

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

AMENDED STAFF PETITION FOR RELIEF
IN THE MATTER OF:

Interinvest Corp, Inc. (CRD# 108346)
Hans Peter Black (CRD# 4345879)
Alexander Richard Black (CRD# 5752591)

I-2014-000016

STATEMENT OF FACTS

- I. The staff of the State of New Hampshire, Department of State, Bureau of Securities Regulation (hereinafter “Bureau”) hereby petitions the Director of the Bureau, and makes the following statement of facts:

Background

1. Interinvest Corp, Inc. (hereinafter “Interinvest”) is a federally covered investment adviser that has been registered with the United States Securities and Exchange Commission (hereinafter “SEC”) since July 3, 1980 and had been notice filed with the State of New Hampshire under N.H. RSA 421-B:7, I-b from January 2, 1992 to December 31, 2014. Interinvest is incorporated in the State of Massachusetts with a principal place of business at 192 South Street, Suite 600, Boston, MA 02111. Interinvest reportedly manages ninety (90) accounts with a total of ninety million dollars (\$90,000,000) in assets under management.
2. Hans Peter Black (hereinafter “HPB”) is a Canadian citizen who resides in Westmount, Canada and has been an investment adviser representative of Interinvest

since Interinvest's inception. According to the Financial Industry Regulatory Authority's Central Registration Depository (hereinafter "CRD"), HPB is a "Control Person" of Interinvest as well as "Chairman" of Interinvest from at least July of 1992 to March 31, 2011, "Chief Investment Officer" of Interinvest since March 31, 2011, "President" of Interinvest since May 1, 2014, and "Chief Compliance Officer" of Interinvest since September 15, 2014.

3. Alexander Richard Black (hereinafter "ARB"), HPB's son, resides in South Yarmouth, MA and was employed by Interinvest from March 1, 2009 to August 15, 2014. According to CRD, ARB was a "Control Person" of Interinvest for the entirety of his employment there as well as "Portfolio Manager" of Interinvest from January 22, 2010 to March 31, 2014, "Director" of Interinvest from March 31, 2011 to May 1, 2014, "President" of Interinvest from March 31, 2014 to May 1, 2014, and "Chief Compliance Officer" of Interinvest from March 31, 2014 to September 15, 2014. According to CRD, ARB voluntarily resigned from Interinvest on August 15, 2014. According to records filed with State of Massachusetts, Corporation Division on March 10, 2011, ARB also served as CEO of Interinvest.
4. Investor #1 and Investor #2 are husband and wife and are residents of Warner, New Hampshire. Investor #1 and Investor #2 were clients of Interinvest and HPB from June of 2001 to the fall of 2013. Investor #1 is 67 years old and Investor #2 is 58 years old. Investor #1 and Investor #2 maintain that they have a low to moderate risk tolerance and limited investment experience. Investor #1 and Investor #2 also maintain that they informed both Interinvest and HPB of their risk tolerance and investment experience since the beginning of their investment advisory relationship in 2001. In the fall of 2013, the Bureau requested from Interinvest any documents relating to the risk tolerance or investment objectives of Investor #1 and Investor #2. Despite the fact that Investor #1's investment advisory relationship with Interinvest and HPB began in 2001, Interinvest only produced an "Account Application" for Investor #1 dated March 22, 2007 that shows Investor #1 to have a low/medium risk tolerance, limited experience in investing in stocks, and a general investment objective of growth. There does not appear to be any document evidencing Investor

#1's risk tolerance, investment objective, or investment experience prior to 2007. Interinvest also produced an "Investment Advisory Agreement" for Investor #2 dated June 1, 2001 that listed her investment objective as "long-term investment towards retirement" but produced no documents evidencing Investor #2's risk tolerance or investment experience.

5. Investor #3 is a church located in northern New Hampshire that was a client of Interinvest and HPB from September 2005 to early 2014. Investor #3 was introduced to Interinvest and HPB by Investor #1, who was a trustee of the church until early 2008. According to an "Account Application" produced by Interinvest dated September 16, 2005, Investor #3 maintained a low risk tolerance, limited experience investing in stocks, and a general investment objective of growth and income. Investor #3 also expressed liquidity needs of ten to eleven thousand dollars (\$10,000 - \$11,000) per year.

Interinvest, HPB, and ARB Failed to Disclose Significant Civil Actions

6. On or about February 22, 2006, 102751 Canada Inc., a Canadian company, filed a civil lawsuit in Canada, Province of Quebec, District of Montreal Superior Court (Case No. 500-17-079130-137) against HPB, HPB's mother, and other individuals and entities seeking damages in the amount of seven million, two hundred and fifty-nine thousand dollars Canadian (\$7,259,000 Cdn), plus interest. A summary of the factual allegations in the lawsuit and the current procedural posture of the case are as follows:
 - a. From 1984 to October 3, 2005, HPB and his mother were directors of Mobile Investment, Inc. (hereinafter "Mobile"), a company incorporated in 1980 for the purpose of administering the assets of a German citizen in Canada named Reinhard Waibel Sr. HPB also served as Mobile's Vice President. Reinhard Waibel Sr. was Mobile's sole shareholder until his death on March 3, 2003. During this same timeframe, HPB was President of Intercoinvest, Inc. (hereinafter

