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COMMISSION OF INSURANCE
INSURANCE DIVISION OF IOWA

BEFORE THE IOWA INSURANCE COMMISSIONER

IN THE MATTER OF)	Division Case No. 92501
)	
BRUCE A. HAUPTMAN,)	FINDINGS OF FACT, CONCLUSIONS
CRD# 824637,)	OF LAW AND FINAL ORDER
DOB 12/08/XXXX,)	
Respondent)	

DECISION

Respondent Bruce A. Hauptman (“Hauptman”) is permanently ordered to cease and desist from offering or selling unregistered securities in this state, is barred from applying for registration as a securities agent, investment adviser, or as an investment adviser representative in this state, and is ordered to pay restitution and penalties because Hauptman unlawfully sold unregistered securities without registration as a securities agent, omitted material facts necessary to make his statements not misleading, engaged in dishonest and unethical practices, and violated an order of the Commissioner.

On May 1, 2017, the Iowa Insurance Division (“Division”) filed a Statement of Charges against Respondent for alleged violations of the Iowa Uniform Securities Act found in Iowa Code Chapter 502. Mr. Thomas S. Reavely of the law firm WHITFIELD & EDDY, P.L.C. entered an appearance on June 16, 2017 on behalf of Hauptman, and filed an answer on June 27, 2017.

On July 21, 2017, Hauptman by affidavit waived his rights to a contested case hearing and consented to the entry of a cease and desist order containing seventy-seven paragraphs of findings of facts and conclusions of law. Following review of the proposed order, waiver and consent, the Commissioner entered the cease and desist order with these findings of fact and conclusions of law on August 4, 2017.

The August 4, 2017, order granted both prohibitions and monetary relief, including the following:

- C. Respondent shall, within ninety (90) days of this Order, pay as restitution the amount of \$138,000.00, payable to [the] order of the Iowa Insurance Division, to be credited to the Settlement Fund. The restitution amount represents the principal amount of the promissory notes plus two years of interest at the rate specified in the notes; ...

On November 15, 2017, Compliance Attorney Johanna Nagel filed a motion to set aside the August 4, 2017 order. Hauptman's attorney filed a resistance and the Division filed a reply. The Division's motion was taken up by the Commissioner on December 11, 2017. As the findings of fact and conclusions of law had already been consented to and entered by the Commissioner, the Division's motion was overruled as moot and Hauptman was ordered to appear at a hearing on December 19, 2017 and show cause why he should not be found to have failed to obey the Commissioner's order in violation of Iowa Code § 502.604(5A) since Hauptman had failed to pay \$138,000 in investor restitution by November 3, 2017.

A hearing was held in the above-captioned matter on December 19, 2017 at 11:00 a.m. before the Commissioner. The hearing was held at the offices of the Iowa Insurance Division, Two Ruan Center, 601 Locust St., 4th Floor, Des Moines, Iowa. The Iowa Insurance Division was represented by Compliance Attorney Johanna Nagel. The Respondent appeared by telephone and by counsel, Thomas S. Reavely.

NOW THEREFORE, upon consideration of the statement of charges by the Division, the waiver and consent of Hauptman on July 21, 2017, the findings and conclusions entered on August 2, 2017, and all of the pleadings and evidence received in this matter, pursuant to the

provisions of Iowa Code Chapter 502—the Iowa Uniform Securities Act, the Commissioner makes the following findings of fact and conclusions of law:

