

**STATE OF NEW HAMPSHIRE**  
**DEPARTMENT OF STATE**  
**BUREAU OF SECURITIES REGULATION**

IN THE MATTER OF:	)	
	)	
William A. Bischoff,	)	ORDER TO CEASE AND DESIST
Genesis Investments Group, LTD, &	)	
Genesis investments Group, LLC	)	
	)	COM2016-0008
Respondent s	)	
	)	

**NOTICE OF ORDER**

This Order commences an adjudicative proceeding under the provisions of RSA 421-B:6-613.

**LEGAL AUTHORITY AND JURISDICTION**

Pursuant to RSA 421-B:6-604(a), the Secretary of State has the authority to issue and cause to be served an order requiring any person appearing to him to be engaged or about to be engaged in any act or practice constituting a violation of RSA 421-B or any rule or order thereunder, to cease and desist from violations of RSA 421-B.

Pursuant to RSA 421-B:5-508, any person who willfully violates a cease and desist order issued pursuant to RSA 421-B:6-603 or RSA 421-B:604, or who violates RSA 421-B:5-505 knowing that the statement was false or misleading in any material respect, shall be guilty of a class B felony.

Pursuant to RSA 421-B:6-604(d), the Secretary of State has the authority to impose administrative penalties of up to \$2,500 for a single violation.

Pursuant to RSA 421-B:6-604(e) the Secretary of State may order rescission, restitution or disgorgement for violations of this chapter.

Pursuant to RSA 421-B:6-604(g), the Secretary of State may charge the actual cost of an investigation or proceeding for a violation of this chapter or an order issued under this chapter.

### **NOTICE OF RIGHT TO REQUEST A HEARING**

Under the provisions of RSA 421-B:6-604, the above named respondents have the right to request a hearing on this order to cease and desist.

Any such request for a hearing shall be in writing, shall be signed by the respondents, or by the duly authorized agent of the above named respondents, and shall be delivered either by hand or certified mail, return receipt requested, to the Bureau of Securities Regulation, Department of State, 25 Capitol Street, Concord, New Hampshire 03301.

Under the provisions of RSA 421-B: 6-604(b), within 15 days after receipt of a request in a record from the Respondents, the matter will be scheduled for a hearing. If respondents subject to this order do not request a hearing and none is ordered by the secretary of state within 30 days after the date of service of the order, the order becomes final as to those Respondents. If a hearing is requested or ordered, the secretary of state, after notice of and opportunity for hearing to each respondent subject to the order, may modify or vacate the order or extend it until final determination. If the respondents to whom a cease and desist order is issued fails to appear at the hearing after being duly notified, such respondents shall be deemed in default, and the proceeding may be determined against him or her upon

consideration of the cease and desist order, the allegations of which may be deemed to be true.

## **STATEMENT OF ALLEGATIONS**

The allegations contained in the Staff Petition for Relief dated May 15, 2017, (a copy of which is attached) are incorporated by reference hereto.

## **ORDER**

**WHEREAS**, finding it necessary and appropriate and in the public interest, and for the protection of investors and consistent with the intent and purposes of the New Hampshire securities laws, and

**WHEREAS**, finding that the allegations contained in the Staff Petition, if proved true and correct, form the legal basis of the relief requested, therefore:

It is hereby **ORDERED**, that:

1. Respondents are hereby ordered to immediately cease and desist from the above indicated acts and from in any other way violating RSA 421-B.
2. Respondents shall pay restitution in an amount to be determined by the Hearing Officer.
3. Respondents shall pay an administrative fine of \$100,000.
4. Respondents shall pay the Bureau's investigation costs of \$100,000.
5. Respondents are permanently barred from securities brokerage and investment advisor licensure in the State of New Hampshire.
6. Failure to request a hearing within 30 days of the date of receipt of this Order shall result in a default judgment being rendered and administrative penalties

and other relief described herein being imposed upon the defaulting Respondents.

