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

IN THE MATTER OF DETERMINING ) Order No.: S-14-1415-16-FO02  
Whether there has been a violation of the )  
Securities Act of Washington by: ) ENTRY OF FINDINGS OF FACT AND  
Iverson Genetic Diagnostics, Inc.; ) CONCLUSIONS OF LAW AND  
Dean Sproles; ) FINAL ORDER TO CEASE AND DESIST,  
James Lisowsky; ) TO IMPOSE FINES, AND  
Gregory Groeller; ) TO CHARGE COSTS AS TO FREDERICK J. BIRKS,  
Frederick J. Birks; ) GRYPHON ASSET MANAGEMENT LLC, AND  
Dean A. Esposito; ) GREGORY GROELLER  
Joseph DeVito; )  
Viper Asset Management, LLC; )  
Gryphon Asset Management LLC; )  
DJC Consulting LLC; )  
Respondents. )

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**THE STATE OF WASHINGTON TO: Frederick J. Birks  
Gryphon Asset Management LLC  
Gregory Groeller**

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On April 26, 2016, the Securities Administrator of the state of Washington issued Statement of Charges and Notice of Intent to Enter Order to Cease and Desist and to Charge Costs, Order No. S-14-1415-15-SC01 (hereinafter referred to as “Statement of Charges”). The Statement of Charges, together with a Notice of Opportunity to Defend and Opportunity for Hearing, hereinafter referred to as “Notice of Opportunity for Hearing” and an Application for Adjudicative Hearing, hereinafter referred to as “Application for Hearing,” were served on Respondents Frederick J. Birks and Gryphon Asset Management LLC on May 2, 2016 via certified mail. The Notice of Opportunity for Hearing and Application for Hearing were served on Respondent Gregory Groeller on April 27, 2016 via first class mail. The Notice of Opportunity for Hearing advised Respondents Frederick J. Birks, Gryphon Asset Management LLC, and Gregory Groeller, that a written application for an administrative hearing on the Statement of Charges must

1 be received within twenty days from the date of receipt of the notice. Respondents Frederick J. Birks,  
2 Gryphon Asset Management LLC, and Gregory Groeller failed to request an administrative hearing within  
3 twenty days of receipt of the Statement of Charges and Notice of Opportunity for Hearing, either on the  
4 Application for Hearing provided, or otherwise.

5 The Securities Administrator therefore will adopt as final the following Findings of Fact and  
6 Conclusions of Law as set forth in the Statement of Charges and enter a final order against Respondents  
7 Frederick J. Birks, Gryphon Asset Management LLC, and Gregory Groeller to cease and desist from  
8 violations of the Securities Act, and to impose the fines and costs sought in the Statement of Charges.

9 The Securities Administrator makes the following Findings of Fact and Conclusions of Law:

10 **FINDINGS OF FACT**

11 Respondents

12  
13 1. Iverson Genetic Diagnostics, Inc. (“Iverson”) is a Nevada corporation formed on or about  
14 March 7, 2007 with its headquarters located in Seattle, Washington. Iverson offers genetic testing services  
15 to help health care providers detect diseases and determine proper dosing for medication.

16 2. Dean Sproles (“Sproles”) resides in South Carolina. Sproles resided in Seattle and acted as  
17 the Chief Executive Officer of Iverson from the company’s inception until approximately April, 2014.

18 3. James Lisowsky (“Lisowsky”) is believed to reside in Burkeville, Texas. Lisowsky solicited  
19 investments on behalf of Iverson.

20 4. Gregory Groeller (“Groeller”) is believed to reside in New Jersey. Groeller solicited  
21 investments on behalf of Iverson. Groeller has a Central Registration Depository (“CRD”) number of  
22 2768372. Groeller has not been registered as a securities salesperson or broker-dealer since 2000.  
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1 5. Dean A. Esposito (“Esposito”) is believed to reside in Boca Raton, Florida. Esposito solicited  
2 investments on behalf of Iverson while working for Viper Asset Management, LLC. Esposito has a CRD  
3 number of 2303699. Esposito has not been registered as a securities salesperson or broker-dealer since 2005.

