UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 10728 / November 22, 2019

SECURITIES EXCHANGE ACT OF 1934
Release No. 87605 / November 22, 2019

ADMINISTRATIVE PROCEEDING
File No. 3-15124

In the Matter of **DAVID F. BANDIMERE** **Respondent.**	**ORDER MAKING FINDINGS AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933 AND SECTIONS 15(b) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934**

I.

The Securities and Exchange Commission ("Commission") deems it appropriate and in the public interest to enter this Order Making Findings and Imposing Remedial Sanctions and a Cease-and-Desist Order pursuant to Section 8A of the Securities Act of 1933 ("Securities Act") and Sections 15(b) and 21C of the Securities Exchange Act of 1934 ("Exchange Act") against David F. Bandimere ("Respondent").

II.

Respondent has submitted an Offer of Settlement (the "Offer"), which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission's jurisdiction over him and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondent consents to the entry of this Order Making Findings and Imposing Remedial Sanctions and a Cease-and-Desist Order pursuant to Section 8A of the Securities Act and Sections 15(b) and 21C of the Exchange Act ("Order"), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds[1] that:

Summary

1. Between 2006 and 2010, Bandimere violated certain antifraud provisions of the Securities Act while operating as an unregistered broker in selling unregistered investments in IV Capital Ltd. ("IV Capital") and Universal Consulting Resources LLC ("UCR"), two Ponzi schemes which the Commission brought actions against in 2011 and 2010 respectively. Bandimere raised at least $9.3 million from over 60 investors while acting as an unregistered broker for these Ponzi schemes and earned transaction-based compensation, which provided the vast majority of his income during that time period. He initially sold IV Capital directly to investors, but then formed three LLCs to facilitate bringing in investors for both IV Capital and UCR. He also encouraged the investment of the investors' retirement funds by setting up self-directed IRA accounts through a third-party provider. Bandimere misled potential investors by presenting only a one-sided, positive view of the IV Capital and UCR investments while failing to disclose numerous red flags and potentially negative facts relating to those investments. Once Bandimere described IV Capital and UCR to potential investors in a materially positive way, he was under a duty to make fair and complete disclosure of these material red flags and negative facts. Bandimere also offered and sold securities in UCR and IV Capital when no registration statement was filed or in effect for the transactions, and no exemption applied to the registration requirements.

Respondent

2. David F. Bandimere ("Bandimere"), age 74, is a resident of Golden, Colorado. Bandimere has never been registered with the Commission as a broker-dealer or investment adviser and has never been associated with a registered broker-dealer or investment adviser, but he acted as an unregistered broker in selling the IV Capital and UCR investments.

Other Relevant Entities and Individuals

3. Universal Consulting Resources LLC ("UCR") was a New Mexico limited liability company. Its principal place of business was Richard Dalton's home in Golden, Colorado. UCR purported to engage in international note and diamond trading. UCR never registered with the Commission. The Commission brought a federal court action against UCR and Richard Dalton on November 16, 2010, alleging that UCR was operating a Ponzi scheme. The Commission obtained a default judgment against UCR and Dalton on December 1, 2011.

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[1] The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

4. IV Capital, Ltd. ("IV Capital") was a Nevis corporation owned and managed by Larry Michael Parrish. IV Capital purported to be a proprietary trading company with traders in the U.S. and U.K. IV Capital has never registered with the Commission. The Commission brought a federal court action against Parrish on March 7, 2011, alleging that IV Capital was a Ponzi scheme. The Commission obtained a default judgment against Parrish on September 25, 2012.

5. Richard Dalton ("Dalton"), age 65, was a resident of Golden, Colorado. Dalton was the Director of Finance, general manager, and only employee of UCR. Dalton never registered with the Commission as a broker or investment adviser and was not associated with a registered broker-dealer or investment adviser. The Commission brought a federal court action against Dalton on November 16, 2010, and received a default judgment against him on December 7, 2011. Dalton was also criminally charged and, in June 2013, sentenced to 120 months in prison and ordered to pay restitution in connection with his UCR Ponzi scheme.