I. PARTIES AND JURISDICTION

1. The Commissioner of Insurance, Doug Ommen, directly and through his designees, administers and enforces Iowa Code Chapter 502—the Iowa Uniform Securities Act pursuant to Iowa Code § 502.601 as the Securities Administrator (“Administrator”).
2. Bruce A. Hauptman (“Hauptman”) is an individual with a last-known mailing address of P.O. Box 1477, Wilson, WY 83014.
3. Hauptman was registered as a securities agent in Iowa from at least July 7, 1989 until his relationship with his broker-dealer was voluntarily terminated on July 5, 1994. Hauptman was registered under Central Registration Depository (“CRD”) number 824637.
4. Hauptman is owner of B. Hauptman Holdings, LLC, (“Hauptman Holdings”) a limited liability company incorporated in Delaware with a registered agent address of 2711 Centerville Road, Suite 400, Wilmington, DE 19808. The Iowa Secretary of State does not contain any information on this entity.
5. From late 2009 to on or about October 23, 2015, Hauptman engaged in acts and practices within the state of Iowa constituting cause for a cease and desist order; denial, revocation, suspension, withdrawal, restriction, condition, or limitation of Hauptman’s securities agent registration; and other relief under Iowa Code Chapter 502 and Iowa Administrative Code Chapter 50.
6. Pursuant to Iowa Code § 505.28, Hauptman has consented to the jurisdiction of the Commissioner by committing acts governed by chapter 502.

7. Hauptman knowingly and voluntarily enters into the August 4, 2017 order. That order is subsumed in this order. It is therefore noted that Hauptman has continued to deny the findings of fact found herein and that the promissory notes are considered securities within the definition of Iowa Code § 502.102(28). Nevertheless, the Commissioner finds that a factual basis exists and Hauptman has consented to the entry of these findings of fact and conclusions of law.

II. FINDINGS OF FACT

8. Hauptman became a registered securities agent in Iowa by submitting a Form U4 through the Legacy Central Registration Depository (“Legacy CRD”) of the Financial Industry Regulatory Authority (“FINRA”). Hauptman was assigned Individual CRD Number 824637. In applying for his securities agent registration, Hauptman irrevocably appointed the Commissioner as his agent for service of process.

9. Hauptman offered and sold securities within the State of Iowa from 2009 to 2010.

10. Hauptman was friends with two potential investors, Consumers RJ and SJ, husband and wife.

11. Consumers RJ and SJ had limited financial experience.

12. During periodic, informal conversations with Consumer RJ, Hauptman discussed Consumer RJ’s existing investments with him and stated that his existing investment was an “iffy proposition” and that Consumers RJ and SJ would receive better investment returns if they invested with Hauptman.

13. Hauptman asserted that Consumers RJ and SJ should invest with him and Hauptman specifically mentioned investing in a company, MatrixView, Inc., that developed a compression software product.

14. Additionally, it was during these informal conversations that Hauptman told Consumers RJ and SJ that the compression software product had been evaluated by the U.S. military and that the military intended to purchase the product.

15. Hauptman presented this alleged investment opportunity to Consumers RJ and SJ, averring that this was a way for the Consumers to “get in at the ground floor” and obtain significant profits.

16. MatrixView, Inc., incorporated on May 16, 2008, is a Delaware corporation with its principal place of business in Fairfield, Iowa. Hauptman is the President and Director of MatrixView, Inc. The Iowa Secretary of State’s office revoked MatrixView, Inc.’s certificate of authority effective August 8, 2014 for violations of Iowa Code § 490.1622.

17. After these conversations in 2009, Consumers RJ and SJ agreed to invest \$120,000.00 with Hauptman.

18. Consumer RJ liquidated his investment with Genetic ID, from which he was receiving approximately a 25% return, in order to obtain funds to invest with Hauptman. Consumer RJ incurred tax consequences and fees as a result of the liquidation.

19. Consumers RJ and SJ split their investment with Hauptman into two separate payments of \$60,000.00.

20. On December 29, 2009, Consumer RJ provided Hauptman with the first investment payment of \$60,000.00.

21. On December 29, 2009, Consumers RJ and SJ entered into a promissory note with Hauptman in the amount of \$60,000.00. The promissory note was to pay an interest rate of 7.5% per year, to be paid semiannually on June 30th and December 31st. The note had a three-year term.

