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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING) Order No.: S-13-1225-14-SC01
Whether there has been a violation of the)
Securities Act of Washington by:) STATEMENT OF CHARGES AND NOTICE OF INTENT
) TO ENTER ORDER TO CEASE AND DESIST, TO
Wolfe Capital Group, LLC; James Bernard Wolfe;) IMPOSE FINES AND TO CHARGE COSTS
Saves, Inc.; and Michael Ray Snodgrass,)
)
Respondents.)

THE STATE OF WASHINGTON TO: **Wolfe Capital Group, LLC;**
James Bernard Wolfe;
Saves, Inc.; and
Michael Ray Snodgrass

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the state of Washington has reason to believe that Respondents, Wolfe Capital Group, LLC, James Bernard Wolfe, Saves, Inc. and Michael Ray Snodgrass, have each violated the Securities Act of Washington and that their violations justify the entry of an order of the Securities Administrator under RCW 21.20.390 against each to cease and desist from such violations and to charge costs, and under RCW 21.20.395 to impose a fine. The Securities Administrator finds as follow:

TENTATIVE FINDINGS OF FACT

Respondents

1. Wolfe Capital Group, LLC (“WCG”) was a limited liability company that was formed in Nevada in July 2006, with a principal place of business in Las Vegas, Nevada. WCG presented itself to the public as a full-service, wealth management firm.
2. James Bernard Wolfe (“Wolfe”) is the founder, President and managing member of WCG, and is believed to have been a resident of Nevada at all times relevant to this Statement of Charges. From 1995 to 2003, Wolfe was intermittently registered as a securities salesperson in multiple states, including Nevada, when he worked at various investment advisor and brokerage firms. He has never been registered as a securities salesperson in Washington. Wolfe has a CRD number of 2605630.
3. Saves, Inc. is a Washington corporation with a principal place of business in Cle Elum, Washington. It was incorporated in 1998. During the period relevant to this Statement of Charges, Saves, Inc. acted both as an insurance business operated by Michael Snodgrass and a consulting business operated by Snodgrass’s wife.
4. Michael Ray Snodgrass (“Snodgrass”), a Washington resident, is the founder, President, Secretary

1 and Treasurer of Saves, Inc. Snodgrass also acted as the President of Insurance Services at WCG beginning in early
2 2007. During the period relevant to this Statement of Charges, Snodgrass held a license as an insurance agent with
3 the Washington Office of Insurance Commissioner (WA OIC Lic. #124474). Snodgrass was registered as a securities
4 salesperson in the state of Washington from October 1983 to April 1985, when he worked at New York Life
5 Securities. Snodgrass has not been registered as a securities salesperson since then. Snodgrass has a CRD number of
6 1126517.

7 **Nature of the Offerings**

8 ***Introduction***

9 5. Beginning in approximately 2006, Wolfe created and solicited an investment opportunity, in which he
10 represented that investors could purchase rental property using a pre-approved \$1 million line of credit. The income
11 that an investor would receive from the rental property would be high enough for the investor to pay down the line of
12 credit and, most importantly, receive a steady stream of income. Wolfe operated this scheme through WCG.

13 6. After meeting Wolfe and learning about this investment, Snodgrass joined WCG. From
14 approximately 2006 to 2007, Wolfe and Snodgrass solicited investments in WCG to prospective investors in multiple
15 states. WCG raised at least \$1,020,000 from at least thirty-two investors, at least four of whom were Washington
16 residents. WCG failed to provide the investors with most of the promised services required under the investment, and
17 many, if not most, of the investors lost their entire investment.

18 7. Additionally, while soliciting investments in WCG, Snodgrass also offered a separate investment
19 through his company, Saves, Inc. Saves, Inc. raised at least \$100,000 from at least one Washington investor, an
20 elderly retiree who also invested in the WCG investment. This investor lost his entire Saves, Inc. and WCG
21 investments.

22 ***Wolfe Capital Group Real Estate Investment***

23 8. From approximately 2006 to 2007, Wolfe and other WCG representatives solicited investors
24 throughout most of the western United States, with Snodgrass soliciting WCG investments from Washington residents
25 at investment seminars and through personal contacts. Snodgrass raised at least \$90,000 for WCG from Washington
investors.

9. Wolfe and Snodgrass told investors that for a \$30,000 investment, WCG would create an LLC for an
investor and that through this LLC, the investor could purchase WCG-recommended rental property, primarily
condominium-hotel units. Wolfe and Snodgrass represented that the investor could purchase this rental property with
a pre-approved \$1 million line of credit. Wolfe and Snodgrass claimed that a lending company partnered with WCG
would provide the line of credit and that the income an investor earned from renting his or her property would both
pay down the line of credit and provide the investor with income.

10. Wolfe and Snodgrass told investors that they would have a passive role in the investment, presenting it as a turn-key investment. For example, they told investors that WCG had leads on several investment properties and that it would provide them with a list of properties that they could purchase. WCG staff would then handle the purchase and sale of the properties on the investor's behalf. WCG also partnered with a property management company that would manage the rental property for the investor.

