



1 Prehearing Conference Order stated, "DEFAULT: If you do not participate in any stage of the proceedings or if you  
2 fail to appear at your hearing, you may be held in default. This means you lose the right to a hearing and your appeal  
3 will be dismissed. RCW 34.05.440." The Prehearing Conference Order was mailed to Respondent's address of record  
4 at that time.

5 On November 30, 2016, ALJ Schuh presided over a Hearing on Department of Financial Institutions' Motion  
6 for Continuance ("Continuance Hearing"). AAG Lee and Respondent attended the Continuance Hearing. On  
7 December 2, 2016, ALJ Schuh issued an Order Granting the Continuance and Notice of Hearing and of Amended  
8 Case Schedule ("Amended Case Schedule Order"). The Amended Case Schedule Order set the hearing for April 17-  
9 20, 2017. The Amended Case Schedule Order also set a hearing date for oral arguments on dispositive motions for  
10 February 14, 2017. The Amended Case Schedule Order stated, "You must call in or appear, as directed, at each  
11 scheduled event. If you fail to do so, the administrative law judge may hold you in default and dismiss your appeal.  
12 RCW 34.05.440(2). If you are unable to call in or appear, you may request a continuance of the hearing." The  
13 Amended Case Schedule Order was mailed to Respondent's address of record at that time.

14 On December 29, 2016, Respondent mailed a change of mailing address to OAH and the Department, along  
15 with a discovery request.

16 On January 17, 2017, AAG Lee filed a Motion for Summary Judgment with OAH. Respondent later  
17 contacted AAG Lee to discuss a continuance for filing dispositive motions. AAG Lee submitted a request to OAH  
18 seeking an extension of the briefing schedule on February 10, 2017. ALJ Schuh did not grant the motion, intending to  
19 hear the motion at the hearing scheduled for February 14, 2017.

20 On February 14, 2017, ALJ Schuh convened the scheduled motion hearing. AAG Lee and Financial Legal  
21 Examiner Jack McClellan attended the motion hearing for the Department. Respondent did not appear for the motion  
22 hearing. AAG Lee moved for an order of default against Respondent. On February 21, 2017, ALJ Schuh issued an  
23 Order Dismissing Appeal, which found the Respondent in default under RCW 34.05.440 and dismissed his appeal.  
24 The Order Dismissing Appeal notified Respondent of his rights to file a request to vacate the order, and provided

25 FINAL ORDER AS TO DEAN SPROLES  
In re: Iverson Genetic Diagnostics, Inc.  
OAH No.: 07-2016-DFI-00013  
DFI No.: S-14-1415-17-FO05

1 instructions for doing so. The Order Dismissing Appeal further notified Respondent that such a request must be  
2 received by OAH within seven days from the date of service of the order. The Order Dismissing Appeal was mailed  
3 to Respondent's new address of record.

4 Pursuant to RCW 34.05.440(3), Respondent Sproles had seven (7) days from the date of service of the Order  
5 Dismissing Appeal to file a written request to vacate the default. Respondent Sproles did not file a request to vacate  
6 the Order Dismissing Appeal during the statutory period.

7 **2.0 RECORD ON REVIEW**

8 The record presented to the Director for her review and for entry of a final decision included the following:

- 9 2.1 Statement of Charges, with documentation of service;
- 10 2.2 Application for Adjudicative Hearing for Dean Sproles;
- 11 2.3 Notice of Prehearing Conference, dated July 8, 2016, with certificate of service;
- 12 2.4 Prehearing Conference Order and Notice of Hearing, dated August 2, 2016, with certificate of  
13 service;
- 14 2.5 Order Granting the Continuance and Notice of Hearing and of Amended Case Schedule, dated  
15 December 2, 2016, with certificate of service;
- 16 2.6 Change of address request from Dean Sproles, dated December 29, 2016;
- 17 2.7 Division's Motion for Summary Judgment, dated January 17, 2017;
- 18 2.8 Division's Request for Continuance, dated February 10, 2017;
- 19 2.9 Order Dismissing Appeal, dated February 21, 2017, with certificate of service.

20 **3.0 FINDINGS OF FACT AND CONCLUSIONS OF LAW**

21 Pursuant to RCW 34.05.461, the Director hereby adopts the Statement of Charges, which is attached hereto.

22 **4.0 FINAL DECISION & ORDER**

23 Based upon the foregoing, and the Director having considered the record and being otherwise fully advised,

24 **NOW, THEREFORE, IT IS HEREBY ORDERED:**

25 FINAL ORDER AS TO DEAN SPROLES  
In re: Iverson Genetic Diagnostics, Inc.  
OAH No.: 07-2016-DFI-00013  
DFI No.: S-14-1415-17-FO05

1 4.1 Respondent, Dean Sproles, shall cease and desist from any further violations of RCW 21.20.140,  
2 RCW 21.20.040, and RCW 21.20.010.

3 4.2 Respondent, Dean Sproles, shall be liable for and shall pay a fine to the order of Washington State  
4 Department of Financial Institutions of Sixty Thousand Dollars (\$60,000.00).