22. As another term of the note, Consumers RJ and SJ also received an option to convert the note and receive interest in Hauptman Holdings.
23. On April 2, 2010, Consumers RJ and SJ provided Hauptman with the second investment payment of \$60,000.00.
24. On April 2, 2010, Consumers RJ and SJ entered into a second promissory note with Respondent in the amount of \$60,000.00. The promissory note was to pay an interest rate of 7.5% per year, to be paid semiannually on October 2nd and April 2nd. The note had a three-year term.
25. Once again, as another term of the note, Consumers RJ and SJ received an option to convert the second promissory note and receive interest in Hauptman Holdings.
26. The securities were not registered with the Division on the date of offer or sale, nor had any claim of exemption been filed for either of the note transactions.
27. Hauptman did not consider the investors' investment objectives or their risk tolerance, nor did he make a suitability determination in 2009 or 2010 as to whether the notes would be an appropriate investment for Consumers RJ and SJ.
28. Consumers RJ and SJ did not receive any disclosure documents from Hauptman regarding their investments.
29. Material information related to the sale was not disclosed to Consumers RJ and SJ, including but not limited to: the risks involved in the investment; that the promissory notes were not secured; that the investments had not been registered as securities; and that Hauptman was not registered to sell securities in Iowa.
30. Hauptman also failed to disclose the financial conditions of either himself or Hauptman Holdings and to provide any account statements detailing assets, liabilities, profits, losses, and

other financial data which would have allowed Consumers RJ and SJ to assess the status of their investments and determine if they should continue their investments.

31. At the time of the first investment in 2009, Hauptman had unpaid federal income tax liabilities totaling approximately \$13,000,000.00.

32. Consumers RJ and SJ have stated that they would not have invested with Hauptman if they had known of Hauptman's enormous tax liability.

33. Hauptman used part of Consumers RJ and SJ's funds from the first investment to make a payment to American Express on January 4, 2010.

34. Hauptman paid approximately \$16,663.00 in interest payments to Consumers RJ and SJ. These limited payments did not conform to the terms of the notes in terms of remittal dates or amount.

35. On or about January 12, 2012, Consumers RJ and SJ allowed Hauptman to convert both notes to equity in Hauptman Holdings.

36. Consumers RJ and SJ were told by Hauptman that the conversion would be a profitable investment, yielding an annual return of \$25,000.00.

37. Consumer SJ began communicating with Hauptman around November of 2013 to relay the family's serious financial struggles and issues with Consumer RJ's health. Consumer SJ requested information regarding their investments and any forthcoming profits.

38. On multiple occasions, Consumers RJ and SJ requested that Hauptman return their investment funds in order to assist them in meeting their pressing financial obligations.

39. On December 15, 2014, Consumer SJ emailed Hauptman asking for investment statements detailing what investments were made each year, along with the corresponding losses, in order to reduce Consumer RJ and SJ's tax liabilities.

40. Only after Consumer SJ's statement that they needed official investment statements from Hauptman to be used by their tax attorney did Hauptman assert that the transaction was a loan converted into equity and "the entity does not have losses to pass through to its members."

41. In their previous communications with Hauptman, Consumers RJ and SJ consistently used the term "investment" when referring to the money given to Hauptman. Hauptman failed to correct or offer other terminology until he was asked for official investment statements to be given to Consumers RJ and SJ's attorney.

42. The Division's Securities Bureau sent a letter to Hauptman on March 2, 2015, ordering him to produce records and provide a statement regarding the offer and sale of unregistered securities in Iowa including whether he claimed any exemptions from registering the securities. The letter also ordered Hauptman to provide any claims and evidence of agent registration or exemption.

43. After receiving the letter from the Securities Bureau, Hauptman emailed Consumer SJ demanding to know if their son had contacted the Division to file a complaint against Hauptman regarding the investment and stressing that if he had done so, the complaint only complicated matters and would affect Hauptman's ability to return Consumers RJ and SJ's investment.

