

BEFORE THE IOWA INSURANCE COMMISSIONER

IN THE MATTER OF	)	Division Case No. 99967
	)	
BRUCE BILLESBACH,	)	<b>FINDINGS OF FACT,</b>
DOB 03/20/XXXX,	)	<b>CONCLUSIONS OF LAW,</b>
	)	<b>AND FINAL ORDER</b>
Respondent	)	

**DECISION**

Bruce Billesbach (“Billesbach”) is ordered to permanently cease and desist from offering or selling unregistered securities in this state, from offering or selling securities without being registered as an agent in this state, and from committing securities fraud. Billesbach is further ordered to pay \$100,000 in restitution, pay \$20,000 in civil penalties, and pay \$5,508.50 in costs of the investigation and prosecution because he unlawfully sold unregistered securities without being registered as a securities agent or broker-dealer, and committed fraud.

On November 9, 2018, the Iowa Insurance Division (“Division”) filed a statement of charges against Billesbach for alleged violations of the Iowa Code Chapter 502—Iowa Uniform Securities Act. We issued a notice of hearing setting the matter for hearing on January 17, 2019. Billesbach received the statement of charges and notice of hearing on November 19, 2018 by signing for the certified mailing. Billesbach filed an answer on December 4, 2018. In Billesbach’s answer, he requested to appear by phone for the hearing. Prior to the pre-hearing, Billesbach was contacted by the Division to remind him of the pre-hearing and that he would need to be available by phone.

On January 10, 2018, Commissioner Doug Ommen presided over the pre-hearing conference. Commissioner Ommen attempted to contact the Billesbach on the phone number provided in Billesbach’s answer. Billesbach’s automatic digital telephone service indicated that

Billesbach's voice mailbox was full, and a message could not be left. Following the pre-hearing conference Commissioner Ommen issued an order that stated Billesbach failed to appear, failed to demonstrate availability by telephone, and denied Billesbach's request to appear by telephone. Further the Commissioner ordered Billesbach to personally appear at the hearing on January 17, 2019. The Order issued by the Commissioner was mailed by certified mail to Billesbach at the same address he had received the statement of charges and notice of hearing. The United States Postal Service attempted to deliver the Order by certified mail and left notice to the Billesbach on January 14, 2019. We find that Billesbach had actual notice of the hearing set for January 17, 2019.

The hearing was held on January 17, 2019 at 1:00 p.m. before Commissioner Ommen at the offices of the Iowa Insurance Division, Two Ruan Center, 601 Locust St., 4<sup>th</sup> Floor, Des Moines, Iowa. Billesbach did not appear. The Division was prepared to present its case and the hearing proceeded.

At hearing, Division investigator Connie Dykstra, appeared on behalf of the Division and was examined.

At hearing, the following exhibits were entered into the record for the Division:

1. Affidavit of Larry Ellison, dated January 3, 2019 (3 pages)
2. Investigation Summary (3 pages)
3. Timeline of Investigation and Supporting Documents (218 pages)
4. Billesbach's Personal Expense Summary (16 pages)
5. Iowa Insurance Division Securities Registration and Notice Filing Requirements, Securities Exemptions and Transactional Exemptions (9 pages)
6. Felony Criminal Plea, Douglas County, Nebraska, dated June 4, 2018 (2 pages)
7. Felony Criminal Probation Order, Douglas County, Nebraska dated September 12, 2019 (4 pages)
8. Felony Criminal Journal Entry—Plea, Washington County, Nebraska, dated June 5, 2018 (3 pages)
9. Felony Criminal Journal Entry—Sentencing, Washington County, Nebraska, dated November 20, 2018 (2 pages)
10. Statement of Iowa Insurance Division Costs, dated January 4, 2019 (2 pages)

11. United States Postal Service Delivery Attempt (1 page)

**NOW THEREFORE**, after reviewing the pleadings submitted in this case and the evidence received, the Commissioner issues the following findings of fact, conclusions of law and orders:

