

STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION

IN THE MATTER OF DETERMINING
Whether there has been a violation
of the Securities Act of Washington by:

SDO - 107 - 01

IMTEK CORPORATION d/b/a BENEFICIAL
ASSISTANCE; WILLIAM R. EVANS,
CHARTERED; DANIEL CURTIN; FREDERICK
WEATHERBEE; PENNY HANSEN; GLEN
OTTMAR; STEVEN MONROE; ROGER
GROSSBOHLIN; their agents and employees,

SUMMARY ORDER TO CEASE AND DESIST,
NOTICE OF INTENT TO SUSPEND OR
REVOKE SECURITIES SALESPERSON
REGISTRATION, AND NOTICE OF INTENT TO
IMPOSE FINES AND ORDER AFFIRMATIVE
RELIEF

Respondents.

Case No. 01-04-151

THE STATE OF WASHINGTON TO:

Imtek Corporation
d/b/a Beneficial Assistance
8003 Corporate Drive
Baltimore, MD 21236

William R. Evans, Chartered
Imtek Corporation
d/b/a Beneficial Assistance
8003 Corporate Drive
Baltimore, MD 21236

Daniel Curtin, CRD# 1471333
Frederick Weatherbee
Penny Hansen
Glen Ottmar
Steven Monroe, CRD# 1016204
Roger Grossbohlín

SUMMARY ORDER TO CEASE AND DESIST,
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Securities Division
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STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the state of Washington has reason to believe that Imtek Corporation d/b/a Beneficial Assistance, William R. Evans, Chartered, Daniel Curtin, Frederick Weatherbee, Penny Hansen, Glen Ottmar, Steven Monroe, and Roger Grossbohlin, have 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 to cease and desist from such violations. The Securities Administrator finds that delay in ordering the Respondents to cease and desist from such violations, ordering restitution, and imposing fines pursuant to RCW 21.20.390 and RCW 21.20.395, would be hazardous to investors and to the public and that a Summary Order to Cease and Desist should be entered immediately. The Securities Administrator further believes that these violations justify the entry of an order against Respondents Curtin and Monroe suspending or revoking their securities registrations and imposing fines pursuant to RCW 21.20.110. The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

I. Respondents

1. **IMTEK CORPORATION D/B/A BENEFICIAL ASSISTANCE** (“Beneficial”) is a Maryland corporation with a last known business address of 8003 Corporate Drive Baltimore, MD 21236. Beneficial was at all times relevant to the matters set forth herein in the business of offering and selling viatical settlement contracts.

2. **WILLIAM R. EVANS, CHARTERED** (“Evans”) is a Maryland corporation with a last known business address of 8003 Corporate Drive Baltimore, MD 21236. Evans acted as policy owner, attorney-in-fact, and trustee on behalf of investors who were sold viatical settlement contracts, as described below in Section II.

3. **DANIEL CURTIN** (“Curtin”), while acting as an agent for Beneficial, offered and sold a viatical settlement contract to at least one person during the investment offering, as described below in Section II. Curtin

1 is currently licensed as a securities salesperson in the state of Washington. Curtin is also a Washington licensed
2 insurance agent and resides in Olympia, Washington.

3 4. **FREDERICK WEATHERBEE** (“Weatherbee”) while acting as an agent for Beneficial, offered
4 and sold a viatical settlement contract to at least one person during the investment offering, as described below in
5 Section II. Weatherbee is a Washington licensed insurance agent and resides in Spokane, Washington.

6 5. **PENNY HANSEN** (“Hansen”) while acting as an agent for Beneficial, offered and sold viatical
7 settlement contracts to at least seven persons during the investment offering, as described below in Section II.
8 Hansen is a Washington licensed insurance agent and resides in Marysville, Washington.

9 6. **GLEN OTTMAR** (“Ottmar”) while acting as an agent for Beneficial, offered and sold viatical
10 settlement contracts to at least thirteen persons during the investment offering, as described below in Section II.
11 Ottmar is a Washington licensed insurance agent and resides in Bellevue, Washington.