4 6. Joseph DeVito (“DeVito”) is believed to reside in Brooklyn, New York. DeVito solicited  
5 investments on behalf of Iverson while working for Viper Asset Management, LLC. DeVito has a CRD  
6 number of 3034780. DeVito has not been registered as a securities salesperson or broker-dealer since 2001.

7 7. Frederick J. Birks (“Birks”) resides in Orlando, Florida. Birks solicited investments on behalf  
8 of Iverson while working for Viper Asset Management, LLC and Iverson later hired Birks to work directly  
9 for Iverson. Iverson also paid Birks through an entity he controlled called Gryphon Asset Management  
10 LLC. Birks has a CRD number of 243962. Birks has not been registered as a securities salesperson or  
11 broker-dealer since 2005.

12 8. Viper Asset Management, LLC (“Viper”) was a Florida entity formed on or about November  
13 10, 2010. Esposito and DeVito acted as the managers of Viper. Viper earned commissions for sales of  
14 Iverson securities by Esposito, DeVito, and Birks. Viper dissolved in October 2014.

15 9. Gryphon Asset Management LLC (“Gryphon”) is a Florida entity formed on or about March  
16 18, 2004. Birks manages Gryphon. Iverson paid commissions to Gryphon for sales of Iverson securities by  
17 Birks.

18 10. DJC Consulting LLC (“DJC”) was a Florida entity formed on or about February 12, 2008.  
19 Esposito and DeVito acted as the managers of DJC. DJC earned commissions for selling Iverson securities.  
20 DJC dissolved in September 2009.

### 21 Nature of the Offering

22 11. Between 2007 and 2015, Iverson raised in excess of \$19.5 million from over 400 investors  
23 by selling debentures, stock, warrants, and convertible promissory notes. Iverson paid large commissions to  
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1 unregistered salespersons to sell Iverson investments to investors across the United States. The unregistered  
2 salespersons Iverson used to solicit its investments typically had prior administrative orders for violating  
3 securities laws, and in some cases, criminal records involving theft or fraud.

4 12. The salespersons for Iverson typically told potential investors that within 6 to 24 months the  
5 company would be going public through an initial public offering. Salespersons also encouraged investors  
6 to purchase stock before the price for shares increased in the next few months.

7 13. Iverson stock never traded on a public exchange. In 2015, Iverson petitioned for chapter 11  
8 bankruptcy.

#### 9 Iverson Securities Offerings

10 14. Iverson, while headquartered in Washington State, offered investments in the form of  
11 debentures, convertible promissory notes, common stock, and warrants. Iverson sold most investors  
12 common stock or converted investors to stock at the maturity of their note or debenture.

#### 13 *Debentures / Convertible Promissory Notes*

14 15. Between 2007 and 2015, Iverson conducted multiple offers of what it called convertible  
15 debentures and convertible promissory notes. The convertible debentures and convertible note offerings had  
16 similar investment terms. Iverson typically offered an interest rate of 10% per year on the debentures and  
17 notes. The length of time that Iverson offered for repayment differed slightly in the various debenture and  
18 note offerings. Initially Iverson offered a debenture that called for repayment in 18 months. In later  
19 debenture and note offerings, Iverson offered repayment periods of 12 or 24 months. Typically, but not  
20 always, Iverson offered debenture and note investors the option to convert the debt into Iverson common  
21 stock at the end of the repayment term.  
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1 16. Iverson failed to repay at least one 2007 Iverson debenture investor at the maturity of the  
2 debenture agreement in 2009. Iverson failed to disclose this failure to comply with repayment terms in its  
3 later debenture and convertible promissory note offerings.

