

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

CONSENT ORDER

Glen Gervais

C-2011-000018/19

I. For purposes of settling the above-referenced matter and in lieu of further administrative proceedings, Glen Gervais (hereinafter referred to as “Gervais”) has submitted an offer of settlement, which the State of New Hampshire, Department of State, Bureau of Securities Regulation (hereinafter referred to as the “Bureau”) has determined to accept. Accordingly, without admitting or denying the allegations and findings herein, Gervais does hereby consent to the entry of this Consent Order and the following undertakings and sanctions.

STATEMENTS OF FACT

1. The relevant time period for the facts discussed below that led to this settlement is July, 28, 2003 through the August 6, 2008.
2. Gervais is a Manchester, New Hampshire resident. During the relevant time period, Gervais issued at least thirty-four (34) promissory notes either individually or through companies for which Gervais was a majority owner. Many of the promissory notes were unsecured and some others were secured by mortgages on real property or inventory of one of Gervais’ companies. Through the issuance of these promissory notes, Gervais raised approximately seven hundred thousand dollars (\$700,000). At least five hundred and sixty-one thousand, two hundred dollars (\$561,200) remains unpaid, not including the interest promised on the notes.
3. According to Gervais, the funds were raised as investments into several of his computer

kiosk businesses which eventually failed, investments into real estate subdivision projects which eventually failed, or personal loans that Gervais did not view as investments.

4. Investor #1 is from Bedford, New Hampshire. Investor #1 is still owed approximately three hundred and eighty thousand dollars (\$380,000) in out of pocket losses from Gervais. Investor #1 invested in several of Gervais' computer kiosks businesses, as well as the subdivision projects and some personal unsecured loans.
5. Investor #2 is from Hooksett, New Hampshire. Investor #2 is still owed approximately thirty-five thousand, nine hundred dollars (\$35,900) in out of pocket losses from Gervais. Investor #2 invested in Gervais' computer kiosk businesses.
6. Investor #3 is from Fort Valley, Georgia. Investor #3 is still owed approximately fifty-five thousand, five hundred dollars (\$55,500) in out of pocket losses from Gervais. Investor #3 invested in one of Gervais' computer kiosk businesses as well as a subdivision project.
7. Investor #4 is from Bedford, New Hampshire. Investor #4 is still owed approximately twenty thousand dollars (\$20,000) in out of pocket losses from Gervais. Investor #4 invested in one of Gervais' computer kiosk businesses.
8. Investor #5 is from Northwood, New Hampshire. Investor #5 is still owed approximately fifty-three thousand, eight hundred dollars (\$53,800) in out of pocket losses from Gervais. Investor #5 invested in one of Gervais' computer kiosk businesses as well as a subdivision project.
9. Investor #6 is from Manchester, New Hampshire. Investor #6 is still owed approximately ten thousand dollars (\$10,000) in out of pocket losses from Gervais. Investor #6 invested in one of Gervais' computer kiosk businesses.
10. Investor #7 is from Manchester, New Hampshire. Investor #7 is still owed approximately six thousand dollars (\$6,000) in out of pocket losses from Gervais. Investor #7 invested in one of Gervais' computer kiosk businesses.
11. During the relevant time period, Gervais was not licensed as an issuer-dealer and the notes

in question were never registered or notice filed with the State of New Hampshire.

12. A review of Gervais' personal banking accounts, as well as several business banking accounts, revealed that not all funds raised by Gervais were utilized for the specific purposes stated by Gervais and the purpose understood by investors when Gervais solicited the funds. Some of the funds raised by Gervais were utilized for personal expenses or for other businesses the investor did not intend to fund.
13. As part of the Bureau's investigation, Gervais submitted sworn financial statements to the Bureau. It appears from the Bureau's investigation and Gervais' sworn financial statements, that there are little to no assets left of the approximately seven hundred thousand dollars (\$700,000) raised by Gervais during the relevant time period.