12 7. **STEVEN MONROE** (“Monroe”) while acting as an agent for Beneficial, offered and sold viatical
13 settlement contracts to at least three persons during the investment offering, as described below in Section II.
14 Curtin is currently licensed as a securities salesperson in the state of Washington. Monroe is also a Washington
15 licensed insurance agent and resides in Hillsboro, Oregon.

16 8. **ROGER GROSSBOHLIN** (“Grossbohlin”) while acting as an agent for Beneficial, offered and
17 sold viatical settlement contracts to at least three persons during the investment offering, as described below in
18 Section II. Grossbohlin is a Washington licensed insurance agent and resides in Sequim, Washington.

19
20 **II. Nature of the Offering**

21 **A. Background**

22 9. Viatical settlements are generally obtained through an initial transaction in which a viatical
23 settlement broker or viatical settlement provider arranges for the purchase of the ownership and death benefits in a

1 life insurance policy insuring the life of a terminally ill insured (“viator”). The viatical settlement broker or
2 viatical settlement provider negotiates an amount to be paid to the viator, in advance of his or her death, in
3 consideration for the transfer of rights in the policy. The death benefits are either purchased for the benefit of
4 investors or re-sold to investors. Investors are then typically solicited through a network of brokers, funding
5 companies, marketing companies, and/or independent sales agents. The profit earned by the viatical settlement
6 broker or viatical settlement provider is the spread between the purchase price paid by the investor and the amount
7 actually paid to the terminally ill. An investor’s profit is measured by the difference between the purchase price
8 paid by the investor for the viatical settlement contract and his or her percentage of the death benefits ultimately
9 received.

10 **B. Summary**

11 10. From at least July of 1997 through at least February of 2001, Respondents acting in concert, on
12 behalf of one another, and/or acting through their sales agents, offered and sold viatical settlements contracts to at
13 least 45 Washington residents.

14 11. Curtin, Weatherbee, Hansen, Ottmar, Monroe, and Grossbohlin entered into agreements with
15 Beneficial, whereby each agreed to sell viatical settlement contracts on behalf of Beneficial. Beneficial agreed to
16 compensate each agent amounts ranging from 4% of the investment for sales of 12 month policies to 9% of the
17 investment for sales of 48 month policies.

18 12. Under the terms of the viatical settlement contracts offered and sold by Beneficial to Washington
19 residents, investors completed a viatical settlement purchase authorization agreement. Under the terms of this
20 agreement, Beneficial undertook to identify, qualify, and purchase life insurance and related death benefits in the
21 form of viatical settlements in accordance with criteria selected by the investor on the purchase authorization
22 agreement. Investors were given an option of purchasing policies with expected maturing dates ranging from 12
23

1 months to 48 months. Beneficial was given the authority to receive up to 20% of the purchase funds as
2 administration costs.

3 13. Investor funds were forwarded to Beneficial by the agents for processing and deposit into the
4 viatical trust account of Beneficial's escrow agent. Beneficial mandated that funds be in the form of a check,
5 money order, or wire transfer payable to William R. Evans, Chartered Viatical Trust Account. William R. Evans,
6 Chartered then purportedly acquired the ownership of viaticated insurance policies as trustee for investors.
7 Pursuant to the terms of the viatical settlement purchase authorization agreement, Beneficial was responsible for
8 monitoring the progress and death of the viator(s). Upon notification of the death of the viator(s), the insurance
9 company would make payment to William R. Evans, Chartered as the purchaser's Attorney-In-Fact, and
10 Beneficial's escrow agent would then remit a check to the investor for their percentage of the death benefits.

11 14. At least 45 Washington residents invested a total of at least \$1,177,831 in viatical settlement
12 through Beneficial.