4 *Stock & Warrants*

5 17. Between 2007 and 2015, Iverson conducted multiple offers of its common stock. Initially,  
6 Iverson offered shares at a price of \$0.20 per share. Over time Iverson also offered shares at \$0.35 per share,  
7 \$1.00 per share, \$2.50 per share, and \$5.00 per share. Some Iverson stock offerings also included warrants  
8 for the purchase of additional stock in the future.

9 18. Regardless of the time period in which Iverson sold stock, the sales method generally  
10 remained the same. Iverson salespersons told potential investors that Iverson stock would be offered on a  
11 public exchange within 6-24 months and that the value of the stock would increase significantly when that  
12 happened.

13 19. In 2009, when Iverson sold shares at a price of \$0.20 per share, Lisowsky represented to at  
14 least one investor that the price would be \$2 per share when Iverson conducted an initial public offering  
15 within 24 months. In 2011, DeVito represented to at least one investor that Iverson shares selling at \$0.35  
16 per share would be worth \$7 per share when Iverson conducted an initial public offering in 18 months. In  
17 2011, Esposito represented to at least one investor that Iverson shares selling for \$0.35 per share would be  
18 worth \$8 to \$12 per share when the company went public in 18 to 24 months. Groeller represented to at  
19 least one investor that Iverson stock selling for \$1 per share would be worth \$5 to \$7 per share when Iverson  
20 went public in 6 to 12 months. In 2013, Birks represented to at least one investor that Iverson stock selling  
21 for \$2.50 per share would be worth \$10 per share at an initial public offering. The Respondents failed to  
22 provide a reasonable basis for these projected share prices and projected dates for an initial public offering.  
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25 *Revised Investment Offers*

1           20.     In 2007, Iverson offered convertible debentures bearing an interest rate of 10% which  
2     matured in 18 months. At the end of the 18 months the investor had the option of repayment or conversion  
3     to Iverson common stock at a price of \$1 per share. In 2008, Iverson conducted an offering of common  
4     stock at \$0.20 per share. As Iverson's initial debentures approached maturity, debenture purchasers faced  
5     the option of seeking repayment or paying \$1 per share for common stock that Iverson concurrently offered  
6     at a price of \$0.20 per share. Because of the higher stock conversion price, Iverson likely faced a situation  
7     where most, if not all, of the debenture holders would seek repayment of principal in or around the same  
8     time period. In mid-2008, Iverson sought to amend the terms of the debenture offering to equalize its stock  
9     conversion price to the price of current common stock offering. Iverson sent out "Revised Investment  
10    Terms" to both the existing convertible debenture purchasers and the existing \$0.20 per share common stock  
11    purchasers. The "Revised Investment Terms" sent to the debenture purchasers differed slightly to the  
12    "Revised Investment Terms" sent to the stock purchasers.

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14           21.     In or about August 2008, Iverson sent debenture purchasers the offer for "Revised  
15    Investment Terms." In the debenture version of Iverson's "Revised Investment Terms" offer, Iverson asked  
16    the investor to choose between two options. In one option, Iverson asked the investor to accept the "Revised  
17    Investment Terms" that would convert the investment to Iverson common stock at a price of \$0.20 per  
18    share. The other option that Iverson provided to the investor was to decline the "Revised Investment Terms"  
19    and request return of the original investment funds.

20           22.     In or about November 2008, Iverson sent stock purchasers an offer for "Revised Investment  
21    Terms." In this version of Iverson's "Revised Investment Terms" offer, Iverson also asked investors to  
22    choose between two options. In the first option, Iverson asked the investor to accept to continue to  
23    participate in the stock offering, which had been modified to allow for additional investment funds from  
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1 debenture conversions. The other option that Iverson provided to the investor was to decline the “Revised  
2 Investment Terms” and request return of investment funds.

3 23. At least one Iverson debenture investor opted to request a return of his original principal in  
4 August 2008. Iverson did not repay the investor until September 2009, over a year after requesting the  
5 return of principal, and five months after the terms of the original debenture contract called for repayment.

