

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

IN THE MATTER OF:)
)
Kevin J. Dumont) ORDER TO CEASE AND DESIST
)
Respondent)
) COM2016-0001
)

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 respondent has 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 respondent, or by the duly authorized agent of the above named respondent, 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 Respondent, the matter will be scheduled for a hearing. If a respondent subject to the order does 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 that Respondent. 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 respondent to whom a cease and desist order is issued fails to appear at the hearing after being duly notified, such respondent 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 August 15, 2017, (a copy of which is attached hereto) 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. Respondent is hereby ordered to immediately cease and desist from the above indicated acts and from in any other way violating RSA 421-B.
2. Respondent shall pay restitution to the aggrieved parties in the amount of \$1,521,500.
3. Respondent shall pay an administrative fine not less than \$65,000.
4. Respondent shall pay the Bureau's investigation costs of \$50,000.
5. Respondent is barred from the grant of any securities license and registration privileges pursuant to RSA 421-B:4-412(d)(2).

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 Respondent.

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

Dated: August 16, 2017


BARRY J. GLENNON, DIRECTOR,
BUREAU OF SECURITIES REGULATION

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

_____)	
)	
STAFF PETITION FOR RELIEF)	
IN THE MATTER OF:)	
)	
)	COM2016-0001
Kevin J. Dumont)	
)	
Respondent)	
_____)	

STATEMENT OF FACTS

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

1. Liquid Planet Holdings, LLC (hereinafter “LPH”), was a business entity created in 2007 with a principal office located at 446 Raymond Road, Candia, NH. LPH was the holding company for two entities, Liquid Planet Water Park, LLC (hereinafter “LPWP”) an operating company for a small sized water amusement park, and 446 Raymond Road, LLC (hereinafter “446”) which owned the real estate upon which the water park was operated. LPWP, LPH and 446 were operated from June 2008 until a foreclosure sale on the property in the fall of 2015. Kevin J. Dumont (hereinafter “KJD”) was the manager of LPH and LPWP and a member of the board of directors. KJD was also responsible for the day-to-day operation of LPWP. LPH was managed solely by KJD from 2007 until the creation of the board of directors in 2013.

2. Since 2007 to the closing of LPWP in 2015, KJD issued approximately 3,880 LPH limited liability membership units to 26 investors and raised approximately \$1,521,500.00 of investor money by way of illegal general solicitation and advertising for investor money. A small portion of the investor money, about \$100,000, was taken in the form of an unsecured promissory note from two or three of the investors. The Bureau’s investigation revealed the following securities transactions conducted by KJD on behalf of LPH:

- a. Investor #1 from East Hartford, Connecticut, on or about 7/10/2007 invested \$25,000.00 for 25 LPH membership units.
- b. Investor #2 from Newton, NH, on or about 5/31/2012, 2/26/2013 and 1/31/2014, invested a total of \$87,000.00 for 120 LPH membership units.
- c. Investors #3, a married couple from Raymond, NH, invested \$30,000.00 for 32 LPH membership units.
- d. Investors #4, a married couple from Manchester, NH, invested \$150,000.00 for 93 LPH membership units. Some of this investor's money was given in the form of an unsecured promissory note.
- e. Investor #5, from Raymond, NH, invested \$47,000.00 and received a total of 99 LPH membership units spread out over various dates including 10/27/2007, 5/1/2010, and 12/1/2010. 40 of the LPH membership units were received under the name of a revocable trust, and some of the LPH membership units were given in exchange for Investor #5 referring other investors to LPH.
- f. Investor #6, from Derry, NH, invested approximately \$26,750.00 for 25 LPH membership units on or about 9/29/2010.
- g. Investor #7, from Rye, NH, invested approximately \$135,000.00 for a total of about 245 LPH membership units over two dates, 1/8/2008 and 3/2010.
- h. Investor #8, from Raymond, NH, invested \$150,000.00 spread out over three dates 10/9/2010, 1/1/2011 and 10/14/2011, for a total of 150 LPH membership units. Investor #8 also gave \$40,000 in the form of a unsecured loan on or about 3/13/2012. The balance of the loan is about \$38,000.00.
- i. Investor #9, from Raymond, NH, invested \$30,000.00 for 60 LPH membership units.
- j. KJD, Investor #10, issued to himself approximately 1,125 LPH membership units in early 2007 when LPH was formed. There is no indication that he paid for the shares.
- k. Investor #11, a married couple from Wells, Maine, invested \$47,000.00 for 47 LPH membership units.
- l. Investor #12, from Raymond, NH, invested \$80,000.00 for 108 LPH membership units sometime around 2011.
- m. Investor #13, a married couple from Concord, NH, invested \$32,500.00 for 34 LPH membership units around 2/21/2011.
- n. Investor #14, a married couple from Windham, NH, invested \$30,000.00 for 33 LPH membership units around 8/18/2010.
- o. Investor #15, a married couple from Somersworth, NH, invested \$75,500.00 for 81 LPH membership units, and they were held at the Pensco Trust Company.