“Intercoinvest”), HPB and his mother were directors of Intercoinvest, and HPB’s mother was the majority shareholder of Intercoinvest. A few months prior to Mr. Waibel’s passing, HPB directed the sale of a property located in Canada and owned by Mobile. Shortly after Mr. Waibel’s passing, HPB directed the sale of another property located in Canada and owned by Mobile. After the mortgages on these two properties were paid off, Mobile netted approximately seven million, three hundred thousand dollars Canadian (\$7,300,000 Cdn) from the sales of these two properties, which represented essentially all the remaining assets of Mobile under HPB’s control. The lawsuit alleged that HPB unlawfully transferred seven million, two hundred and fifty-nine thousand dollars Canadian (\$7,259,000 Cdn) from the proceeds of these property sales to Intercoinvest in what HPB characterized as an unsecured loan from Mobile to Intercoinvest. The lawsuit further alleged that the HPB diverted the funds without permission, that there were no terms of repayment of these funds, that HPB had no intention of returning the funds, that HPB knowingly concealed the existence of these loans from Mr. Waibel’s heirs, that HPB acted in bad faith, and that HPB committed fraud against Mobile.

- b. On or about March 20, 2012, after some of the funds were paid back to 102751 Canada Inc., the above matter settled with HPB agreeing to pay back six million, one hundred and thirty-one thousand, seven hundred and eleven dollars Canadian (\$6,131,711 Cdn) at a later date, plus interest at 5% interest per annum from April 2003. The settlement required HPB to make periodic payments over time in addition to HPB granting a mortgage to 102751 Canada Inc. over two properties valued at nine million dollars Canadian (\$9,000,000 Cdn) as collateral. HPB defaulted on the settlement in the fall of 2013 and in July of 2014 102751 Canada Inc. moved to foreclose on the two properties.
- c. As of the date of this Staff Petition for Relief, HPB is still in default on the settlement with 102751 Canada Inc., both collateral properties in Canada are being foreclosed on, and HPB still owes 102751 Canada Inc. over nine million

dollars Canadian (\$9,000,000 Cdn).

7. On or about November 24, 2004, Montrawest Ltd., a Canadian company, filed a civil lawsuit against Intercoinvest in Canada, Province of Quebec, District of Montreal Superior Court (Case No. 500-17-023305-041) seeking damages of one million, nine hundred and eighty-five thousand dollars Canadian (\$1,985,000 Cdn), plus interest. A summary of the factual allegations in the lawsuit and the current procedural posture of the case are as follows:
 - a. From February 1, 1988 to July of 2004, HPB was President and a director of Montrawest Ltd, a Canadian holding company incorporated by the late Hans Eanst Lang for the purpose of overseeing certain assets owned by Mr. Lang located in Canada. Mr. Lang was the sole shareholder of Montrawest Ltd. until his death, after which time his wife, Dorothea Lang, took over as the sole shareholder of Montrawest Ltd. During the same timeframe, HPB was the President and a director of Intercoinvest and HPB's mother was a director and sole shareholder of Intercoinvest. The lawsuit alleges that in June of 2001 HPB, while acting as President and a director of Montrawest Ltd., directed the sale of a property owned by Montrawest Ltd. located in Toronto, Canada. The lawsuit alleges that HPB then caused two million, four hundred thousand dollars Canadian (\$2,400,000 Cdn) belonging to Montrawest Ltd. to be loaned to Intercoinvest. This loan was to be renewed every six-months, cancellable by either party at the date of renewal, with a fluctuating interest rate. Some of the funds loaned were paid back over time, reducing the total amount owed by Intercoinvest to one million, nine hundred and eighty-five thousand dollars Canadian (\$1,985,000). The lawsuit further alleged that, from April of 2003 to August of 2004, attorneys for Dorothea Lang made several attempts to cancel the loan and request a refund to no avail resulting in the filing of this lawsuit in November of 2004 to recover the unpaid sums, plus interest.
 - b. On or about January 30, 2007 this matter settled with HPB promising to pay

approximately one million, four hundred and ninety thousand dollars Canadian (\$1,490,000 Cdn) to Montrawest Ltd. As part of this settlement, HPB's wife granted a mortgage over her home located in Westmount, Quebec. By February 24, 2009, all funds owed pursuant to the settlement were paid and the mortgage over HPB's wife's home was discharged.

8. On or about July 15, 2008, Rolf Herzog, a resident of Switzerland, filed a civil lawsuit against HPB, Interinvest (Bermuda) Limited, and Interinvest Consulting Corp of Canada, Ltd. in Canada (hereinafter "Interinvest Canada"), in the Province of Quebec, District of Montreal Superior Court (Case No. 500-17-044256-082) seeking damages of approximately two million, two hundred thousand dollars (\$2,200,000). A summary of the factual allegations in the lawsuit and the current procedural posture of the case are as follows:
 - a. Interinvest (Bermuda) Limited is a Bermuda company that is partly owned by HPB. HPB also serves as Chairman of the Board. Interinvest Canada is a Canadian corporation that, in 2008, was an investment adviser under Canadian law. Since 2008 HPB has served as Interinvest Canada's director, President, and majority shareholder.
 - b. Rolf Herzog alleged in this lawsuit that HPB misappropriated two million dollars (\$2,000,000) that Mr. Herzog invested through HPB and Interinvest Canada. Mr. Herzog alleges that he was told by HPB that he could withdraw his investment at any time but that HPB failed to return the funds when requested on January 20, 2007. Mr. Herzog further alleged that HPB unlawfully invested Mr. Herzog's funds into Wi2Wi Corp. (hereinafter "Wi2Wi"), of which HPB was Chairman of the Board. Mr. Herzog further alleged that HPB invested these funds without Mr. Herzog's knowledge in direct violation of Mr. Herzog's express and repeated instructions.
 - c. This matter was settled in December 2014. However, as of the date of this Staff

Petition for Relief, HPB has already defaulted on the terms of that settlement and still owes Rolf Herzog over two million dollars (\$2,000,000).