6. Larry Michael Parrish ("Parrish"), age 47, was a resident of Walkersville, Maryland. Parrish was the President and sole Director of IV Capital, Ltd. The Commission brought an action against Parrish in connection with his IV Capital Ponzi scheme on March 7, 2011, and the Court granted the Commission's motion for default judgment on September 25, 2012. Parrish was also criminally charged and, in January 2014, sentenced to 108 months in prison and ordered to pay restitution in connection with his IV Capital Ponzi scheme. Previously, in April 2005, the Commission alleged that Parrish and others engaged in another fraudulent scheme, which raised $8.2 million from investors. In May 2005, Parrish consented to a preliminary injunction and an asset freeze, under which he returned $7.5 million to investors. In May 2007, Parrish consented to a permanent injunction and administrative order barring him from associating with any broker or dealer with the right to reapply after at least five years.

7. Exito Capital LLC ("Exito") was a Colorado LLC formed on June 27, 2007, with a business address in Greenwood Village, Colorado. Bandimere used Exito to collect investor funds to invest in UCR and IV Capital. Exito has never registered with the Commission.

8. Victoria Investors LLC ("Victoria") was a Colorado LLC formed on April 3, 2007 with a business address in Golden, Colorado. Bandimere used Victoria to collect investor funds to invest in UCR and IV Capital. Victoria has never registered with the Commission.

9. Ministry Minded Investors LLC ("MMI") was a Colorado LLC formed on September 18, 2008 with a business address in Golden, Colorado. Bandimere used MMI to collect investor funds to invest in UCR and IV Capital. MMI has never registered with the Commission.

Background on UCR and IV Capital Ponzi Schemes

10. Between November 2005 and October 2009, Parrish raised $9.2 million for IV Capital from at least 70 investors across the country. Parrish promised to earn a monthly minimum return of 5%, with half being paid to the investor and IV Capital retaining the other half. Parrish represented that investor funds would be safely escrowed while the trades in commodities, stocks,

and options were made with funds from a line of credit secured by those investor funds. Parrish claimed that he and several partners, all of whom were successful traders, owned and operated IV Capital as an offshore company. In reality, Parrish invested only a fraction of investor funds and misappropriated investor money for his own personal use. In addition to soliciting investors directly, Parrish also established a sales force by offering commissions to individuals who brought in new investors. One of the original IV Capital sales agents, Dalton, left to operate a separate Ponzi scheme through his company UCR. Parrish paid brokers, including Bandimere, for bringing in new investors.

11. The Commission obtained a default judgment against Parrish on September 25, 2012. *SEC v. Larry Michael Parrish*, Civil Action No. 11-cv-00558-WJM-MJW (D. Colo.). Parrish was ordered to pay disgorgement of $4,139,858, plus prejudgment interest of $847,919 and a penalty of $4,987,777. Among other violations, the Court found that Parrish had violated Section 5(a) and 5(c) of the Securities Act by offering unregistered securities in IV Capital. Specifically, the Court found that there was no registration statement in effect for IV Capital and that no exemption applied to the registration requirements for the IV Capital securities.

12. From at least March 2007 through June 2010, Dalton, through his company UCR, raised approximately $12 million from at least 129 investors in 13 states. Dalton conducted two offerings, which were referred to as the "Trading Program" and the "Diamond Program." The Trading Program began around March 2007 when Dalton solicited investors to place their money with UCR in order to fund a purported overseas bank note trading program. Dalton told investors that their funds were held in an escrow account at a bank in the United States and that a European Trader would use the value of that account, but not the actual funds, to obtain leveraged funds to purchase and sell bank notes. According to Dalton, the trading was profitable enough that he was able to guarantee returns of at least 48 percent per year to investors. Dalton offered the Diamond Program beginning in 2008 when he told investors that UCR facilitated the funding of diamond transactions in Africa. Similar to the Trading Program, investor funds were to be held in an escrow account at a bank in the United States and a diamond trader would use the value of that account, but not the actual funds, to obtain leveraged funds to purchase and sell diamonds. Dalton told investors that UCR would participate in one transaction per month with a minimum return of 10 percent per month. In reality, Dalton invested only a fraction of investor funds and misappropriated investor money for his own personal use, while using new investor funds to make monthly earnings payments to existing investors. Dalton paid brokers, including Bandimere, for bringing in new investors.