- p. Investor #16, a married couple from Wells, Maine, invested \$25,000.00 for 25 LPH membership units in about 2008.
 - q. Investor #17, from Weare, NH, invested \$46,000.00, for 53 LPH membership units.
 - r. Investor #18 and #19, an unmarried couple from Bedford, NH, invested about \$86,000.00 for about 86 LPH membership units in about 2012.
 - s. Investor #20, from Pelham, NH, invested \$50,000.00 for 50 LPH membership units on or about 12/12/2011.
 - t. Investor #21, from Hudson, NH, invested \$25,000.00 for 25 LPH membership units on about 7/31/2011.
 - u. Investor #22, from Waco, Texas, invested \$25,000.00 for 25 LPH membership units.
 - v. Investor #23, a married couple from NH, received 1050 LPH membership units.
 - w. Investor #24, from Saugus, MA, invested \$50,000.00 in 2012-2013 for 59 LPH membership units.
 - x. Investor #25, from Candia, NH, invested about \$28,750.00 for about 30 LPH membership units.
 - y. Investor #26 from Candia, NH, invested \$200,000 for 200 LPH membership units.
3. Based on Bureau records, at the time of the issuance of these limited liability membership units and unsecured promissory notes, KJD, LPH and LPWP did not have an issuer-dealer or issuer-dealer agent license, and the limited liability membership units were not registered, exempt from registration, or a federal covered security as defined by RSA 421-B.
4. The offer and sale of the LPH limited liability membership units as described above was completed with the help of several different types of prohibited general solicitation and advertising. KJD ran ads in the local Raymond Newspaper, the Raymond Area News, looking for investors. KJD put on “investor picnics” open to anybody interested held at LPWP and KJD gave an investment presentation at the picnics. KJD offered free LPH membership units to investors that referred investors to LPH. KJD offered an Investor Incentive Program which offered free LPWP passes to investors. KJD put a billboard ad on the side of their building advertising for investors. The billboard ad was displayed at the entrance to the LPWP. KJD ran an ad seeking investors on the LPWP website. KJD published a monthly newsletter which advertised for investors.
5. When an investor was given a presentation about LPH and LPWP and or written information about LPH and LPWP by KJD, KJD failed to disclose material information to the investor that the LPWP did not have liability insurance and that the line item expense noted in the company’s financial

statements was false and not an amount of money actually spent on insurance. Also, KJD did not disclose that he was not licensed to sell securities in NH, and that the securities he sold were not registered.

STATEMENTS OF LAW

II. The Bureau hereby petitions the Director and makes the following statements of law under the New Hampshire Revised Statutes Annotated, RSA 421-B, and regulations thereunder (hereinafter referred to as the Act):