9. On or about September 24, 2008, Regula Dobie, of Nairobi, Kenya filed a civil lawsuit against HPB and Interinvest (Bermuda) Limited to recover six million dollars (\$6,000,000) that Ms. Dobie invested through HPB. As stated above, Interinvest (Bermuda) Limited is a Bermuda company that is partly owned by HPB and on which HPB served as Chairman of the Board. This lawsuit was originally filed in Bermuda. In this lawsuit, Ms. Dobie alleged that she transferred four millions dollars (\$4,000,000) to HPB in November 2004 and another two million dollars (\$2,000,000) in September 2005 for investment purposes. The lawsuit alleged that Ms. Dobie demanded the return of the funds on May 31, 2007 and that HPB promised repayment by the end of the year but failed to do so. It was also alleged by Ms. Dobie that HPB unlawfully invested five million dollars (\$5,000,000) of Ms. Dobie's funds in Wi2Wi without her permission. As stated above, HPB was and still is the Chairman of the Board of Wi2Wi. A summary of the procedural posture of the case is as follows:
 - a. On June 1, 2009 a court in Bermuda entered judgment against Interinvest (Bermuda) Limited and ordered it to pay back to Regula Dobie five million dollars (\$5,000,000) plus interest. This judgment was appealed by HPB and Interinvest (Bermuda) Limited and on June 17, 2010 the Court of Appeal for Bermuda affirmed the lower court's judgment (Civil Appeal No. 3 of 2010).
 - b. On or about July 26, 2010, Regula Dobie filed a civil lawsuit against HPB and Interinvest (Bermuda) Limited in Canada, Province of Quebec, District of Montreal Superior Court (Case No. 500-17-059949-100) for recognition and enforcement of the Bermuda judgment. At the time of this filing, with interest, the amount owed to Ms. Dobie pursuant to the Bermuda judgment was approximately five million, seven hundred thousand dollars Canadian (\$5,700,000 Cdn).
 - c. On or about April 29, 2011 this matter was settled and HPB agreed to pay Regula

Dobie five million dollars Canadian (\$5,000,000 Cdn) at a later date with interest at the rate of 4.2% per annum compounded annually. As collateral to this obligation, HPB granted a mortgage to Regula Dobie over property owned by HPB in Canada in the amount of six million dollars Canadian (\$6,000,000 Cdn). By April 29, 2013 HPB defaulted on this settlement agreement and on May 15, 2013 Regula Dobie moved to foreclose on the collateral property.

d. As of the date of this Staff Petition for Relief, HPB is still in default of the settlement with Regula Dobie, the collateral property in Canada is at some stage of foreclosure, and HPB still owes Regula Dobie over five million dollars Canadian (\$5,000,000 Cdn).

10. On or about May 14, 2010, Ramzi Mahmoud Alharayeri filed a civil lawsuit in Canada, Province of Quebec, District of Montreal Superior Court (Case No. 500-11-039230-103) against HPB and other individuals and entities seeking damages of over four million dollars (\$4,000,000). The lawsuit alleged that HPB and other directors of Wi2Wi refused to finalize the conversion of Mr. Alharayeri's Series A and Series B shares of Wi2Wi, refused to let him sell 300,000 common shares of Wi2Wi in 2007, frustrated his efforts to sell Wi2Wi shares to a third party, undertook efforts to dilute his shares in Wi2Wi, refused to call shareholder meetings for Wi2Wi, and refused to disclose Wi2Wi financial information. A summary of the procedural posture of the case is as follows:

a. On January 28, 2014 HPB and one other director of Wi2Wi were ordered to pay six hundred and forty-eight thousand, three hundred and ten dollars (\$648,310) to Mr. Alharayeri. No monies have been paid to Mr. Alharayeri, HPB has appealed this decision, and the appeal is pending.

11. On November 10, 2011 HPB and another person filed a civil lawsuit against Nymox Pharmaceutical Corp. (hereinafter "Nymox") in Canada, Province of Quebec, District of Montreal Superior Court (Case No.500-17-068823-114) seeking damages related

to Nymox's apparent refusal to honor stock option contracts. On April 25, 2012 Nymox filed a crossclaim against HPB alleging that he breached his fiduciary obligations to Nymox by failing to disclose several lawsuits filed against him including many of the lawsuits discussed above. Nymox sought damages against HPB totaling two hundred forty-nine thousand, one hundred and twenty-nine dollars Canadian (\$249,129 Cdn). This matter settled in December 2014.

12. Investor #1 maintains that he was never informed of the six lawsuits discussed above by HPB, ARB, or any other individual prior to 2011. Investor #1 maintains that he only learned about the lawsuit filed by Regula Dobie in late 2011, which raised serious concerns about HPB and Interinvest and eventually lead to him ceasing to do business with HPB and Interinvest in the fall of 2013. Aside from the Regula Dobie matter, Investor #1 maintains that he was not aware of any of the other lawsuits discussed above until after he ceased doing business with HPB and Interinvest in the fall of 2013. Investor #2 maintains that she was never informed of the six lawsuits discussed above until she ceased doing business with HPB and Interinvest in the fall of 2013. The representatives of Investor #3 maintain that they were never informed of any of these lawsuits discussed above until the initiation of the Bureau's investigation in this matter.
 - a. None of these lawsuits ever appear on Interinvest's Form ADV Part II that is provided to Interinvest's clients. Investor #1, Investor #2, and Investor #3 maintain that the disclosure of these lawsuits would have been material to their decision to continue doing business with Interinvest and that they would never have done business or would have ceased doing business with HPB and Interinvest had they known about these lawsuits.

