

State of Missouri  
Office of Secretary of State

Case No. AP-09-18

IN THE MATTER OF:

SAFE HARBOR FINANCIAL LLC;  
TRAVIS RAY WINNETT;  
AND  
ERRON L. WRIGHT, JR.,

Respondents.

**CONSENT ORDER AS TO RESPONDENT ERRON L. WRIGHT, JR.**

**SUMMARY OF ALLEGATIONS**

1. The Enforcement Section of Missouri Securities Division (the "Enforcement Section") alleges that Erron L. Wright, Jr., ("Wright") was employed by or associated with Safe Harbor Financial LLC ("Safe Harbor") and offered and sold securities on behalf of Safe Harbor in the State of Missouri without being registered or exempt from registration as an agent, in violation of Section 409.4-402(a), RSMo. (Cum. Supp. 2008).
2. Further, the Enforcement Section alleges that while acting as an unregistered agent and in connection with the offer and sale of Safe Harbor securities, Wright omitted to state material facts necessary to make statements made, in light of the circumstances under which they were made, not misleading, in violation of Section 409.5-501(2), RSMo. (Cum. Supp. 2008).
3. Wright desires to settle the allegations and the matters raised by the Enforcement Section relating to Wright's alleged activity.

**CONSENT TO JURISDICTION**

4. Wright stipulates and agrees that the Commissioner has jurisdiction over Wright and these matters pursuant to the Missouri Securities Act of 2003, Chapter 409, et seq.
5. Wright stipulates and agrees that the Commissioner has authority to enter this Order pursuant to Section 409.6-604(h), RSMo. (Cum. Supp. 2008), which provides:

"The commissioner is authorized to issue administrative consent orders in the settlement of any proceeding in the public interest under this act."

**WAIVER AND EXCEPTION**

6. Wright waives his right to a hearing with respect to this matter.
7. Wright stipulates and agrees that he waives any rights that he may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Order. Further, Wright specifically forever releases and holds harmless the Missouri Office of Secretary of State, Secretary of State, Commissioner of Securities and their respective representatives and agents from any and all liability and claims arising out of, pertaining to or relating to this matter.
8. The parties agree that this Order constitutes a complete and final resolution of this matter and of the allegations made against Respondent Wright in the Petition filed against him by the Enforcement Section.

**CONSENT TO COMMISSIONER'S ORDER**

9. Wright stipulates and agrees 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.
10. Wright agrees not to take any action or to make or permit to be made any public statement creating the impression that this Order is without factual basis. Nothing in this paragraph affects Wright's (a) testimonial obligations; (b) right to take legal or factual position in defense of litigation or in defense of other legal proceedings in which the Commissioner of Securities is not a party; or (c) right to make public statements that are factual.
11. Wright agrees that he is not the prevailing party in this action since the parties have reached a good faith settlement.
12. Wright neither admits nor denies the allegations made by the Enforcement Section, but consents to the Commissioner's Findings of Fact, Conclusions of Law and Order as set forth below solely for the purposes of this proceeding and any proceeding that may be brought to enforce the terms of this Consent Order.