6 24. At least one Iverson stock investor opted to request a return of his original principal amount  
7 in November 2008. Sproles told the investor that the cash that Iverson had raised had all been allocated and  
8 Iverson would not be returning the investor’s funds.

9 25. In its “Revised Investment Terms” offerings, Iverson failed to disclose financial information  
10 about its ability to repay investors who chose to request a return of their original investment. Iverson failed  
11 to disclose in later debenture and promissory note offerings that it had failed to comply with repayment  
12 terms in its “Revised Investment Terms” offerings.

#### 13 Private Sales of Iverson Stock

14 26. While Iverson never successfully launched an initial public offering of Iverson stock,  
15 Esposito, DeVito, and Birks (“Viper Salespersons”) facilitated a private market for investors to sell their  
16 Iverson stock. The Viper Salespersons kept large portions of the purchase price when they facilitated these  
17 transactions. Iverson and Sproles knew of the private market transactions. Iverson, Sproles, and the Viper  
18 Salespersons failed to disclose the amount of money that the Viper Salespersons retained when facilitating  
19 these private transactions. Iverson, Sproles, and the Viper Salespersons also failed to disclose that while  
20 Iverson and the Viper Salespersons conducted an offering for Iverson stock at one price, the Viper  
21 Salespersons simultaneously brokered a private market for Iverson shares at lower prices.

22 27. Viper Salespersons facilitated the private sale of several Iverson investors’ shares to multiple  
23 buyers. The sellers and buyers typically did not know the identity of one another. Buyers of the stock in  
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1 private sales transactions entered into a 'Stock Purchase Agreement' with DJC in which DJC represented  
2 that it was selling its own shares to the buyer. However, DJC seldom owned the shares and instead  
3 facilitated the sales from a seller to multiple buyers. Buyers in the private sale transactions made payments  
4 to DJC c/o Viper in Florida. Because the buyers and sellers never communicated with one another, and  
5 Viper Salespersons handled all of the funds, the buyers and sellers did not know that Viper Salespersons  
6 retained 30% or more of the purchase price in these private sale transactions.

7 28. A private sale conducted by Esposito and Birks illustrates how these transactions worked. In  
8 early 2012, when Iverson offered shares at \$1 per share, Birks told a potential investor that Birks could  
9 acquire 35,000 shares of Iverson common stock for the potential investor at a price of \$0.60 per share from  
10 an existing shareholder. Meanwhile, Esposito told the seller of those shares that Esposito could sell the  
11 investor's shares at price of \$0.40 per share. The buyer, through Birks, sent \$21,000 to DJC c/o Viper in  
12 Florida to acquire the shares. DJC kept \$7,000 of the buyer's funds and Esposito transferred \$14,000 to the  
13 seller for his 35,000 shares. The buyer and seller never communicated with one another and neither knew  
14 the price at which the other had agreed upon for the sale. The Viper Salespersons failed to disclose to the  
15 buyer and seller the \$7,000 they retained for facilitating the private sale, amounting to over 30% of the  
16 purchase price.

17 29. Sproles, while acting as Iverson's CEO, sold some of his own personal shares in Iverson  
18 through private sales transactions. In or about April 2013, when Iverson offered shares at \$2.50 per share,  
19 Sproles sold 59,000 of his personal Iverson shares to an investor for \$1 per share. In or about June 2013,  
20 Sproles sold 35,000 of his personal Iverson shares to another investor for \$1 per share.

21 30. Iverson, Sproles, and the Viper Salespersons failed to disclose to Iverson investors that while  
22 Iverson and the Viper Salespersons conducted an offering of shares from the company at one price, Sproles  
23 and the Viper Salespersons facilitated a private market for shares at a lower price.  
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Iverson's Salespersons

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2 31. Iverson paid over \$1.3 million in commissions to the unregistered salespersons it used to  
3 solicit its investment offerings. Iverson paid at least one salesperson a salary, but paid most salespersons  
4 commissions of 20% of the amount raised. Additionally, Iverson also compensated some salespersons with  
5 shares of Iverson stock. The Respondents failed to disclose the compensation paid by Iverson for the sale of  
6 its securities.