5 4.3 Respondent, Dean Sproles, shall be liable for and shall pay costs of Ten Thousand Dollars  
6 (\$10,000.00) to the order of Washington State Department of Financial Institutions for the investigation of his  
7 violations of the Securities Act of Washington, chapter 21.20. RCW.

8 5.0 RECONSIDERATION

9 Pursuant to RCW 34.05.470, the Respondent has the right to file a Petition for Reconsideration stating the  
10 specific grounds upon which relief is requested. The Petition must be filed in the Office of the Director of the  
11 Department of Financial Institutions by courier at 150 Israel Road SW, Tumwater, Washington 98501, or by U.S.  
12 Mail at P.O. Box 41200, Olympia, Washington 98504-1200, within ten (10) days of service of the Final Order upon  
13 Respondents. The Petition for Reconsideration shall not stay the effectiveness of this order nor is a Petition for  
14 Reconsideration a prerequisite for seeking judicial review in this matter.

15 A timely Petition for Reconsideration is deemed denied if, within twenty (20) days from the date the petition  
16 is filed, the agency does not (a) dispose of the petition or (b) serve the parties with a written notice specifying the date  
17 by which it will act on a petition.

18 6.0 STAY OF ORDER

19 The Director has determined not to consider a Petition to Stay the effectiveness of this order. Any such  
20 requests should be made in connection with a Petition for Judicial Review made under chapter 34.05 RCW and RCW  
21 34.05.550.

22 7.0 JUDICIAL REVIEW

23  
24  
25 FINAL ORDER AS TO DEAN SPROLES  
In re: Iverson Genetic Diagnostics, Inc.  
OAH No.: 07-2016-DFI-00013  
DFI No.: S-14-1415-17-FO05

1 Respondent has the right to petition the superior court for judicial review of this agency action under the  
2 provisions of chapter 34.05 RCW. For the requirements for filing a Petition for Judicial Review, see RCW  
3 34.050.510 and sections following.

4 8.0 NON-COMPLIANCE WITH ORDER

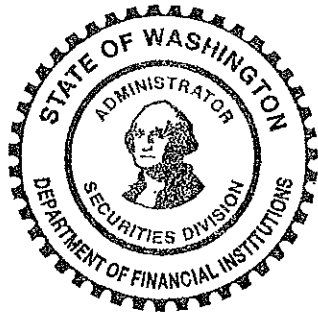
5 If Respondent does not comply with the terms of this order, the Department may seek its enforcement by the  
6 Office of Attorney General to include the collection of fines and fees imposed herein. Failure to comply with this  
7 Final Decision & Order may also prompt additional actions against Respondent by the Department as permitted by the  
8 Securities Act of Washington, Chapter 21.20 RCW, for failure to comply with a lawful order of the Department.

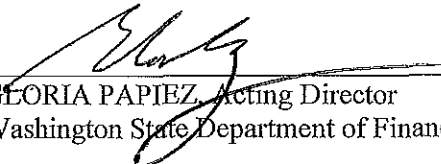
9 9.0 SERVICE

10 For purposes of filing a Petition for Reconsideration or a Petition for Judicial Review, service is effective  
11 upon deposit of this order in the U.S. mail, declaration of service attached hereto.

12 DATED this 16<sup>th</sup> day of March 2017.

13 STATE OF WASHINGTON  
14 DEPARTMENT OF FINANCIAL INSTITUTIONS



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16 GLORIA PAPIEZ, Acting Director  
17 Washington State Department of Financial Institutions

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24 FINAL ORDER AS TO DEAN SPROLES  
25 In re: Iverson Genetic Diagnostics, Inc.  
OAH No.: 07-2016-DFI-00013  
DFI No.: S-14-1415-17-FO05

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

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IN THE MATTER OF DETERMINING ) Order No.: S-14-1415-15-SC01  
Whether there has been a violation of the )  
Securities Act of Washington by: ) STATEMENT OF CHARGES AND NOTICE OF INTENT  
) TO ENTER ORDER TO CEASE AND DESIST, TO  
Iverson Genetic Diagnostics, Inc.; Dean Sproles; ) IMPOSE FINES AND TO CHARGE COSTS  
James Lisowsky; Gregory Groeller; Frederick J. )  
Birks; Dean A. Esposito; Joseph DeVito; Viper )  
Asset Management, LLC; Gryphon Asset )  
Management LLC; DJC Consulting LLC; )  
)  
Respondents. )

**THE STATE OF WASHINGTON TO:**                    **Iverson Genetic Diagnostics, Inc.**  
**Dean Sproles**  
**James Lisowsky**  
**Gregory Groeller**  
**Frederick J. Birks**  
**Dean A. Esposito**  
**Joseph DeVito**  
**Viper Asset Management, LLC**  
**Gryphon Asset Management LLC**  
**DJC Consulting LLC**

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**STATEMENT OF CHARGES**

Please take notice that the Securities Administrator of the state of Washington has reason to believe that Respondents, Iverson Genetic Diagnostics, Inc.; Dean Sproles; James Lisowsky; Gregory Groeller; Frederick J. Birks; Dean A. Esposito; Joseph DeVito; Viper Asset Management, LLC; Gryphon Asset Management LLC; and DJC Consulting LLC, have each violated the Securities Act of Washington. The Securities Administrator believes those violations justify the entry of an order against the Respondents to cease and desist from such violations and to charge costs pursuant to RCW 21.20.390, and under RCW 21.20.395 to impose fines. The Securities Administrator finds as follows:

