



COMMISSIONER OF SECURITIES
STATE OF GEORGIA

In the matter of

Frederick G. "Fritz" Engels, Jr.

Respondent.

ENSC-180719

CONSENT ORDER

Pursuant to O.C.G.A. § 10-5-71(a)(1) of the Georgia Uniform Securities Act of 2008, O.C.G.A. § 10-5-1, et seq. ("Act"), the Commissioner of Securities for the State of Georgia ("Commissioner") caused an investigation to be made into Frederick G. "Fritz" Engels, Jr. ("Engels" or "Respondent") to determine whether Respondent had violated the Act or a rule adopted by the Commissioner thereunder ("Rules"). Following that investigation, the Commissioner issued Respondent a Proposed Order to Cease and Desist All Violations of Georgia Securities Act and Imposition of Civil Penalty and Notice of Opportunity for Hearing dated June 25, 2018 ("Proposed Order").

On July 10, 2019, Respondent timely requested a pre-hearing conference pursuant to Rule 590-4-6-.12. Respondent's request for a pre-hearing conference was duly accepted by the Commissioner, thereby tolling the thirty (30) day time period for requesting and setting any formal hearing before the Commissioner. Having considered information provided by Respondent and representations made by Respondent during the pre-hearing conference period, the Commissioner and Respondent hereby agree to the terms and conditions set forth herein.

CONSENT TO JURISDICTION AND WAIVER

1. Respondent consents to the jurisdiction of the Commissioner over Respondent and this matter pursuant to the Act.
2. Without Respondent admitting or denying the Findings of Fact and Conclusions of Law herein, Respondent and the Commissioner stipulate and agree to the issuance of this

Consent Order without further proceedings in this matter, agreeing to be fully bound by the terms and conditions specified herein.

3. Respondent agrees not to take any action or to make or permit to be made any public statements creating the impression that this Consent Order is without factual basis.

4. Respondent stipulates and agrees with the Commissioner that should any facts herein prove to be false, the Commissioner reserves the right to pursue any and all legal or administrative remedies at his disposal.

5. Respondent, through the execution of this Consent Order, voluntarily waives his rights to a formal hearing on this matter and to judicial review of this Consent Order.

6. Respondent enters into this Consent Order voluntarily and represent that no threats, offers, promises, or inducements of any kind have been made by the Commissioner or any member, officer, employee, agent, or representative of the Commissioner to induce Respondent to enter into this Consent Order.

FINDINGS OF FACT

7. Engels is a Georgia resident and is an insurance agent with Engels Financial, LLC ("EF"). EF was a domestic limited liability company formed on December 17, 2003 and registered with the Georgia Secretary of State's Corporations Division. EF voluntarily terminated and dissolved on July 9, 2014.

8. In addition to insurance products, EF's website provides that Engels and EF offer financial services including: conservative retirement strategies, principal preservation, and balanced & objective portfolio planning based on detailed reviews.

9. Engels is not registered with the Commissioner as an investment adviser representative pursuant to O.C.G.A. § 10-5-33 and has never been registered with the Commissioner as such.

10. EF is not registered with the Commissioner as an investment adviser pursuant to O.C.G.A. § 10-5-32 and has never been registered with the Commissioner as such.

11. Engels is not registered with the Commissioner as a broker-dealer agent pursuant to O.C.G.A. § 10-5-31 and has never been registered with the Commissioner as such.

12. EF is not registered with the Commissioner as a broker-dealer pursuant to O.C.G.A. § 10-5-30 and has never been registered with the Commissioner as such.

13. On November 18, 2013, Engels entered into an Independent Consultant Agreement with Dominion Private Client Group, LLC ("Dominion Private Client"). Under the terms of the

Independent Consultant Agreement, Engels was to initiate and maintain new client relationships on behalf of Dominion Private Client.

14. Dominion Private Client was an affiliate of Dominion Investment Advisors, LLC (“Dominion IA”), a Virginia based investment adviser, and Dominion Investment Group, LLC (“DIG”), a Virginia based limited liability company.

15. Disclosure documents for Dominion IA state that the firm was owned and operated by Roger Hudspeth, a Virginia based investment adviser representative. Disclosure documents for DIG state that the company was owned and operated by Daryl Bank (“Bank”), a Virginia based individual who was barred from associating with any FINRA member firms on February 5, 2010. The FINRA action was based on Bank’s misappropriation of client funds. Bank was also the managing member of Dominion Private Client.

16. On February 23, 2016, the Virginia State Corporation Commissioner issued an Order barring Hudspeth from registration as an investment adviser, barring Dominion IA from registration as investment adviser, and sanctioning a monetary penalty of one million dollars (\$1,000,000.00) in disgorgement. The basis for the Virginia Order was that Hudspeth and Dominion IA offered and sold unregistered securities in affiliates controlled by or associated with DIG. The Virginia Order found that the actions of Dominion IA and DIG led to the misappropriation of at least twenty one million dollars (\$21,000,000.00) of investor money. The Securities and Exchange Commission (“SEC”) filed a parallel complaint against Bank for his role in the scheme. The SEC found that Bank, through Dominion Private Client, issued unregistered securities in companies owned by Bank, including: Spectrum Management, LLC, Spectrum 100 Management, LLC, Prime Spectrum Management, LLC, and Janus Spectrum Group, LLC. In addition to misappropriating investor monies, the SEC found that Bank and his controlled companies mislead investors regarding the operations of the various companies.

