



STATE OF MISSOURI  
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:

PIF FINANCIAL SERVICES, LLC, et al.

*Respondents.*

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Case No. AP-12-32

**CONSENT ORDER AS TO RESPONDENT DANIEL P. HANCE**

**SUMMARY OF ENFORCEMENT SECTION'S ALLEGATIONS**

1. The Enforcement Section of the Missouri Securities Division of the Office of Secretary of State ("Enforcement Section"), through Assistant Commissioner Mary S. Hosmer, has alleged that Respondent Daniel P. Hance ("Respondent" or "Hance") offered and sold unregistered securities in violation of 409.3-301, and that this constitutes grounds to issue an order pursuant to Section 409.6-604, RSMo. (Cum. Supp. 2012).
2. Respondent and the Enforcement Section desire to settle the allegations and the matters raised by the Enforcement Section relating to the Respondent's alleged violations of Section 409.3-301, RSMo. (Cum. Supp. 2012).

**CONSENT TO JURISDICTION**

3. Respondent and the Enforcement Section stipulate and agree that the Missouri Commissioner of Securities ("Commissioner") has jurisdiction over the Respondent and these matters pursuant to the Missouri Securities Act of 2003, Chapter 409, *et seq.*
4. Respondent and the Enforcement Section stipulate and agree that the Commissioner has authority to enter this Order pursuant to Section 409.6-604(h), RSMo. (Cum. Supp. 2012), which provides:

"The commissioner is authorized to issue administrative consent orders in the settlement of any proceeding in the public interest under this act."

WAIVER AND EXCEPTION

5. Respondent waives his rights to a hearing with respect to this matter.
6. Respondent waives any right that Respondent may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Order. Respondent specifically forever releases and holds harmless the Missouri Office of Secretary of State, Secretary of State, Commissioner, and their respective representatives and agents from any and all liability and claims arising out of, pertaining to, or relating to this matter.

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7. Respondent stipulates and agrees with the Enforcement Section that, should the facts contained herein prove to be false or incomplete, the Enforcement Section reserves the right to pursue any and all legal or administrative remedies at its disposal.

CONSENT TO COMMISSIONER'S ORDER

8. Respondent and the Enforcement Section stipulate and agree to the issuance of this Consent Order without further proceedings in this matter, agreeing to be fully bound by the terms and conditions specified herein.
9. Respondent agrees not to take any action or to make or permit to be made any public statement creating the impression that this Order is without factual basis. Nothing in this paragraph affects Respondent's (a) testimonial obligations; (b) right to take legal or factual position in defense of litigation or in defense of other legal proceedings in which the Commissioner is not a party; or (c) right to make public statements that are factual.
10. Respondent agrees that Respondent is not the prevailing party in this action since the parties have reached a good faith settlement.
11. Respondent neither admits nor denies the allegations made by the Enforcement Section, but consents to the Commissioner's Findings of Fact, Conclusions of Law, and Order as set forth below solely for the purposes of resolving this proceeding and any proceeding that may be brought to enforce the terms of this Consent Order.

COMMISSIONER'S FINDINGS OF FACT,  
CONCLUSIONS OF LAW, AND ORDER

I. FINDINGS OF FACT

12. PIF Financial Services, LLC ("PIF"), is a Missouri limited liability company that was formed on September 12, 2008, and has an address of 1555 Kisker Road, Saint Peters, Missouri 63304. Michael Kitchen ("Kitchen") is the registered agent of PIF with an address of 60 Gailwood Drive, Saint Peters, Missouri 63376.