**TENTATIVE FINDINGS OF FACT**

Respondents

1. Iverson Genetic Diagnostics, Inc. (“Iverson”) is a Nevada corporation formed on or about March 7, 2007 with its headquarters located in Seattle, Washington. Iverson offers genetic testing services to help health care providers detect diseases and determine proper dosing for medication.
2. Dean Sproles (“Sproles”) resides in South Carolina. Sproles resided in Seattle and acted as the Chief Executive Officer of Iverson from the company’s inception until approximately April, 2014.

1 3. James Lisowsky (“Lisowsky”) is believed to reside in Burkeville, Texas. Lisowsky solicited  
investments on behalf of Iverson.

2 4. Gregory Groeller (“Groeller”) is believed to reside in New Jersey. Groeller solicited investments on  
3 behalf of Iverson. Groeller has a Central Registration Depository (“CRD”) number of 2768372. Groeller has not been  
registered as a securities salesperson or broker-dealer since 2000.

4 5. Dean A. Esposito (“Esposito”) is believed to reside in Boca Raton, Florida. Esposito solicited  
5 investments on behalf of Iverson while working for Viper Asset Management, LLC. Esposito has a CRD number of  
6 2303699. Esposito has not been registered as a securities salesperson or broker-dealer since 2005.

7 6. Joseph DeVito (“DeVito”) is believed to reside in Brooklyn, New York. DeVito solicited  
investments on behalf of Iverson while working for Viper Asset Management, LLC. DeVito has a CRD number of  
8 3034780. DeVito has not been registered as a securities salesperson or broker-dealer since 2001.

9 7. Frederick J. Birks (“Birks”) resides in Orlando, Florida. Birks solicited investments on behalf of  
Iverson while working for Viper Asset Management, LLC and Iverson later hired Birks to work directly for Iverson.  
10 Iverson also paid Birks through an entity he controlled called Gryphon Asset Management LLC. Birks has a CRD  
11 number of 243962. Birks has not been registered as a securities salesperson or broker-dealer since 2005.

12 8. Viper Asset Management, LLC (“Viper”) was a Florida entity formed on or about November 10,  
2010. Esposito and DeVito acted as the managers of Viper. Viper earned commissions for sales of Iverson securities  
13 by Esposito, DeVito, and Birks. Viper dissolved in October 2014.

14 9. Gryphon Asset Management LLC (“Gryphon”) is a Florida entity formed on or about March 18,  
2004. Birks manages Gryphon. Iverson paid commissions to Gryphon for sales of Iverson securities by Birks.

15 10. DJC Consulting LLC (“DJC”) was a Florida entity formed on or about February 12, 2008. Esposito  
16 and DeVito acted as the managers of DJC. DJC earned commissions for selling Iverson securities. DJC dissolved in  
17 September 2009.

#### 18 Nature of the Offering

19 11. Between 2007 and 2015, Iverson raised in excess of \$19.5 million from over 400 investors by selling  
debentures, stock, warrants, and convertible promissory notes. Iverson paid large commissions to unregistered  
20 salespersons to sell Iverson investments to investors across the United States. The unregistered salespersons Iverson  
used to solicit its investments typically had prior administrative orders for violating securities laws, and in some cases,  
21 criminal records involving theft or fraud.

22 12. The salespersons for Iverson typically told potential investors that within 6 to 24 months the company  
would be going public through an initial public offering. Salespersons also encouraged investors to purchase stock  
23 before the price for shares increased in the next few months.  
24

13. Iverson stock never traded on a public exchange. In 2015, Iverson petitioned for chapter 11 bankruptcy.

Iverson Securities Offerings

14. Iverson, while headquartered in Washington State, offered investments in the form of debentures, convertible promissory notes, common stock, and warrants. Iverson sold most investors common stock or converted investors to stock at the maturity of their note or debenture.

*Debentures / Convertible Promissory Notes*

15. Between 2007 and 2015, Iverson conducted multiple offers of what it called convertible debentures and convertible promissory notes. The convertible debentures and convertible note offerings had similar investment terms. Iverson typically offered an interest rate of 10% per year on the debentures and notes. The length of time that Iverson offered for repayment differed slightly in the various debenture and note offerings. Initially Iverson offered a debenture that called for repayment in 18 months. In later debenture and note offerings, Iverson offered repayment periods of 12 or 24 months. Typically, but not always, Iverson offered debenture and note investors the option to convert the debt into Iverson common stock at the end of the repayment term.

16. Iverson failed to repay at least one 2007 Iverson debenture investor at the maturity of the debenture agreement in 2009. Iverson failed to disclose this failure to comply with repayment terms in its later debenture and convertible promissory note offerings.