Interinvest, HPB, and ARB Failed to Disclose Prior Regulatory Actions

13. On November 29, 2007 the Autorité des marchés financiers (hereinafter "AMF"),

the securities regulator for the Canadian province of Quebec, instituted a regulatory action (Case No. 2007-029-001) against HPB for failing to disclose three lawsuits to the AMF as required by Quebec securities laws. Two of these lawsuits that HPB failed to disclose were the actions filed by Montrawest Ltd. and 102751 Canada Inc. discussed above. On September 15, 2008 a decision was rendered by the AMF against HPB fining him twenty-six thousand dollars Canadian (\$26,000 Cdn).

a. It took over three years, until March 31, 2011, for HPB and Interinvest to report the AMF regulatory action discussed above on Interinvest's Form ADV, Part II, and only then was this information disclosed in writing to Investor #1, Investor #2, and Investor #3 via delivery or access to Interinvest's Form ADV, Part II. It should be noted, however, that the disclosure made through Interinvest's Form ADV, Part II only mentioned that HPB had been fined for not disclosing certain lawsuits but did not provide further detail.

14. On March 3, 2008 the AMF instituted a regulatory action (Case No. 2008-009-001) against Interinvest Canada alleging several violations of Quebec securities law. The AMF alleged that from July of 2004 to August of 2007 Interinvest Canada failed to maintain the thirty-five thousand dollar Canadian (\$35,000 Cdn) working capital requirement for investment advisers pursuant to Quebec securities law. The action further alleged that Interinvest Canada failed to notify the AMF of the working capital deficit and failed to complete a form known as the "waiver to compete with other creditors form." As stated above, Interinvest Canada was a Canadian investment adviser of which HPB was the President, director, and majority shareholder. A summary of the procedural posture of the case is as follows:

a. On November 13, 2009 a decision was rendered by the AMF against Interinvest Canada imposing a fine of three thousand five hundred dollars Canadian (\$3,500 Cdn) for not complying with the working capital requirement, a fine of eighteen thousand, eight hundred and eighty dollars Canadian (\$18,880 Cdn) for not notifying the AMF of the working capital deficit, and a fine of eighteen thousand,

eight hundred and eighty dollars Canadian (\$18,880 Cdn) for not completing the “waiver to compete with other creditors form.” The total fine imposed by the AMF in this matter was forty-one thousand two hundred and sixty dollars Canadian (\$41,260 Cdn).

b. This regulatory action was never reported on Interinvest’s ADV, Part II or disclosed in any way to Investor #1, Investor #2, or Investor #3.

15. On December 20, 2010 the AMF instituted a regulatory action (Case No. 2010-046-001) against Interinvest Canada for failing to provide audited financial statements to the AMF as well as failing to provide a calculation of Interinvest Canada’s excess working capital within 90 days of Interinvest Canada’s fiscal year end as required by Quebec securities law.

a. As part of events that lead to this AMF action, in October of 2010 Interinvest Canada notified the AMF that they preferred to pay a penalty rather than produce the required audited financial statements and excess working capital information.

b. In November 2010 Interinvest Canada informed the AMF that they intended to cease being registered as an investment advisor in Quebec by December 31, 2010 and submitted a calculation of its excess working capital but did not provide the required audited financial statements.

c. In June of 2011 the AMF requested certain information and documentation necessary to proceed with the cancellation of Interinvest Canada’s registration. After three reminders sent by the AMF to Interinvest Canada in June and July of 2011 to which the AMF received no response, on July 19, 2011 the AMF proceeded to suspend Interinvest Canada’s registration as an investment advisor in the province of Quebec and Interinvest Canada eventually voluntarily submitted to the suspension of their registration as an investment adviser in Quebec.

- d. On August 20, 2012 a decision was rendered by the AMF against Interinvest Canada imposing a fine of thirty-five thousand dollars Canadian (\$35,000 Cdn) for failing to provide the audited financial statements within 90 days of Interinvest Canada's fiscal year end.
 - e. This regulatory action was never reported on Interinvest's ADV, Part II or disclosed in any way to Investor #1, Investor #2, or Investor #3.
16. Investor #1, Investor #2, and Investor #3 maintain that they were never made aware of these three AMF regulatory actions. As discussed above, only one of the three AMF actions (Case No. 2007-029-001) was reported on Interinvest's Form ADV Part II in March of 2011 despite the regulatory action being initiated over three years earlier in November 2007. Investor #1, Investor #2, and Investor #3 maintain that disclosure of these regulatory actions would be material to their decision to continue doing business with Interinvest and that they would never have done business or would have ceased doing business with HPB and Interinvest had they known about these regulatory actions.