44. Hauptman responded by letter to the Securities Bureau on behalf of himself and Hauptman Holdings on April 14, 2015. In his response, Hauptman asserted that he was unaware that the notes would be classified as securities and that this was merely a "mutually beneficial agreement between friends." Hauptman did not claim any exemptions from registering the securities or from being registered as an agent. It was also in this response and in emails sent to Consumers RJ and SJ that Hauptman stated that the investment would be returned to Consumers RJ and SJ.

45. Despite numerous requests over several months, Hauptman failed to return the investment to Consumers RJ and SJ as promised.

III. CONCLUSIONS OF LAW

COUNT I Unregistered Securities

46. Iowa Code § 502.301 prohibits any person from offering or selling a security in Iowa unless the security is a federal covered security; the security, transaction, or offer is exempted from registration; or the security is registered.

47. A “security” as defined in Iowa Code § 502.102(28) includes a note, debenture, evidence of indebtedness, or investment contract.

48. Under Iowa Code § 502.102(28)(d), a security includes “an investment in a common enterprise with the expectation of profits to be derived primarily from the efforts of a person other than the investor and a ‘*common enterprise*’ means an enterprise in which the fortunes of the investor are interwoven with those of either the person offering the investment, a third party, or other investors.” (See also Iowa Administrative Code 191—50.1).

49. Consumers RJ and SJ were motivated by the expectation of receiving profits when they entered into the transactions with Hauptman. Hauptman’s statements that Consumers RJ and SJ would receive significant investment returns if they invested with Hauptman and the discussions regarding the profitability of the compression software investment opportunity supported Consumers RJ and SJ’s expectation of profits resulting from their investments.

50. Consumers RJ and SJ always considered the contributions investments and referred to them as such. They asked for official investment statements detailing the profits and losses,

believed they could minimize their tax liability due to their investment losses, and expected to receive profits due to the efforts of Hauptman.

51. The promissory notes are securities within the meaning of Iowa Code § 502.102(28).

52. Hauptman has not made any claim of exemptions from registration under Iowa Code §§ 502.201, 502.202, or 502.203.

53. Hauptman has not made any claim that the securities are federally covered securities.

54. Hauptman violated Iowa Code § 502.301 when he offered and sold notes, debentures, evidences of indebtedness, or investment contracts that were not federally covered securities, exempted from registration, or registered with the Division.

55. Hauptman's acts and practices have been in violation of Iowa Code § 502.301 subjecting Hauptman to an order to cease and desist engaging in such acts and practices, the imposition of civil penalties, the recovery of costs of investigation, and an order of restitution pursuant to Iowa Code § 502.604.

COUNT II
Unregistered Agent

56. Iowa Code § 502.402(1) prohibits an individual from transacting business in Iowa as an agent unless the individual is a registered agent or is exempt under Iowa Code § 502.402(2).

57. Under Iowa Code § 502.402(3) an agent's registration is only effective while that agent is employed by or associated with a registered broker-dealer or an issuer that is offering, selling, or purchasing its securities in Iowa.

58. Hauptman has not been registered as a securities agent with the Division since 1994.

59. Hauptman does not meet any of the registration exemptions found in Iowa Code § 502.402(2).

60. No individual associated with Hauptman Holdings, including Hauptman, was registered as an agent with the Division at the times of the offers or sales. Nor was Hauptman Holdings registered as a broker-dealer or an issuer with the Division at the times of the offers or sales.

61. Hauptman transacted business in Iowa as an agent by effectuating the sales of securities, but he was not registered as a securities agent during the relevant time periods.

62. Hauptman's acts and practices have been in violation of Iowa Code § 502.402 subjecting Hauptman to an order to cease and desist from engaging in such acts or practices, the imposition of a civil penalty, the recovery of costs of investigation, and an order for restitution pursuant to Iowa Code § 502.604.

