

STATE OF MICHIGAN
DEPARTMENT OF ENERGY, LABOR AND ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE REGULATION

Before the Commissioner of the Office of Financial and Insurance Regulation

In the Matter of:

Enforcement Case No. 07505

Jewell Robbins and
Pinto Kropek

Respondents.
_____ /

Issued and entered
On November 19th, 2009
By Stephen R. Hilker
Chief Deputy Commissioner

ORDER TO CEASE AND DESIST

The Administrator, the Commissioner of the Office of Financial and Insurance Regulation ("Administrator"), pursuant to his statutory authority and responsibility to administer and enforce the Michigan Uniform Securities Act ("MUSA"), 1964 PA 265, MCL 451.501 *et seq.*,¹ hereby orders **JEWELL ROBBINS and PINTO KROPEK** ("Respondents") to immediately **CEASE AND DESIST** from further violating MUSA by, *inter alia*, engaging in the offer and sale of unregistered securities and engaging in securities transactions as

¹ The new Michigan Uniform Securities Act, 2008 PA 551, MCL 451.2101 *et seq.* (the "New MUSA"), became effective on October 1, 2009. However, Section 703(1) of the New MUSA provides that "[t]he predecessor act exclusively governs all actions, prosecutions, or proceedings that are pending or may be maintained or instituted on the basis of facts or circumstances occurring before the effective date of this act." Because the facts and circumstances giving rise to this Order to Cease and Desist occurred before October 1, 2009, the predecessor act, referred to herein as "MUSA," governs and is exclusively relied upon.

unregistered agents. Respondents are also notified of an opportunity to request a hearing on this matter.

I.

BACKGROUND AND FINDINGS OF FACT

1. During the span of several years until at least 2006, Respondents offered and/or sold numerous Sale and Assignment Agreements, Contracts for Conveyance of Judgments, Gift Shares, and other similar types of investment instruments (the "Investment Instruments"), for consideration, to multiple residents of the State of Michigan.
2. Section 401(z) of MUSA, MCL 451.801(z), provides that "security" means, among other things, any (a) note, (b) evidence of indebtedness, (c) certificate of interest or participation in any profit-sharing agreement, (d) investment contract, (e) certificate of interest or participation in an oil, gas, or mining title or lease or in payments out of production under such a title or lease, or (f) in general, any interest or instrument commonly known as a "security." Section 401(z) further defines "security" to include "any contractual or quasi contractual agreement pursuant to which: (1) a person furnishes capital, other than services, to an issuer; (2) a portion of that capital is subjected to the risk of the issuer's enterprise; (3) the furnishing of that capital is induced by the representations of an issuer, promoter, or their affiliates which give rise to a reasonable understanding that a valuable tangible benefit will accrue to the person furnishing the capital as a result of the operation of the enterprise; (4) the person furnishing the capital does not intend to be actively involved in the management of the enterprise in a meaningful way; and (5) a promoter or its affiliates anticipate, at the time the capital is furnished, that financial gain may be realized as a result thereof."
3. Section 101 of MUSA, MCL 451.501, provides:

It is unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly:

 - (1) To employ any device, scheme, or artifice to defraud.
 - (2) To make any untrue statements of a material fact or 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.
 - (3) To engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