13. The Commission obtained a default judgment against Dalton, UCR, and Dalton's wife on December 1, 2011. *SEC v. Universal Consulting Resources and Richard Dalton*, 10-cv-2794- REB-KLM (D. Colo). Dalton was ordered to pay $7,549,458 in disgorgement, prejudgment interest of $744,032, and a penalty of $7,549,458. Among other violations, the Court found that Dalton had violated Section 5 of the Securities Act by offering unregistered securities in the UCR Trading Program and UCR Diamond Program. Specifically, the Court found that there was no registration statement in effect for these UCR securities and that no exemption applied to the registration requirements for these UCR securities.

Background on Bandimere

14. Bandimere first learned of Parrish and IV Capital in 2005 from his friend Dalton. Dalton assisted in arranging a meeting in which Parrish came to Denver and met with Bandimere, and explained the IV Capital investment to him. In November 2005, Bandimere invested $100,000 with IV Capital, and in 2006 he invested another $100,000. Bandimere invested a substantial amount of additional funds in IV Capital between 2006 and 2009.

15. Based on encouraging statements made by Bandimere, several family members and friends also decided to invest in IV Capital during 2006. Bandimere pooled the funds from his family and friends, totaling approximately $400,000, and invested it with IV Capital under his name. IV Capital paid the monthly returns of 2.5% to Bandimere, who would then make payments to the individual investors who invested through him.

16. Parrish agreed to compensate Bandimere for bringing in these investors and for handling the distribution of monthly returns. The compensation was directly tied to the amount of funds from investors and set at 10 percent of the monthly returns to investors (i.e., assuming $400,000 was invested under Bandimere's name, IV Capital promised to pay 2.5%, or $10,000 per month, to investors, which resulted in a $1,000 commission per month paid to Bandimere by IV Capital).

17. Around the end of 2006, Bandimere realized that there was significant interest in the IV Capital investment and that he could sell the IV Capital investment to many more investors. In the beginning of 2007, he formed two LLCs, Exito and Victoria, in order to facilitate the handling of investor funds he expected to bring for IV Capital. Bandimere was the sole manager of Victoria, and was the co-manager of Exito with the attorney who drafted the LLC agreements. From that point, instead of Bandimere pooling investor funds in his account under his personal name for investment in IV Capital, he collected investor capital to make investments with IV Capital under the name of each LLC. Bandimere maintained the existing compensation agreement with Parrish (10 percent of returns paid by IV Capital) with commission payments now being made to each of the LLCs. These initial investors in Exito and Victoria generally understood that the LLCs had been created as a vehicle to make investments in IV Capital.

18. Bandimere often found people to invest in IV Capital (and later UCR) by mentioning his investing success at various church, religious, and social club activities or events, or general gatherings with friends. Once he sparked a potential new investor's interest in his recent investing success, he would explain the IV Capital investment to them and explain how they could invest through him in the program. In addition, on at least one occasion, Bandimere invited a group of potential investors to his home to attend a presentation by Parrish about IV Capital. Bandimere also relied on referrals from other friends and family to build his investor base.

19. In 2008, Bandimere began selling UCR's Trading Program to investors, offering it as another investment option with the LLCs. Bandimere explained the program, and told investors that the investment manager had been a longtime personal friend (he often did not specifically tell

investors Dalton's name, telling investors that the manager of the program wanted his name to be kept confidential). Bandimere told investors that they would earn a guaranteed annual return of 48 percent. Bandimere and Dalton agreed that UCR would pay Bandimere an additional 24 percent annual commission on all investor funds paid at 2% per month (i.e., if a Bandimere investor invested $100,000, Bandimere would earn a $24,000 commission per year paid at a rate of $2000 per month). Bandimere invested a substantial amount of his personal funds in the UCR Trading Program.