**FINDINGS OF FACT**

13. Wright is an individual with an address of 702 Wayne Avenue, Neosho, Missouri 64850. From July 1996 through October 23, 2007, Wright was a registered securities agent in Missouri associated with Mutual of Omaha Investor Services, Inc.
14. On August 27, 2007, Safe Harbor was organized purportedly to engage in the business of insurance premium financing. Travis Ray Winnett ("Winnett") was the President of Safe Harbor and Wright was associated with Safe Harbor as an independent contractor. Safe Harbor is a licensed insurance producer in Missouri.
15. Wright was not a beneficial owner of Safe Harbor, and he received no profits from the company. Wright was paid commission on only his sales.
16. On or about October 26, 2007, Wright met with two senior Missouri residents ("MR1 and MR2"), about cashing in some existing investments and placing the money in an investment that, according to Wright, could earn them eight percent (8%) interest paid annually. Wright told MR1 and MR2 that by putting the investment in an IRA, they would not have to pay taxes until the money was taken out of the IRA.
17. According to MR1 and MR2, they had known Wright for approximately eleven (11) years and trusted him. According to MR1 and MR2, Wright did not provide MR1 and MR2 with any specific information about how their money would be invested nor were any risks discussed. Wright told MR1 and MR2 that he could get them a better return than their existing investments and had them sign some documents.
18. Based on Wright's representations, in October of 2007, MR1 and MR2 obtained a cashier's check in the amount of seventy thousand dollars (\$70,000) payable to Trust Company of the Pacific<sup>1</sup> as instructed by Wright.
19. During the course of its investigation, the Enforcement Section obtained copies of the following documents presented to MR1 and MR2 for signing:
  - i. Depositor/Lender Agreement issued by Safe Harbor
  - ii. Self-Directed Account Application with Trust Company of the Pacific; and
  - iii. General/Direction of Investment to Trust Company of the Pacific.
20. The Depositor/Lender Agreement issued by Safe Harbor stated, in part, as follows:

"Safe Harbor Financial LLC with offices in Neosho, Missouri is a licensed Insurance Premium Finance Company . . .

WHEREAS, Lender [MR1 and MR2] . . . has reviewed and approves and adopts the criteria set forth in this agreement to loan funds for the operations of Safe Harbor Financial LLC . . . .

Lender understands that the loan deposit of \$70,000 . . . is for a period of 54 months at a fixed rate . . . of 8 percent with interest only payments to Lender paid . . . [annually]."
21. The Self-Directed Account Application with Trust Company of the Pacific was to establish an IRA with Trust Company of the Pacific for the benefit of MR1.
22. The General/Direction of Investment to Trust Company of the Pacific directed that the funds be deposited in bank account #073857 at Community Bank & Trust in the name of Safe Harbor.
23. According to MR1 and MR2, the contents of the documents were not explained to MR1 or MR2. According to MR1 and MR2, despite signing the documents provided, neither MR1 nor MR2 understood that they were loaning money to Safe Harbor. According to MR1 and MR2, Wright never disclosed the risks or other material information of the investment to MR1 and MR2.
24. On November 5, 2007, sixty-nine thousand seven hundred fifty dollars (\$69,750.00) was wired to Safe Harbor's account at Community Bank from the Trust Company of the Pacific.
25. In February 2008, MR1 and MR2 received payouts from prior investments with American National Insurance Company in the amount of twenty-seven thousand seven hundred sixty-three dollars and seventy-nine cents (\$27,763.79) each, for a total of fifty-five thousand five hundred twenty-seven dollars and fifty eight cents (\$55,527.58). They wanted to reinvest this money for their retirement.
26. On or about February 25, 2008, MR1 and MR2 met with Wright about investing these funds. Again, Wright told MR1 and MR2 that he could get them eight percent (8%) interest paid annually. According to MR1 and MR2, no risks were discussed and no details of the investment were given to MR1 and MR2.
27. During the course of its investigation, the Division obtained copies of the following documents presented to MR1 and MR2 on or about February 25, 2008, by Wright:

- a. Loan Agreement and Promissory Note; and
- b. Unsecured Promissory Note.

28. The Loan Agreement and Promissory Notes signed by MR1 and MR2 provide, in part, as follows:

“Safe Harbor Financial . . . with its principal place of business at 702 Wayne Avenue, Neosho, Missouri 64850 . . . engages in the business of premium financial of life insurance policies for insured's residing with the state of Missouri.

. . . The term of the loan shall be 66 months . . . . The Note will bear simple interest on the total principal amount at a rate of 8 percent per annum (8%).

. . . Principal and interest of this Note shall together be paid in a single payment on the \_\_\_\_ Day of \_\_\_\_\_, 20\_\_\_\_.”