Failure to Disclose Material Conflicts of Interest and Compensation Arrangements

17. HPB currently serves on the board of the following publicly traded companies: Tyhee Gold Corporation (hereinafter "Tyhee") since 2011; Wi2Wi since 2006; and Williams Creek Gold Ltd. (hereinafter "WCG") since 2011. Additionally, from 2006 until August 2014, HPB served on the board of Amorfix Life Science Ltd. (hereinafter "Amorfix"), and until May 28, 2014, served on the board of Radiant Technology Inc. (hereinafter "Radiant"). HPB and his mother are also the only shareholders of the private company, Zurmont Research Inc. (hereinafter "Zurmont"), where HPB also serves as the President.
- a. In an investigative statement under oath of HPB conducted by the Bureau on September 12, 2014, HPB admitted to receiving monies from Tyhee, Wi2Wi,

Amorfix, and Radient through HPB's company Zurmont, although HPB characterized these monies as reimbursement of expenses associated with his role as director. Under oath, HPB estimated that, over the past five years, he received approximately thirty to forty thousand dollars (\$30,000 - \$40,000) from Amorfix, approximately one hundred thousand dollars (\$100,000) from Wi2Wi, approximately one hundred thousand dollars (\$100,000) from Tyhee, and approximately ten to fifteen thousand dollars (\$10,000 - \$15,000) from Radient. This arrangement is in addition to stock options that HPB was awarded by most of the above companies. During the investigative statement under oath on September 12, 2014, HPB also admitted that there is a paid consulting arrangement between WCG and Zurmont. According to annual public filings for WCG, for the year ending January 31, 2013, WCG paid Zurmont two hundred thirty-seven thousand, seven hundred and seventy-two dollars (\$237,772). For the year ending January 31, 2014, WCG paid Zurmont one hundred sixteen thousand four hundred and sixty-four dollars (\$116,464).

- b. Subsequent to the investigative statement under oath of HPB on September 12, 2014, the Bureau learned that HPB received approximately one million dollars (\$1,000,000) from Tyhee through Zurmont and not the approximately one hundred thousand dollars (\$100,000) HPB testified to under oath. Additionally, the Bureau also learned that HPB received approximately two hundred and forty thousand dollars (\$240,000) from Wi2Wi through Zurmont and not the approximately one hundred thousand dollars (\$100,000) HPB testified to under oath.
- c. HPB, ARB, and Interinvest failed to disclose the board affiliations and compensation arrangements described above on Form ADV Part 2A. Although not disclosed in writing, Investor #1 learned of the compensation arrangement between WCG and Zurmont in 2012 as Investor #1 served on the board of WCG until September 2013. Investor #1 maintains that he was not informed of any of the other compensation arrangements discussed above. Investor #2 maintains that

she was not informed of any of the compensation arrangements discussed above, including the compensation arrangement between WCG and Zurmont, until after ceased doing business with Interinvest and HPB in the fall of 2013. Investor #3 maintains that it was never informed of any of the board affiliations or compensation arrangements discussed above.

- d. HPB, ARB, and Interinvest failed to disclose to Investor #1 the compensation arrangements with Tyhee and Amorfix discussed above while recommending and purchasing positions in Tyhee and Amorfix in Investor #1's accounts. Investor #1 maintains that, had he known about these compensation arrangements, he would not have invested in these companies.
- e. HPB, ARB, and Interinvest failed to disclose to Investor #2 the compensation arrangements with Tyhee and Amorfix discussed above while recommending and purchasing positions in Tyhee and Amorfix in Investor #2's accounts. Investor #2 maintains that, had she known about these compensation arrangements, then she would not have invested in these companies.
- f. HPB, ARB, and Interinvest failed to disclose to Investor #3 the board affiliations and compensation arrangements discussed above while recommending and purchasing positions in Tyhee, Amorfix, Wi2Wi, and WCG in Investor #3's account. The representatives of Investor #3 maintain that they had not known about these compensation arrangements and this information would have been material to them.

Unsuitable Investment Recommendations

- 18. As discussed in Section I, paragraph 4 above, Investor #1 has a low to moderate tolerance for risk and limited investment experience. Despite this conservative tolerance for risk, HPB and Interinvest recommended and purchased for Investor #1 high risk investments that lead to significant losses for Investor #1.

- a. Upon the recommendation of HPB, on May 15, 2007 Investor #1 purchased 40,000 class "A" shares of a private company, Les Aliments Soyummi Inc. (hereinafter "Soyummi"), through a private placement for one hundred and twenty thousand dollars (\$120,000). HPB serves as the Chairman of the Board of Soyummi. This was a very risky investment recommendation, comprised a substantial amount of Investor #1's liquid net worth at the time, was illiquid, and was not suitable for Investor #1. Furthermore, had Investor #1 known of the lawsuits filed by 102751 Canada Inc. or Montrawest Inc. at the time of HPB's investment recommendation in Soyummi, Investor #1 maintains that he never would have made the investment and would have ceased doing business with Interinvest and HPB. As of the date of this Amended Staff Petition for Relief, Investor #1 still holds this illiquid investment.

- b. Upon the recommendation of HPB, on April 29, 2008 Investor #1 purchased 2,000,000 common shares of Wi2Wi through a private placement for one hundred thousand dollars (\$100,000). This was a very risky investment recommendation, comprised a substantial amount of Investor #1's liquid net worth at the time, was illiquid, and was not suitable for Investor #1. Furthermore, had Investor #1 known of the lawsuits filed by 102751 Canada Inc. or Montrawest Inc. at the time of HPB's investment recommendation in Wi2Wi, or the two pending regulatory actions by the AMF, Investor #1 maintains that he never would have made that investment and would have ceased doing business with Interinvest and HPB. Since the time of this investment, Wi2Wi became a publicly traded company on the Toronto Venture Exchange and Investor #1's shares were converted to 438,352 shares. After leaving Interinvest, Investor #1 sold these shares for a substantial loss.

