

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

IN THE MATTER OF:)
)
Jeffrey I. Lucero) ORDER TO CEASE AND DESIST
)
Respondent)
) C-2017000020
)

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:6-604, 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 the respondents subject to the 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 the 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 October 1,2018, (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:

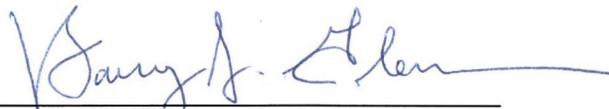
It is hereby **ORDERED**, that:

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 full restitution to Investor #1 in the amount of \$25,000, \$15,000 to Investor #2, and \$20,000 to Investor #3.
3. Respondent shall pay administrative fines of \$7,500 for three violations of RSA 421-B:3-301(a) and \$7,500 for three violations of RSA 421-B:5-501.
4. Respondent shall pay the Bureau's investigation costs of \$5,000.
5. Respondent is barred from the grant of any securities license and registration privileges.

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: 10-2-18

A handwritten signature in blue ink, appearing to read "Barry J. Glennon", written over a horizontal line.

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:

Jeffrey I. Lucero

C-2017000020

I. 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 statement of facts:

1. Jeffrey I. Lucero (hereinafter referred to as “Lucero”) currently resides in Manchester, New Hampshire. Lucero has never been licensed in the State of New Hampshire, or elsewhere, as a securities professional of any kind. Lucero purportedly engaged in, and purportedly continues to engage in, the construction and sale of small homes (also referred to as “tiny homes”). As part of his business, Lucero acquires used mobile homes which he then renovates to create the tiny homes. Lucero often advertised on Craigslist to sell his tiny homes. Lucero also solicited business investment through Craigslist. At no time did Lucero register with the Bureau the securities he sold or offered to sell.

2. One example of Lucero’s solicitations on Craigslist that the public could view on or around November 16, 2016 was titled “Seeking Financial Partner, cash or credit

investment - \$5000 (Hooksett).” The solicitation began by stating “I am seeking a financial partner to work with for either unit specific investments. \$5k investment options of 33% to 100% return paid out in 6 or 12 monthly payments. Looking for long term working relationship.” The solicitation touted “[w]e are NH’s leading mobile platform construction business.” It further stated “[s]tart smaller and get a healthy 33% return.”

Investor #1

3. Investor #1 is a 67 year-old retiree from Denver, Colorado. On or around November 20, 2017, the Bureau received Investor #1’s complaint dated November 18, 2017 alleging, among other things, that Lucero mismanaged her \$25,000 investment. While visiting New Hampshire, Investor #1 responded to one of Lucero’s Craigslist advertisements in which he offered to sell a “tiny home.” Investor #1 travelled to Lucero’s office, which at the time was located in Hooksett, New Hampshire, to further discuss the potential purchase of a tiny home. In subsequent discussions, by text messages and email exchanges, Lucero then pitched an investment opportunity to Investor #1. She ultimately made the decision to invest based on Lucero’s representations.

4. Based on Investor #1’s investment, Lucero promised to match her \$25,000 investment in a newly-formed New Hampshire limited liability company named Off The Grid Lifestyles, LLC, with a business purpose of developing tiny home communities. Further, he promised to use her funds to “fix and flip” real estate properties over a six

month period until their combined investment of \$50,000 grew to a total of \$110,000. Once their combined investment reached \$110,000, Lucero agreed to use the combined funds to purchase a specific 32-acre property in Pike, NH, or a similar property, for the purpose of constructing a tiny home community. Investor #1 would then own a unit within the community and assist Lucero in managing the community.

5. In a November 30, 2016 e-mail exchange between Lucero and Investor #1, Lucero explains that the “plan was to form an LLC and provide ownership % based on individual investment,” and the plan also included “\$25,000 for 20% of the asset investment portfolio and 45% of the fix and flips like Hillsboro and Bennington and any others that come up.”

6. On December 7, 2016, Lucero registered Off The Grid Lifestyles, LLC with the State of New Hampshire, Department of State, Corporation Division. Lucero then provided Investor #1 with a handwritten letter dated December 7, 2016, stating that Investor #1 was a 49% “owner/member” of Off The Grid Lifestyles, LLC. On or about December 9, 2016, Investor #1 wire transferred \$25,000 to a bank account in the name of Off The Grid Lifestyles, LLC.