7 32. Iverson sold a majority of its stock through Viper. Esposito, DeVito, and Birks sold Iverson  
8 stock while working for Viper. Iverson had no written contract with Viper for the sale of securities, but  
9 generally paid Viper 20% of the amount Viper raised, plus stock compensation equal to 3% of all shares  
10 issued through Viper. Between January 2011 and August 2013, Viper charged Iverson over \$1.3 million in  
11 cash commissions.

12 33. In or about October 2013, Sproles hired Birks to work directly for Iverson. Iverson  
13 contracted to pay Birks a salary of \$50,000 per year plus a 10% cash commission for all proceeds raised by  
14 Birks. Iverson also granted Birks 15,000 shares of Iverson stock per year. Iverson paid Birks' commissions,  
15 over \$43,000 between October 2013 and February 2014, to Gryphon.

16 34. A number of the unregistered salespersons that Iverson paid to sell its investments had  
17 previously been found to have violated securities laws. Two of the salespersons had previously filed for  
18 bankruptcy. Two of the salespersons had criminal records. Iverson, Sproles, and Iverson's salespersons  
19 failed to disclose this information to investors.  
20

*James Lisowsky*

21 35. Beginning in approximately 2007 and continuing until at least early 2010, Lisowsky solicited  
22 multiple investors to invest in Iverson securities. Lisowsky, Sproles, and Iverson failed to disclose material  
23 information about Lisowsky to Iverson investors.  
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1           36.     In January 1997, Grand Jurors for Travis County, Texas presented an indictment against  
2 Lisowsky for theft over \$1,500. In June 1997, the District Clerk for Travis County issued an arrest warrant  
3 for Lisowsky on the charge. According to Travis County, that warrant is still outstanding.

4           37.     In December 2000, Grand Jurors for Jefferson County, Texas presented an indictment against  
5 Lisowsky for felony theft in the second degree. The indictment alleged that Lisowsky stole at least  
6 \$100,000, but less than \$200,000 from an individual. In August 2001, Lisowsky entered into a plea  
7 admonishment with the Jefferson County District Court in which Lisowsky pled guilty to the charge of  
8 felony theft in the second degree. In May 2002 the 252<sup>nd</sup> District Court of Jefferson County entered a  
9 Deferred Adjudication Order in the matter which placed Lisowsky under community supervision and  
10 ordered him to pay restitution to his victim through installments totaling \$147,512.62. In 2005 and 2007, the  
11 District Court discharged Lisowsky from his community supervision and dismissed the cause.

12           38.     Iverson, Sproles, and Lisowsky failed to disclose Lisowsky's criminal record to investors.  
13 Lisowsky instructed at least one Iverson investor wire funds to his personal bank account. In March 2009, a  
14 Washington investor wired \$2,500 to Lisowsky. At the time of her investment through Lisowsky, Iverson  
15 did not provide any confirmation of her investment. Lisowsky eventually stopped communicating with the  
16 investor. In or around October 2010 the investor contacted Sproles about her Iverson investment. Sproles  
17 told the investor that he would have to consult with attorneys and get back to her. Sproles told the investor  
18 that Lisowsky had gotten into some trouble, but did not elaborate. Sproles never disclosed what happened to  
19 the investor's funds, but Iverson did issue Culp 12,500 shares of stock in late 2010, over a year after the  
20 investor sent funds to Lisowsky.  
21

22           39.     Iverson awarded some investors additional shares on instructions from Lisowsky. Iverson,  
23 Sproles, and Lisowsky failed to disclose the criteria used for determining when Lisowsky could grant  
24 additional shares to investors.  
25

1 40. Iverson sent a rescission offer to at least one investor who purchased through Lisowsky,  
2 because Lisowsky did not have authority to sell the shares. Iverson failed to disclose to later Iverson  
3 investors that it had issued unauthorized securities and the possible risks associated with the unauthorized  
4 sale.