13. Premier Mortgage Solutions, LLC ("PM Solutions"), is a Missouri limited liability company that was formed on March 2, 2005, and has an address of 5 Novella Drive, Saint Peters, Missouri 63376. Cheryl Gourley is the registered agent of PM Solutions with an address of 60 Gailwood Drive, Suite A, Saint Peters, Missouri 63376.
14. Kitchen was an organizer of PIF and PM Solutions and purports to be the president of PIF. Kitchen has an address of 220 Walden Court, Eureka, Missouri 63025-1130.
15. Daniel P. Hance, Sr. ("Hance") was an organizer of PIF. Hance has an address of 1968 Graystone Drive, Saint Charles, Missouri 63303. A check of records maintained by the Missouri Department of Insurance, Financial Institutions & Professional Registration ("DIFP") indicates that Hance holds an active Missouri insurance producer license, DIFP number 0101956.
16. A check of the records maintained by the Commissioner indicates that at all times relevant, there was no record of registration as a broker-dealer agent, investment adviser representative or issuer agent for Kitchen or Hance
17. A check of the records maintained by the Commissioner indicates that at all times relevant, there was no registration, granted exemption or notice for any securities issued by PIF and/or Kitchen.
18. As used herein, the term "Respondent" refers Hance.
19. From February to November 2012, an investigator with the Enforcement Section spoke to, and received emails and documentation from Hance, a fifty-eight (58) year-old resident of Wentzville, Missouri regarding PIF. In October 2012, Hance appeared before representatives of the Enforcement Section for an on-the-record examination ("Hance OTR"). A review of this information revealed, among other things, the following:
  - a. On or before 2008, Hance and Kitchen agreed to work together to generate leads for Kitchen's mortgage company and Hance's insurance agency. To generate these leads, Hance gave Kitchen over sixty thousand dollars (\$60,000);
  - b. When Hance and his insurance agency experienced financial difficulties, Kitchen told Hance that Kitchen was a "trader" and that Hance could participate in trading platform programs ("Trading Programs") through Kitchen;
  - c. Kitchen told Hance, among other things, that:
    - i. Hance could recruit individuals to participate in the Trading Programs and Hance would earn ten percent (10%) of any funds these individuals invested;
    - ii. Kitchen would pool investor funds to invest in the Trading Programs;



- iii. Kitchen invested funds "through a trader." The trader would invest these funds in private placements, security bonds and/or treasury notes; and
  - iv. Kitchen was making in excess of one hundred and sixty thousand dollars (\$160,000) a month through the Trading Programs;
  - d. Hance and Kitchen formed PIF so Kitchen could conduct trading through the Trading Programs;
  - e. Kitchen provided Hance with a private placement program document ("PPP Document") that explained the Trading Programs; and
  - f. Hance brought four (4) investors to Kitchen and PIF. These four individuals invested in excess of ninety thousand dollars (\$90,000) in Trading Programs through Kitchen and PIF. and
  - g. Hance received at least some funds from Kitchen for recruiting investors to participate in the Trading Programs through PIF.
20. In September 2012, the Enforcement Section obtained a copy of the PPP Document that Kitchen provided to Hance. The PPP Document stated, among other things, the following:
- a. all of the Trading Programs "are conducted under the specific guidelines set up by the International Chamber of Commerce" ("ICC");
  - b. through the Trading Programs investors "have the opportunity to earn exceptionally high and safe profit yields";
  - c. there was no risk of losing investment funds because these funds were blocked and would not be "moved, transferred or withdrawn;"
  - d. the Trading Programs' directors "put up their own ... funds equivalent to the ... blocked funds ... for trading purposes;"
  - e. the Trading Programs trade negotiable bank instruments that "are debt obligations of *the top one hundred (100) world banks*" (emphasis added);
  - f. the "international trading of these banking instruments is a privileged and highly lucrative profit source for participating banks;"
  - g. these money-making opportunities have been available "for fifty years to qualified European Investors through ICC-affiliated banks;"
  - h. "virtually every contract involving one of these *high-yield bank instruments* contains explicit language forbidding the contracted parties from disclosing any aspect of the transactions for a period of five years" (emphasis added); and