*Stock & Warrants*

17. Between 2007 and 2015, Iverson conducted multiple offers of its common stock. Initially, Iverson offered shares at a price of \$0.20 per share. Over time Iverson also offered shares at \$0.35 per share, \$1.00 per share, \$2.50 per share, and \$5.00 per share. Some Iverson stock offerings also included warrants for the purchase of additional stock in the future.

18. Regardless of the time period in which Iverson sold stock, the sales method generally remained the same. Iverson salespersons told potential investors that Iverson stock would be offered on a public exchange within 6-24 months and that the value of the stock would increase significantly when that happened.

19. In 2009, when Iverson sold shares at a price of \$0.20 per share, Lisowsky represented to at least one investor that the price would be \$2 per share when Iverson conducted an initial public offering within 24 months. In 2011, DeVito represented to at least one investor that Iverson shares selling at \$0.35 per share would be worth \$7 per share when Iverson conducted an initial public offering in 18 months. In 2011, Esposito represented to at least one investor that Iverson shares selling for \$0.35 per share would be worth \$8 to \$12 per share when the company went public in 18 to 24 months. Groeller represented to at least one investor that Iverson stock selling for \$1 per share would be worth \$5 to \$7 per share when Iverson went public in 6 to 12 months. In 2013, Birks represented to at least one investor that Iverson stock selling for \$2.50 per share would be worth \$10 per share at an initial public offering.



1 The Respondents failed to provide a reasonable basis for these projected share prices and projected dates for an initial  
2 public offering.

3 *Revised Investment Offers*

4 20. In 2007, Iverson offered convertible debentures bearing an interest rate of 10% which matured in 18  
5 months. At the end of the 18 months the investor had the option of repayment or conversion to Iverson common stock  
6 at a price of \$1 per share. In 2008, Iverson conducted an offering of common stock at \$0.20 per share. As Iverson's  
7 initial debentures approached maturity, debenture purchasers faced the option of seeking repayment or paying \$1 per  
8 share for common stock that Iverson concurrently offered at a price of \$0.20 per share. Because of the higher stock  
9 conversion price, Iverson likely faced a situation where most, if not all, of the debenture holders would seek  
10 repayment of principal in or around the same time period. In mid-2008, Iverson sought to amend the terms of the  
11 debenture offering to equalize its stock conversion price to the price of current common stock offering. Iverson sent  
12 out "Revised Investment Terms" to both the existing convertible debenture purchasers and the existing \$0.20 per  
13 share common stock purchasers. The "Revised Investment Terms" sent to the debenture purchasers differed slightly to  
14 the "Revised Investment Terms" sent to the stock purchasers.

15 21. In or about August 2008, Iverson sent debenture purchasers the offer for "Revised Investment  
16 Terms." In the debenture version of Iverson's "Revised Investment Terms" offer, Iverson asked the investor to choose  
17 between two options. In one option, Iverson asked the investor to accept the "Revised Investment Terms" that would  
18 convert the investment to Iverson common stock at a price of \$0.20 per share. The other option that Iverson provided  
19 to the investor was to decline the "Revised Investment Terms" and request return of the original investment funds.

20 22. In or about November 2008, Iverson sent stock purchasers an offer for "Revised Investment Terms."  
21 In this version of Iverson's "Revised Investment Terms" offer, Iverson also asked investors to choose between two  
22 options. In the first option, Iverson asked the investor to accept to continue to participate in the stock offering, which  
23 had been modified to allow for additional investment funds from debenture conversions. The other option that Iverson  
24 provided to the investor was to decline the "Revised Investment Terms" and request return of investment funds.

25 23. At least one Iverson debenture investor opted to request a return of his original principal in August  
2008. Iverson did not repay the investor until September 2009, over a year after requesting the return of principal, and  
five months after the terms of the original debenture contract called for repayment.

21 24. At least one Iverson stock investor opted to request a return of his original principal amount in  
22 November 2008. Sproles told the investor that the cash that Iverson had raised had all been allocated and Iverson  
23 would not be returning the investor's funds.

24 25. In its "Revised Investment Terms" offerings, Iverson failed to disclose financial information about its  
25 ability to repay investors who chose to request a return of their original investment. Iverson failed to disclose in later

1 debenture and promissory note offerings that it had failed to comply with repayment terms in its “Revised Investment  
2 Terms” offerings.

3 Private Sales of Iverson Stock

4 26. While Iverson never successfully launched an initial public offering of Iverson stock, Esposito,  
5 DeVito, and Birks (“Viper Salespersons”) facilitated a private market for investors to sell their Iverson stock. The  
6 Viper Salespersons kept large portions of the purchase price when they facilitated these transactions. Iverson and  
7 Sproles knew of the private market transactions. Iverson, Sproles, and the Viper Salespersons failed to disclose the  
8 amount of money that the Viper Salespersons retained when facilitating these private transactions. Iverson, Sproles,  
9 and the Viper Salespersons also failed to disclose that while Iverson and the Viper Salespersons conducted an offering  
10 for Iverson stock at one price, the Viper Salespersons simultaneously brokered a private market for Iverson shares at  
11 lower prices.

