

**BEFORE THE SECURITIES COMMISSIONER
OF THE STATE OF KANSAS**

In the Matter of:

GREGG B. KAIFES

Docket No. 09 E 008
KSC No. 2008-5432

Respondent.

Pursuant to K.S.A. 17-12a604

STIPULATION FOR CONSENT ORDER

This proceeding follows an investigation conducted by the Office of the Securities Commissioner of Kansas. Staff for the Securities Commissioner now allege as follows:

Allegations of Fact

1. Respondent Gregg B. Kaifes is an individual with a principle residence located at [REDACTED].
[REDACTED].
2. In March 2006, the Respondent was approached by a neighbor, Michael Betzel, about obtaining financial funding for his business, Guardian Knight Security (Guardian Knight). Betzel knew that the Respondent was a salesman who had contact with individuals who might be willing to invest in his company.
3. Betzel told the Respondent that his company installed security and monitoring equipment and that the business was doing so well it could not keep up with the capital outlay needed to perform the jobs.
4. The Respondent made contact with a former college friend, [REDACTED], to see if he was interested in investing in Guardian Knight. [REDACTED] is a Kansas City attorney and outdoor and

recreational activities promoter. [REDACTED] along with several business partners, managed and owned [REDACTED]. The partners of [REDACTED] agreed to invest in Guardian Knight. Betzel presented the partners with contracts that showed the jobs Guardian Knight was to perform and it was the understanding of the partners their capital was to be used to purchase the equipment in order to complete the contract. The partners of [REDACTED] were to be passive investors and were not to perform any of the installation or actually purchase the equipment. The partners of [REDACTED] expected to make a 40% profit in 105 days.

5. Over the course of several months [REDACTED] provided a total of \$445,000 to Guardian Knight Security. [REDACTED] only received a payment of \$128,000. The total loss to [REDACTED] is \$317,000.
6. The Respondent received a commission of approximately 10% for soliciting [REDACTED].
7. The Respondent also made contact with another friend, [REDACTED], to invest in Guardian Knight. The Respondent introduced [REDACTED] to Betzel. [REDACTED] was told that Mr. Betzel had been in the business several years, had an MBA and that Guardian Knight's "books" were solid. Since the Respondent was a friend, [REDACTED] decided to invest. He learned before investing the Respondent was to receive a 10% commission for any investment funds brought to Guardian Knight. [REDACTED] invested a total of \$97,500 in Guardian Knight and has received only \$53,900 from Guardian Knight. His total loss is \$43,600.
8. The Respondent also introduced another friend, [REDACTED] to Betzel. [REDACTED] was told that Guardian Knight was to perform a security installation job and that funding was needed to purchase the equipment. In October 2007, [REDACTED] met with Betzel and the Respondent to discuss [REDACTED] investment in Guardian Knight. After visiting with Kaifes and Betzel, [REDACTED] eventually invested \$80,000. He expected to receive a \$32,000 profit on his

investment in four months. He never received the return of investment. The Respondent received a 10% commission for [REDACTED] investment.

9. The Respondent was not registered as an agent during the time period in which he solicited [REDACTED], [REDACTED] or [REDACTED].

Allegations of Law

1. Respondent Kaifes received compensation to solicit investors when not registered as an agent, in violation of K.S.A. 17-12a402.

Stipulation and Agreement

Respondent, Gregg B. Kaifes, wishing to obtain a disposition of the above referenced matter without invoking any rights to a hearing, has determined not to contest the issuance of the attached Consent Order on the basis of the above referenced allegations.

It is, therefore, stipulated and agreed, by the Respondent and staff for the Securities Commissioner of Kansas, as follows:

- 3) The Respondent acknowledges that the Securities Commissioner for the State of Kansas has jurisdiction over the Respondent and the subject matter of this action.
- 4) The Respondent waives his right to any hearing to contest the allegations set forth in the Allegation of Fact and Law, and consents to the issuance of the attached Consent Order on the basis of the allegations set forth above. The Respondent also waives the right to seek judicial review of this proceeding.
- 5) The Respondent admits the allegations of fact and law as set forth above.
- 6) The Respondent agrees to disgorge commissions in the amount of \$44,060. The Respondent agrees to pay \$5,000 at the signing of this agreement. The initial payment and the remaining \$39,060 shall be paid to the Office of the Kansas Securities Commissioner, to be distributed

to the investors, pro rata, identified in Attachment A. The Respondent agrees to pay the remaining disgorgement at the rate of at least \$500 per month, with the first such payment due on or before August 31, 2009. Thereafter, all monthly payments shall be due on or before the last day of each month until the entire balance is paid in full. If the Respondent fails to pay at least \$500 per month, the Respondent understands that the Office of the Securities Commissioner may send the Respondent's account to a collection agency and the costs of collection will be assessed to the Respondent.

- 7) The Respondent agrees to cooperate with the on-going investigation of Guardian Knight Security and Michael Betzel. The Respondent agrees to testify as to any knowledge he has regarding the solicitation, investment, and payment of any funds to Guardian Knight or Michael Betzel as well as any contracts he was witness to.
- 8) The Respondent agrees to cease and desist from soliciting investors in Kansas unless registered under the Kansas Uniform Securities Act.

ATTACHMENT A

Victim	Commissions Owed	Amount Repaid	Balance Due	Pro Rata Share
	\$4,360		\$4,360	10%
	\$31,700		\$31,700	72%
	\$8,000		\$8,000	18%
Total	\$44,060		\$44,060	100%