COUNT III
Dishonest or Unethical Practices in Securities Business

63. Under Iowa Code § 502.412(4)(m), the Commissioner may deny the application for registration; may limit the registration; may revoke, suspend, bar, condition, or limit the registration of a registrant; and may impose civil penalties if a person has “engaged in dishonest or unethical practices in the securities, commodities, investment, franchise, banking, finance, or insurance business within the previous ten years.”

64. Under Iowa Administrative Code 191—50.16(1)(c)(2), dishonest or unethical business practices in the securities business includes a person recommending a transaction or investment strategy involving a security or securities without having a reasonable basis to believe that the transaction or investment strategy is suitable for the customer. The reasonable basis is based upon the information obtained through the reasonable diligence of the member or associated person to ascertain the customer's investment profile.

65. Under Iowa Administrative Code 191—50.16(1)(t), dishonest or unethical business practices in the securities business includes a person failing to furnish a customer, upon

reasonable request, information to which the customer is entitled or failing to respond to a customer's written request or complaint.

66. Hauptman misrepresented the amount of expected returns in order to induce Consumers RJ and SJ to switch from their existing investment to invest with Respondent. Hauptman also misrepresented returns when he told Consumers RJ and SJ that the investment would yield an annual return of \$25,000.00 if they allowed Hauptman to convert the options to equity in Hauptman Holdings.

67. Hauptman acted dishonestly by converting part of Consumers RJ and SJ's investment funds for personal use to pay a credit card bill. Consumers RJ and SJ received no benefit by having the funds used in this manner.

68. Hauptman recommended an investment strategy without having a reasonable basis to believe that the recommendation was suitable for Consumers RJ and SJ. Hauptman did not ascertain the investment profile for Consumers RJ and SJ beyond merely stating that their existing investment was "iffy" and that Hauptman could ensure better returns.

69. In December 2014, Consumers RJ and SJ asked Hauptman for standard statements outlining the investments made as well as documents which described the corresponding investment losses. Hauptman failed to provide such documentation.

70. Consumers RJ and SJ made repeated written requests for updates on their investment performance and then later, repeated requests for the entirety of the investment money to be returned, but Hauptman failed to provide any account statements and failed to return the original investment despite assurances that he would refund Consumers RJ and SJ the entire amount.

71. Hauptman also made statements to the Division that he would return the investment to Consumers RJ and SJ, but he has failed to do so.

72. Furthermore, Hauptman demonstrated dishonest or unethical practices when he tried to intimidate Consumers RJ and SJ, after a complaint was made with the Division regarding Hauptman's acts and practices, by asserting that his ability to repay Consumers RJ and SJ's investment would be hampered by an investigation.

73. Hauptman's acts and practices have been in violation of Iowa Code § 502.412(4)(m) and Iowa Administrative Code 191—50.16, subjecting Hauptman to denial, revocation, suspension, withdrawal, restriction, condition, or limitation of his securities agent registration, the imposition of a civil penalty, and an order requiring Hauptman to cease and desist from engaging in such acts or practices, and an order for restitution pursuant to Iowa Code § 502.604.

COUNT IV
Omissions of Material Facts

74. Iowa Code § 502.501 prohibits a person in connection with the offer, sale, or purchase of a security, from directly or indirectly, omitting material facts necessary to make the statements made, not misleading.

75. In connection with the offer, sale, or purchase of a security, Hauptman omitted material facts, including but not limited to, the following:

- a. Financial information and condition including accurate information regarding the assets, liabilities, profits, losses, cash flow, and other financial data of Hauptman Holdings and MatrixView, Inc.;
- b. Investment disclosure documents and other pertinent performance information;
- c. The scope of Consumer RJ and SJ's risks involved in the investment;
- d. That the promissory notes were not secured;
- e. That the investments were not registered as securities;

- f. That Hauptman was not registered to sell securities in Iowa;
- g. That Consumers RJ and SJ should consult a financial adviser and/or an attorney to protect their interests regarding the investments; and
- h. That Hauptman had significant unpaid federal income tax liabilities of approximately \$13,000,000.00.