20. The investment return of Bandimere's investors depended entirely on which investment program they had selected, IV Capital or the UCR Trading Program. This arrangement -- allowing investors to specifically allocate their investment capital to particular investment programs -- was contrary to the written terms of each LLC's operating agreement, which provided for a pro-rata sharing of all investment income and losses of all the investments made by each LLC. Bandimere's handling of returns, while inconsistent with the written agreements, was consistent with the verbal representations Bandimere made to investors about how returns would be handled and thus was consistent with investors' understanding that they were investing in IV Capital and UCR rather than the LLC. Bandimere also did not follow the LLC agreements with regard to his compensation, which provided that he was entitled as manager to the excess of funds earned by the LLC beyond the annual targeted returns stated in the operating agreements (which were generally between 24%-30% per year). Instead, as noted above, Bandimere had separate compensation agreements with Parrish and Dalton, tied directly to the amount his investors placed in IV Capital and UCR. Overall, therefore, the LLCs were simply a mechanism created by Bandimere to facilitate his sales of IV Capital and UCR directly to investors.

21. In 2008, Bandimere also began assisting investors in setting up self-directed IRAs through an outside company, which allowed investors to access their retirement accounts for investment with the LLCs.

22. In 2008, Bandimere also formed a third LLC, MMI, which he marketed to potential UCR and IV Capital investors as the LLC for those interested in investing for religious or charitable purposes.

23. Beginning in 2009, Bandimere offered the UCR Diamond Program as another investment option with his LLCs for investors, promising returns of potentially 10% per month. Similar to the Trading Program, Bandimere would receive a commission of 2% per month on the LLCs' capital invested in the Diamond Program. Bandimere invested a substantial amount of his personal funds in the Diamond Program.

24. In total, Bandimere had at least 60 investors invest approximately $800,000 in the UCR Diamond Program, $2.7 million in the UCR Trading Program, and $5.7 million in IV Capital. Bandimere therefore raised approximately 62% of the total raised by Parrish ($5.7 million out of $9.2 million) and 29% of the total raised by Dalton ($3.5 million out of $12 million). Investors in Bandimere's LLCs ultimately lost all of the money they had invested in the UCR and IV Capital

programs, other than what was paid to them as purported returns or returns of capital, when those Ponzi schemes collapsed.

Bandimere Acted as an Unregistered Broker

25. Bandimere was involved throughout the entire investment process with investors. He met with potential investors, explained the investment programs, answered questions, set up the LLCs to facilitate administration of the investments, had them sign the relevant documents, accepted investor deposits, worked with the self-directed IRA provider, determined the monthly returns due for the IV Capital and UCR investments and provided that information to Dalton and Parrish, created and maintained individual account records for each investor, handled return payments to investors, and handled internal accounting and tax returns for the LLCs.

26. Bandimere's investors rarely if ever met or spoke with Dalton, and many never met or spoke with Parrish. Most of the investors relied upon Bandimere for all of their information about these investments. Bandimere also provided investment advice to certain investors by stating that the investments were low risk and very good investments.

27. Bandimere was neither registered as a broker nor associated with a registered broker-dealer at the time of the sales.

28. Bandimere raised approximately $9.3 million from at least 60 different investors (including himself) and received transaction-based compensation, which represented the majority of his income between 2007 and 2010.

Bandimere Misled Investors and Ignored Red Flags of Fraud

29. When describing IV Capital and UCR to potential investors, Bandimere presented a one-sided view and highlighted only positive material characteristics: a) the consistent rates of return, b) the established track record of performance, c) the experienced and successful traders, d) his personal dealings with Dalton and Parrish which gave him confidence in their abilities, and e) with regard to Dalton, his long-standing personal relationship.

30. Yet, Bandimere knew about numerous material red flags and negative facts associated with IV Capital and UCR that he never disclosed to investors. For example, Bandimere knew and failed to disclose that IV Capital and UCR paid him large commissions tied to the amount of funds Bandimere brought in for investment; that Parrish had previously had issues with the Securities and Exchange Commission in 2005; and that Dalton had no experience with managing a large, successful investment program, had been involved in multiple failed investment schemes, and had financial problems as a result of his unsuccessful investments. These negative facts together suggested a far different picture than the generally rosy view presented by Bandimere, and, at a minimum, would have demonstrated to investors that IV Capital and UCR had very significant risks. Once Bandimere described IV Capital and UCR to potential investors in a

materially positive way, he was under a duty to make materially fair and complete disclosure rather than presenting only a one-sided and unbalanced view of the investment.