### **I. FINDINGS OF FACT**

1. Commissioner Douglas M. Ommen, directly and through his designees, administers and enforces Iowa Code Chapter 502—the Iowa Uniform Securities Act and Iowa Administrative Code 191—50 Regulation of Securities Offerings and Those Who Engage in the Securities Business. (Charges ¶1).
2. Billesbach is an individual with a last-known address of 1385 South Street, Blair, Nebraska, 68008. (Charges ¶ 2).
3. Billesbach is not, nor has he ever been registered as a securities agent in the state of Iowa. (Charges ¶3; Div.Ex.1; Div.Ex.2 p.2 ¶1; Div.Ex.3 p. 205 & 217 Q&A 1).
4. Billesbach is the president, secretary, treasurer, director, and the registered agent for Commonwealth Capital Corporation. (Div.Ex.3 p. 10).
5. Billesbach operated an investment business under the name of Common Wealth Capital Advisors. (Div.Ex.3 p. 205 & 217 Q&A 4).
6. Billesbach owned Bexar 49, LLC. (Div.Ex.3 p. 206 & 218 Q&A 29).
7. Commonwealth Capital Corporation, Common Wealth Capital Advisors, LP, nor Bexar 49, LLC made any filings to register securities in the state of Iowa. (Div.Ex.2 p.2 ¶1; Testimony of Connie Dykstra, 1:12-1:14).
8. Pursuant to Iowa Code § 505.28, Billesbach has consented to the jurisdiction of the Commissioner by committing acts governed by Iowa Code Chapter 502. (Charges ¶5).

9. From on or about November 2012 - August 2016, Billesbach has engaged in acts and practices within the state of Iowa constituting cause for a cease and desist order, civil penalties, or other relief under Iowa Code Chapter 502. (Charges ¶6).

**Mr. and Mrs. Doe**

10. Billesbach offered and sold an investment contract to a married couple, whose identities are known, but are protected by order of the Commissioner. Hereinafter, they will be identified in this decision as “Mr. and Mrs. Doe.”

11. On or about November 2012, Billesbach contacted Mr. and Mrs. Doe to inform them that he had started his investment company. (Div.Ex.3 p. 165 ¶2).

12. Billesbach advised Mr. and Mrs. Doe that for his investment company to be legitimate, Billesbach could not use his own money and needed outside investment. (Div.Ex.3 p. 165 ¶2).

13. Billesbach represented to Mr. and Mrs. Doe that by investing early they would be getting a larger amount later. (Div.Ex.3 p. 165 ¶2).

14. Billesbach represented to Mr. and Mrs. Doe that he had developed a formula after many years of investment that ensured there was no way Mr. and Mrs. Doe could lose money regardless of what the markets did. (Div.Ex.3 p. 165 ¶2).

15. On or about December 16, 2012, Mr. and Mrs. Doe provided Billesbach with an investment payment of \$20,000 by personal check. (Div.Ex.3 p. 13).

16. On or about December 26, 2012, Billesbach deposited the investment payment from Mr. and Mrs. Doe into his personal bank account. (Div.Ex.3 p. 12, 15).

17. On or about January 14, 2013, Mr. and Mrs. Doe provided Billesbach with another investment payment of \$15,000 by personal check. (Div.Ex.3 p. 24).

18. On or about January 18, 2013, Billesbach deposited the additional investment payment from Mr. and Mrs. Doe into his Commonwealth Capital Corporation bank account. (Div.Ex.3 p. 18, 23).
19. On or about August 27, 2013, Mr. and Mrs. Doe provided Billesbach with a third investment payment of \$15,000 by personal check. (Div.Ex.3 p. 90).
20. On or about August 30, 2013, Billesbach deposited the third investment payment from Mr. and Mrs. Doe into his personal bank account. (Div.Ex.3 p. 89, 92-93).
21. Mr. and Mrs. Doe provided Billesbach with a total investment amount of \$50,000.00. (Charges ¶19; Div.Ex.3 p. 13, 24, 90).
22. On or about January 27, 2014, Billesbach had Mr. and Mrs. Doe sign a document entitled “The Limited Partnership Agreement of Common Capital Advisors, LP.” This document included a fee agreement between Commonwealth Capital Advisors and Bexar 49 noting that “a fee will be paid to Bexar 49 from Commonwealth Capital Advisors anytime the return of investment exceeds 10%.” (Div.Ex.3 p. 173-180).
23. On or about April 18, 2014, Mr. and Mrs. Doe received a very basic investment performance statement from Billesbach that only identified a net contribution of \$50,000, change in value of +\$4,495, and a total account value of \$54,495. (Div.Ex.3 p. 166 ¶2, 181).
24. On or about April 2015, Mr. and Mrs. Doe received another very basic investment performance statement from Billesbach noting a net contribution of \$60,500, fees of -\$430, and a total value of your account \$60,070. Mr. and Mrs. Doe contributed \$50,000 to Billesbach not \$60,500. This statement also included two asterisks at the bottom of the page, “\*Since May 1, 2015, the fund is earning approximately 5.8%,” no change in value is identified in the investment

performance statement elsewhere. The second asterisk notes “\*The Redemption Values are considerably lower during the first 6 years.” (Div.Ex.3 p. 166 ¶2, 182).