12 27. Viper Salespersons facilitated the private sale of several Iverson investors’ shares to multiple buyers.  
13 The sellers and buyers typically did not know the identity of one another. Buyers of the stock in private sales  
14 transactions entered into a ‘Stock Purchase Agreement’ with DJC in which DJC represented that it was selling its own  
15 shares to the buyer. However, DJC seldom owned the shares and instead facilitated the sales from a seller to multiple  
16 buyers. Buyers in the private sale transactions made payments to DJC c/o Viper in Florida. Because the buyers and  
17 sellers never communicated with one another, and Viper Salespersons handled all of the funds, the buyers and sellers  
18 did not know that Viper Salespersons retained 30% or more of the purchase price in these private sale transactions.

19 28. A private sale conducted by Esposito and Birks illustrates how these transactions worked. In early  
20 2012, when Iverson offered shares at \$1 per share, Birks told a potential investor that Birks could acquire 35,000  
21 shares of Iverson common stock for the potential investor at a price of \$0.60 per share from an existing shareholder.  
22 Meanwhile, Esposito told the seller of those shares that Esposito could sell the investor’s shares at price of \$0.40 per  
23 share. The buyer, through Birks, sent \$21,000 to DJC c/o Viper in Florida to acquire the shares. DJC kept \$7,000 of  
24 the buyer’s funds and Esposito transferred \$14,000 to the seller for his 35,000 shares. The buyer and seller never  
25 communicated with one another and neither knew the price at which the other had agreed upon for the sale. The Viper  
Salespersons failed to disclose to the buyer and seller the \$7,000 they retained for facilitating the private sale,  
amounting to over 30% of the purchase price.

26 29. Sproles, while acting as Iverson’s CEO, sold some of his own personal shares in Iverson through  
27 private sales transactions. In or about April 2013, when Iverson offered shares at \$2.50 per share, Sproles sold 59,000  
28 of his personal Iverson shares to an investor for \$1 per share. In or about June 2013, Sproles sold 35,000 of his  
29 personal Iverson shares to another investor for \$1 per share.

1 30. Iverson, Sproles, and the Viper Salespersons failed to disclose to Iverson investors that while Iverson  
2 and the Viper Salespersons conducted an offering of shares from the company at one price, Sproles and the Viper  
3 Salespersons facilitated a private market for shares at a lower price.

4 Iverson's Salespersons

5 31. Iverson paid over \$1.3 million in commissions to the unregistered salespersons it used to solicit its  
6 investment offerings. Iverson paid at least one salesperson a salary, but paid most salespersons commissions of 20%  
7 of the amount raised. Additionally, Iverson also compensated some salespersons with shares of Iverson stock. The  
8 Respondents failed to disclose the compensation paid by Iverson for the sale of its securities.

9 32. Iverson sold a majority of its stock through Viper. Esposito, DeVito, and Birks sold Iverson stock  
10 while working for Viper. Iverson had no written contract with Viper for the sale of securities, but generally paid Viper  
11 20% of the amount Viper raised, plus stock compensation equal to 3% of all shares issued through Viper. Between  
12 January 2011 and August 2013, Viper charged Iverson over \$1.3 million in cash commissions.

13 33. In or about October 2013, Sproles hired Birks to work directly for Iverson. Iverson contracted to pay  
14 Birks a salary of \$50,000 per year plus a 10% cash commission for all proceeds raised by Birks. Iverson also granted  
15 Birks 15,000 shares of Iverson stock per year. Iverson paid Birks' commissions, over \$43,000 between October 2013  
16 and February 2014, to Gryphon.

17 34. A number of the unregistered salespersons that Iverson paid to sell its investments had previously  
18 been found to have violated securities laws. Two of the salespersons had previously filed for bankruptcy. Two of the  
19 salespersons had criminal records. Iverson, Sproles, and Iverson's salespersons failed to disclose this information to  
20 investors.

21 *James Lisowsky*

22 35. Beginning in approximately 2007 and continuing until at least early 2010, Lisowsky solicited  
23 multiple investors to invest in Iverson securities. Lisowsky, Sproles, and Iverson failed to disclose material  
24 information about Lisowsky to Iverson investors.

25 36. In January 1997, Grand Jurors for Travis County, Texas presented an indictment against Lisowsky for  
theft over \$1,500. In June 1997, the District Clerk for Travis County issued an arrest warrant for Lisowsky on the  
charge. According to Travis County, that warrant is still outstanding.

37. In December 2000, Grand Jurors for Jefferson County, Texas presented an indictment against  
Lisowsky for felony theft in the second degree. The indictment alleged that Lisowsky stole at least \$100,000, but less  
than \$200,000 from an individual. In August 2001, Lisowsky entered into a plea admonishment with the Jefferson  
County District Court in which Lisowsky pled guilty to the charge of felony theft in the second degree. In May 2002  
the 252<sup>nd</sup> District Court of Jefferson County entered a Deferred Adjudication Order in the matter which placed  
Lisowsky under community supervision and ordered him to pay restitution to his victim through installments totaling

1 \$147,512.62. In 2005 and 2007, the District Court discharged Lisowsky from his community supervision and  
2 dismissed the cause.