31. These numerous material red flags and negative facts should have alerted Bandimere to the fact that IV Capital and UCR might be frauds. These facts would have been important to investors in determining whether to invest, as these facts would have seriously called into question the legitimacy and quality of IV Capital and UCR. Bandimere ignored these indications of fraud. Bandimere continued to recruit new investors to these schemes without disclosing these facts to current or new investors, which was a highly misleading sales approach. Bandimere failed to disclose these indications of fraud tohis investors while baselessly assuring investors that the investments were "low risk" and "very good investments."

Bandimere Offered and Sold Unregistered Securities

32. Bandimere offered and sold securities in the UCR Trading Program, the UCR Diamond Program, and IV Capital when no registration statement was filed or in effect for the transactions, and no exemption applied to the registration requirements. Bandimere was a necessary and substantial participant in the offers and sales of the UCR Trading Program, the UCR Diamond Program, and IV Capital.

Violations

33. As a result of the conduct described above, Respondent willfully[2] violated Sections 17(a)(2) and (3) of the Securities Act, which prohibit fraudulent conduct in the offer or sale of securities, Section 15 of the Exchange Act, which prohibits a broker from effecting transactions in, or inducing or attempting to induce the purchase or sale of, securities unless the broker is registered with the Commision or associated with a registered entity, and Section 5 of the Securities Act, which prohibits offering or selling securities when no registration statement was filed or in effect for the transactions.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent's Offer.

Accordingly, pursuant to Section 8A of the Securities Act and Sections 15(b) and 21C of the Exchange Act, it is hereby ORDERED that:

[2] "Willfully," for purposes of imposing relief under Section 15(b) of the Exchange Act, "'means no more than that the person charged with the duty knows what he is doing.'" *Wonsover v. SEC*, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting *Hughes v. SEC*, 174 F.2d 969, 977 (D.C. Cir. 1949)). There is no requirement that the actor "also be aware that he is violating one of the Rules or Acts." *Tager v. SEC*, 344 F.2d 5, 8 (2d Cir. 1965).

A. Respondent cease and desist from committing or causing any violations and any future violations of Sections 17(a)(2) and (3) of the Securities Act, Section 15 of the Exchange Act, and Section 5 of the Securities Act.

B. Respondent be, and hereby is, barred from association with any broker or dealer.

C. Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, compliance with the Commission's order and payment of any or all of the following: (a) any disgorgement or civil penalties ordered by a Court against the Respondent in any action brought by the Commission; (b) any disgorgement amounts ordered against the Respondent for which the Commission waived payment; (c) any arbitration award related to the conduct that served as the basis for the Commission order; (d) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (e) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

D. Respondent shall pay disgorgement of $370,000.00 and civil penalties of $130,000.00 to the Securities and Exchange Commission. Payment shall be made in the following installments: $100,000.00 shall be due within 30 days of the entry of this Order; and $400,000.00 shall be due within 180 days of the entry of this Order. Payments shall be applied first to post order interest, which accrues pursuant to SEC Rule of Practice 600 and/or pursuant to 31 U.S.C. § 3717. Prior to making the final payment set forth herein, Respondent shall contact the staff of the Commission for the amount due. If Respondent fails to make any payment by the date agreed and/or in the amount agreed according to the schedule set forth above, all outstanding payments under this Order, including post-order interest, minus any payments made, shall become due and payable immediately at the discretion of the staff of the Commission without further application to the Commission.

Payment must be made in one of the following ways:

(1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

(2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at http://www.sec.gov/about/offices/ofm.htm; or

(3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center

Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying David Bandimere as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Jason Burt, Division of Enforcement, Securities and Exchange Commission, 1961 Stout Street, Suite 1700, Denver, CO 80294.

E. Pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, a Fair Fund is created for the disgorgement AND penalties referenced in paragraph IV.D above. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, he shall not argue that he is entitled to, nor shall he benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that he shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the findings in this Order are true and admitted by Respondent, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

By the Commission.

Vanessa A. Countryman
Secretary