5 *Gregory Groeller*

6 41. From approximately September 2011 through 2012, Groeller solicited individuals to invest in  
7 Iverson securities. Groeller sold Iverson stock to at least two individuals. Groeller, Sproles, and Iverson  
8 failed to disclose material information about Groeller to Iverson investors.

9 42. In or about May 2001, Groeller entered into an Acceptance, Waiver & Consent with the  
10 National Association of Securities Dealers, Inc. (“NASD”) to settle charges that Groeller violated NASD  
11 rule 2110 by engaging in transactions in client accounts without the consent or authorization of clients.  
12 Groeller agreed to pay a fine of \$10,000, to pay restitution in the amount of \$18,174.15, and to a suspension  
13 from association with any NASD member for 30 business days.

14 43. In or about March 2002, Groeller petitioned for chapter 7 bankruptcy and was granted a  
15 standard discharge in approximately August 2002.

16 44. In or about October 2003, Groeller pled guilty to a felony charge of conspiracy to defraud the  
17 United States and was sentenced to three years of probation, including 300 hours of community service.  
18 Groeller was also ordered to pay restitution in the amount of \$500,000.

19 45. Iverson, Sproles, and Groeller failed to disclose Groeller’s NASD action, bankruptcy, and  
20 felony conviction to investors.  
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*Dean Esposito*

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2 46. From approximately January 2011 through August 2013, Esposito solicited individuals to  
3 invest in Iverson stock. Esposito sold Iverson stock to at least one investor. Esposito, Sproles, and Iverson  
4 failed to disclose material information about Esposito to Iverson investors.

5 47. In or about October 2005, Esposito entered into an Offer of Settlement with the NASD to  
6 settle charges that Esposito violated NASD rules 2110 and 8210 when he falsified or forged the signature of  
7 another registered representative on client forms without their consent. Esposito also failed to respond  
8 truthfully during testimony with the NASD. As a part of the settlement Esposito agreed to be barred from  
9 association with any NASD member in any capacity.

10 48. In or about February 2008, the SEC filed a civil action against Esposito and others in which  
11 the SEC alleged that Esposito acted as an unregistered broker and sold unregistered securities. The SEC  
12 further alleged that Esposito participated in the manipulation of the stock price of Weida Communications,  
13 Inc. in private sales transactions. In connection with the private sale of the stock, Esposito collected  
14 excessive, undisclosed commissions of between 10%-20% of the sale price.  
15

16 49. In or about August 2010, Esposito settled the 2008 civil action filed by the SEC and the SEC  
17 ordered Esposito barred from association with any broker or dealer.

18 50. Iverson, Sproles, Viper, and Esposito failed to disclose Esposito's NASD action and SEC  
19 actions to Iverson investors.

*Joseph DeVito*

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21 51. From approximately January 2011 through August 2013, DeVito solicited individuals to  
22 invest in Iverson stock. DeVito sold Iverson stock to at least one investor. DeVito, Sproles, and Iverson  
23 failed to disclose material information about DeVito to Iverson investors.  
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1 52. In or about February 2008, the SEC filed a civil action against DeVito and others in which  
2 the SEC alleged that Esposito acted as an unregistered broker and sold unregistered securities. The SEC  
3 further alleged that DeVito collected excessive, undisclosed commissions of between 10%-20% on the sale  
4 of the securities.

5 53. In or about August 2010, DeVito settled the 2008 civil action filed by the SEC and the SEC  
6 barred DeVito from participating in the offer a penny stock for 18 months.

7 54. Iverson, Sproles, Viper, and DeVito failed to disclose DeVito's SEC actions to Iverson  
8 investors.

9 *Frederick Birks*

10 55. From approximately January 2011 through January 2014, Birks sold Iverson stock to  
11 investors across the United States. Birks initially sold Iverson stock through Viper. Later Birks sold Iverson  
12 stock through Gryphon and as an employee of Iverson. Birks, Sproles, and Iverson failed to disclose  
13 material information about Birks to Iverson investors.