7. As part of the Bureau’s investigation, the Bureau obtained and analyzed relevant bank records. The Bureau’s review of the bank records revealed the following:

a. The bank account of Off The Grid Lifestyles, LLC was opened by Lucero

on December 9, 2016, the day Investor #1 wire transferred \$25,000 to that bank account. There are no additional owners listed on the bank account application form. Lucero was the only person with signatory authority over this account.

b. The Bureau's investigation revealed that, prior to Investor #1's wire transfer, Off The Grid Lifestyles, LLC's bank account balance was \$94.06. Aside from Investor #1's wire transfer, there were no additional deposits in said account through December 29, 2016, at which time the balance was \$1,053.04, making Investor #1's funds easy to follow.

c. When Off The Grid Lifestyles, LLC's bank account received Investor #1's \$25,000 wire transfer, Lucero withdrew \$5,000 in cash. This \$5,000 cash withdrawal is directly traceable to Investor #1's funds since, as mentioned above, no additional deposits were made into the account of Off The Grid Lifestyles, LLC prior to December 29, 2016. Additionally, the \$5,000 cash withdrawal was likely deposited into Lucero's personal bank account to cover an overdraft. Lucero's personal bank account balance was -\$66.75 when Investor #1 wire transferred her funds.

d. On December 14, 2016, five days after Investor #1's \$25,000 wire transfer, Lucero transferred \$5,000 from Off The Grid Lifestyles, LLC's bank account to his personal bank account. On December 26, 2016, Lucero transferred another \$1,000 from the Off The Grid Lifestyles, LLC's bank account to his personal account. Each

transfer is directly traceable to Investor #1's funds since, as mentioned above, no additional deposits were made into the account of Off The Grid Lifestyles, LLC prior to December 29, 2016.

e. On December 27, 2016, a \$10,000 cashier's check was drawn from Off The Grid Lifestyles, LLC's bank account and used to purchase a truck that Lucero registered in his personal name. The funds upon which this check was drawn are directly traceable to Investor #1's funds since, as mentioned above, no additional deposits were made into Off The Grid Lifestyles LLC's bank account prior to December 29, 2016. After this transfer there was only approximately \$1,400 of Investor #1's funds in Off The Grid Lifestyles, LLC's bank account.

f. Other smaller transactions by Lucero before December 27, 2016 include over \$700 withdrawn in cash at the ATM, \$600 transferred to another business bank account of Lucero, and approximately \$900 spent at Target. All of these transactions are directly traceable to Investor #1's funds since, as mentioned above, no additional deposits were made into the Off The Grid Lifestyles LLC's bank account prior to December 29, 2016.

8. Despite obtaining evidence supporting Lucero's promise to match Investor #1's funds, the Bureau found no evidence of Lucero doing so. The Bureau's review shows, as outlined above, that Lucero misappropriated Investor #1's funds. Although the money

was originally deposited in the appropriate business bank account, the monies were almost immediately converted to Lucero's personal use. There is also no indication that Investor #1's funds were utilized for any of the reasons promised by Lucero.

9. On or about October 30, 2017, Lucero filed for bankruptcy under Chapter 7 of the United States Bankruptcy Code. Investor #1 appeared in the bankruptcy matter, through counsel, and on March 28, 2018, obtained a settlement agreement with Lucero that resulted in her \$25,000 debt excepted from discharge. As part of that settlement, Lucero admitted to utilizing Investor #1's investment "in a way which was not intended by the parties, including but not limited to failing to maintain basic business practices."

Investor #2

10. Investor #2 is from Concord, New Hampshire. Investor #2 responded to a Craigslist ad posted by Lucero seeking investors. On or about December 18, 2016, Investor #2 and Lucero executed a document titled "Investment Contract," the terms of which were for a \$5,000 investment in Innovative Mobile Solutions, LLC—a single-member limited liability company that is managed and owned by Lucero. According to its Certificate of Formation, Innovative Mobile Solutions, LLC is engaged in the business of tiny home construction. Specifically, the Investment Contract stated that Investor #2 would invest \$5,000 and that her funds would be used for "the construction of one 8 x 17 trailer unit that is partially built, and on a working moveable trailer." The Investment Contract promised a

“guaranteed return rate” of 33%.

11. Investor #2 issued a check for \$5,000, which was deposited by Lucero into Innovative Mobile Solutions, LLC’s bank account on December 19, 2016. Lucero was the only person with signatory authority over this account. Prior to the deposit of Investor #2’s funds, the balance of the account was \$540.62. By December 30, 2016, the balance of the account was \$80.84, with no additional deposits made between Investor #2’s deposit and the December 30 balance, making Investor #2’s funds easy to follow. The Bureau’s review of the banking records revealed the following:

a. On December 20, 2016, Lucero wrote a check for \$2,400 to “Airport Rd. 90 Realty, LLC” to lease a commercial space in Henniker, New Hampshire.

b. \$780 was withdrawn in cash by ATM between December 19, 2016 and December 23, 2016.

c. On December 30, 2018, Lucero transferred \$1,700 to the bank account of Off The Grid Lifestyles, LLC.