4. Throughout the process of offering and/or selling the Investment Instruments, Respondents made untrue, misleading, deceptive, and/or fraudulent statements to Michigan residents, including but not limited to claiming that the funds these residents provided would be used to pursue a judgment by Respondent Robbins as the rightful beneficiary of inheritance funds generated by oil wells located in Duval County, Texas.
5. According to the sworn affidavit of [REDACTED], a Michigan resident who purchased Respondents' unregistered securities, Respondent Kropek told her that if a participant invested \$100 in March, they would receive \$10,000 by September.
6. Respondent Kropek told [REDACTED]—another Michigan resident who purchased Respondents' unregistered securities—that her investment was to “help a lady pursue an inheritance” and promised [REDACTED] a share of the “inheritance.” Based on this and other untrue statements, Respondent Kropek encouraged [REDACTED] and her husband to invest more money in the unregistered securities than they originally planned to invest.
7. In addition to the foregoing untrue statements, Respondent Kropek also promised a Michigan resident that “this is going to be the ‘big one.’”
8. Respondents omitted to provide the Michigan residents who purchased their unregistered securities with material facts such as (a) a financial statement of the issuer (i.e., Respondent Robbins), (b) the use of the proceeds by the issuer, (c) the operating history of the issuer, or (d) any other relevant information needed by an investor to make an informed decision about the issuer, the issuers' financial condition, or the security offered by the issuer.
9. Although Michigan residents who purchased Respondents' unregistered securities have asked Respondents for the return of their investment funds, Respondents have failed and refused to return any monies to these investors. To date, no Michigan investors to whom Respondents made the foregoing and other untrue statements have received any dividend, interest payment, return, or refund associated with the Investment Instruments.
10. Further, one consumer has complained to the Michigan Office of Financial and Insurance Regulation (OFIR) that Respondent Kropek has threatened her for making such complaints, appearing regularly at places she attends and blaming her for funds not being paid to other investors who purchased Respondents' unregistered securities.
11. Based upon the foregoing and other facts obtained by OFIR Staff, OFIR Staff asserts that Respondents' Investment Instruments were a fraudulent sham and that no funds invested by Michigan residents were used for a real or legitimate investment. OFIR Staff further contends that most of the Michigan investors are unaware of this fact due to Respondents' untrue, misleading, deceptive, and/or fraudulent statements.

12. In reality, on September 29, 2008, Respondent Robbins was indicted by a grand jury in Kentucky on four felony charges that she illegally sold securities related to the 1901 Spindletop Oil Strike (i.e., the Duval County, Texas oil wells).
13. On February 13, 2009, Respondent Robbins pleaded guilty to one felony count of violating Kentucky Revised Statute 292.330, which covers registration of broker-dealers, agents, and investment advisers.
14. On April 10, 2009, Respondent Robbins was sentenced to three years in the Kentucky state penitentiary for violations of Kentucky's securities laws. This sentence was probated for five years due to the health and age of Jewell Robbins. However, Respondent Robbins did serve 120 days in jail for contempt of a Court Order.
15. Section 201(a) of MUSA, MCL 451.601(a), prohibits a person from transacting business in Michigan as a securities agent unless registered under MUSA.
16. At all pertinent times to the present, Respondents were/are not registered as securities agents in the State of Michigan and were/are not otherwise registered to offer or sell securities in the State of Michigan.
17. Section 301 of MUSA, MCL 451.701, provides:

It is unlawful for any person to offer or sell any security in this state unless 1 of the following is met:

 - (1) It is registered under this act.
 - (2) The security or transaction is exempted under section 402.
 - (3) The security is a federally covered security.
18. The Investment Instruments offered and/or sold by Respondents were not registered under MUSA, were not exempt from registration under MUSA, and were not federally covered securities.

II.

CONCLUSIONS OF LAW

WHEREAS, the Investment Instruments offered and/or sold by Respondents to Michigan residents met the requirements of and constituted "securities" as defined in MUSA Section 401(z), MCL 451.801(z); and

WHEREAS, Respondents offered and or sold securities, i.e., the Investment Instruments, to Michigan residents; and

WHEREAS, Respondents violated Section 101 of MUSA, MCL 451.501, by making untrue, misleading, deceptive, and/or fraudulent statements to Michigan residents in connection with their offer and/or sale of the Investment Instruments; and

WHEREAS, Respondents violated Section 201(a) of MUSA, MCL 451.601, because they transacted business as securities agents in the State of Michigan although they were neither registered to do so nor exempt from the requirements of Section 201(a); and

WHEREAS, Respondents violated Section 301 of MUSA, MCL 451.701, because they sold unregistered, non-exempt securities in the State of Michigan, i.e., the Investment Instruments; and

WHEREAS, the Administrator finds this Order necessary and appropriate in the public interest, for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of MUSA; and

WHEREAS, the Administrator retains the right to pursue further administrative action against Respondents should the Administrator determine that such action is necessary and appropriate in the public interest, for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of MUSA; and

WHEREAS, based upon the foregoing, OFIR Staff has recommended that the Administrator find that Respondents have engaged in acts and practices that violate Sections 101, 201, and 301 of MUSA, MCL 451.501, 451.601, and 451.701, respectively; and

WHEREAS, Section 408(a) of MUSA states that whenever it appears to the Administrator that any person has engaged or is about to engage in any act or practice constituting a violation of any provision of this act or any rule or order hereunder, it may in its discretion issue a cease and desist order or bring an action in a circuit court to enjoin that act or practices to enforce compliance with MUSA or any rule or order hereunder.