17. When negotiating and executing the Independent Consultant Agreement with Dominion Private Client, Engels communicated directly with Bank.

18. After executing the Independent Consultant Agreement, Engels offered and sold investment products issued by Dominion Private Client to at least thirty four (34) investors amounting to at least two million six hundred thirty six thousand five hundred dollars (\$2,636,500.00) worth of securities. For each transaction, Engels would receive an up-front commission ranging from eight to twelve percent (8-12%) of the amount invested.

19. Engels offered and sold securities, packaged as membership interests, in WeMonitor Group LLC, Spectrum 100 LLC, DV8 Group LLC, and Janus Spectrum Group.

20. Based on representations made by Dominion IA, DIG, and Bank, Engels operated under the belief that the securities offered were legitimate, exempt from registration as securities, and that Engels' activity with Dominion Private Clients was exempt from the registration requirements of an investment adviser.

CONCLUSIONS OF LAW

21. Paragraphs 1 through 20 are incorporated by reference as though fully set forth herein.

22. The Commissioner has jurisdiction over this matter pursuant to the Act. *See* O.G.C.A. §§ 10-5-70 and 10-5-71.

23. Pursuant to O.C.G.A. § 10-5-73(a)(1) of the Act, if the Commissioner determines that a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of the Act or Rules, the Commissioner may “[i]ssue an order directing the person to cease and desist from engaging in the act, practice, or course of business, or to take other action necessary or appropriate.”

24. Pursuant to O.C.G.A. § 10-5-2(1), the term broker-dealer agent is an individual who “represents an issuer in effecting or attempting to effect purchases or sales of the issuer’s securities.” Pursuant to O.C.G.A. § 10-5-31(a), “[i]t is unlawful for an individual to transact business in this state as an agent unless the individual is registered under this chapter as an agent or is exempt from registration as an agent.” Engels violated O.C.G.A. § 10-5-31 by effecting purchases in the securities issued by the various companies. Based on the violations, Engels is subject to discipline under O.C.G.A. § 10-5-73.

25. Pursuant to O.C.G.A. § 10-5-2(19), the term investment adviser representative is an individual who “makes any recommendations or otherwise gives investment advice regarding securities, manages accounts or portfolios of clients, determines which recommendation or advice regarding securities should be given, provides investment advice or holds herself or himself out as providing investment advice, receives compensation to solicit, offer, or negotiate for the sale of or for selling investment advice.” Pursuant to O.C.G.A. § 10-5-33, “[i]t is unlawful for an individual to transact business in this state as an investment adviser

representative unless the individual is registered under this chapter as an investment adviser representative or is exempt from registration as an investment adviser.”

ORDER

WHEREFORE, by the authority vested in me as the Commissioner of Securities for the State of Georgia, **IT IS HEREBY ORDERED**:

1. **FREDERICK G. “FRITZ” ENGELS, JR.** immediately **CEASE AND DESIST** all violations of the Georgia Uniform Securities Act of 2008, as amended.

2. Nothing herein shall act as a bar to Engels becoming registered in Georgia as an investment adviser once he meets all requirements upon submission of a valid and complete application.

The entry of this Consent Order is deemed to be in the public interest, and shall not be deemed to constitute findings or conclusions relating to other persons unrelated to the Respondent and shall not be deemed to be a waiver or estoppel on the part of the Commissioner from proceeding in individual actions against any person who may have violated the Act or any transactions not specifically referred to herein or not known to the Commissioner at the time this Order was issued. If at any time it appears to the Commissioner that Respondent has failed to comply with this Consent Order or has made any other material misrepresentations or omissions in regards to this matter, the Commissioner may take further action.

SO ORDERED this 23rd day of September, 2019.

**BRAD RAFFENSPERGER
SECRETARY OF STATE
COMMISSIONER OF SECURITIES**

By:


C. Ryan Germany
Assistant Commissioner of Securities

CONSENT OF ENTRY OF CONSENT ORDER BY FREDERICK G. "FRITZ" ENGELS, JR.

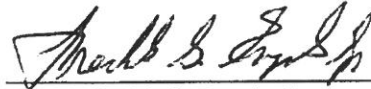
Frederick G. "Fritz" Engels, Jr. ("Respondent") hereby acknowledges that he has been served with a copy of this Consent Order, have read the foregoing Consent Order, are aware of his rights to a hearing and appeal in this matter, and have waived the same.

Respondent admits the jurisdiction of the Georgia Commissioner of Securities and consents to entry of this Consent Order as settlement of the issues contained in this Consent Order.

Respondent agrees that they shall not claim, assert, or apply for a tax deduction or tax credit with regard to any state, federal, or local tax for any administrative monetary penalty that Respondent shall pay pursuant to this Consent Order.

Respondent states that no promise of any kind or nature whatsoever was made to them to induce them to enter into this Consent Order and that they have entered in this Consent Order voluntarily.

Dated this 16th day of September 2019

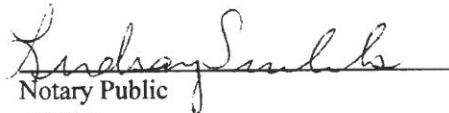


BY: Frederick G. Engels, Jr.
TITLE: Individual

State of Georgia

County of Cherokee

SUBSCRIBED AND SWORN TO before me this 16th day of September 2019


Notary Public

My commission expires:

09.25.2021

