BEFORE THE
STATE OF WISCONSIN
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF SECURITIES

In the matter of,	SUMMARY ORDER TO CEASE AND DESIST AND REVOKING EXEMPTIONS
SHONE M. BAGLEY, GREATER STATES SPORTS AUTHORITY, INC., GREATER STATES PRINCIPAL FINANCIAL GROUP, INC., and IKP FINANCIAL MANAGEMENT CO.	NOTICE OF PROPOSED ORDER FOR RESTITUTION AND CIVIL PENALTIES
Respondents.	DFI Case No. S-239603 (EX)

I.

The Administrator of the State of Wisconsin, Department of Financial Institutions, Division of Securities ("Division"), having legal authority and jurisdiction to administer and enforce the Wisconsin Uniform Securities Law, Wis. Stats. Ch. 551 ("Ch. 551") and rules and orders promulgated thereunder, and having determined that this action is necessary and appropriate in the public interest and for the protection of investors, hereby enters this Order as follows:

II.

Division staff have presented evidence sufficient for the Administrator to make the following findings of fact and conclusions of law:

A. Findings of Fact

Respondents

1. SHONE M. BAGLEY ("Bagley") is an adult male with a last known address of 1537 Terry Road, Hartford, Wisconsin 53027. At all times material, Bagley was the owner and controlling person of Greater States Sports Authority, Inc., Greater States Principal Financial Group, Inc., and IKP Financial Management Company.

2. GREATER STATES SPORTS AUTHORITY, INC. ("GSSA") is a Wisconsin company organized effective June 27, 2017. The last known address of Greater States

Sports Authority, Inc.'s registered agent and its principal office is 3065 N. 124th Street, Suite 203, Brookfield, Wisconsin 53005.

3. GREATER STATES PRINCIPAL FINANCIAL GROUP, INC. ("GSPF") is a Wisconsin company organized effective June 29, 2018. The last known address of Greater States Principal Financial Group, Inc.'s registered agent is 3065 N. 124th Street, Suite 203, Brookfield, Wisconsin 53005.

4. IKP FINANCIAL MANAGEMENT COMPANY ("IKP") is a Wisconsin company organized effective February 4, 2015. The last known principal office of IKP is 12201 W. Burleigh Street, Suite 2, Wauwatosa Wisconsin 53222. IKP's registered agent is located at 3065 N. 124th Street, Suite 203, Brookfield, Wisconsin 53005.

Conduct

5. Caring Hearts, Inc. is an in-home elderly care company located in Monroe, Wisconsin that was owned by an individual, KF, until sometime in 2018.

6. BC is an adult female who resides in Broadhead, Wisconsin. BC was an employee at Caring Hearts from 2003 to 2018. BC was originally a personal care giver for Caring Hearts before transitioning to a more managerial/administrative role in which BC oversaw the majority of the business.

7. Sometime between April to June 2018, KF sold Caring Hearts to Bagley. At that time, BC was no longer employed with Caring Hearts.

8. BC and eight other Caring Hearts employees participated in a pension plan which was administered by a third-party company, Paychex.

9. BC had taken a loan out from her 401(k), and was in the process of repayment at the time of her departure from Caring Hearts. In July 2018, BC was unable to make her monthly loan payment online as she had done in the past. BC contacted Paychex customer service and was informed that her retirement plan was transferred to a new record holder, GSPF, and that she would need to contact the new plan administrator and owner of Caring Hearts, Bagley.

10. In July 2018, BC responded to Paychex customer service via email that she had not worked for Caring Hearts since March 2018 and that she didn't want her money to be transferred to a new record holder or plan administrator. Paychex customer service informed BC that she was still listed as an "active employee" as her employment had not been "terminated," and that her 401(k) would be transferred to GSPF.

11. BC then contacted Bagley, and asked him to "terminate" her employment in an effort to keep her money from being transferred to GSPF. Bagley informed BC that the 401(k) funds would be transferred to GSPF's account in August and at that time she would receive a letter which would explain her options with regard to her funds.

12. On August 28, 2018, $54,861.77 in 401(k) funds owned by Caring Hearts employees were transferred from Paychex to a BMO Harris Bank account owned by GSPF. Bagley was the sole signatory on the GSPF bank account. The account was not set up or identified as a qualified pension account, but as a business checking account. GSPF's account had a balance of $10.18 before the transfer of $54,861.77 took place on August 28, 2018.