SIGNED,  
**WILLIAM M. GARDNER**  
**SECRETARY OF STATE**  
BY HIS DESIGNEE:

Dated: 5-15-17

  
\_\_\_\_\_  
**BARRY J. GLENNON, DIRECTOR,**  
**BUREAU OF SECURITIES REGULATION**

STATE OF NEW HAMPSHIRE  
DEPARTMENT OF STATE  
BUREAU OF SECURITIES REGULATION  
25 CAPITOL STREET  
CONCORD, NH 03301

**STAFF PETITION FOR RELIEF**  
**IN THE MATTER OF:**

William A. Bischoff  
Genesis Investments Group, LTD  
Genesis Investments Group, LLC

COM2016-0008

**STATEMENTS OF FACT**

- I. The staff of the State of New Hampshire, Department of State, Bureau of Securities Regulation (hereinafter referred to as the "Bureau") hereby petitions the Director, and makes the following statements of fact:

*BACKGROUND*

1. William A. Bischoff (hereinafter "WAB") resides in York, Maine. In the 1990's WAB established a company named Genesis Investments Group, LTD (hereinafter "GIG"). GIG is located at 2456 Lafayette Road, Portsmouth, NH 03801 and, according to their website, "is a private investment banking firm, founded in 1991, which specializes in placing equity capital, or subordinated debt, for the recapitalization, growth or acquisition of privately held or family owned businesses." GIG also goes by the name of Genesis Investments Group, LLC and according to WAB, GIG formally converted to an LLC entity in 2015. Neither WAB nor GIG are or have ever been licensed securities professionals in the State of New Hampshire or elsewhere.

2. Through the 1990's and into the 2000's, WAB was a principal of GIG. In his role with GIG and/or in his individual capacity, WAB established several separate business entities (hereinafter the "Bischoff Entities") for the purpose of taking in investor money and purportedly purchasing stock of another company. Typically, the Bischoff Entities would have a management arm consisting of WAB and others that would manage the Bischoff Entity and receive a management fee. Some of these entities formed by WAB that the Bureau is aware of are Genesis Capital Partners I, Genesis Capital Partners II, Genesis Marketing and Development, LLC, Genesis Real Estate Synergy Partners, LLC, and Genesis Capital Partners IV, LLC. All of these separate entities were essentially a pooled investment vehicle whereby accredited investors were solicited to pool their money for the purpose of buying the stock of another company with the expectation that the stock would be sold at a later time for a profit. The investors would in exchange receive a unit interest in the Bischoff Entity.
3. Separate from GIG, WAB established and ran, from the 1970's to the present, several other investment ventures (hereinafter the "Bischoff Ventures"). Some of the Bischoff Ventures that the Bureau is aware of are Sprucecreek Ventures, Northeast Capital Investments, and Green Mountain Acres. According to WAB, these entities were engaged in the business of real estate development and investment. Sprucecreek was a parcel of land located in Kittery, Maine that was intended to be developed by WAB into condominiums. Green Mountain Acres was a parcel of land in Vermont intended to be developed by WAB into multiple units for assisted living. These ventures were never actually developed and they remain to this day vacant parcels of land.
4. According to statements of WAB, Northeast Capital Investments was a venture controlled by WAB which purportedly pooled investor money to buy discounted mortgage notes paying high annual interest. According to WAB, multiple investors would place money with WAB which would be pooled with other investor money for the purpose of buying a discounted short term mortgage note paying high interest between 13.9% and 16%. According to WAB, in exchange for their investment, investors would be given an unsecured promissory note and an investment account established by WAB which would

accumulate at a set interest rate, usually a high rate of interest but less than the purchased mortgage note rate, and the investor's account would grow with compounded interest paid annually. WAB would pay himself a fee for this investment, which was equal to the difference between the interest paid by the mortgagee on the mortgage note and the investor's promised return.

5. Northeast Capital Investments was never a licensed securities entity in the state of New Hampshire, and none of the purported notes given to investors described herein were ever registered securities for sale in the State of New Hampshire.