3 38. Iverson, Sproles, and Lisowsky failed to disclose Lisowsky's criminal record to investors. Lisowsky  
4 instructed at least one Iverson investor wire funds to his personal bank account. In March 2009, a Washington  
5 investor wired \$2,500 to Lisowsky. At the time of her investment through Lisowsky, Iverson did not provide any  
6 confirmation of her investment. Lisowsky eventually stopped communicating with the investor. In or around October  
7 2010 the investor contacted Sproles about her Iverson investment. Sproles told the investor that he would have to  
8 consult with attorneys and get back to her. Sproles told the investor that Lisowsky had gotten into some trouble, but  
9 did not elaborate. Sproles never disclosed what happened to the investor's funds, but Iverson did issue [REDACTED] 12,500  
10 shares of stock in late 2010, over a year after the investor sent funds to Lisowsky.

11 39. Iverson awarded some investors additional shares on instructions from Lisowsky. Iverson, Sproles,  
12 and Lisowsky failed to disclose the criteria used for determining when Lisowsky could grant additional shares to  
13 investors.

14 40. Iverson sent a rescission offer to at least one investor who purchased through Lisowsky, because  
15 Lisowsky did not have authority to sell the shares. Iverson failed to disclose to later Iverson investors that it had  
16 issued unauthorized securities and the possible risks associated with the unauthorized sale.

17 *Gregory Groeller*

18 41. From approximately September 2011 through 2012, Groeller solicited individuals to invest in Iverson  
19 securities. Groeller sold Iverson stock to at least two individuals. Groeller, Sproles, and Iverson failed to disclose  
20 material information about Groeller to Iverson investors.

21 42. In or about May 2001, Groeller entered into an Acceptance, Waiver & Consent with the National  
22 Association of Securities Dealers, Inc. ("NASD") to settle charges that Groeller violated NASD rule 2110 by  
23 engaging in transactions in client accounts without the consent or authorization of clients. Groeller agreed to pay a  
24 fine of \$10,000, to pay restitution in the amount of \$18,174.15, and to a suspension from association with any NASD  
25 member for 30 business days.

43. In or about March 2002, Groeller petitioned for chapter 7 bankruptcy and was granted a standard  
discharge in approximately August 2002.

44. In or about October 2003, Groeller pled guilty to a felony charge of conspiracy to defraud the United  
States and was sentenced to three years of probation, including 300 hours of community service. Groeller was also  
ordered to pay restitution in the amount of \$500,000.

45. Iverson, Sproles, and Groeller failed to disclose Groeller's NASD action, bankruptcy, and felony  
conviction to investors.

*Dean Esposito*

1 46. From approximately January 2011 through August 2013, Esposito solicited individuals to invest in  
2 Iverson stock. Esposito sold Iverson stock to at least one investor. Esposito, Sproles, and Iverson failed to disclose  
3 material information about Esposito to Iverson investors.

4 47. In or about October 2005, Esposito entered into an Offer of Settlement with the NASD to settle  
5 charges that Esposito violated NASD rules 2110 and 8210 when he falsified or forged the signature of another  
6 registered representative on client forms without their consent. Esposito also failed to respond truthfully during  
7 testimony with the NASD. As a part of the settlement Esposito agreed to be barred from association with any NASD  
8 member in any capacity.

9 48. In or about February 2008, the SEC filed a civil action against Esposito and others in which the SEC  
10 alleged that Esposito acted as an unregistered broker and sold unregistered securities. The SEC further alleged that  
11 Esposito participated in the manipulation of the stock price of Weida Communications, Inc. in private sales  
12 transactions. In connection with the private sale of the stock, Esposito collected excessive, undisclosed commissions  
13 of between 10%-20% of the sale price.

14 49. In or about August 2010, Esposito settled the 2008 civil action filed by the SEC and the SEC ordered  
15 Esposito barred from association with any broker or dealer.

16 50. Iverson, Sproles, Viper, and Esposito failed to disclose Esposito's NASD action and SEC actions to  
17 Iverson investors.

*Joseph DeVito*

18 51. From approximately January 2011 through August 2013, DeVito solicited individuals to invest in  
19 Iverson stock. DeVito sold Iverson stock to at least one investor. DeVito, Sproles, and Iverson failed to disclose  
20 material information about DeVito to Iverson investors.

21 52. In or about February 2008, the SEC filed a civil action against DeVito and others in which the SEC  
22 alleged that Esposito acted as an unregistered broker and sold unregistered securities. The SEC further alleged that  
23 DeVito collected excessive, undisclosed commissions of between 10%-20% on the sale of the securities.

24 53. In or about August 2010, DeVito settled the 2008 civil action filed by the SEC and the SEC barred  
25 DeVito from participating in the offer a penny stock for 18 months.

54. Iverson, Sproles, Viper, and DeVito failed to disclose DeVito's SEC actions to Iverson investors.

*Frederick Birks*

55. From approximately January 2011 through January 2014, Birks sold Iverson stock to investors across  
the United States. Birks initially sold Iverson stock through Viper. Later Birks sold Iverson stock through Gryphon  
and as an employee of Iverson. Birks, Sproles, and Iverson failed to disclose material information about Birks to  
Iverson investors.

