met with the investor at the investor's home and eventually convinced the investor to
18 refinance three of his properties, including his primary residence, all of which the investor owned outright. Using the
19 proceeds from the refinances, the investor purchased from Snodgrass a \$500,000 life insurance policy, \$150,000
20 annuity, and the \$30,000 WCG investment. Snodgrass received commissions for all the products he sold to this
21 investor.

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

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

1 including any financial information about the company. Further, Snodgrass and Saves, Inc. failed to disclose any risks
2 of the investment to the investor.

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

10 22. From April to December 2007, Snodgrass made approximately five payments to the Saves, Inc.
11 investor on the two notes, totaling about \$9,800. For years after selling the notes, Snodgrass continued to promise
12 repayment to the investor. To date, Snodgrass has made no other payments to the investor. The investor expected a
13 return on his Saves, Inc. investment and depended on it to pay down the three mortgages that Snodgrass had assisted
14 him with. As a result of his dealings with Snodgrass, the investor has been unable to pay for the care that his wife
15 needs. They now rely entirely on government assistance and are unable to meet their monthly expenses.

16 **Registration Status**

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

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

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

22 **CONCLUSIONS OF LAW**

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

25 2. Wolfe Capital Group, LLC has violated RCW 21.20.140, because, as set forth in the above Findings of
Fact, WCG offered and/or sold securities for which no registration is on file with the Securities Administrator.

3. James Bernard Wolfe has 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.

4. Wolfe Capital Group, LLC and James Bernard Wolfe have each violated RCW 21.20.010, because, as
set forth in the above Findings of Fact, Wolfe Capital Group, LLC and James Bernard Wolfe made untrue statements

1 of material facts or omitted material facts necessary in order to make the statements made, in light of the circumstances
2 under which they were made, not misleading.

3 **FINAL ORDER**

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

5 IT IS HEREBY ORDERED that Respondent Wolfe Capital Group, LLC, its agents and employees shall cease
6 and desist from offering and/or selling securities in any manner in violation of RCW 21.20.140, the section of the
7 Securities Act of Washington requiring registration.

8 IT IS FURTHER ORDERED that Respondent James Bernard Wolfe shall cease and desist from violating
9 RCW 21.20.040, the broker-dealer and securities salesperson registration section of the Securities Act of Washington.

10 IT IS FURTHER ORDERED that Respondents, Wolfe Capital Group, LLC and James Bernard Wolfe, their
11 agents and employees each shall cease and desist from violating RCW 21.20.010, the anti-fraud section of the
12 Securities Act of Washington.

13 IT IS FURTHER ORDERED that Respondent James Bernard Wolfe shall be liable for and pay a fine in the
14 amount of \$20,000.

15 IT IS FURTHER ORDERED that Respondent James Bernard Wolfe shall be liable for and pay costs in the
16 amount of \$2,500.

17 **AUTHORITY AND PROCEDURE**

18 This FINAL ORDER is entered pursuant to the provisions of RCW 21.20.110 and 21.20.390, and is subject to
19 the provisions of RCW 21.20.120 and Chapter 34.05 RCW. Respondents Wolfe Capital Group, LLC and James
20 Bernard Wolfe have the right to petition the superior court for judicial review of this agency action under the
21 provisions of RCW 34.05. For the requirements for Judicial Review, see RCW 34.05.510 and sections following.
22 Pursuant to RCW 21.20.395, a certified copy of this Order may be filed in Superior Court. If so filed, the clerk shall
23 treat the Order in the same manner as a Superior Court judgment as to the fine, and the fine may be recorded,
24 enforced, or satisfied in like manner.
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WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

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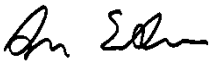
1 SIGNED and ENTERED this 20th day of August 2015.

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5 _____
6 WILLIAM M. BEATTY
7 Securities Administrator

8 Approved by:

8 Presented by:

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11 _____
12 SUZANNE SARASON
13 Chief of Enforcement

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11 _____
12 HUONG LAM
13 Financial Legal Examiner

13 Reviewed by:

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16 _____
17 JACK MCCLELLAN
18 Financial Legal Examiner Supervisor