- i. "your local [bank] branch manager has absolutely no knowledge of [the programs] and may even deny their existence."
21. From July 2012 to November 2012, an investigator with the Enforcement Section spoke to, and received emails and documentation from, a forty-nine (49) year-old Desloge, Missouri resident ("MR1") who invested with PIF and Kitchen. A review of this information revealed, among other things, the following:
  - a. in 2008, MR1 learned about an investment opportunity with PIF and Kitchen from Hance. Hance introduced MR1 to Kitchen;
  - b. on August 25, 2008, MR1 signed a one-page compensation agreement with Kitchen and PIF;
  - c. this compensation agreement stated, among other things, that:

"This agreement is between [PIF] and [MR1]. This agreement, dated August 25, 2008, does hereby supersede any and all previous agreements whether verbal or in writing. [MR1] does hereby agree to deposit with PIF a minimum sum of \$15,000.00. PIF will accept the funds as an interest in a joint venture and will repay to [MR1] a minimum sum of the initial deposit, up to a total of \$150,000.00. PIF expects to be able to do this within 30 days after the joint venture begins. PIF retains the right to pay to [MR1] the funds sooner than 30 days."
  - d. on August 26, 2008, MR1 sent fifteen thousand dollars (\$15,000) via wire transfer to a bank account Kitchen controlled for an investment in PIF; .
  - e. MR1 had no duties with respect to the joint venture with PIF and Kitchen. MR1 did not speak to anyone on behalf of the joint venture and had no control over the joint venture, the funds acquired by the joint venture, or what products the joint venture would purchase;
  - f. on or after April 4, 2010, MR1 demanded a refund of MR1's investment with Kitchen and PIF; and
  - g. as of November 2012, MR1 has not received any return on MR1 's investment with Kitchen or PIF, and MR1 has not received a refund of MR1's investment with Kitchen or PIF.
22. Between July and November 2012, an investigator with the Enforcement Section spoke to, and received emails and documentation from, a thirty-three (33) year-old Mooresville, North Carolina resident ("NC1 ") who invested with PIF and Kitchen. A review of this information revealed, among other things, the following:

- a. in October 2008, while residing in the State of California, NC1 learned of the Trading Programs from a co-worker and on October 14, 2008, NC1 received a telephone call from Hance and Kitchen.
  - b. on October 14, 2008, NC1 signed a one-page compensation agreement with Kitchen and PIF;
  - c. this compensation agreement stated, among other things, that the funds were in a joint venture and that PIF would repay NC1 up to one hundred thousand dollars (\$100,000) in thirty (30) days;
  - d. on October 20, 2008, NC1 sent twenty thousand dollars (\$20,000) to Kitchen via wire transfer to a bank account Kitchen controlled for an investment in PIF;
  - e. NC1 had no duties with respect to the joint venture with PIF and Kitchen. NC1 did not speak to anyone on behalf of the joint venture and had no control over the joint venture, the funds acquired by the joint venture, or what products the joint venture would purchase; and
  - f. as of November 2012, NC1 has not received any return on NC1's investment with Kitchen or PIF, and NC1 has not received a refund of NC1 's investment with Kitchen or PIF.
23. From February 2012 to November 2012, an investigator with the Enforcement Section spoke to, and received emails and documentation from, a fifty-three (53) year-old Eureka, Missouri resident ("MR3") who invested with PIF and Kitchen. A review of this information revealed, among other things, the following:
- a. in April 2009, Hance told MR3 about an investment opportunity through PIF and Kitchen. Hance introduced MR3 to Kitchen;
  - b. on April 16, 2009, MR3 signed a joint venture agreement with Kitchen who signed as president of PIF;
  - c. the joint venture agreement stated, among other things, that:
    - i. funds would be used "TO PURCHASE AAA RATED BANK ISSUED SECURED NEGOTIABLE INSTRUMENTS TO BE USED AS COLLATERAL FOR THIRD PARTY BANK TO ISUUE [sic] LOAN AGAINST IT AND REPEAT THE PROCESS UNTIL IT REACHES 500 MILLION DOLLARS" (emphasis in original); and
    - ii. MR3 and Kitchen would share any profits;
  - d. on April 16, 2009, MR3 invested forty thousand dollars (\$40,000) with Kitchen and PIF via personal check made payable to PIF; and



- e. MR3 had no duties with respect to the joint venture with PIF and Kitchen. MR3 did not speak to anyone on behalf of the joint venture and had no control over the joint venture, the funds acquired by the joint venture, or what products the joint venture would purchase.