11. Snodgrass told at least one Washington investor that the returns on the investment would be substantial. In documents Wolfe and Snodgrass provided to some investors, WCG stated that it would guarantee their monthly cash flow, that there was a "money back guarantee" and that WCG would provide a full refund if the investor did not receive their LLC and line of credit within 60 days of investing.

12. Snodgrass failed to verify much of the information that Wolfe told him about the investment before he presented the information to investors. Snodgrass also failed to learn much, if anything, about WCG's financial state or Wolfe's background and experience.

13. In the sale of WCG investments, WCG, Wolfe and Snodgrass failed to disclose to investors the identity of the lending company or property management company that WCG had partnered with, as well as the bases and assumptions underlying any projected returns or WCG's cash flow guarantee. They also failed to disclose to investors that there was no actual line of credit that the investors could utilize, and that there were no rental properties that could actually be purchased. Snodgrass did not disclose any risks of the investment to any of the Washington investors that he solicited. Wolfe also failed to disclose any risks of the investment to the Washington investor that he spoke with prior to that investor's investment.

14. While he was still soliciting investments, Snodgrass moved from Washington State to Las Vegas to become the President of WCG's Insurance Services group in early 2007. Snodgrass claimed that he received no compensation for his work, but instead provided funds to Wolfe to help keep WCG afloat. Snodgrass did so with a verbal promise from Wolfe that Snodgrass would be able to share in the great returns that WCG would experience in the future.

15. By about April or May 2007, Wolfe told investors that there were no condominium-hotel units for sale. By July 2007, the WCG real estate investment had collapsed. The most that WCG provided to investors was an LLC and a prequalification letter for the line of credit from Land Capital Financial, its purported lending partner. No investor is known to have actually purchased any property through the WCG investment. WCG failed to provide refunds to many, if not most, of the investors, despite receiving many requests for refunds. Many of the investors, including all of the Washington investors, lost their entire investment.

16. In August 2007, WCG was forced into involuntary bankruptcy by several of its creditors. The bankruptcy case was eventually dismissed because WCG and Wolfe failed to cooperate with the proceedings.

Saves, Inc. Promissory Notes

1 17. In addition to soliciting investments in WCG, Snodgrass also independently sold insurance and other
2 financial products. He often held seminars in Washington in which he presented these products to the public as part of
3 a wealth management strategy. While presenting such a seminar at a hotel in Bremerton, Washington, Snodgrass met
4 a retiree in his mid-80s, who sought investment ideas that could help provide for his wife should anything happen to
5 him.

6 18. Snodgrass then met with the investor at the investor's home and eventually convinced the investor to
7 refinance three of his properties, including his primary residence, all of which the investor owned outright. Using the
8 proceeds from the refinances, the investor purchased from Snodgrass a \$500,000 life insurance policy, \$150,000
9 annuity, and the \$30,000 WCG investment. Snodgrass received commissions for all the products he sold to this
10 investor.

11 19. Subsequent to these investments, Snodgrass told the investor that he knew of a good investment
12 opportunity that he wanted the investor to participate in. Snodgrass provided no other information about the
13 investment to the investor, including any disclosure document or prospectus. Despite this, the investor, who was used
14 to doing business on "trust and a handshake," believed Snodgrass to be honest and trusted him. Snodgrass sold a
15 promissory note to the investor for \$60,000 in March 2007. In May 2007, Snodgrass sold the investor another
16 promissory note for \$40,000. The investor used proceeds from refinancing his properties to pay for the two notes.

17 20. Both notes were issued through Snodgrass's company, Saves, Inc. The two notes bore an interest rate
18 of 24% per annum. Snodgrass wrote a payment schedule on the March 2007 note in which he promised to make a
19 final balloon payment of \$61,200 in September 2007. The May 2007 note contained no maturity date. Snodgrass and
20 Saves, Inc. failed to provide the investor with any information about the investment and how Snodgrass and Saves,
21 Inc. would repay the investor. Snodgrass and Saves, Inc. also failed to provide the investor any information about
22 Saves, Inc., including any financial information about the company. Further, Snodgrass and Saves, Inc. failed to
23 disclose any risks of the investment to the investor.

24 21. Rather than invest the Saves, Inc. investor's funds, Snodgrass used the funds to pay Saves, Inc.'s
25 credit cards, to make split commission payments to another agent, and to pay for his Las Vegas living expenses.
While in Las Vegas, Snodgrass gave some of the Saves, Inc. investor's funds to Wolfe, who in turn spent some of it
on entertainment. Snodgrass further used the Saves, Inc. investor's funds to pay his wife over \$11,000 and to make a
\$7,344 payment to another Washington WCG investor on an earlier note that Snodgrass had issued to that investor.
This payment was substantially late. Snodgrass failed to disclose to the Saves, Inc. investor that he would use the
investment funds to pay his personal and business expenses.

 22. From April to December 2007, Snodgrass made approximately five payments to the Saves, Inc.
investor on the two notes, totaling about \$9,800. For years after selling the notes, Snodgrass continued to promise

1 repayment to the investor. To date, Snodgrass has made no other payments to the investor. The investor expected a
2 return on his Saves, Inc. investment and depended on it to pay down the three mortgages that Snodgrass had assisted
3 him with. As a result of his dealings with Snodgrass, the investor has been unable to pay for the care that his wife
4 needs. They now rely entirely on government assistance and are unable to meet their monthly expenses.