12. On or about February 20, 2017, Investor #2 and Lucero executed another “Investment Contract,” which stated that Investor #2 would invest \$10,000 into Innovative Mobile Solutions, LLC. Specifically, the Investment Contract stated that the \$10,000 investment would be used for “investment in Innovative Mobile Solutions, LLC.” The Investment Contract promised a 50% return. Additionally, the Investment Contract

promised to provide Investor #2 with 50% of the profits from the sale of two properties purportedly owned by Innovative Mobile Solutions, LLC.

13. On February 19, 2017, two days prior to the date of Investor #2's second investment, Lucero wrote a lengthy e-mail to Investor #2 persuading her to invest more money into his business. In the e-mail, Lucero explains that "[f]irst, you trust the person your working with" and [s]econd, make sure you are getting a very fair if not very generous return/deal." Lucero further explains that "[t]hird, make sure whatever money you invest is going towards real property you take control of so it can't be sold without your signature, and you can assess the legitimacy of the investment and realistic time frame." Finally, Lucero explains that "[i]f the deal is 3 for 3, then it is safe and sound." To further entice her into a new deal, he writes "I have been very good about managing my finances and projects but I really need your help. Like really need you to trust me." And toward the close of the email he writes "I really need your help"

14. Investor #2's second check to Lucero was in the amount of \$10,000, dated February 21, 2017, and made payable to Lucero. Despite the existence of a bank account in the name of Innovative Mobile Solutions, LLC, which had a balance of -\$29.01 on February 21, 2017, Lucero deposited Investor #2's check into his personal bank account. Prior to the deposit of Investor #2's investment, the balance of Lucero's personal bank account was \$323.05. The Bureau's review of the banking records revealed the following:

a. On February 22, 2017, Lucero transferred \$2,000 of Investor #2's funds to Innovative Mobile Solutions, LLC. Prior to this transfer, Innovative Mobile Solutions, LLC's bank account balance was \$-29.01. Of the \$2,000 that was transferred, \$1,000 was transferred back to Lucero's personal bank account on February 24, 2017 and \$500 was transferred to other business bank accounts controlled solely by Lucero, which were unrelated to Investor #2's investment.

b. Investor #2's remaining \$8,000 appears to have been spent on personal expenses, including ATM cash withdrawals of approximately \$1,000, hotel expenses of over \$600, a check to a law firm for \$1,000, and thousands in transfers to other business bank accounts controlled solely by Lucero, which were unrelated to Investor #2's investment.

Investor #3

15. Investor #3 is from Amherst, New Hampshire. In early April 2016 Investor #3 was solicited by Lucero to invest in one of his entities doing business as Granite State Tiny Homes. On or about May 18, 2016, Lucero provided Investor #3 with a document titled "Financial Agreement" for a \$20,000 investment opportunity in Granite State Tiny Homes, which had been electronically executed by Lucero. Investor #3 invested \$20,000, of which \$15,000 was attributed to him personally (in two checks: a \$10,000 check dated April 11, 2016 and a \$5,000 check dated May 18, 2016) and the remaining \$5,000 was attributed to

another source of funds (in a check dated April 11, 2016). According to the terms of the investment contract, Lucero's obligations included "the renovations on 3 units previously designated and for the purchase of mobile homes from Pope Housing (4) (60 x 12 foot units) and (1) 12 x 45 unit." Investor #3 would then receive an investment return of "25% of (3) tiny home profits, 25% of (2) concession unit profits, 25% of mobile camper profit and 50% of mobile home profits."

16. The Bureau's review of the bank records of Granite State Tiny Homes revealed the following:

a. As to the \$5,000 check dated April 11, 2016, Lucero cashed it directly at the bank of issuance on April 12, 2016. As to the \$10,000 check dated April 11, 2016, Lucero cashed it directly at the bank of issuance on April, 12, 2016. It appears that the April 11 checks, totaling \$15,000, were never directly deposited into any known personal bank account of Lucero or any one of his known business accounts. There is, however, a \$7,500 cash deposit made into Lucero's personal bank account on April 12, 2016. The balance in Lucero's personal bank account prior to this deposit was \$656.37. The proceeds of the cash deposit appear to have been spent on personal expenses, other expenditures unrelated to Investor #3's investment, or later withdrawn in cash.

b. The \$5,000 check dated May 18, 2016 was cashed by Lucero directly at the

bank of issuance, as of the day it was dated. On May 18, 2016 as well, Lucero made a cash deposit of \$5,000 into his personal bank account. Additionally, Lucero obtained a \$3,000 cashier's check on May 18, 2016 made payable to "Pope Housing."

c. Despite the Financial Agreement executed by Lucero stating that the \$20,000 investment would be invested into Granite State Tiny Homes and used for the renovation of three units and for the acquisition of mobile homes from Pope Housing, other than one check for \$3,000 made payable to "Pope Housing," the Bureau found little evidence that Investor #3's \$20,000 investment was utilized in the agreed-to manner of the Financial Agreement.