## II. CONCLUSIONS OF LAW

24. The Commissioner finds Respondent offered and sold unregistered, non-exempt securities in violation of Section 409.3-301, RSMo. (Cum. Supp. 2012), and that this conduct constitutes grounds to issue an order pursuant to Section 409.6-604 RSMo. (Cum. Supp. 2012).
25. The Commissioner, after consideration of the stipulations set forth above and on the consent of Respondent and the Enforcement Section, finds and concludes that the Commissioner has jurisdiction over Respondent and this matter and that the following Order is in the public interest, necessary for the protection of public investors and consistent with the purposes intended by Chapter 409 RSMo. (Cum. Supp. 2012).

## III. ORDER

**NOW, THEREFORE,** it is hereby Ordered that:

1. Respondent Hance, his agents, employees and servants, and all other persons participating in the above-described violations with knowledge of this order are permanently enjoined and restrained from offering and selling unregistered, non-exempt securities, in violation of Section 409.3-301, RSMo. (Cum. Supp. 2012).
2. Respondent Hance is ordered to pay a civil penalty in the amount of ten thousand dollars (\$10,000). This payment will be suspended provided that Respondent complies with the terms of this order and provided that Respondent does not violate the securities act for a period of four (4) years. The suspended payment shall, for four (4) years from the execution of this document, become immediately payable, under operation of law, upon Respondent's failure to comply with the terms of this order. The Commissioner may refer this matter for collection as provided in Sections 409.6-601(b) RSMo. (Cum. Supp. 2012);
3. Respondent Hance is ordered to pay ten thousand dollars (\$10,000) in restitution. This amount will be paid in twenty-five (25) equal monthly installments of four hundred dollars (\$400) each. The first installment will be due on January 15, 2014, and all other installments will be due on the 15<sup>th</sup> of each month with the last installment due on February 15, 2016. If Respondent misses any payment, the full amount remaining shall be immediately due and payable. This money shall be sent to the Securities Division at 600 W. Main Street, Jefferson City, Missouri 65101, and shall be payable to the Missouri Secretary of State's Investor Restitution Fund. These payments will be distributed by that Fund to the investors in the amounts as identified in Exhibit A.

4. Respondent is ordered to pay thirteen thousand dollars (\$13,000) as the cost of this investigation. Twelve thousand dollars of this amount will be suspended provided that Respondent complies with the terms of this order and provided that Respondent does not violate the securities act for a period of three (3) years. The suspended payment shall, for three (3) years from the execution of this document, become immediately payable, under operation of law, upon Respondent's failure to comply with the terms of this order. The remaining one thousand dollars (\$1,000) is due within sixty (60) days of the execution of this of this document. This money shall be sent to the Securities Division at 600 W. Main Street, Jefferson City, Missouri 65101, and shall be payable to the Missouri Secretary of State's Investor Education Fund. The Commissioner may refer this matter for collection as provided in Sections 409.6-601(b) RSMo. (Cum. Supp. 2012).; and
5. Respondent shall pay his own costs and attorney's fees with respect to this matter.

**SO ORDERED:**

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY, MISSOURI THIS 31st DAY OF OCTOBER, 2013.



JASON KANDER  
SECRETARY OF STATE

*Andrew M. Hartnett*  
ANDREW M. HARTNETT  
COMMISSIONER OF SECURITIES

Consented to by:  
THE ENFORCEMENT SECTION OF THE  
MISSOURI SECURITIES DIVISION

*Mary S. Hosmer*  
Mary S. Hosmer  
Assistant Commissioner of Securities

DANIEL P. HANCE  
*Daniel P. Hance*  
Daniel P. Hance

Approved as to Form:  
*[Signature]*  
Cosgrove Law Group, LLC  
Attorney for Respondent