14 56. In or about February 2008, the SEC filed a civil action against Birks and others in which the  
15 SEC alleged that Birks acted as an unregistered broker and sold unregistered securities. The SEC further  
16 alleged that Birks collected excessive, undisclosed commissions of between 10%-20% on the sale of the  
17 securities. The SEC further alleged that Birks participated in the manipulation of the market price of a stock  
18 for the sale of stock in private transactions facilitated by Birks and others.

19 57. In or about December 2008, Birks petitioned for Chapter 7 Bankruptcy and was granted a  
20 standard discharge in approximately June 2009.

21 58. In or about August 2010, Birks settled the 2008 civil action filed by the SEC and the SEC  
22 enjoined Birks from future violations of the Securities Act and Exchange Act. The SEC also barred Birks  
23 from participating in the offering of a penny stock.  
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1 59. Iverson, Sproles, Viper, Gryphon, and Birks failed to disclose Birks' SEC actions and  
2 bankruptcy to investors.

3 Registration Status

4 60. Iverson Genetic Diagnostics, Inc. is not currently registered to sell its securities in the state of  
5 Washington and has not previously been so registered. On or about the following dates, Iverson Genetic  
6 Diagnostics, Inc. filed a claim of exemption from registration under Regulation D, Rule 506 with the  
7 Securities and Exchange Commission: 11/2/2007; 12/15/2008; 2/2/2010; 3/30/2010; 5/14/2010; 7/22/2011;  
8 12/2/2011; 12/5/2011; 11/26/2012; 12/16/2013; 10/9/2014 (notice filed with DFI on 12/15/2008; 7/21/2010;  
9 12/8/2011; 12/31/2012; 2/14/2014; 10/29/2014). Pursuant to WAC 406-44A-506, Respondents were  
10 required to comply with the conditions of Regulation D. At the time of the offerings, Regulation D, Rule  
11 506 prohibited an issuer or any person acting on behalf of an issuer from offering or selling securities by  
12 any form of general solicitation. Iverson Genetic Diagnostics, Inc. and their agents offered and sold  
13 investments by cold-calling prospective investors, which violated the general solicitation prohibitions of  
14 Regulation D, Rule 506.

15  
16 61. Dean Sproles is not currently registered as a securities salesperson or broker-dealer in the  
17 state of Washington and has not previously been so registered.

18 62. James Lisowsky is not currently registered as a securities salesperson or broker-dealer in the  
19 state of Washington and has not previously been so registered.

20 63. Gregory Groeller is not currently registered as a securities salesperson or broker-dealer in the  
21 state of Washington and was not so registered during the sales alleged above. Groeller was last registered  
22 with the state of Washington in September 2000 as a securities salesperson for D.L. Cromwell Investments,  
23 Inc.

1 64. Dean A. Esposito is not currently registered as a securities salesperson or broker-dealer in the  
2 state of Washington and was not so registered during the sales alleged above. Esposito's last registration  
3 with the state of Washington expired in May 2005 as a securities salesperson for GLB Trading, Inc.

4 65. Joseph DeVito is not currently registered as a securities salesperson or broker-dealer in the  
5 state of Washington and has not previously been so registered.

6 66. Frederick J. Birks is not currently registered as a securities salesperson or broker-dealer in  
7 the state of Washington and was not so registered during the sales alleged above. Birks' last registration  
8 with the state of Washington expired in November 2000 as a securities salesperson for Mason Hill & Co.,  
9 Inc.

10 67. Viper Asset Management, LLC is not currently registered as a broker-dealer in the state of  
11 Washington and has not previously been so registered.

12 68. Gryphon Asset Management LLC is not currently registered as a broker-dealer in the state of  
13 Washington and has not previously been so registered.