1 56. In or about February 2008, the SEC filed a civil action against Birks and others in which the SEC  
2 alleged that Birks acted as an unregistered broker and sold unregistered securities. The SEC further alleged that Birks  
3 collected excessive, undisclosed commissions of between 10%-20% on the sale of the securities. The SEC further  
4 alleged that Birks participated in the manipulation of the market price of a stock for the sale of stock in private  
5 transactions facilitated by Birks and others.

6 57. In or about December 2008, Birks petitioned for Chapter 7 Bankruptcy and was granted a standard  
7 discharge in approximately June 2009.

8 58. In or about August 2010, Birks settled the 2008 civil action filed by the SEC and the SEC enjoined  
9 Birks from future violations of the Securities Act and Exchange Act. The SEC also barred Birks from participating in  
10 the offering of a penny stock.

11 59. Iverson, Sproles, Viper, Gryphon, and Birks failed to disclose Birks' SEC actions and bankruptcy to  
12 investors.

#### 13 Registration Status

14 60. Iverson Genetic Diagnostics, Inc. is not currently registered to sell its securities in the state of  
15 Washington and has not previously been so registered. On or about the following dates, Iverson Genetic Diagnostics,  
16 Inc. filed a claim of exemption from registration under Regulation D, Rule 506 with the Securities and Exchange  
17 Commission: 11/2/2007; 12/15/2008; 2/2/2010; 3/30/2010; 5/14/2010; 7/22/2011; 12/2/2011; 12/5/2011; 11/26/2012;  
18 12/16/2013; 10/9/2014 (notice filed with DFI on 12/15/2008; 7/21/2010; 12/8/2011; 12/31/2012; 2/14/2014;  
19 10/29/2014). Pursuant to WAC 406-44A-506, Respondents were required to comply with the conditions of Regulation  
20 D. At the time of the offerings, Regulation D, Rule 506 prohibited an issuer or any person acting on behalf of an  
21 issuer from offering or selling securities by any form of general solicitation. Iverson Genetic Diagnostics, Inc. and  
22 their agents offered and sold investments by cold-calling prospective investors, which violated the general solicitation  
23 prohibitions of Regulation D, Rule 506.

24 61. Dean Sproles is not currently registered as a securities salesperson or broker-dealer in the state of  
25 Washington and has not previously been so registered.

62. James Lisowsky is not currently registered as a securities salesperson or broker-dealer in the state of  
Washington and has not previously been so registered.

63. Gregory Groeller is not currently registered as a securities salesperson or broker-dealer in the state of  
Washington and was not so registered during the sales alleged above. Groeller was last registered with the state of  
Washington in September 2000 as a securities salesperson for D.L. Cromwell Investments, Inc.

64. Dean A. Esposito is not currently registered as a securities salesperson or broker-dealer in the state of  
Washington and was not so registered during the sales alleged above. Esposito's last registration with the state of  
Washington expired in May 2005 as a securities salesperson for GLB Trading, Inc.

1 65. Joseph DeVito is not currently registered as a securities salesperson or broker-dealer in the state of  
Washington and has not previously been so registered.

2 66. Frederick J. Birks is not currently registered as a securities salesperson or broker-dealer in the state of  
3 Washington and was not so registered during the sales alleged above. Birks' last registration with the state of  
Washington expired in November 2000 as a securities salesperson for Mason Hill & Co., Inc.

4 67. Viper Asset Management, LLC is not currently registered as a broker-dealer in the state of  
5 Washington and has not previously been so registered.

6 68. Gryphon Asset Management LLC is not currently registered as a broker-dealer in the state of  
Washington and has not previously been so registered.

7 69. DJC Consulting LLC is not currently registered as a broker-dealer in the state of Washington and has  
8 not previously been so registered.

9  
10 Based upon the above Findings of Fact, the following Conclusions of Law are made:

#### 11 **CONCLUSIONS OF LAW**

12 1. The offer and/or sale of the debentures, stock, and warrants described above constitute the offer  
and/or sale of a security as defined in RCW 21.20.005(14) and (17).

13 2. Iverson Genetic Diagnostics, Inc.; Dean Sproles; James Lisowsky; Gregory Groeller; Dean A.  
14 Esposito; Joseph DeVito; Frederick J. Birks; Viper Asset Management, LLC; Gryphon Asset Management LLC; and  
15 DJC Consulting LLC have each violated RCW 21.20.140, because, as set forth in the Tentative Findings of Fact,  
Respondents offered and/or sold securities for which no registration was on file with the Securities Administrator and  
no valid claim of exemption under WAC 460-44A-506 exists.

16 3. Dean Sproles; James Lisowsky; Gregory Groeller; Dean A. Esposito; Joseph DeVito; Frederick J.  
17 Birks; Viper Asset Management, LLC; Gryphon Asset Management LLC; and DJC Consulting have each violated  
18 RCW 21.20.040 by offering and/or selling said securities while not being registered as a securities salesperson or  
broker-dealer in the state of Washington.