13. Once the retirement funds were deposited into the non-qualified GSPF account, Bagley moved the funds to other BMO Harris Bank business accounts in which he is the sole signatory-specifically GSSA and Caring Hearts accounts. For example, on September 11, 2018, Bagley transferred $18,000.00, consisting entirely of 401(k) funds, from the GSPF account to the GSSA account. Prior to the transfer, GSSA's account had a balance of only $2,995.15.

14. Bagley then commingled the retirement funds with other money in the GSSA account and used the funds to issue payroll checks to employees. As a result, Bagley paid employees, at least in part, with the employees' retirement funds that had been deposited into the GSSA account.

15. By October 15, 2018, Bagley had drained the non-qualified GSPF account down to a remaining balance of $691.64. Bagley spent a substantial amount of the employees' retirement funds on personal expenses, such as food, gas, car expenses, and shopping.

16. Yet, by letter dated October 15, 2018, Bagley falsely informed BC that she still had $22,234.05 in her 401(k) account with GSPF. In the same letter, Bagley solicited BC to leave her funds in the GSPF account to be managed by "GSSA Investment." Bagley falsely asserted GSSA's past performance included gains of "34% last year and to date up 12%."

17. BC returned her 401(k) selection to Bagley on November 5, 2018, electing to rollover her 401(k) to a traditional IRA account. Following her selection, BC communicated with Bagley numerous times via email and telephone, but never received her 401(k) funds from Bagley.

18. Among other uses of the Caring Hearts employees' retirement funds, Bagley transferred $9,000 to a TD Ameritrade account owned by IKP. Bagley is the sole signatory on the IKP account.

19. The TD Ameritrade account owned by IKP was not set up or identified as a qualified pension account. The TD Ameritrade new account application dated January 30, 2015 states that it is for "LLC, Investment Club, or Partnership." For type of account, the box is checked for an Investment Club. The type of business is described as a "Financial Club" and the account as a "pooled investment vehicle."

20. The financial records of the TD Ameritrade account demonstrate that from September 2018 to December 2018, Bagley lost about $7,500 of the Caring Hearts employees' retirement funds through options trading that was not authorized by or disclosed to the employees.

21. The balance in the GSPF account was -$529.54 when BMO Harris Bank closed and charged off the account on January 18, 2019. The balance in the GSSA account was -$621.16 when BMO Harris Bank closed and charged off the account on January 17, 2019.

22. At no time were Bagley, GSSA, GSPF, or IKP registered with the Division in any capacity.

B. Conclusions of Law

Legal Authority and Jurisdiction

23. The Administrator has legal authority and jurisdiction over the conduct described above, pursuant to Wis. Stats. Ch. 551 and the rules and orders promulgated thereunder.

24. A broker-dealer is a person engaged in the business of effecting transactions in securities for the account of others or for the person's own account under Wis. Stat. § 551.102(4).

25. It is unlawful for a person to transact business in this state as a broker-dealer unless the person is registered under Ch. 551 as a broker-dealer or is exempt from registration as a broker dealer pursuant to Wis. Stat. § 551.401.

26. Bagley transacted business as a broker-dealer as defined under Wis. Stat. § 551.102(4) and DFI Sec. 1.02(5), Wis. Admin. Code.

27. Pursuant to Wis. Stat. § 551.501(2), it is unlawful for a person, in connection with the offer, sale or purchase of a security, directly or indirectly, to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

Violations

28. By conducting trades in the TD Ameritrade account using funds that had been distributed from the 401(k) account and not properly rolled over into another qualified account, Bagley violated Wis. Stat. § 551.401(1) by transacting business as a broker-dealer in Wisconsin without being registered as a broker-dealer under Ch. 551 or exempted from registration as a broker-dealer under Wis. Stat. § 551.401(2).

29. Through the conduct described above, the Respondents violated Wis. Stat. § 551.501(2) by, in connection with the offer and sale of securities, directly or indirectly, making untrue statements of material fact and omitting to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, including by making untrue statements about how the 401(k) funds of Caring Hearts' employees were being used, and with respect to BC, making untrue statements about the status of her retirement funds and the performance history of GSSA.

III.