III.

ORDER

Based upon the foregoing findings of fact and conclusions of law, **IT IS HEREBY ORDERED**, pursuant to Section 408 of MUSA, MCL 451.808, that:

1. **THE RESPONDENTS JEWELL ROBBINS AND PINTO KROPEK SHALL IMMEDIATELY CEASE AND DESIST** from violating Sections 101, 201, and 301 of MUSA, MCL 451.501, 451.601, and 451.701; respectively; and
2. Based upon Respondents' violations of MUSA and because the Administrator finds that it would be in the public interest, any exemption under Sections 402(a)(1), (6), (7), (8), (9) and (10) and Section 402(b) of the Act for which Respondents might qualify are hereby revoked for all purposes provided under Section 408(c) of the Act, including but not limited to Respondents' right to sell exempt securities or engage in exempt transactions in the future absent compliance with the registration provisions of MUSA; and

3. Each Respondent shall pay to the State of Michigan a civil penalty in the amount of Two Thousand Five Hundred Dollars (\$2,500.00), which civil penalty is subordinated to and shall be due and payable only after each Michigan resident who purchased Respondents' Investment Instruments has been provided a full refund, with interest.

PLEASE BE ADVISED that your failure to comply with the terms of this ORDER may subject you to sanctions, fines, and/or penalties, including but not limited to the following:

- (a) The imposition of additional civil penalties of not more than \$1,000 for each violation of MUSA; and/or
- (b) Pursuant to Section 409 of the Act, MCL 451.809, any willful violation of certain provisions of the Act shall, upon conviction, result in a fine of not more than \$25,000 for each violation, or imprisonment for not more than 10 years, or both.

IV.

NOTICE OF OPPORTUNITY FOR HEARING

Section 408(b) of MUSA, 451.808(b), provides:

A person who has been ordered to cease and desist may file with the administrator within 15 days after service on him or her of the order a written request for a hearing. The administrator within 15 days after filing shall issue a notice of hearing and set a date for the hearing. If a hearing is not requested by the person or is not ordered by the administrator within 15 days, the order will stand as entered. The administrator shall hold the hearing in accordance with the administrative procedures act of 1969, Act No. 306 of the Public Acts of 1969, as amended, being sections 24.201 to 24.328 of the Michigan Compiled Laws, and shall have all the powers granted thereunder. The administrator shall issue a decision sustaining, modifying, or dismissing the original order.

Should Respondents wish to request a hearing relating to the Chief Deputy

Commissioner's Order to Cease and Desist, a hearing must be requested in writing within 15 days of this Order. The request for a hearing must be addressed to:

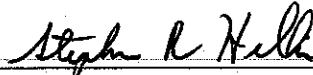
Dawn Kobus, Hearings Coordinator
Office of Financial and Insurance Regulation
Ottawa State Office Building, Third Floor
611 West Ottawa Street
Lansing, Michigan 48933

Please be advised that any statements made are voluntary and may be used in any proceeding that may be held. If a hearing is requested, Respondents have the right at their expense to legal representation at the hearing. A licensed attorney may represent corporations or limited liability companies.

The Administrator retains the right to pursue further administrative action against Respondents should the Administrator determine that such action is necessary and appropriate in the public interest, for the protection of consumers, and consistent with the purposes fairly intended by the policy and provisions of MUSA.

Any other communications regarding this Order should be addressed to counsel for the Office of Financial and Insurance Regulation, Jessica A. Danou, Assistant Attorney General, Michigan Department of Attorney General, Corporate Oversight Division, P.O. Box 30755, Lansing, Michigan 48909, Telephone: (517) 373-1160.

**OFFICE OF FINANCIAL AND
INSURANCE REGULATION**



Stephen R. Hilker
Chief Deputy Commissioner