14 69. DJC Consulting LLC is not currently registered as a broker-dealer in the state of Washington  
15 and has not previously been so registered.  
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18 Based upon the above Findings of Fact, the following Conclusions of Law are made:

19 **CONCLUSIONS OF LAW**

20 1. The offer and/or sale of the debentures, stock, and warrants described above constitute the  
21 offer and/or sale of a security as defined in RCW 21.20.005(14) and (17).

22 2. Frederick J. Birks, Gryphon Asset Management LLC, and Gregory Groeller have each  
23 violated RCW 21.20.140, because, as set forth in the Findings of Fact, Respondents offered and/or sold  
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1 securities for which no registration was on file with the Securities Administrator and no valid claim of  
2 exemption under WAC 460-44A-506 exists.

3 3. Frederick J. Birks, Gryphon Asset Management LLC, and Gregory Groeller have each  
4 violated RCW 21.20.040 by offering and/or selling said securities while not being registered as a securities  
5 salesperson or broker-dealer in the state of Washington.

6 4. Frederick J. Birks, Gryphon Asset Management LLC, and Gregory Groeller have each  
7 violated RCW 21.20.010, because, as set forth in the Findings of Fact, Respondents made untrue statements  
8 of material fact or omitted to state material facts necessary to make the statements made, in light of the  
9 circumstances in which they were made, not misleading.

10  
11 Based upon the foregoing and finding it in the public interest:

12 **FINAL ORDER**

13  
14 IT IS HEREBY ORDERED that the Respondents Frederick J. Birks, Gryphon Asset Management  
15 LLC, Gregory Groeller, their agents and employees each shall cease and desist from offering and/or selling  
16 securities in any manner in violation of RCW 21.20.140, the section of the Securities Act of Washington  
17 requiring registration.

18 IT IS FURTHER ORDERED that the Respondents Frederick J. Birks, Gryphon Asset Management  
19 LLC, Gregory Groeller, their agents and employees each shall cease and desist from offering and/or selling  
20 securities in any manner in violation of RCW 21.20.040, the section of the Securities Act of Washington  
21 requiring registration.

22 IT IS FURTHER ORDERED that the Respondents Frederick J. Birks, Gryphon Asset Management  
23 LLC, Gregory Groeller, their agents and employees each shall cease and desist from violating RCW  
24 21.20.010, the anti-fraud section of the Securities Act of Washington.



1 IT IS FURTHER ORDERED that Respondent Frederick J. Birks shall be liable for and pay a fine in  
2 the amount of \$40,000.

3 IT IS FURTHER ORDERED that Respondent Gregory Groeller shall be liable for and pay a fine in  
4 the amount of \$10,000.

5 IT IS FURTHER ORDERED that Respondent Frederick J. Birks shall be liable for and pay costs in  
6 the amount of \$1,000.

7 IT IS FURTHER ORDERED that Respondent Gregory Groeller shall be liable for and pay costs in  
8 the amount of \$500.

9  
10 **AUTHORITY AND PROCEDURE**

11 This FINAL ORDER is entered pursuant to the provisions of RCW 21.20.390, and is subject to the  
12 provisions of Chapter 34.05 RCW. Respondents have the right to petition the superior court for judicial  
13 review of this agency action under the provisions of RCW 34.05. For the requirements for Judicial  
14 Review, see RCW 34.05.510 and sections following. Pursuant to RCW 21.20.395, a certified copy of this  
15 Order may be filed in Superior Court. If so filed, the clerk shall treat the Order in the same manner as a  
16 Superior Court judgment as to the fine, and the fine may be recorded, enforced, or satisfied in like manner.  
17

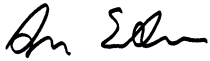
18  
19 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

20  
21 SIGNED and ENTERED this 1st day of June 2016.

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23  
24 William M. Beatty  
25 Securities Administrator

1 Approved by:

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3 \_\_\_\_\_  
4 Suzanne Sarason  
5 Chief of Enforcement

Presented by:



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Jack McClellan  
Financial Legal Examiner

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