25. During the year of 2015, Billesbach represented to Mrs. Doe that the “fund was doing great” and provided excuses for not providing investment performance paperwork. His excuse for not providing paperwork was that he was investing other people’s money and that made it private and therefore he could not provide it to Mrs. Doe. (Div.Ex.3 p. 166 ¶3).

26. On or about February of 2016, Billesbach called Mrs. Doe and told her his trades were not being filled. Mr. Doe asked him for paperwork showing how much money Mr. and Mrs. Doe had. (Div.Ex.3 p. 166 ¶4).

27. On or about March 23, 2016, Billesbach texted Mr. and Mrs. Doe to inform them that their investment had a loss of \$12,030.88. (Div.Ex.3 p. 166 ¶4).

28. On or about March 23, 2016, Mrs. Doe called Billesbach and asked for a breakdown of how and when this loss occurred. Billesbach did not provide an investment performance statement detailing what occurred. Billesbach provided the following oral assurances, “don’t worry, family comes first and I guarantee you and Mrs. Roe will get all of your money back.” (Div.Ex.3 p. 166 ¶4, 5).

29. On or about July 2016, Mrs. Doe requested that Billesbach return all of the money she invested. Billesbach did not return the invested monies. (Div.Ex.3 p. 166, ¶6).

30. On August 10, 2016, Mr. and Mrs. Doe received an envelope with a thumb drive and 2 pieces of paper from Billesbach. The first document is a letter to “CCALLP (Commonwealth Capital Advisors, LLP) Investors,” which stated that Billesbach is closing CCALLP and identifies “0 – your balance.” The second document has “TD Ameritrade” hand written on the top of it and it shows a cash balance of zero. (Div.Ex.3 p. 166 ¶7, 184-186).

### **Mr. and Mrs. Roe**

31. Billesbach offered and sold an investment contract to a married couple, whose identities are known, but are protected by order of the Commissioner. Hereinafter, they will be identified as “Mr. and Mrs. Roe.”
32. Billesbach represented to Mr. and Mrs. Roe that he was a successful business person who lived the lifestyle of the wealthy and elite of Omaha. Billesbach told Mr. and Mrs. Roe that he was starting an investment company that needed additional investors to be able to expand, grow, and satisfy the requirements of the securities laws. (Div.Ex.3 p. 188 ¶2).
33. Billesbach promised that his first investors would become substantial shareholders in this new investment company. (Div.Ex.3 p. 188 ¶2).
34. On or about August 16, 2013, Mr. and Mrs. Roe provided Billesbach with an investment payment of \$40,000 by personal check. (Div.Ex.3 p. 85).
35. On or about August 21, 2013, Billesbach deposited Mr. and Mrs. Roe investment payment into his personal bank account. (Div.Ex.3 p. 83, 92-93).
36. On or about October 21, 2013, Mr. and Mrs. Roe provided Billesbach with an additional investment payment of \$10,000 by personal check. (Div.Ex.3 p. 117).
37. On or about November 6, 2013, Billesbach deposited Mr. and Mrs. Roe additional investment payment in his Commonwealth Capital Advisors bank account. (Div.Ex.3 p. 116, 124).
38. Mr. and Mrs. Roe provided Billesbach with a total investment amount of \$50,000.00. (Charges ¶29; Div.Ex.3 p. 85, 117).
39. Mr. Roe received a very basic investment performance statement from Billesbach that identifies the values as of April of 2015. This investment performance statement shows a net

contribution of \$60,500, fees of -\$430, and a total value of your account \$60,070. Mr. and Mrs. Roe had contributed \$50,000 to Billesbach not \$60,500. This statement also included two asterisks at the bottom of the page, “\*Since May 1, 2015, the fund is earning approximately 5.8%,” no change in value is identified in the investment performance statement elsewhere. The second asterisk noted “\*The Redemption Values are considerably lower during the first 6 years.” (Div.Ex.3 p. 196).