- c. Upon the recommendation of HPB, on November 19, 2009 Investor #1 purchased an additional 13,957 class "A" shares of Soyummi through a private placement for forty-one thousand eight hundred and seventy-one dollars (\$41,871). This

was a very risky investment recommendation, was illiquid, and was not suitable for Investor #1. Furthermore, Investor #1 maintains that had he known of the lawsuits filed by 102751 Canada Inc., Montrawest Inc., Rolf Herzog, or Regula Dobie, or the two pending AMF actions at the time of this investment in Soyummi, he never would have made that investment and would have ceased doing business with Interinvest and HPB. As of the date of this Amended Staff Petition for Relief, Investor #1 still holds this illiquid investment.

- d. In addition to the three unsuitable private placement recommendations discussed above, HPB recommended and purchased several high risk, very thinly traded, low priced penny stocks in Investor #1's accounts, many of which resulted in losses to Investor #1. The following table represents Investor #1's realized losses in these high risk investments (total of both Investor #1's accounts and including Wi2Wi investments but excluding Soyummi private placement investments):

Stock	Number of shares	Total Cost basis	Total Sale price	Realized Loss
Amorfix	60,000	\$21,497.98	\$19,149.34	(\$2,348.64)
Tyhee	450,000	\$56,007.99	\$11,507.08	(\$44,500.91)
Lake Shore Gold Corp.	30,000	\$29,393.78	\$24,891.21	(\$4,502.57)
Plug Power Inc.	21,000	\$42,523.45	\$11,704.88	(\$30,818.57)
WCG	100,000	\$15,924.78	\$4,269.91	(\$11,654.87)
Wi2Wi	438,352	\$100,000.00	\$16,069.82	(\$83,930.18)
Total Losses				(\$177,755.74)

It should be noted that, at the time HPB purchased the positions in Amorfix and Tyhee for Investor #1, in addition to the unsuitability of this purchase, Investor #1 was not made aware of the compensation arrangements between Zurmont and these companies. It should also be noted that nearly all of the stock positions listed were acquired after the undisclosed lawsuits and regulatory actions

discussed above were filed.

19. As discussed in Section I, paragraph 4 above, Investor #2 has a low tolerance for risk and limited investment experience. Despite this conservative tolerance for risk, HPB and Interinvest recommended and purchased for Investor #2 high risk, very thinly traded, low priced penny stocks.

a. The following table represents Investor #2's realized losses in these high risk investments (total of both Investor #2's accounts):

Stock	Number of shares	Total Cost basis	Total Sale price	Realized Loss
Amorfix	15,000	\$5,448.57	\$4,787.27	(\$661.30)
Tyhee	150,000	\$20,118.22	\$5,049.93	(\$15,068.29)
Lake Shore Gold Corp.	10,000	\$10,893.07	\$8,245.82	(\$2,647.25)
Plug Power Inc.	7,000	\$15,917.93	\$3,883.38	(\$12,034.55)
Total Losses				(\$30,411.39)

It should be noted that, at the time HPB purchased these positions in Amorfix and Tyhee for Investor #2, in addition to the unsuitability of this purchase, Investor #2 was not aware of the compensation arrangements between Zurmont and these companies. It should also be noted that nearly all of the stock positions discussed above were acquired after the undisclosed lawsuits and regulatory actions discussed above were filed.

20. As discussed in Section I, paragraph 5 above, Investor #3 is a church with a low tolerance for risk and limited investment experience. Despite this conservative risk tolerance, Interinvest and HPB purchased several high risk, thinly traded, low priced, foreign penny stocks in Investor #3's account, many of which resulted in losses to

Investor #3.

- a. When Investor #3 ceased doing business with HPB and Interinvest in early 2014, Investor #3 had difficulty transferring the existing securities positions to their new custodian. The new custodian was unwilling to take custody of these securities due to the fact that they were high risk, thinly traded, foreign penny stocks. Investor #3 ultimately instructed Interinvest to liquidate all of these positions in order to transfer the cash proceeds to their new custodian. The following table represents Investor #3's realized losses in these high risk investments as a result of this liquidation:

Stock	Number of shares	Total Cost basis	Total Sale price	Realized Loss
Amorfix	70,000	\$25,906.96	\$22,802.85	(\$3,104.11)
Tyhee	325,000	\$32,227.48	\$23,399.53	(\$8,827.95)
WCG	27,000	\$7,224.73	\$1,639.74	(\$5,584.99)
Wi2Wi	51,500	\$12,113.90	\$3,711.88	(\$8,402.02)
Total Losses				(\$25,919.07)

It should be noted that, at the time HPB purchased the positions in Amorfix, Tyhee, WCG, and Wi2Wi for Investor #3, in addition to the unsuitability of this purchase, Investor #3 was not made aware of HPB's board affiliations or the compensation arrangements between Zurmont and these companies. It should also be noted that nearly all of these above stock positions were acquired after the undisclosed lawsuits and regulatory actions discussed above were filed.

Unregistered Securities

21. Amorfix, Tyhee, WCG, and Wi2Wi are foreign companies based in Canada, are traded on Canadian stock exchanges, and not traded on any United States stock

exchange. The Bureau has determined that Amorfix, Tyhee, WCG, and Wi2Wi were not properly registered for sale in New Hampshire and that no valid exemption from registration applies.

22. HPB, ARB, and Interinvest carry the burden of establishing the existence and applicability of any exemption from registration for the above-described securities. As of the date of this Staff Petition for Relief, HPB, ARB, and Interinvest have provided no documentary evidence to support a valid exemption from registration for these securities.