29. MR1 and MR2 endorsed, and gave to Wright, four checks from American National Insurance Company, all dated February 11, 2008, totaling fifty-five thousand, five hundred twenty-seven dollars and fifty-eight cents (\$55,527.58). These checks were deposited in Safe Harbor's checking account at Community Bank on February 25, 2008.
30. MR1 and MR2 told an investigator with the Enforcement Section that they are not accredited investors and have never discussed their financial situation with Wright. Their only source of income is social security benefits. The monies handed over to Wright and Safe Harbor represents their entire savings.
31. On or about February 12, 2008, Wright met with a 63 year old Missouri resident (“MR5”) at her home in Neosho, Missouri, to solicit an investment with Safe Harbor. MR5 had twenty thousand dollars (\$20,000.00) in a self-directed IRA. Wright told MR5 that she could earn eight percent (8%) interest by investing the money with Safe Harbor. According to MR5, Wright never disclosed the risks or other material information of the investment to MR5.
32. MR5 still works full-time in a manufacturing plant and earned approximately twenty-one thousand dollars (\$21,000.00) in 2007. MR5 told Wright that she needed to have monthly income from the investment.
33. Because MR5 told Wright that she needed monthly income, Wright told MR5 that she would receive a payment in the amount of one hundred thirty-three dollars and thirty-three cents (\$133.33) each month from Safe Harbor. The first payment arrived in April 2008. MR5 has not received a payment from Safe Harbor since November 2008.
34. MR5 was given a Loan Agreement and Promissory Note to sign, essentially the same as the document described in Paragraph 22, above, except that it provided that MR5 was lending twenty thousand dollars (\$20,000.00) at eight percent (8%) interest for fifty-four (54) months, stating that principal and interest would be paid on August 15, 2012.
35. Wright instructed MR5 to complete an Agent Authorization form and an Authorization to Pay IRA Funds to an Escrow Agent or Funding Company, instructing Provident Group to pay twenty thousand dollars (\$20,000.00) to Safe Harbor.
36. Instead of sending the money directly to Safe Harbor, Provident sent the money to MR5, who then wrote a check dated February 12, 2008, to Safe Harbor in the amount of twenty thousand dollars (\$20,000.00). The check was deposited in Safe Harbor's account at Community Bank on February 14, 2008.
37. On or about October 11, 2007, Wright offered and sold a promissory note essentially the same as the Agreement described in paragraph 13, above, to another Missouri resident (“MR6”), except that it provided that MR6 would invest one hundred twenty-five thousand, eight hundred thirty dollars and sixty-three cents (\$125,830.63) with Safe Harbor at eight percent (8%) interest to be paid annually. MR6's money was in a Schaeffler USA Savings Retirement Plan (“Schaeffler”). According to MR6, Wright never disclosed the risks or other material information of the investment to MR6.
38. Wright instructed MR6 to complete a “Self-Directed Account Application” to open an IRA account with the Trust Company of the Pacific and direct the investment to be sent to bank account #073857 at Community Bank in the name of Safe Harbor.
39. On or about October 16, 2007, Schaeffler sent a check in the amount of one hundred twenty-five thousand, eight hundred thirty dollars and sixty-three cents (\$125,830.63) to Trust Company of the Pacific FBO MR6.
40. On November 14, 2007, Trust Company of the Pacific wired one hundred twenty-five thousand, eight hundred thirty dollars and sixty-three cents (\$125,830.63) to the Safe Harbor checking account at Community Bank & Trust.
41. As a result of its investigation, the Enforcement Section learned that at least twenty-five thousand dollars (\$25,000.00) of investor's money was transferred to Wright from the Safe Harbor account as commission for the sale of promissory notes to investors.
42. A check of the records maintained by the Missouri Commissioner of Securities confirmed that:
  - a. There is no effective registration statement or notice filing indicating status as a “federal covered security” for the