#### *INVESTIGATION*

6. In the summer of 2016, the Bureau received a complaint from the heirs of one of the purported mortgage note investors. The purported mortgage note investor was from Exeter, New Hampshire, (hereinafter "Investor #1"), and she had passed away in March 2016. Investor #1's two daughters, administering her estate, noted that WAB owed the deceased about twenty-five thousand dollars according to a WAB account statement provided to the heirs. The heirs reported that as part of the administration of the estate, they demanded payment of the monies owed by WAB, but after several demands and months passing had not been paid. The heirs had first complained to the Exeter, New Hampshire Police Department who interviewed both the heirs and WAB. Based on their complaint and a report from the Exeter Police, the Bureau opened an investigation and as part of that investigation sent a subpoena to WAB and GIG for information. WAB and GIG only partly complied with the subpoena and a substantial amount of information remains outstanding, including names and contact information of all note investors.
7. When WAB was interviewed by the Exeter Police, he described the investment scheme he touted and made by Investor #1. He told the Exeter Police that Investor #1 had placed money with WAB in exchange for a note that paid the investor 12.25% annually on a compounded basis. WAB explained that the reason he had taken months to pay back the note was because the investment was tied to a discounted short term high interest note and

mortgage purchased from Westmount Financial out of Portsmouth, New Hampshire. WAB claimed to the Exeter Police that he purchased the note and mortgage at a discount which paid principal and interest that reverted to Investor #1. WAB explained that he had to liquidate the note to get Investor #1's money back.

8. The Bureau has since learned that neither WAB nor GIG has ever purchased a note and mortgage from Westmount Financial and appear to have misled the Exeter Police. Moreover, the Bureau is not aware of any note that WAB or GIG had to liquidate in order to pay back Investor #1. In fact, the Bureau has learned that WAB had to borrow funds in order to pay back Investor #1.

#### *MISUSE OF INVESTOR FUNDS*

9. As part of the Bureau's investigation, the Bureau obtained and analyzed WAB and GIG's banking records and records for an E-Trade account listed in the name of WAB. It is significant to note that the E-Trade account is solely an individual account of WAB and not tied to any business in any way.
10. The Bureau notes several significant transfers of investor funds from GIG's bank account to WAB's personal E-Trade account where WAB suffered significant losses. For example, WAB lost over three hundred thousand dollars (\$300,000) in 2016 alone. Essentially the Bureau has determined that WAB unlawfully transferred investor funds to his personal E-Trade account, which in essence is a conversion of those funds for his own personal use. Additionally, the Bureau has uncovered instances where investor funds were not utilized as designated but rather used to pay back other investors or for personal expenses of WAB.

#### STATEMENTS OF LAW

- II. The staff of the Bureau hereby petitions the Director and makes the following statements of law under the New Hampshire Revised Statutes Annotated, N.H. RSA 421-B, and regulations thereunder:



1. WAB and GIG are a “person” within the meaning of N.H. RSA 421-B:1-102(39) (formerly N.H. RSA 421-B:2, XVI).
2. GIG is an “investment adviser” within the meaning of N.H. RSA 421-B:1-102(26) (formerly N.H. RSA 421-B:2, IX) and WAB is an “Investment adviser representative” within the meaning of N.H. RSA 421-B:1-102(27) (formerly N.H. RSA 421-B:2, IX-a).
3. GIG is a broker-dealer within the meaning of N.H. RSA 421-B:1-102(6) (formerly N.H. RSA 421-B:2, III) and WAB is a broker-dealer agent within the meaning of N.H. RSA 421-B:1-102(3) (formerly N.H. RSA 421-B:2, II).
4. The investments listed above are securities as defined by N.H. RSA 421-B:1-102(53)(A) (formerly N.H. RSA 421-B:2, XX).
5. Pursuant to N.H. RSA 421-B:5-501(a) (formerly N.H. RSA 421-B:3), it is unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly:  
(a) To employ any device, scheme, or artifice to defraud; (b) 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 the light of the circumstances under which they are made, not misleading; or (c) To engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person. WAB and GIG are in violation of this provision for converting investor funds for personal use by transferring investor funds to WAB’s personal E-Trade account and for using investor funds for personal expenses or to pay other investors.
6. Pursuant to N.H. RSA 421-B:4-403(a) (formerly N.H. RSA 421-B:6, I), it is unlawful for any person to transact business in this state as an investment adviser or investment adviser agent unless such person is licensed under N.H. RSA 421-B or exempt from licensing. WAB and GIG are in violation of this provision for providing investment adviser services to investors without being properly licensed.
7. Pursuant to N.H. RSA 421-B:4-401(a) (formerly N.H. RSA 421-B:6, I), it is unlawful for any person to transact business in this state as a broker-dealer or broker-dealer agent unless

such person is licensed under N.H. RSA 421-B or exempt from licensing. WAB and GIG are in violation of this provision for brokering securities transactions without being properly licensed.