40. Billesbach did not provide Mr. and Mrs. Roe with requested updates and did not provide timely 1099s. (Div. Ex.3 p. 188 ¶3).

41. In August 2016, Mr. and Mrs. Roe received a letter from Billesbach that stated “Dear CCALLP (Commonwealth Capital Advisors, LLP) Investors, I am announcing the closing of CCALP.” This letter goes on to identify “0 – your balance.” Mr. and Mrs. Roe also received a document with TD Ameritrade that shows a zero balance. (Div.Ex.3 p. 188 ¶3,195).

42. Billesbach has not returned any of the investment to Mr. and Mrs. Doe or Mr. and Mrs. Roe. (Div.Ex.3 p. 166 ¶9, 188 ¶3).

43. The Billesbach did not advertise his investment scheme other than soliciting family. (Div.Ex.3 p. 165 ¶1, 205 & 217 Q&A 7; Connie Dykstra testimony 1:16-1:17).

44. Billesbach spent investment funds of Mr. and Mrs. Doe and Mr. and Mrs. Roe for his own personal use, receiving remuneration for the sales. (Div.Ex.3 p. 1-9; Div.Ex.4; Testimony of Connie Dykstra 1:18-1:19).

45. Billesbach provided Mr. and Mrs. Doe and Mr. and Mrs. Roe with investment performance statements that identified \$430.00 in fees taken. These investment performance statements also identify that “starting in April of this year, a 5% fee of the net profit will be charged.” (Div.Ex.3 p. 182, 196).



### **Division Investigation**

46. The Division opened an investigation and ordered Billesbach to provide a statement and producer records on March 8, 2018 (“Investigative Demand”). (Div.Ex.3 p. 204). The Investigative Demand required Billesbach to provide on or before March 20, 2018 information concerning the sales of securities and to claim any exemption from registration.

47. Billesbach replied to the Investigative Demand on March 20, 2018, but failed to assert any claim of exemption.

48. On or about June 4, 2018, Billesbach pled guilty to two counts of Unlawful Acts & Fraud under the Nebraska Securities Act (Class IV Felony) in Douglas County, Nebraska. (Charges ¶ 37, Div.Ex.6).

49. On or about June 5, 2018, Billesbach pled no contest to two counts of Fraudulent Statement/Omission of Material Fact in Connection with the Sale of Securities (Class IV Felony) in Washington County, Nebraska. (Charges ¶ 38, Div. Ex.8).

50. On or about September 12, 2018, Billesbach was adjudged guilty of both counts of Unlawful Acts and Fraud under the Nebraska Securities Act (Class IV Felony) in Douglas County, Nebraska. Billesbach was ordered to five years of probation and restitution totaling \$40,000. (Div.Ex.7).

51. On or about November 26, 2018, the Court accepted Billesbach’s pleas of No Contest to two counts of Fraudulent Statement/Omission of Material Fact in Connection with the Sale of Securities (Class IV Felony) in Washington County, Nebraska. Billesbach was ordered to five years of probation and restitution totaling \$30,000. (Div.Ex.9).

## II. AFFIRMATIVE DEFENSES

52. Billesbach's reference to statutes of limitation in his answer does not state a cognizable affirmative defense.

53. Billesbach's reference in his answer that under "Nebraska and Iowa Security Laws, all these transactions are exempt. The Uniform Securities Act – a Private Placement, may be made to an unlimited number of credited investors" does not state a cognizable affirmative defense of an exemption from registration claim. Billesbach failed to cite a relevant statutory or regulatory reference to an exemption (Billesbach's Answer ¶ 2), nor did he appear and defend at the hearing to offer or prove any facts to support a defense.

54. Iowa Code § 502.503 states that the person claiming an exemption has the burden to prove the applicability of the claim:

### **Evidentiary burden.**

1. *Civil.* In a civil action or administrative proceeding under this chapter, a person claiming an exemption, exception, preemption, or exclusion has the burden to prove the applicability of the claim.

55. Billesbach failed to plead or prove any affirmative defenses.

## III. CONCLUSIONS OF LAW

### **COUNT I** **Unregistered Securities**

56. 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 the offer is exempted from registration; or the security is registered.