13 15. In connection with the offer and sale of viatical settlement contracts, some of the investors were
14 provided promotional materials that described viatical investments as providing higher yields than certificates of
15 deposit, money markets, fixed annuities, and savings accounts without stock market risk, interest rate risk or credit
16 risk. The promotional materials also describe the investment as "a fixed rate program which combines safety, pre-
17 determined high fixed yield, and flexibility while requiring absolutely no up-front charges or administrative fees."

18 16. In connection with the offer and sale of viatical settlement contracts, Respondents failed to provide
19 material information regarding Beneficial Assistance during the investment offering, including, but not limited to:
20 (1) the financial condition and financial statements of Beneficial; (2) the limited operating history of Beneficial;
21 (3) information about the use of investor proceeds, such as the costs to purchase policies and the amounts paid to
22 Beneficial, Evans, agents, and others; and (4) the risks of the investment, including, but not limited to:

- 23 a. the risk of the insured living longer than his or her estimated life expectancy, thereby
24 greatly reducing the investor's yield on his or her investment;

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- b. the risk of the investor being dependent upon the continued viability of Beneficial for funding and payment of premiums, and for monitoring of the investment;
- c. the risk that medical advisors may have misdiagnosed or misconstrued the gravity of an insured's condition; and
- d. the risk of the insurer becoming insolvent and unable to pay death benefits.

17. As of the date this order was entered, Respondents were continuing to advertise their viatical settlement contract investment opportunity on the Internet at <http://www.beneficialassistance.com/> and <http://www.absoluteassurance.com/>.

III. Registration Status

18. Beneficial, Evans, Curtin, Weatherbee, Hansen, Ottmar, Monroe, and Grossbohlin are not currently registered to offer or sell its securities in the state of Washington and have not previously been so registered.

19. Beneficial, Evans, Weatherbee, Hansen, Ottmar, and Grossbohlin are not currently registered as securities salespersons or broker-dealers in the state of Washington. Hansen was registered in the state of Washington as a securities salesperson from 1992 to 1998. Ottmar was registered in the state of Washington as a securities salesperson from 1983 to 1993. Grossbohlin was registered in the state of Washington as a securities salesperson from 1992 to April of 2001.

20. Curtin (CRD# 1471333) is currently registered as a securities salesperson in the state of Washington with Allstate Financial Services, LLC.

21. Monroe (CRD# 1016204) is currently registered as a securities salesperson in the state of Washington with Stipek Securities, LLC.

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

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CONCLUSIONS OF LAW

I. Securities

The offer and/or sale of viatical settlement contracts described above constitutes the offer and/or sale of a security as defined in RCW 21.20.005(10) and (12), to wit: an investment contract; or risk capital.

II. Violation of RCW 21.20.010

The offer and/or sale of said securities was made in violation of RCW 21.20.010 because, as specifically set forth in paragraphs 14 and 15 of the Tentative Findings of Fact, Respondents made untrue statements of material fact and/or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

III. Violation of RCW 21.20.140

The offer and/or sale of said securities is in violation of RCW 21.20.140 because no registration for such offer and/or sale is on file with the Securities Administrator of the state of Washington.

IV. Violation of RCW 21.20.040

Respondents Beneficial, Evans, Weatherbee, Hansen, Ottmar, and Grossbohlhlin have violated RCW 21.20.040 by offering said securities while not being registered as broker-dealers or securities salespersons in the state of Washington.

V. Emergency

The Securities Administrator finds that an emergency exists and that the continued violations of RCW 21.20.010, RCW 21.20.140, and RCW 21.20.040, constitute a threat to the investing public. Accordingly, a Summary Order to Cease and Desist from those violations is in the public interest and necessary for the protection of the investing public.

SUMMARY

Based upon foregoing, NOW, THEREFORE, IT IS HEREBY SUMMARILY ORDERED that Imtek Corporation d/b/a Beneficial Assistance, William R. Evans, Daniel Curtin, Frederick Weatherbee, Penny Hansen, Glen Ottmar, Steven Monroe, and Roger Grossbohlin, and their employees and agents each cease and desist from violating RCW 21.20.010, the anti-fraud section of the Securities Act.