Lucero's Poor Financial Condition

17. The Bureau's investigation revealed that Lucero's financial situation was very poor during the time he was soliciting investments. The Bureau determined that Lucero failed to disclose the true state of his finances while soliciting investments; more specifically, Lucero failed to disclose that he lacked any real working capital and was on the brink of insolvency, if not already insolvent, at the time he solicited investments.

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

1. Lucero is a "person" within the meaning of N.H. RSA 421-B:1-102(39).
2. Each of the solicitations made by Lucero, described above, constitutes a "sale" or "offer to sell" securities within the meaning of N.H. RSA 421-B:1-102(49). The

investment products offered and sold by Lucero were securities as defined by N.H. RSA 421-B:1-102(53)(A).

3. Pursuant to N.H. RSA 421-B:3-301(a), it is unlawful for a person to offer or sell a security in this state unless: (1) the security is a federal covered security; (2) the security, transaction, or offer is exempted from registration under N.H. RSA 421-B:2-201 through N.H. RSA 421-B:2-203; or (3) the security is registered under this chapter. Lucero is in violation of this provision for offering, selling, or transacting in unregistered securities, of which the offer or sale was also not an exempt transaction.

4. Pursuant to N.H. RSA 421-B:5-501, 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 or 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. Lucero is in violation of this provision for engaging in a scheme to defraud investors by making material misrepresentations and by omitting material facts in connection with the sale of securities to Investors #1-3. These misrepresentations and omissions include, but are not limited to, misrepresenting to Investors #1-3 how invested funds would be used, failing to disclose that Lucero would be converting a significant amount of Investor #1-3's funds for personal use, failing to disclose Lucero's poor financial condition, and misrepresenting to Investor

#1 that he would match her \$25,000 investment.

5. Pursuant to N.H. RSA 421-B:6-604(a), 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 order issued 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. Lucero is subject to this provision.

6. Pursuant to N.H. RSA 421-B:6-604(d), in a final order, the secretary of state may impose a civil penalty up to a maximum of \$2,500 for a single violation. In addition, every such person who is subject to such civil penalty, 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 be barred from registration or licensure, including the forfeiture of any application fee. Lucero should be fined \$7,500 and barred permanently from future licensure for three violations of N.H. RSA 421-B:5-501, as described above.

7. Pursuant to N.H. RSA 421-B:6-604(e), after notice and hearing, the secretary of state may enter an order of rescission, restitution, or disgorgement directed to a person who has violated certain provisions of N.H. RSA 421-B. Lucero is subject to this provision and should be ordered to pay full restitution to Investor #1-4 based on the violation of 421-B:5-501, as described above.

8. Pursuant to N.H. RSA 421-B:6-604(g), 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. Lucero is subject to this provision.

III. The Bureau makes the following requests for relief in the above-referenced matter as permitted under N.H. RSA 421-B:

1. Find as fact the statements contained in Section I, the Statement of Facts.
2. Make conclusions of law relative to the statements contained in Section II, the Statements of Law.
3. Pursuant to N.H. RSA 421-B:6-604(a), order Lucero to immediately cease and desist from further violations of N.H. RSA 421-B.
4. Pursuant to N.H. RSA 421-B:6-604(d), fine Lucero \$7,500 for three violations of N.H. RSA 421-B:3-301(a);
5. Pursuant to N.H. RSA 421-B:6-604(d), fine Lucero \$7,500 for three violations of N.H. RSA 421-B:5-501;
6. Pursuant to N.H. RSA 421-B:6-604(d), bar Lucero permanently from future licensure under N.H. RSA chapter 421-B.

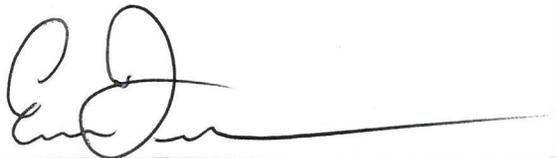
7. Pursuant to N.H. RSA 421-B:6-604(e), order Lucero pay full restitution to Investor #1 in the amount of \$25,000, to Investor #2 in the amount of \$15,000, and to Investor #3 in the amount of \$20,000.

8. Pursuant to N.H. RSA 6-604(g) (formerly N.H. RSA 421-B:22, IV), order Lucero pay the Bureau's costs of investigation and enforcement in the amount of \$5,000.

Right to Amend

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

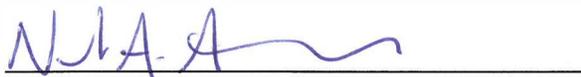
Respectfully submitted by:



Eric A. Forcier, Staff Attorney

10/1/18

Date



Noah A. Abrahams, Staff Attorney

10/1/18

Date