8. Pursuant to N.H. RSA 421-B:6-604(g) (formerly N.H. RSA 421-B:22, IV), in any investigation to determine whether any person has violated or is about to violate this title or any rule or order under this title, upon the secretary of state's prevailing at hearing, or the person charged with the violation being found in default, or pursuant to a consent order issued by the secretary of state, the secretary of state shall be entitled to recover the costs of the investigation, and any related proceedings, including reasonable attorney's fees, in addition to any other penalty provided for under this chapter. WAB and GIG are subject to this provision.
9. Pursuant to N.H. RSA 421-B:6-604(f) (formerly N.H. RSA 421-B:23), whenever it appears to the Secretary of State that any person has engaged or is about to engage in any act or practice constituting a violation of this chapter or any rule under this chapter, he shall have the power to issue and cause to be served upon such person an order requiring the person to cease and desist from violations of this chapter. WAB and GIG are subject to this provision and should be ordered to permanently cease and desist from any further violations of N.H. RSA 421-B.
10. Pursuant to N.H. RSA 421-B:6-604(d) (N.H. RSA 421-B:26, III), any person who, either knowingly or negligently, violates any provisions of this chapter may, upon hearing, and in addition to any other penalty provided for by law, be subject to such suspension, revocation or denial of any registration or license, or an administrative fine not to exceed \$2,500, or both. Each of the acts specified shall constitute a separate violation. WAB and GIG are subject to a fine for each violation described herein.
11. Pursuant to N.H. RSA 421-B:6-604(e) (formerly N.H. RSA 421-B:26, V), after notice and hearing, the Secretary of State may enter an order of rescission, restitution, or disgorgement directed to a person who has violated N.H. RSA 421-B. Ceros is subject to this provision. WAB and GIG are subject to this provision.

RELIEF REQUESTED

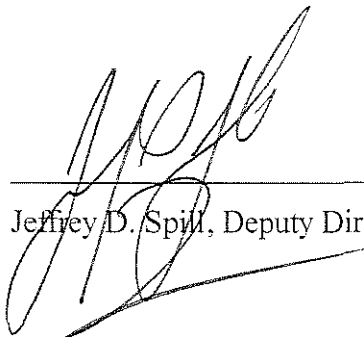
III. The staff of the Bureau makes the following requests for relief in the above-referenced matter as permitted under the Act:

1. Find as fact the allegations contained in section I of the Statements of Fact of this petition.
2. Make conclusions of law as stated in section II relative to the allegations contained in section I of this petition.
3. Order WAB and GIG to permanently cease and desist from further violations of N.H. RSA 421-B.
4. Order WAB and GIG permanently barred from any securities licensure in the state of New Hampshire, in accordance with N.H. RSA 421-B.
5. Pursuant to N.H. RSA 421-B:6-604(d), order WAB and GIG to pay an administrative fine of one hundred thousand dollars (\$100,000).
6. Pursuant to N.H. RSA 421-B:6-604(g), order WAB and GIG to pay the Bureau's costs of investigation at an amount of one hundred thousand dollars (\$100,000).
7. Pursuant to N.H. RSA 421-B:6-604(e), order restitution to the Investors in an amount to be determined by the hearing officer.
8. Take such other actions as necessary for the protection of New Hampshire investors and enforcement of N.H. RSA-421-B.

RIGHT TO AMEND

The Bureau's Staff reserves the right to amend this Petition for Relief and to request that the Director of Securities take additional administrative action. Nothing herein shall preclude the Staff from bringing additional enforcement action under N.H. RSA 421-B or the regulations thereunder.

Respectfully submitted by:



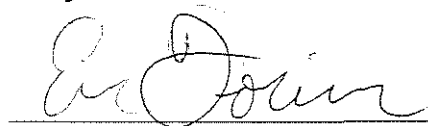
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Jeffrey D. Spill, Deputy Director

5/15/17

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Date



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Eric Forcier, Staff Attorney

5/15/17

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Date