In view of the above findings of fact and conclusions of law, the Administrator deems it necessary and appropriate in the public interest and for the protection of investors, and pursuant to its legal authority and jurisdiction under Ch. 551, to wit Wis. Stat. § 551.604, to issue the following orders and notices:

A. Summary Orders issued pursuant to Wis. Stat. § 551.604(2)

(a) IT IS ORDERED that RESPONDENTS, their agents, servants, officers, employees, successors, affiliates, and every entity and person directly or indirectly controlled or organized by or on behalf of any RESPONDENT, shall cease and desist from making or causing to be made to any person or entity in Wisconsin any further offers or sales of securities unless and until such securities qualify as covered securities or are registered under Ch. 551 or successor statute, pursuant to Wis. Stat. §§ 551.604(1)(a) and (2).

(b) IT IS FURTHER ORDERED that all exemptions from registration set forth at Ch. 551 or successor statute that might otherwise apply to any offer or sale of any security of or by any of the RESPONDENTS, their agents, servants, officers, employees, successors, affiliates, and every entity and person directly or indirectly controlled or organized by or on behalf of any RESPONDENT, are hereby revoked, pursuant to Wis. Stats. §§ 551.604(1)(b) and (2).

(c) IT IS FURTHER ORDERED that RESPONDENTS, their successors, affiliates, controlling persons, officers, agents, servants, employees and every entity and person

directly or indirectly controlled or hereafter organized by or on behalf of any RESPONDENT, are prohibited from violating Wis. Stat. § 551.501 or successor statute.

(d) PLEASE TAKE NOTICE that the summary orders of the Administrator are effective as of the issuance of this order, pursuant to Wis. Stat. § 551.604(2). You are advised that any willful violation of an Order issued by the Division under Ch. 551 is a criminal offense punishable under the provisions of Wis. Stat. § 551.508.

B. Proposed Orders

(e) IT IS PROPOSED that an order be issued against SHONE BAGLEY TO pay restitution for the benefit of the nine Caring Hearts employees who participated in the Caring Hearts pension plan, in the amount of **$9,000**, with interest on such amount at the legal rate under Wis. Stat. § 138.04, starting from the date Bagley transferred those funds into the TD Ameritrade account through the date of satisfaction, pursuant to Wis. Stat. § 551.604(4m). Such payment shall be made payable to the Wisconsin Department of Financial Institutions and shall be remitted to the Division no later than 30 calendar days from the date of issuance of this Order, or if a petition for a hearing is filed as provided under Wis. Stat. § 551.604(2), by a date to be fixed by a final order. The Division shall remit such payment to the nine Caring Hearts employees pro rata based on their contributions to the pension plan.

(f) IT IS FURTHER PROPOSED that an order be issued imposing a civil penalty against SHONE BAGLEY in the form of an administrative assessment totaling **$9,000** for the violations committed against the Caring Hearts employees, pursuant to Wis. Stat. § 551.604(4). Such payment shall be made payable to the Wisconsin Department of Financial Institutions and shall be remitted to the Division no later than 30 calendar days from the date of issuance of this Order, or if a petition for a hearing is filed as provided under Wis. Stat. § 551.604(2), by a date to be fixed by a final order.

C. Service of Order

(g) IT IS FURTHER ORDERED that this order shall be sent promptly by certified mail to each party named in the order at his or her last known address or to the party's attorney of record, or shall be personally served upon the party or the party's attorney of record, pursuant to Wis. Admin. Code § DFI-Sec. 8.06. This order shall also be served upon the office of the administrator pursuant to Wis. Stat. § 551.611.

(h) PLEASE TAKE NOTICE that the date of the service of this order is the date it is placed in the mail if service is by certified mail. If a party or the party's attorney is personally served, the date of service is the date service is completed. You are advised that any willful violation of an Order issued by the Division under Ch. 551 is a criminal offense punishable under the provisions of Wis. Stat. § 551.508.

D. Notice of Hearing Rights

(i) PLEASE TAKE NOTICE that you have the right to request a hearing pursuant to Wis. Stat. § 551.604(2). Every request for a hearing shall be in the form of a written petition filed with the Division, pursuant to Wis. Admin. Code § DFI-Sec. 8.01 and Wis. Stat. § 227.42. A petition for a hearing to review the order shall:

(1) Plainly admit or deny each specific allegation, finding or conclusion in the order and incorporated papers. However, if the petitioner lacks sufficient knowledge or information to permit an admission or denial, the petition shall so state, and that statement shall have the effect of a denial; and

(2) State all affirmative defenses. Affirmative defenses not raised in the request for hearing may be deemed waived.