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

58. Under Iowa Code §502.102(28)(d), a security includes:

An investment in a common enterprise with the expectations 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 r. 191—50.1).

59. Courts, including the Iowa Supreme Court, have long held that the purpose of Blue Sky laws is to “protect the public from deceit perpetrated in the sale of securities.” *State ex rel. Miller v. Pace*, 677 N.W.2d 761, 767 (Iowa 2004); *Midwest Mgmt. Corp. v. Stephens*, 291 N.W.2d 896, 901 (Iowa 1980); *Renewable Fuels, Inc. v. Iowa Ins. Com’r*, 752 N.W.2d 441, 446 (Iowa Ct. App. 2008).

60. The Commissioner is authorized to issue administrative relief pursuant to Iowa Code § 502.604, which provides in pertinent part:

If the administrator [Commissioner] determines that a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of this chapter or a rule adopted or order issued under this chapter or that a person has materially aided, is materially aiding, or is about to materially aid an act, practice, or course of business constituting a violation of this chapter or a rule adopted or order issued under this chapter, the administrator may do any of the following:

- a. Issue an order directing the person to cease and desist from engaging in the act, practice, or course of business or to take other action necessary or appropriate to comply with this chapter.

61. Mr. and Mrs. Doe and Mr. and Mrs. Roe expected a valuable benefit above the initial value of the investment when they made investments with Billesbach after he solicited funds from them. Billesbach’s representations that there was no way Mr. and Mrs. Doe and Mr. and Mrs. Roe could lose money, regardless what the markets did, supported their expectation of profits.

62. The investment contracts were securities within the meaning of Iowa Code § 502.102(28).

63. Billesbach, Commonwealth Capital Advisors, Commonwealth Capital Corporation, and Bexar 49 have not made any securities filings for registration, exemption or as federal covered securities with the Iowa Securities Bureau.

64. In response to an Investigative Demand, Billesbach failed to state a claim of exemption or that the security was federal covered.

65. If Billesbach had claimed an affirmative defense in this proceeding, pursuant to Iowa Code § 502.503, Billesbach would have had the burden to prove the applicability of any exemption claimed or qualification as a federal covered security. Billesbach did not appear at the time of hearing and did not provide any evidence to support any exemption or qualification.

66. Billesbach has not made any claim that the securities are federally covered securities.

67. Billesbach violated Iowa Code § 502.301 when he offered investment contracts that were not federally covered securities, securities exempt from state regulation or registered with the Commissioner.

68. Billesbach's acts and practices have been in violation of Iowa Code § 502.301 subjecting Billesbach 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**

69. 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).

70. Billesbach did not register as a securities agent with the Iowa Securities Bureau.

71. Billesbach failed to meet the burden of proof to establish an exemption from registration under Iowa law. Billesbach does not meet any of the registration exemptions found in Iowa Code § 502.402(2).

72. No individual associated with Commonwealth Capital Advisors, Commonwealth Capital Corporation, or Bexar 49, LLC, including Billesbach, was registered as an agent with the Iowa Securities Bureau at the times of the offers or sales. Nor was any individual associated with Commonwealth Capital Advisors, Commonwealth Capital Corporation, or Bexar 49, LLC, including Billesbach, registered as a broker-dealer or an issuer with the Iowa Securities Bureau at the times of the offers or sales.

73. Billesbach 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.

74. Billesbach's acts and practices have been in violation of Iowa Code § 502.402 subjecting Billesbach 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**

75. Count III is dismissed for failing to state a claim.

**COUNT IV**  
**Securities Fraud**

76. Iowa Code § 502.501 prohibits fraudulent and deceptive acts, practices and schemes:

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

1. To employ a device, scheme, or artifice to defraud;

2. To make an untrue statement of material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or
3. To engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

77. Billesbach made a guarantee investment return representation to Mr. and Mrs. Doe when he represented that that he had developed a formula after many years of investment that ensured there was no way that they could lose money regardless of what the markets did.

78. Billesbach made an untrue statement of material fact by guaranteeing an investment return to Mr. and Mrs. Doe.

79. Billesbach represented to Mr. and Mrs. Doe that by investing early they would be getting a larger amount later.

80. From December 26, 2012 through August 10, 2016, Mr. and Mrs. Doe did not receive regular investment performance statements. Mr. and Mrs. Doe only received two suspect investment performance statements.