ARB's Liability

23. As stated in Section I, paragraph 3 above, ARB was employed by Interinvest from March 1, 2009 to August 15, 2014, and according to CRD, at various times acted as a Control Person, Portfolio Manager, Director, President, CEO, and Chief Compliance Officer.

24. In his role of Chief Compliance Officer, ARB had an obligation to reasonably supervise Interinvest employees, including HPB. ARB's supervisory responsibilities included, but were not limited to, ensuring that all proper disclosures were made to Interinvest clients regarding material legal and regulatory events, ensuring that all proper disclosures were made regarding conflicts of interest, ensuring that all securities traded in client accounts were suitable for those clients, and ensuring that all securities transacted in client accounts were properly registered or exempt. On several occasions, the Bureau requested that ARB submit to a voluntary statement under oath yet ARB has consistently refused to do so. Based on Interinvest and HPB's numerous violations of disclosure and registration requirements that occurred during ARB's tenure at Interinvest in a supervisory capacity, it is clear that ARB failed to reasonably supervise Interinvest and its agents.

25. Further, in his capacity as a Control Person, Portfolio Manager, Director, President,

and CEO, ARB directly controlled Interinvest and its agents, including HPB. Thus, ARB materially aided in the violations of New Hampshire securities law outlined herein.

Excessive Fees

26. Investor #1 and Investor #2 understood that Interinvest's fees for investment advisory services would be reduced once their combined portfolio values exceeded five hundred thousand dollars (\$500,000). As part of its investigation, the Bureau received a letter from Interinvest dated January 20, 2010 to Investor #1 and Investor #2 acknowledging that they were overcharged for the first quarter of 2011. Subsequent to this letter, Investor #1 and Investor #2 were given a refund because of their "family billing program that calculated management fees based on combined portfolio values." However, the refund was not applied retroactively to take into account overbilling that may have occurred prior to the first quarter of 2011. Investor #1 and Investor #2 were overcharged for fees as they should have been charged under Interinvest's family billing program prior to 2011. Based on the policies outlined in the January 20, 2010 letter referenced above, the Bureau estimates that Investor #1 and Investor #2 were overcharged for fees by at least ten thousand dollars (\$10,000) from 2008 to 2011, in addition to the amounts already refunded by Interinvest.

Summary of Losses

27. Investor #1 has realized losses totaling one hundred seventy-seven thousand, seven hundred fifty-five dollars, and seventy-four cents (\$177,755.74) from trades in Amorfix, Tyhee, Lake Shore Gold Corp., Plug Power, Inc., WCG, and Wi2Wi. Investor #1 also still holds 53,957 private shares of Soyummi that cost him one hundred sixty-one thousand, eight hundred seventy-one dollars (\$161,871) to acquire.

28. Investor #2 has realized losses of thirty thousand, four hundred eleven dollars, and thirty-nine cents (\$30,411.39) from trades in Amorfix, Tyhee, Lake Shore Gold Corp., and Plug Power, Inc.
29. Investor #3 has realized losses totaling twenty-five thousand, nine hundred nineteen dollars, and seven cents (\$25,919.07) from trades in Amorfix, Tyhee, WCG, and Wi2Wi.

STATEMENT 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, RSA 421-B, and regulations thereunder:
 1. HPB, ARB, and Interinvest are “persons” within the meaning of N.H. RSA 421-B:2, XVI.
 2. Pursuant to N.H. RSA 421-B:4, I, it is unlawful for any person who receives any consideration from another person primarily for advising the other person as to the value of securities or their purchase or sale whether through the issuance of analyses or reports or otherwise: (a) To employ any device, scheme, or artifice to defraud another person; or (b) To engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon the other person.
 - a. Interinvest, HPB, and ARB are in violation of this provision and committed securities fraud by engaging in acts to defraud, employing a scheme to defraud, and engaging in a course of business which operated as a fraud or deceit to Investor #1, Investor #2, and Investor #3. This scheme to defraud included failing to disclose to Investor #1, Investor #2, and Investor #3 the six lawsuits detailed in Section I, paragraphs 6 – 12 above and the three AMF regulatory actions discussed in Section

I, paragraphs 13 – 16. Additionally, this scheme to defraud also included recommending and purchasing unsuitable securities in the accounts of Investor #1, Investor #2, and Investor #3, as described in Section I, paragraphs 18-20 above, misrepresenting the advisory fees to be charged to Investor #1 and Investor #2, as described in Section I, paragraph 26 above, and failing to disclose the compensation arrangements between HPB and WCG, Tyhee, Amorfix, and Wi2Wi, as described in Section I, paragraph 17 above.

3. Pursuant to N.H. RSA 421-B:10, I(a) and (b)(2), the secretary of state may by order bar any person from licensure if he finds that the order is in the public interest and that the applicant or licensee or, in the case of an 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 investment adviser, has willfully violated or failed to comply with any provision of this title. HPB, ARB, and Interinvest are subject to this provision and should be permanently barred from any securities licensure in the State of New Hampshire based on the unlawful conduct described herein.
4. Pursuant to N.H. RSA 421-B:10, I(a) and (b)(10), the secretary of state may by order bar any person from licensure if he finds that the order is in the public interest and that the applicant or licensee or, in the case of an 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 investment adviser, has failed reasonably to supervise his agents if he is a broker-dealer, issuer-dealer, or his employees if he is an investment adviser. ARB is subject to this provision and should be permanently barred from any securities licensure in the State of New Hampshire for failing to supervise Interinvest and its agents, as described in Section I, paragraphs 23, 24, and 25 above.
5. Pursuant to N.H. RSA 421-B:11, 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 N.H. RSA 421-B:17, or it is a federal covered security for which the fee has been paid and documents have been filed as required by paragraph I-a of this

section. HPB, ARB, and Interinvest are in violation of this provision for trading in Amorfix, Tyhee, WCG, and Wi2Wi without ensuring these securities were properly registered in New Hampshire.