76. These omissions of material facts, in light of the circumstances surrounding the sale of securities, were necessary to make Hauptman's statements not misleading.

77. Hauptman's acts and practices have been in violation of Iowa Code § 502.501 subjecting Hauptman to an order to cease and desist from engaging in such acts or practices, the imposition of a civil penalty, the recovery of costs of investigation, and an order for restitution pursuant to Iowa Code § 502.604.

IV. VIOLATION OF CEASE AND DESIST ORDER

NOW THEREFORE, Commissioner, upon review of the pleadings, the prior proceedings and orders, and the evidence and statements received on December 19, 2017, makes the following supplementary findings of fact and conclusions of law:

78. Despite numerous requests over months, Hauptman failed to return the investment monies to Consumers RJ and SJ as promised.

79. Hauptman has failed to make any payment of \$138,000 in investor restitution that was due and owing on November 3, 2017 under the terms of the Commissioner's August 4, 2017 order.

80. Hauptman has the ability to make payment of \$138,000 in investor restitution that was due and owing on November 3, 2017, but has willfully failed to comply with the order.

81. Iowa Code § 502.604 is found specifically in Iowa Code § 502.604(5A), which provides:

Failure to obey cease and desist order. A person who fails to obey a valid cease and desist order issued by the [commissioner] under this section may, after notice and opportunity for a hearing, be subject to a civil penalty in an amount of not less than one thousand dollars and not to exceed ten thousand dollars for violating the order. Each day the failure to obey the cease and desist order occurs or continues constitutes a separate violation of the order. The penalties provided in this subsection are in addition to, and not exclusive of, other remedies that may be available.

82. Hauptman's continuing and willful failure to pay investor restitution became disobedience of an order on November 3, 2017, when the \$138,000 became due and owing under the terms of the Commissioner's August 4, 2017, order. The amount remains unpaid to date.

83. As of the date of the hearing on the order to show cause, 47 days had passed on which the Hauptman had failed to comply. As each day is a separate violation, Hauptman has committed 47 separate violations of Iowa Code § 502.604. The Commissioner may impose a civil penalty for these 47 violations in an aggregate amount of up to \$470,000.

84. Hauptman's continuing and willful failure to pay investor restitution is particularly egregious in light of the extensive findings of fraudulent, dishonest and unlawful practices.

85. "Investment contract" and "note" are intended to be broadly applied so as to protect investors. While the Iowa Supreme Court previously applied well-settled law for "investment contract" in *State ex rel. Miller v. Pace*, 677 N.W.2d 761, 767 (Iowa 2004), similar legal principles have now been expressly included by statute in Iowa Code § 502.102(28)(d). Promissory notes with additional obligations of the issuer may also be investment contracts. *State v. Reber*, 977 S.W.2d 934, 937-938 (Mo.App. 1998).

86. The regulatory authority of the Commissioner should be administered in a manner consistent with the investor protection intent of the Iowa Uniform Securities Act, Iowa Code, chapter 502. The Iowa Supreme Court has stated this plainly in prior cases:

The general purpose of blue sky laws is to protect the public from deceit perpetrated in the sale of securities. See *Wagner v. Kelso*, 195 Iowa 959, 966, 193 N.W. 1, 4 (1923). Accord, *McElfresh v. State*, 151 Fla. 140, 144, 9 So.2d 277, 278 (1942); *Terrill v. Hoyt*, 149 Kan. 51, 58, 87 P.2d 238, 243 (1939). See also, Note, Blue Sky Legislation, 23 Iowa L.Rev. 102, 103-04 (1937). Those laws should be liberally construed to effectuate their purpose. See *Wagner*, 195 Iowa at 966, 193 N.W. at 4. Accord, *McElfresh*, 151 Fla. at 144, 9 So.2d at 278; *Kerst v. Nelson*, 171 Minn. 191, 195, 213 N.W. 904, 905 (1927).