5 **Registration Status**

6 23. Respondent Wolfe Capital Group, LLC is not currently registered to sell securities in Washington and
7 has not previously been registered to do so.

8 24. Respondent James Bernard Wolfe is not currently registered to sell securities as a securities
9 salesperson or broker-dealer in Washington and has not previously been registered to do so.

10 25. Respondent Saves, Inc. is not currently registered to sell securities in Washington and has not
11 previously been registered to do so.

12 26. Respondent Michael Ray Snodgrass is not currently registered to sell securities as a securities
13 salesperson or broker-dealer in Washington and was not so registered during the period relevant to this Statement of
14 Charges.

15 Based upon the above Findings of Fact, the following Conclusions of Law are made:

16 **CONCLUSIONS OF LAW**

17 1. The offers and/or sales of the WCG investment contracts and the Saves, Inc. promissory notes, as
18 described above, constitute the offer and/or sale of a security as defined in RCW 21.20.005(14) and (17).

19 2. Wolfe Capital Group, LLC has violated RCW 21.20.140, because, as set forth in the Tentative
20 Findings of Fact, WCG offered and/or sold securities for which no registration is on file with the Securities
21 Administrator.

22 3. James Bernard Wolfe and Michael Ray Snodgrass have each violated RCW 21.20.040 by offering
23 and/or selling said securities while not registered as a securities salesperson or broker-dealer in the state of
24 Washington.

25 4. Wolfe Capital Group, LLC, James Bernard Wolfe, Michael Ray Snodgrass and Saves, Inc. have each
violated RCW 21.20.010, because, as set forth in the Tentative Findings of Fact, Respondents made untrue statements
of material facts or omitted material facts necessary in order to make the statements made, in light of the
circumstances under which they were made, not misleading.

26 **NOTICE OF INTENT TO ORDER THE RESPONDENT TO CEASE AND DESIST**

Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator
intends to order, pursuant to RCW 21.20.390(1), that Wolfe Capital Group, LLC, James Bernard Wolfe, Michael Ray

1 Snodgrass, Saves, Inc. and their agents and employees each shall cease and desist from violations of RCW 21.20.010;
2 that Wolfe Capital Group, LLC and its agents and employees shall each cease and desist from violations of RCW
3 21.20.140; and that James Bernard Wolfe and Michael Ray Snodgrass shall each cease and desist from violations of
4 RCW 21.20.040.

5 **NOTICE OF INTENT TO IMPOSE A FINE**

6 Pursuant to RCW 21.20.395, and based upon the above Tentative Findings of Fact and Conclusions of Law,
7 the Securities Administrator intends to order that:

- 8 a. Respondent James Bernard Wolfe shall be liable for and shall pay a fine of \$20,000; and
- 9 b. Respondents Michael Ray Snodgrass and Saves, Inc. shall be jointly and severally liable for and shall pay a
10 fine of \$20,000.

11 **NOTICE OF INTENT TO CHARGE COSTS**

12 Pursuant to RCW 21.20.390, and based upon the Tentative Findings of Fact and Conclusions of Law, the
13 Securities Administrator intends to order that:

- 14 a. Respondent James Bernard Wolfe shall be liable for and shall pay the costs, fees, and other expenses incurred
15 in the administrative investigation and hearing of this matter, in an amount not less than \$2,500; and
- 16 b. Respondents Michael Ray Snodgrass and Saves, Inc. shall be jointly and severally liable for and shall pay the
17 costs, fees, and other expenses incurred in the administrative investigation and hearing of this matter, in an
18 amount not less than \$5,000.

19 **AUTHORITY AND PROCEDURE**

20 This Statement of Charges is entered pursuant to the provisions of Chapter 21.20 RCW and is subject to the
21 provisions of Chapter 34.05 RCW. The Respondents, James Bernard Wolfe, Michael Ray Snodgrass and Saves, Inc.,
22 may each make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND
23 OPPORTUNITY FOR HEARING accompanying this Order. If a Respondent does not make a hearing request in the
24 time allowed, the Securities Administrator intends to adopt the above Tentative Findings of Fact and Conclusions of
25 Law as final and to enter a permanent order to cease and desist as to that Respondent, to impose any fines sought
against that Respondent, and to charge any costs sought against that Respondent.

Signed and Entered this 4th day of February, 2015.

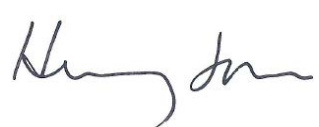
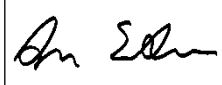
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WILLIAM M. BEATTY
Securities Administrator

Approved by:

Presented by:



SUZANNE SARASON
Chief of Enforcement

HUONG LAM
Financial Legal Examiner

Reviewed by:



JACK MCCLELLAN
Financial Legal Examiner Supervisor