(j) PLEASE TAKE FURTHER NOTICE that you may file your written petition:

(1) By mailing the written petition to:

Division of Securities
Wisconsin Department of Financial Institutions
P.O. Box 1768
Madison, Wisconsin 53701-1768

(2) By delivering the written petition in person to:

Division of Securities
Wisconsin Department of Financial Institutions
4822 Madison Yards Way, North Tower, 4th Floor
Madison, Wisconsin 53705

(3) By faxing the written petition to 608-264-7979.

(k) PLEASE TAKE FURTHER NOTICE that the petition for hearing must be filed with the Division. Pursuant to Wis. Stat. § 551.102(8), "filing" means "receipt." Therefore, a petition is not "filed" with the Division until it is actually "received" by the Division. If the Division does not receive your written petition before midnight on the 30th day after the date of service of this order, your right to a hearing will be waived and the Summary Order shall become final by operation of law.

(l) PLEASE TAKE FURTHER NOTICE that, within 15 days after receipt of a request in a record from you, the matter will be scheduled for a hearing or other public administrative proceedings, pursuant to Wis. Stats. §§ 551.604(2) and (3).

(m) PLEASE TAKE FURTHER NOTICE that if you do not request a hearing and none is ordered by the Administrator within 30 days after the date of service of this order, the findings of fact, conclusions of law, and summary and proposed orders, including the imposition of civil penalty and restitution and interest, become final as by operation of law, pursuant to Wis. Stat. §551.604(2).

(n) PLEASE TAKE FURTHER NOTICE that any willful violation of an Order by the Division under Ch. 551 is a criminal offense punishable under the provisions of Wis. Stat. § 551.508.

EXECUTED at Madison, Wisconsin, this 18th day of March, 2020.

Leslie M. Van Buskirk
Administrator

Division of Securities
State of Wisconsin
Department of Financial Institutions
201 West Washington Avenue, Suite 300
Madison, Wisconsin 53703

State of Wisconsin

Department of Financial Institutions

Tony Evers, **Governor** Kathy Blumenfeld, **Secretary**

AFFIDAVIT OF SERVICE
AND COMPLIANCE WITH WIS. STAT. § 551.611

STATE OF WISCONSIN)
) ss.
COUNTY OF DANE)

I, KATHERINE CLEMENTI, first being duly sworn, depose and state:

1. I am employed with the State of Wisconsin, Department of Financial Institutions, Division of Securities.

2. On the date of this Affidavit and in the course of regularly conducted activity, I have caused to be served by certified mail upon Shone M. Bagley at his last known address of 1537 Terry Road, Hartford, Wisconsin 53027:

   i. A copy of the Summary Order to Cease and Desist and Revoking Exemptions & Notice of Proposed Order for Restitution and Civil Penalties, DFI Case No. S-239603 (EX); and

   ii. A copy of this Affidavit of Service.

3. In compliance with Wis. Stat. §§ 227.48, 551.611, and 891.46; and Wis. Admin. Code. §§ DFI-Sec 8.06 and 8.07, I have also caused to be served copies of those same documents upon the Administrator for the Division of Securities.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

Katherine Clementi
KATHERINE CLEMENTI

State of Wisconsin
Department of Financial Institutions
Division of Securities

Subscribed and sworn to before me

This 18 day of March, 2020.

Notary Public, State of Wisconsin
My commission ~~is permanent~~ expires 6/30/2023

(Notary Seal)

REBECCA LIN NOTARY PUBLIC STATE OF WISCONSIN

Division of Securities
Mail: PO Box 1768 Madison, WI 53701-1768
Courier: 4822 Madison Yards Way, Madison, WI 53705
Voice: (608) 261-9555 Fax: (608) 264-7979 Web: www.wdfi.org

State of Wisconsin

Department of Financial Institutions

Tony Evers, **Governor** Kathy Blumenfeld, **Secretary**

AFFIDAVIT OF SERVICE
AND COMPLIANCE WITH WIS. STAT. § 551.611

STATE OF WISCONSIN)
) ss.
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KATHERINE CLEMENTI

State of Wisconsin
Department of Financial Institutions
Division of Securities

Subscribed and sworn to before me

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Notary Public, State of Wisconsin
My commission ~~is permanent~~. expires 6/30/2023

(Notary Seal)

REBECCA LIN NOTARY PUBLIC STATE OF WISCONSIN

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