securities offered and sold by Wright; and

- b. Wright was not a registered securities agent in Missouri at the time the securities were offered and sold in the State of Missouri.
43. In connection with the offer and/or sale of the securities in Missouri, Wright failed to state or provide investors with the following material information:
    - a. That the securities were not registered for sale in or from the state of Missouri;
    - b. That at the time of offer and sale, Wright was not registered as a securities agent in Missouri; and
    - c. That Wright would receive compensation from the sales to investors.
  44. Based on the representations of third parties, Wright did not believe that the Safe Harbor securities he sold were securities that needed to be registered under the Missouri Securities Act of 2003.
  45. Wright stopped selling Safe Harbor securities when he learned that customers were not receiving their payments. Wright ended his involvement with Safe Harbor in September 2008.
  46. Wright has cooperated with the Enforcement Section's investigation.

#### **JURISDICTIONAL BASIS**

47. Section 409.6-601(a), RSMo. (Cum. Supp. 2008), provides that the Missouri Securities Act of 2003 "shall be administered by the commissioner of securities who shall be appointed by and under the direction of the secretary of state . . . ."
48. Section 409.6-604(a), RSMo. (Cum. Supp. 2007), provides that if the Commissioner determines that a person is engaging in an act, practice or course of business constituting a violation of the Securities Act, the Commissioner may issue an order directing the person to take action necessary or appropriate to comply with the Securities Act.
49. Section 409.6-604(h), RSMo. (Cum. Supp. 2007) provides that the Commissioner is authorized to issue administrative consent orders in the settlement of any proceeding in the public interest under this act.

#### **CONCLUSIONS OF LAW**

50. Wright violated Section 409.4.402(a), RSMo. (Cum. Supp. 2008) when he transacted business in this state as an agent without being registered, or exempt from registration under the Securities Act.
51. Wright violated Section 409.5-501, RSMo. (Cum. Supp. 2008) when he, in connection with the offer, sale, or purchase of a security, directly or indirectly omitted to state a material fact necessary in order to make the statement made, in the light of the circumstances under which it is made, not misleading.

#### **ORDER**

**WHEREAS**, the Commissioner, after consideration of the above and on the consent of Wright and the Enforcement Section, finds the following Order to be in the public interest, necessary for the protection of public investors and consistent with the provisions of Chapter 409, RSMo. (Cum. Supp. 2007).

**NOW, THEREFORE**, it is hereby Ordered that:

- A. Respondent Wright is prohibited from transacting business as an unregistered agent pursuant to Section 409.4-402(a), RSMo. (Cum. Supp. 2008).
- B. Respondent Wright is prohibited from making, in connection with the offer, sale, or purchase of a security, directly or indirectly, an untrue statement of a material fact or omitting to state a material fact necessary in order to make the statement made, in the light of the circumstances under which it is made, not misleading pursuant to Section 409.5-501.
- C. Respondent Wright shall not apply for registration with the Securities Division for a period of five (5) years from the date of this Consent Order.
- D. Respondent Wright shall pay ten thousand eight hundred dollars (\$10,800.00) over fifteen (15) months. Respondent Wright shall deliver a cashier's check to the Securities Division in the amount of seven hundred twenty dollars (\$720) made payable to the Missouri Secretary of State's Investor Education and Protection Fund each month for the fifteen month payment period. The payments shall be due on the last day of the month, with the first installment due on February 28, 2010; and
- E. Respondent Wright shall pay his own costs and attorneys fees with respect to this matter.

**SO ORDERED:**

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY, MISSOURI THIS 1<sup>ST</sup> DAY OF FEBRUARY, 2010.

ROBIN CARNAHAN  
SECRETARY OF STATE

(Signed/Sealed)  
MATTHEW D. KITZI  
COMMISSIONER OF SECURITIES

Consented to by:  
Missouri Securities Division

\_\_\_\_\_  
Nathan J. Soendker  
Acting Chief Enforcement Counsel

Erron L. Wright, Jr.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

[\[1\]](#) Trust Company of the Pacific purports to be a Trust Company with an address at 1055 Whitney Ranch Drive, Henderson, NV 89014.