81. Mrs. Doe made a request for a detailed statement of her investment account and that Billesbach return of all of her and Mr. Doe's investment. Billesbach did not provide a detailed statement and did not return the investment monies, despite representations that the fund was "doing great." Billesbach provided oral assurances "don't worry, family comes first and I guarantee you and Mrs. Roe will get all of your money back."

82. Mr. and Mrs. Roe only received one suspect investment performance statement that identified the values of the statement as of April of 2015.

83. Mr. and Mrs. Roe did not receive timely 1099s from Billesbach related to their investments with him.

84. Failing to respond to reasonable investor requests for updates, providing misleading updates, failing to furnish to investors, upon reasonable request, information to which the investor is entitled, and providing misleading documents to investors are forms of “lulling” the consumers into a false sense of security, all operating as a fraud to deceive upon investors.

85. Billesbach represented that he was a successful business person who lived the lifestyle of the wealthy and elite to induce Mr. and Mrs. Roe to invest, omitting material information that neither Billesbach, nor the securities were registered, and failing to disclose material information about the assets, liabilities, profit/loss statements of the investment.

86. Billesbach represented that he needed additional investors to satisfy the requirements of the securities laws. Billesbach promised Mr. and Mrs. Roe that his first investors would become substantial shareholders in his new investment company.

87. Billesbach deposited checks from Mr. and Mrs. Doe and Mr. and Mrs. Roe into his personal bank account on multiple occasions. Billesbach used the investment funds of Mr. and Mrs. Doe and Mr. and Mrs. Roe for his personal uses, benefits and frivolities.

88. Billesbach’s course of business operated as a fraud and deceit upon Mr. and Mrs. Doe and Mr. and Mrs. Roe.

89. Billesbach employed devices, schemes and artifices to defraud, made untrue statements of material fact and engaged in acts and practices and courses of business that operated or would operate as frauds or deceits upon investors in violation of Iowa Code § 502.501 subjecting Billesbach to an order requiring Billesbach 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. CIVIL PENALTIES

90. Violations of the Iowa Uniform Securities Act found in Iowa Code Chapter 502, as found in Counts I, II and IV, subject Billesbach to an order of civil penalties.

91. Under Iowa Code § 502.604 civil penalties shall not exceed ten thousand dollars for a single violation or one million dollars for more than one violation.

92. Billesbach offered unregistered securities to at least four individuals in Iowa, with the sales occurring on four separate occasions.

93. Billesbach was not registered to offer or sell securities at any of the times of offers or sales.

94. Billesbach committed securities fraud in numerous methods in connection with the sales to the four individuals in Iowa.

95. Assessing ten thousand dollars for every known and undisputed violation, the Commissioner may order civil penalties against Billesbach in the amount of \$90,000.

94. The Division recommends a civil penalty of \$10,000 for each Iowa family defrauded by Billesbach.

95. The Commissioner has authority and discretion to impose a civil penalty commensurate with the conduct that gave rise to this action and which reflects the remedial nature of such penalties.

#### V. FINAL ORDERS

**IT IS THEREFORE ORDERED**, pursuant to Iowa Code §§ 502.301 and 502.604, that Billesbach is prohibited from offering or selling any security, including but not limited to, notes or investment contracts in the State of Iowa.



**IT IS FURTHER ORDERED**, pursuant to Iowa Code §§ 502.402 and 502.604, that Billesbach is prohibited from transacting business as a securities agent or broker-dealer unless registered in this state as a securities agent or broker-dealer.

**IT IS FURTHER ORDERED**, pursuant to Iowa Code §§ 502.501 and 502.604, that Billesbach, is prohibited in connection with the offer or sale of any security from employing any device, scheme or artifice to defraud, making untrue statements, or omitting material facts that make statement made misleading, and engaging in acts, practices and courses of business that operate as a fraud or deceit, including the following:

- A. Making a guarantee investment return representation;
- B. Representing that Billesbach had developed a formula after many years of investment that ensured there was no way that investors could lose money regardless of what the markets did;
- C. Making the untrue statement that by investing early investors would receive a larger amount later;
- D. Failing to provide regular investment performance statements or timely IRS Form 1099s;
- E. Failing to respond to reasonable investor requests for updates, providing misleading updates, failing to furnish to investors, upon reasonable request;
- F. Stating Billesbach is a successful business person who lives the lifestyle of the wealthy and elite, which would be misleading by omitting material information related to his past business failings and regulatory and legal proceedings, and that he

was unlawfully selling unregistered, non-exempt securities without a registration to transact business as an agent or broker-dealer; and

G. Misappropriating investor funds into Billesbach's personal bank accounts to be converted to his personal use, benefits and frivolities.