1. KJD is a "Person" within the meaning of RSA 421-B:1-102(39) (formerly RSA 421-B:2, XVI).
2. The LPH limited liability membership units and promissory notes discussed above are "securities" within the meaning of RSA 421-B:1-102(53)(A) (formerly RSA 421-B:2, XX(a)).
3. The distribution of the securities listed above constitute "offers" and "sales" within the meaning of RSA 421-B:1-102(49) (formerly RSA 421-B:2, XIX).
4. LPH and LPWP, were "issuer-dealers" within the meaning of RSA 421-B:2, XIII-a. KJD was an issuer-dealer agent within the meaning of RSA 421-B:2, II.
5. Pursuant to RSA 421-B:5-501 (formerly RSA 421-B:3), 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 as a fraud or deceit upon any person. KJD is in violation of this provision for offering and selling LPH limited liability membership units and not disclosing that LPWP had no liability insurance and at the same time distributing written financial information for LPWP which represented that liability insurance was being budgeted. KJD is in further violation of this provision for not disclosing to investors that he was not licensed to sell securities in NH and that the securities he was selling were not registered.
6. Pursuant to RSA 421-B:4-412(d)(2) (formerly RSA 421-B:10, I(a) and (b)(2)), the secretary of state may by order bar any person from licensure if he or she find that the order is in the public interest and that the

applicant or licensee or, in the case of a broker-dealer, issuer-dealer, or investment adviser, any partner, officer or director, any person occupying a similar status or performing similar functions, or any person directly or indirectly controlling the broker-dealer, issuer-dealer, or investment adviser: Has willfully violated or failed to comply with any provision of this title or a predecessor law. KJD is subject to this provision and should be barred for violating RSA 421-B:5-501 (formerly RSA 421-B:3), RSA 421-B:6, and RSA 421-B:3-301(a) (formerly 421-B:11).

7. Pursuant to RSA 421-B:3-301(a) (formerly 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 RSA 421-B, exempt under RSA 421-B:2-201 through 2-203 (formerly RSA 421-B:17), or a federal covered security for which the fee has been paid and notice has been filed as required by RSA 421-B:3-302 (formerly RSA 421-B:11,I-a). KJD is in violation of this section for distributing securities in New Hampshire that were not registered, exempt from registration, or federal covered securities.
8. Pursuant to RSA 421-B:6,I, it is unlawful for any person to transact business in this state as an issuer-dealer or issuer-dealer agent unless such person is licensed under RSA 421-B or exempt from licensing. KJD is in violation of this section for transacting business in securities in New Hampshire as an unlicensed issuer-dealer agent.
9. Pursuant to RSA 421-B:5-503 (formerly RSA 421-B:17, V, and RSA 421-B:11, I-b(c)), the burden of proving an exemption, preemption, or an exception from a definition is upon the person claiming it.
10. Pursuant to RSA 421-B:6-604(g) (formerly RSA 421-B:22), the Examiner may assess the costs of this proceeding against the Respondent.
11. Pursuant to RSA 421-B:6-604(a)(1) (formerly 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. KJD is subject to this section for violations of RSA 421-B:5-501 (formerly RSA 421-B:3), RSA 421-B:6, and RSA 421-B:3-301 (formerly RSA 421-B:11).
12. Pursuant to RSA 421-B:6-604(d) (formerly 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.

KJD is subject to a suspension, revocation, or denial, and a fine for violations of RSA 421-B:5-501 (formerly RSA 421-B:3), RSA 421-B:6, and RSA 421-B:3-301 (formerly RSA 421-B:11).

13. Pursuant to RSA 421-B:6-604(e) (formerly 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. KJD is subject to this section for violations of RSA 421-B.

RELIEF REQUESTED

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

1. Find as fact the statements contained in section I of the Statements of Fact.
2. Make conclusions of law relative to the statements contained in section II of the Statements of Law.
3. Pursuant to RSA 421-B:23, issue an order to cease and desist against KJD, for violations under the Act.
4. Assess costs against KJD in the amount of \$50,000.
5. Assess administrative fines and penalties of up to \$2,500 per violation against KJD, for the above-referenced violations under the Act, in an amount not less than \$65,000.
6. Issue an order barring any license and registration privileges of KJD pursuant to RSA 421-B:4-412(d)(2) (formerly RSA 421-B:10, I(a) and (b)(2)).
7. Assess restitution against KJD in the amount of \$1,521,500.
8. Take any other just and equitable relief as permitted under the Act including but limited to rescission, restitution, or disgorgement.

RIGHT TO AMEND

The Bureau's staff reserves the right to amend this Petition for Relief and requests that the Director of Securities Regulation take further enforcement action.

Respectfully submitted by:



Jeffrey D. Spill
Deputy Director

8/15/17
Date



Eric Forcier
Staff Attorney

8/15/17
Date