6. Pursuant to N.H. RSA 421-B:19, it is unlawful for any person to make or cause to be made in any document filed under this chapter or in any proceeding under this chapter any statement which is, at the time and in the light of the circumstances under which it is made, false or misleading in any material respect or, in connection with such statement, 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. HPB is in violation of this provision for making false statements to the Bureau by testifying under oath to only receiving approximately one hundred thousand dollars (\$100,000) in expense reimbursements from Tyhee and approximately one hundred thousand dollars (\$100,000) in expense reimbursements from Wi2Wi when he actually received approximately one million dollars (\$1,000,000) from Tyhee and approximately two hundred and forty thousand dollars (\$240,000) from Wi2Wi.
7. Pursuant to 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. HPB, ARB, and Interinvest are subject to this provision.
8. Pursuant to 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. HPB, ARB, and Interinvest are subject to this provision and

should be ordered to cease and desist from further violations of N.H. RSA 421-B.

9. Pursuant to 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. HPB, ARB, and Interinvest are subject to this provision.

10. Pursuant to N.H. RSA 421-B:26, III-a, every person who directly or indirectly controls a person liable under paragraph I, II, or III every partner, principal executive officer, or director of such person, every person occupying a similar status or performing a similar function, every employee of such person who materially aids in the act or transaction constituting the violation, and every broker-dealer or agent who materially aids in the acts or transactions constituting the violation, either knowingly or negligently, 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, including the forfeiture of any application fee, or an administrative fine not to exceed \$2,500, or both. Each of the acts specified shall constitute a separate violation, and such administrative action or fine may be imposed in addition to any criminal penalties imposed pursuant to RSA 421-B:24 or civil liabilities imposed pursuant to RSA 421-B:25. No person shall be liable under this paragraph who shall sustain the burden of proof that such person did not know, and in the exercise of reasonable care could not have known, of the existence of facts by reason of which the liability is alleged to exist. ARB is subject to this provision in his capacity as a former Director, President, and Chief Compliance Officer of Interinvest and is liable for the unlawful activity of Interinvest and HPB described herein.

11. Pursuant to 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. HPB, ARB, and Interinvest are subject to this provision

and should be ordered to pay restitution to Investor #1, Investor #2, and Investor #3 based on their realized losses as described in Section I, paragraphs 18, 19, and 20 above and should be ordered to make an offer of rescission for the illiquid Soyummi shares currently held by Investor #1 as described in Section I, paragraphs 18(a) and 18(c) above.

RELIEF REQUESTED

- III. The staff of the Bureau makes the following requests for relief in the above-referenced matter as permitted under the N.H. RSA 421-B:
1. Find as fact the allegations contained in Section I of this Staff Petition for Relief
 2. Make conclusions of law as stated in Section II relative to the allegations contained in Section I of this Staff Petition for Relief.
 3. Order HPB, ARB, and Interinvest to cease and desist from further violations of N.H. RSA 421-B.
 4. Order HPB, ARB, and Interinvest permanently barred from any securities licensure in the State of New Hampshire, in accordance with N.H. RSA 421-B:10, I.
 5. Order HPB, ARB, and Interinvest to jointly and severally pay an administrative fine of two hundred and fifty thousand dollars (\$250,000) for the violations of N.H. RSA 421-B: 4, and 11, in accordance with N.H. RSA 421-B:26, III.
 6. Order HPB, ARB, and Interinvest to jointly and severally pay the Bureau's costs of investigation of fifty thousand dollars (\$50,000), in accordance with N.H. RSA 421-B:22, IV.
 7. Order HPB, ARB, and Interinvest to jointly and severally pay restitution for realized losses to Investor #1 totaling one hundred seventy-seven thousand, seven hundred

fifty-five dollars, and seventy-four cents (\$177,755.74), to Investor #2 totaling thirty thousand, four hundred eleven dollars, and thirty-nine cents (\$30,411.39), and to Investor #3 totaling twenty-five thousand, nine hundred and nineteen dollars, and seven cents (\$25,919.07), plus interest at the legal rate since the date of the unlawful sale.

8. Order HPB, ARB, and Interinvest to make an offer of rescission to Investor #1 for 53,957 shares of Soyummi, with a total costs basis to Investor #1 one hundred sixty-one thousand, eight hundred seventy-one dollars (\$161,871), plus interest at the legal rate since the date of the unlawful sales.
9. Order HPB, ARB, and Interinvest to jointly and severally pay ten thousand dollars (\$10,000) in total to Investor #1 and Investor #2 for excessive fees.
10. Take such other actions as necessary for the protection of New Hampshire investors and enforcement of N.H. RSA 421-B.

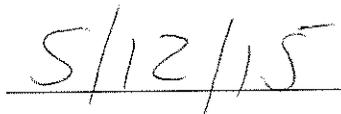
RIGHT TO AMEND

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

Respectfully submitted by:



Eric Forcier, Staff Attorney



Date

Adrian LaRochelle

Adrian LaRochelle, Staff Attorney

5/12/15

Date

Jeffrey Spill

Jeffrey Spill, Deputy Director

5/12/15

Date