19 4. Iverson Genetic Diagnostics, Inc.; Dean Sproles; James Lisowsky; Gregory Groeller; Dean A.  
20 Esposito; Joseph DeVito; Frederick J. Birks; Viper Asset Management, LLC; Gryphon Asset Management LLC; and  
21 DJC Consulting LLC have each violated RCW 21.20.010, because, as set forth in the Tentative Findings of Fact,  
22 Respondents made untrue statements of material fact or omitted to state material facts necessary to make the  
statements made, in light of the circumstances in which they were made, not misleading.

#### 23 **NOTICE OF INTENT TO ORDER THE RESPONDENTS TO CEASE AND DESIST**

24 Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator  
intends to order, pursuant to RCW 21.20.390(1), that Iverson Genetic Diagnostics, Inc.; Dean Sproles; James

1 Lisowsky; Gregory Groeller; Dean A. Esposito; Joseph DeVito; Frederick J. Birks; Viper Asset Management, LLC;  
2 Gryphon Asset Management LLC; and DJC Consulting LLC, their agents and employees each shall cease and desist  
3 from violations of RCW 21.20.010 and RCW 21.20.140, and that Dean Sproles; James Lisowsky; Gregory Groeller;  
4 Dean A. Esposito; Joseph DeVito; Frederick J. Birks; Viper Asset Management, LLC; Gryphon Asset Management  
5 LLC; and DJC Consulting LLC, their agents and employees each shall cease and desist from violations of RCW  
6 21.20.040.

7 **NOTICE OF INTENT TO IMPOSE FINES**

8 Pursuant to RCW 21.20.395, and based upon the above Tentative Findings of Fact and Conclusions of Law,  
9 the Securities Administrator intends to order that:

- 10 a. Respondent Iverson Genetic Diagnostics, Inc. shall be liable for and shall pay a fine of \$60,000;
- 11 b. Respondent Dean Sproles shall be liable for and shall pay a fine of \$60,000;
- 12 c. Respondent James Lisowsky shall be liable for and shall pay a fine of \$20,000;
- 13 d. Respondent Gregory Groeller shall be liable for and shall pay a fine of \$10,000
- 14 e. Respondent Dean A. Esposito shall be liable for and shall pay a fine of \$30,000;
- 15 f. Respondent Joseph DeVito shall be liable for and shall pay a fine of \$30,000.
- 16 g. Respondent Frederick J. Birks shall be liable for and shall pay a fine of \$40,000.

17 **NOTICE OF INTENT TO CHARGE COSTS**

18 Pursuant to RCW 21.20.390, and based upon the Tentative Findings of Fact and Conclusions of Law, the  
19 Securities Administrator intends to order that:

- 20 a. Respondent Iverson Genetic Diagnostics, Inc. shall be liable for and shall pay the costs, fees, and  
21 other expenses incurred in the administrative investigation and hearing of this matter, in an amount not less than  
22 \$10,000;
- 23 b. Respondent Dean Sproles shall be liable for and shall pay the costs, fees, and other expenses incurred  
24 in the administrative investigation and hearing of this matter, in an amount not less than \$10,000;
- 25 c. Respondent James Lisowsky shall be liable for and shall pay the costs, fees, and other expenses  
incurred in the administrative investigation and hearing of this matter, in an amount not less than \$1,000;
- d. Respondent Gregory Groeller shall be liable for and shall pay the costs, fees, and other expenses  
incurred in the administrative investigation and hearing of this matter, in an amount not less than \$500;
- e. Respondent Dean A. Esposito shall be liable for and shall pay the costs, fees, and other expenses  
incurred in the administrative investigation and hearing of this matter, in an amount not less than \$1,000;
- f. Respondent Joseph DeVito shall be liable for and shall pay the costs, fees, and other expenses  
incurred in the administrative investigation and hearing of this matter, in an amount not less than \$1,000;



1 g. Respondent Frederick J. Birks shall be liable for and shall pay the costs, fees, and other expenses  
2 incurred in the administrative investigation and hearing of this matter, in an amount not less than \$1,000.

3 **AUTHORITY AND PROCEDURE**

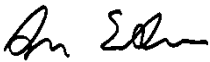
4 This Statement of Charges is entered pursuant to the provisions of Chapter 21.20 RCW and is subject to the  
5 provisions of Chapter 34.05 RCW. The Respondents, Iverson Genetic Diagnostics, Inc.; Dean Sproles; James  
6 Lisowsky; Gregory Groeller; Dean A. Esposito; Joseph DeVito; Frederick J. Birks; Viper Asset Management, LLC;  
7 Gryphon Asset Management LLC; and DJC Consulting LLC, may each make a written request for a hearing as set  
8 forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this  
9 Order. If a Respondent does not make a hearing request in the time allowed, the Securities Administrator intends to  
10 adopt the above Tentative Findings of Fact and Conclusions of Law as final and to enter a permanent order to cease  
11 and desist as to that Respondent, to impose any fines sought against that Respondent, and to charge any costs sought  
12 against that Respondent.

13 Signed and Entered this 26th day of April 2016.

14 

15 William M. Beatty  
16 Securities Administrator

17 Approved by:

18 

19 Suzanne Sarason  
20 Chief of Enforcement

21 Presented by:

22 

23 Jack McClellan  
24 Financial Legal Examiner