Midwest Management Corp. v. Stephens, 291 N.W.2d 896, 901 (Iowa 1980). The

Commissioner has used that authority and discretion to impose a civil penalty commensurate with the underlying conduct that gave rise to this action and Hauptman's failure to comply with the Commissioner's August 4, 2017 order.

V. ORDERS

IT IS THEREFORE ORDERED that Hauptman and any of his agents, representatives, or any other person acting with him, pursuant to Iowa Code §§ 502.301 and 502.604, are prohibited from offering or selling any security, including but not limited to investment contracts or notes, unless Hauptman has provided written notice to the Commissioner ninety days prior to any offer or sale that the security is registered, federal covered or exempt from registration.

IT IS FURTHER ORDERED that Hauptman and any of his agents, representatives, or any other person acting with him, pursuant to Iowa Code §§ 502.402 and 502.604, are prohibited from transacting business as a securities agent, unless registered as an agent in this state.

IT IS FURTHER ORDERED that Hauptman, pursuant to Iowa Code §§ 502.412 and 502.604 is barred from applying for registration in this state as an investment adviser, investment adviser representative or a securities agent, unless Hauptman petitions the Commissioner for a modification of this order.

IT IS FURTHER ORDERED that Hauptman and any of his agents, representatives, or any other person acting with him, pursuant to Iowa Code §§ 502.501 and 502.604, are prohibited in connection with the offer or sale of any security from omitting any material facts necessary to make statements made not misleading, including but not limited to the following:

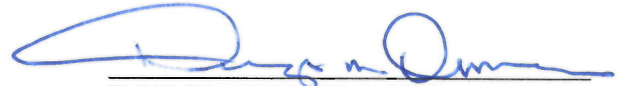
- a. Complete and accurate financial information and condition including assets, liabilities, profits, losses, cash flow, and other financial data of the Hauptman and the issuer in the offering;
- b. Detailed description of Hauptman's financial history over the last 25 years, including but not limited to his paid, unpaid or reduced federal income tax liabilities, other legal judgments and regulatory orders;
- c. Detailed description of the terms of the investment;
- d. Detailed description of all prior regulatory actions against Hauptman;
- e. Detailed description of all material risks involved in the investment;
- f. Detailed description of the registration, federal covered or exemption status of any offering, and any agent offering or selling the security.

IT IS FURTHER ORDERED that Hauptman shall pay to the State of Iowa, Insurance Division, investor restitution in the amount of \$138,000, payable to the Settlement Fund of the Iowa Insurance Division pursuant to Iowa Code § 502.604(4) . Upon receipt, the Division may distribute these funds to the investors referenced in the findings of fact as appropriate to further the purposes of Iowa Code § 502.604.

IT IS FURTHER ORDERED that Hauptman shall pay to the State of Iowa, Insurance Division a civil penalty in the sum amount of \$235,000 pursuant to Iowa Code § 502.604(5A), payable to the Securities Investor Education and Financial Literacy Training Fund as required in Iowa Code § 502.601(5).

IT IS FURTHER ORDERED that the Division shall confirm service of this Final Order on Hauptman's counsel.

SO ORDERED on the 6th day of April, 2018.



DOUGLAS M. OMMEN
Iowa Insurance Commissioner

Copies to all counsel.

CERTIFICATE OF SERVICE

County of Polk)
)
State of Iowa)

The undersigned affiant certifies under penalty of perjury and pursuant to the laws of Iowa, on the 6th day of April, 2018, the foregoing order was delivered via email service to:

Thomas Reavely
Whitfield & Eddy, PLC
699 Walnut Street, Suite 2000
Des Moines, IA 50309
reavely@whitfieldlaw.com
Attorney for Respondent



Hilary Foster
Iowa Insurance Division