**IT IS FURTHER ORDERED** that Billesbach is liable for and shall pay to the State of Iowa, Insurance Division, investor restitution in the amount of \$100,000.00, payable to the Settlement Fund of the Iowa Insurance Division pursuant to Iowa Code § 502.604(4) for the violations found under Counts I, II and IV. Upon receipt, the Division shall distribute these funds to Mr. and Mrs. Doe and Mr. and Mrs. Roe as appropriate to further the purposes of Iowa Code § 502.604.

**IT IS FURTHER ORDERED** that Billesbach is liable for and shall pay to the State of Iowa, Insurance Division, civil penalties in the amount of \$20,000.00 pursuant to Iowa Code §502.604(4) for violations found under Counts I, II and IV, to be deposited to the investor education and financial literacy training fund as required by the Iowa Code § 502.601(5).

**IT IS FURTHER ORDERED** that Billesbach is liable for and shall pay to the State of Iowa, Insurance Division, \$5,508.50 in costs of the investigation and prosecution pursuant to Iowa Code § 502.604(5).

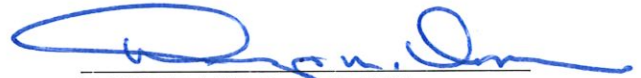
**IT IS FURTHER ORDERED** that these orders may be enforced under Iowa Code § Chapters 502, including but not limited to Iowa Code § 502.604(6) and (7), and additionally, by

any collection remedies available to the State of Iowa Department of Revenue for unpaid penalties and other ordered monetary amounts.

**IT IS FURTHER ORDERED** that Count III is dismissed for failure to state a claim.

**IT IS FURTHER ORDERED** that all documents and items admitted as evidence at hearing shall be received under seal to protect the personally identifiable and confidential information of the defrauded investors in this matter.

**SO ORDERED** on the 12<sup>th</sup> day of March, 2019.



DOUGLAS M. OMMEN  
Iowa Insurance Commissioner

Copies to:

Bruce Billesbach  
1385 South Street  
Blair, NE 68008

Lanny Zieman  
Iowa Insurance Division  
Two Ruan Center  
601 Locust St. – 4<sup>th</sup> Floor  
Des Moines, Iowa 50309-3738

### **NOTICE OF PENALTIES FOR WILLFUL VIOLATION OF THIS ORDER**

**YOU ARE NOTIFIED** that acting as a securities agent, investment adviser, investment adviser representative, or broker-dealer, as defined in Iowa Code Chapter 502, in violation of this Order, is a felony under Iowa Code § 502.508, subjecting you to punishment of imprisonment, jail, fines, or any combination of custody and fines.

**YOU ARE ALSO NOTIFIED** that any person who violates this order may be subject to administrative and civil penalties pursuant to Iowa Code § 502.604. The commissioner may petition the district court to hold a hearing to enforce the order as certified by the commissioner. The district court may assess a civil penalty against the person in an amount not less than three thousand dollars but not greater than ten thousand dollars for each violation, and may issue further orders as it deems appropriate.

### **NOTICE OF FINAL ORDER IMPACT**

A final order of license probation, suspension, or revocation or a cease and desist order may adversely affect other existing business or professional licenses and result in license revocation or disciplinary action.

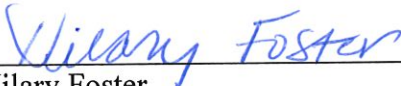
A final order in an administrative action does not resolve any potential criminal or civil violations or causes of action that might arise from the same or similar conduct that is the subject of this case. It may result in criminal law enforcement authorities, including the fraud bureau of the Iowa Insurance Division, pursuing a criminal investigation or prosecution of potential criminal law violations.

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 12th day of March, 2019, the Division's Findings of Fact, Conclusions of Law, and Final Order were delivered via certified and first class mail to:

Bruce Billesbach  
1385 South Street  
Blair, NE 68008

  
\_\_\_\_\_  
Hilary Foster  
Iowa Insurance Division