STATEMENTS OF LAW

1. Gervais is a "person" within the meaning of RSA 421-B:2, XVI.
2. Gervais is an "issuer-dealer" within the meaning of RSA 421-B:2, XIII-a.
3. The promissory notes in question, to the extent they are unsecured obligations, are "securities" under RSA 421-B:2, XX(a).
4. Pursuant to RSA 421-B:3, I, It is unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly, to employ any device, scheme, or artifice to defraud, 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 to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person. Gervais is in violation of this provision for diverting funds raised from investors for his personal use or for other businesses that the investors did not intend to fund.
5. Pursuant to RSA 421-B:6, I, it is unlawful for any person to transact business in this state as

a broker-dealer, broker-dealer agent, an investment adviser, or investment adviser agent unless such person is licensed under RSA 421-B or exempt from licensing. Gervais is in violation of this provision for issuing securities during the relevant time period without being licensed.

6. Pursuant to RSA 421-B:10, I(a) and (b)(2), the secretary of state may, by order, bar any license if he or she finds that the order is in the public interest and that the licensee has willfully violated or failed to comply with any provision of this title. Gervais is subject to this provision.
7. Pursuant to RSA 421-B:11, I, It is unlawful for any person to offer or sell any security in this state unless it is registered under this chapter, the security or transaction is exempted under RSA 421-B:17, or it is a federal covered security. Gervais is in violation of this provision for failing to register the securities he was selling during the relevant time period.
8. Pursuant to 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. Gervais is subject to this provision.
9. Pursuant to 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 RSA 421-B. Gervais is subject to this provision.

UNDERTAKINGS AND SANCTIONS

- II. In view of the foregoing, Gervais agrees to the following undertakings and sanctions:
 1. Gervais agrees that he has voluntarily consented to the entry of this Consent Order and represents and avers that no employee or representative of the Bureau has made any promise, representation or threat to induce his execution.

2. Gervais agrees to waive his right to an administrative hearing and any appeal therein under this chapter.
3. Gervais agrees to permanently cease and desist from further violations of RSA 421:B.
4. Gervais agrees to be permanently barred from licensure in any securities capacity in the State of New Hampshire.
5. Gervais agrees to be permanently barred from issuing securities as codified under RSA 421-B: 2, XX(a) in the State of New Hampshire.
6. Gervais agrees to pay a fine to the Bureau in the amount of five thousand dollars (\$5,000) and restitution to Investors #1 - #7 in the amount of one hundred thousand dollars (\$100,000), to be distributed pro rata. Payment shall be made in accordance with the following terms:

- a. Gervais agrees to pay two thousand, five hundred dollars (\$2,500) upon execution of this Consent Order to be distributed pro rata between the Bureau's fine and restitution owed to the investors. The Bureau's fine portion shall be paid by certified check or mail order funds made payable to the State of New Hampshire and delivered to the Bureau. Investor restitution payments shall be sent by Gervais directly to the investors. The pro rata breakdown for this payment is as follows:

- i. Bureau: \$119.05
- ii. Investor #1: \$1,612.19
- iii. Investor #2: \$152.31
- iv. Investor #3: \$235.46
- v. Investor #4: \$84.54
- vi. Investor #5: \$228.25
- vii. Investor #6: \$42.43
- viii. Investor #7: \$25.46

- b. Gervais agrees to immediately begin monthly payments of four hundred dollars

(\$400) per month for one year. Payments are due by the first of each month. The Bureau's fine portion shall be paid by certified check or mail order funds made payable to the State of New Hampshire and delivered to the Bureau. Investor restitution payments shall be sent by Gervais directly to the investors. The pro rata breakdown for these monthly payments are as follows:

- i. Bureau: \$19.05
- ii. Investor #1: \$257.95
- iii. Investor #2: \$24.37
- iv. Investor #3: \$37.67
- v. Investor #4: \$13.58
- vi. Investor #5: \$36.52
- vii. Investor #6: \$6.79
- viii. Investor #7: \$4.07

- c. Within one year of the execution of this Consent Order, Gervais agrees to an additional one-time payment of two thousand, five hundred dollars (\$2,500) to be distributed pro rata between the Bureau's fine and restitution owed to the investors. The Bureau's fine portion shall be paid by certified check or mail order funds made payable to the State of New Hampshire and delivered to the Bureau. Investor restitution payments shall be sent by Gervais directly to the investors. The pro rata breakdown for this payment is as follows:

- i. Bureau: \$119.05
- ii. Investor #1: \$1,612.19
- iii. Investor #2: \$152.31
- iv. Investor #3: \$235.46
- v. Investor #4: \$84.54
- vi. Investor #5: \$228.25
- vii. Investor #6: \$42.43
- viii. Investor #7: \$25.46

- d. After one year of making monthly payments of four hundred dollars (\$400) per

month, Gervais agrees to make monthly payments of six hundred dollars (\$600) per month until all restitution and fines are paid off. Payments are due by the first of each month. The Bureau's fine portion shall be paid by certified check or mail order funds made payable to the State of New Hampshire and delivered to the Bureau. Investor restitution payments shall be sent by Gervais directly to the investors. The pro rata breakdown for these monthly payments are as follows:

- i. Bureau: \$28.57
- ii. Investor #1: \$386.93
- iii. Investor #2: \$36.55
- iv. Investor #3: \$56.51
- v. Investor #4: \$20.36
- vi. Investor #5: \$54.78
- vii. Investor #6: \$10.18
- viii. Investor #7: \$6.11

7. Gervais shall submit tax returns within thirty days of filing to the Bureau on a yearly basis until all outstanding fines and restitution payments are complete. Gervais shall further notify the Bureau of any financial windfalls of any kind in excess of five hundred dollars (\$500) within thirty (30) days of receipt. If the Bureau determines that Gervais can afford to pay more on a monthly basis towards outstanding restitution and fines owed, the Bureau reserves the right to negotiate a higher monthly payment plan with Gervais at any time. If Gervais and the Bureau cannot agree to a higher monthly payment plan, the Bureau or Gervais can petition the Director of the Bureau for a determination on the amount of the monthly payments only.
8. Gervais acknowledges that the fine and restitution payments outlined in Undertaking #6 above are non-dischargeable debts for violations of New Hampshire's securities laws under 11 U.S.C. § 523(a)(19). Should Gervais file bankruptcy, Gervais agrees to not seek discharge of the restitution and fine payments outlined in this Consent Order and agrees to continue to make monthly payments as agreed to in this Consent Order.

9. Gervais acknowledges that the restitution payments owed pursuant to Undertaking #6 above survive the death of any investor and Gervais will continue to pay the investor's heirs and successors.
10. Gervais agrees that this Consent Order is entered into for the purposes of resolving only the matters as described herein. This Consent Order shall not be construed to restrict the Bureau's right to initiate an administrative or civil proceeding relative to other conduct by Gervais for which the Bureau is currently unaware. Should Gervais fail to abide by the terms of this Consent Order, the Bureau in its discretion may void this Consent Order without a hearing and proceed to a legal proceeding on this matter or seek to enforce this Consent Order in court and/or bring a separate action for a violation of this order.
11. Gervais may not take any action or make or permit to be made any public statement, (a) denying, directly or indirectly, any allegation in this Consent Order or (b) create the impression that this Consent Order is without factual basis. Nothing in this provision affects Gervais' right to take any factual or legal positions in any other legal or administrative proceeding wherein the State of New Hampshire is not a party.
12. Gervais acknowledges that failing to meet the terms of this Consent Order may result in a civil, criminal, or administrative action.

III. Based upon the foregoing, the Bureau deems it appropriate and in the public interest to accept and enter into this Consent Order. **THEREFORE IT IS HEREBY ORDERED THAT:**

1. Gervais is hereby permanently barred from securities licensure or issuing securities in the State of New Hampshire in any capacity.
2. Gervais is hereby ordered to permanently cease and desist from further violations of RSA 421-B.
3. Gervais is hereby ordered to pay a fine to the Bureau in the amount of five thousand dollars (\$5,000). Payment shall be made in accordance with the Undertakings above.

4. Gervais is hereby ordered to pay restitution in the amount of one hundred thousand dollars (\$100,000). Payment shall be made in accordance with the Undertakings above.
5. Gervais agrees to comply with all other Undertakings outlined above.

SO ORDERED.

Executed this ____ day of _____, 2013



Glen Gervais

Executed this 16th day of October, 2013



Barry Glennon, Director