It is further SUMMARILY ORDERED that Imtek Corporation d/b/a Beneficial Assistance, William R. Evans, Daniel Curtin, Frederick Weatherbee, Penny Hansen, Glen Ottmar, Steven Monroe, and Roger Grossbohlin, and their employees and agents each cease and desist from violating RCW 21.20.140 by offering and/or selling unregistered securities.

It is further SUMMARILY ORDERED that Imtek Corporation d/b/a Beneficial Assistance, William R. Evans, Frederick Weatherbee, Penny Hansen, Glen Ottmar, and Roger Grossbohlin, and their employees and agents each cease and desist from violating RCW 21.20.040 by acting as a securities broker-dealer or securities salesperson without being so registered.

NOTICE OF INTENT TO REVOKE REGISTRATION

Pursuant to RCW 21.20.110(1), and based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that the securities salesperson registration of Respondents Curtin and Monroe be suspended or revoked.

NOTICE OF INTENT TO IMPOSE FINES

Based upon the offers and sales of unregistered securities to Washington residents, by registered and unregistered broker-dealers and/or salespersons, the misrepresentations and omissions contained in those offers and sales, and upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator finds that

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1 one or more knowing or reckless violations of the Securities Act have occurred such that the imposition of fines is
2 appropriate pursuant to RCW 21.20.110(3) and/or RCW 21.20.395. Therefore, the Securities Administrator intends to
3 order that Respondents Imtek Corporation d/b/a Beneficial Assistance and William R. Evans shall be jointly and
4 severally liable for and pay a fine in an amount not to exceed \$225,000. Furthermore, the Securities Administrator
5 intends to order that:

- 6 a. Respondent Daniel Curtin be liable for and pay a fine in an amount not to exceed \$5,000.
- 7 b. Respondent Frederick Weatherbee be liable for and pay a fine in an amount not to exceed \$5,000.
- 8 c. Respondent Penny Hansen be liable for and pay a fine in an amount not to exceed \$35,000.
- 9 d. Respondent Glen Ottmar be liable for and pay a fine in an amount not to exceed \$65,000.
- 10 e. Respondent Steven Monroe be liable for and pay a fine in an amount not to exceed \$15,000.
- 11 f. Respondent Roger Grossbohlin be liable for and pay a fine in an amount not to exceed \$15,000.

12 **NOTICE OF INTENT TO ORDER AFFIRMATIVE RELIEF**

13 Pursuant to RCW 21.20.390, and based upon the above Tentative Findings of Fact and Conclusions of Law,
14 the Securities Administrator intends to order that Respondents shall be jointly and severally liable for and shall provide
15 appropriate affirmative relief, including, without limitation, a requirement to provide full restitution to all Washington
16 investors in an amount not to exceed \$1,177,831.

17 **AUTHORITY AND PROCEDURE**

18 This Order is entered pursuant to the provisions of RCW 21.20.110 and RCW 21.20.390, and is subject to
19 the provisions of RCW 21.20.120 and Chapter 34.05 RCW. Each of the Respondents may make a written request
20 for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR
21 HEARING accompanying this Order.
22

1 If a Respondent does not request a hearing, the Securities Administrator intends to adopt the foregoing
2 Tentative Findings of Fact and Conclusions of Law as final, and enter a permanent cease and desist order against
3 that Respondent imposing the license suspension or revocation, restitution, and/or fines described above.

4 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

5 DATED this 13th day of December, 2001.

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10 DEBORAH R. BORTNER
11 Securities Administrator

12 Approved by:

Presented by:

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14 _____
15 Michael E. Stevenson
16 Chief of Enforcement

17 _____
18 Chad Standifer
19 Staff Attorney

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