

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

In the Matter of:

EVERETT SANCHEZ BIAS, and
INTEGRITY SOLUTIONS FINANCIAL SERVICES, LLC,

Docket No. 11 E 014
KSC No. 2007-5271

Respondents,

Pursuant to K.S.A. 17-12a406 and 17-12a604

NOTICE OF INTENT TO INVOKE ADMINISTRATIVE SANCTIONS

Staff for the Office of the Securities Commissioner alleges that sufficient evidence exists to provide cause under K.S.A. 17-12a604 to invoke administrative sanctions against Respondents under the Kansas Uniform Securities Act. If the allegations set forth below are found to be true, through either administrative adjudication, failure of the Respondents to make a timely request for hearing, or default of the Respondents, it is the intention of staff to seek an order from the Commissioner to deny registration of the Respondents and impose additional administrative sanctions upon the Respondents. Such sanctions may include, *inter alia*, fines, disgorgement, restitution and/or a permanent bar.

If the Respondents wish to contest the facts alleged below, or offer evidence and argument to mitigate those facts, then they must file a request for hearing within thirty-three (33) days after the date of mailing on the Certificate of Service attached to this Notice. The request for hearing must be in the manner and form prescribed by K.A.R. 81-11-3 and K.A.R. 81-11-5, and it must be filed with the Office of the Securities Commissioner, 109 SW. 9th, Suite 600, Topeka, Kansas, 66612. The request for hearing must be verified under oath by the Respondents, and if the Respondents dispute any of

the allegations set forth below, they shall specifically deny those allegations or the allegations will be deemed admitted by the Respondents. If a request for hearing is not timely filed, the Commissioner may issue a final order without further proceedings.

In support of such action, staff for the Securities Commissioner alleges and states:

Allegation of Fact

1. Respondent Integrity Solutions Financial Services, LLC (“Integrity Financial”) was formed May 6, 2002. At the times pertinent to this Notice of Intent Respondent Integrity Financial was registered with the Kansas Secretary of State office. The last known address for Integrity Financial is 11645 S. Walnut, Olathe, KS 66061-8302
2. Respondent Everett Sanchez Bias (“Bias) was the registered agent of Respondent Integrity Financial. His last known address is [REDACTED].
3. Respondent Bias operated Respondent Integrity Financial. Respondent Bias used Respondent Integrity Financial to provide tax preparation services and solicit clients.
4. Defendant Bias filed for chapter 7 bankruptcy in 1996 and Chapter 13 bankruptcy in 2005.
5. Beginning in May 2005, Respondent Bias began soliciting investors for what he termed as an investment in a joint venture agreement (“JVA”). Investors were to give funds to Respondent Bias who was to place the funds in various private placements and stock deals. He told investors that the funds were to be used on overseas investments in infrastructure improvements. Respondent

Bias told the investors that they could expect between 20-40% return per week depending on the JVA, for 40 weeks once he started using their funds. The investors were also told that their funds were to be held in escrow for the 40 weeks and that their funds would be safe. Staff from the Office of the Kansas Securities Commissioner received bank records that showed that Respondent Bias used a portion of the investors funds to send money to three possible investments:

- a. A private placement made August 7, 2005, where \$50,000 worth of shares of Xyience Inc. (“Xyience”), a Nevada nutritional supplement company. Xyience has paid no dividends to investors and announced in January 2008, that it was beginning Chapter 11 bankruptcy proceedings,
- b. On August 8, 2005, Respondent Bias wired \$188,000 to Evergreen Holding Company (“Evergreen”), a Wichita Investment Trust. Shortly after the wire transfer, Evergreen relocated to Las Vegas and has been unable to be contacted. According to bank records, no return from the Evergreen investment has been returned to Respondent Bias or his investors,
- c. On September 26, 2005, Respondent Bias wired \$250,000 of investor funds to John Campbell, of Gramercy International Investment Trust (“Gramercy”) as part of a private placement. Gramercy was to use those funds to secure a large line of credit that would in turn invest in government-backed infrastructure projects in the developing worlds. On October 24, 2005, John Campbell was arrested on federal bank fraud and

wire fraud charges related to the Gramercy offering. Bank records show that Respondent Bias or his investors have not received funds from this investment.

6. Fifty-two known investors invested in Respondent Bias' JVAs. Respondent Bias received \$725,827.21. Respondent Bias forwarded \$488,000 of those funds to the three questionable investments listed above. Respondent Bias used \$48,262 to repay previous investors and used the remaining funds for personal use such as: credit card payments, office rent, home mortgage payments, and to a U.S. Bankruptcy Trustee to discharge his bankruptcy obligations.
7. Nine Kansas investors responded to inquiries by staff from the Office of the Kansas Securities Commissioner. In all instances, Respondent Bias prepared "investment contracts" which stated that the funds were to be held for 40 weeks and that Respondent Bias would invest their funds. After a period of time, the investment was supposed to have a weekly payout to the investors. Respondent Bias failed to tell the investors that a substantial portion of their funds were to be used for his personal expenses and that he had declared bankruptcy twice.
8. The following Kansas residents made investments with Respondents Bias and Integrity Solutions:

Name	Date	Amount Inv.	Return	Total Loss
██████████	12/13/05	\$1,800	0	\$1,800
██████████	8/10/05	\$3,000	\$900	\$2,100

██████████	9/1/05	\$2,500	\$0	\$2,500
██████████	8/10/05	\$2,000	\$0	\$2,000
██████████	7/22/05 9/19/05	\$105,000 \$10,000	\$0 \$0	\$105,000 \$10,000
██████████	8/10/05	\$1,750	\$0	\$1,750
██████████	9/8/05	\$5,000	\$0	\$5000
██████████	8/10/05	\$1,000	\$600	\$400
██████████	10/31/05	\$1,000	\$0	\$1,000
TOTAL		\$133,050	\$1,500	\$131,550

9. Respondent Bias also solicited several Missouri residents and told them that their funds would be used for an investment in overseas infrastructure improvements. The investors were told that their funds would be held for 40 weeks and they would receive a weekly payout. Respondent Bias also prepared investment agreements that stated the investors were to receive between a 20-30% payout. Respondent Bias failed to tell the Missouri investors that a substantial portion of their funds were to be used for his personal expenses and that he had declared bankruptcy twice. The following investors were residents of Missouri but were solicited at Respondents Integrity Solutions and Bias' offices in Johnson County, Kansas:

Name	Date	Length	Amount Inv.	Return	Total Loss
██████████	6/24/05	3 months	\$5,000	\$0	\$5,000
██████████	9/21/05	40 weeks	\$20,000	\$0	\$20,000
██████████	9/21/05	40 weeks	\$20,000	\$0	\$20,000

██████████	9/21/05	40 weeks	\$20,000	\$0	\$20,000
██████████	9/16/05	40 weeks	\$70,000	\$0	\$70,000
██████████	8/10/05	40 weeks	\$68,000	\$14,500	\$53,500
██████████	8/10/05	40 weeks	\$10,000	\$0	\$10,000
██████████	9/16/05	40 weeks	\$10,000	\$0	\$10,000
██████████	8/2/05	40 weeks	\$10,000	\$0	\$10,000
██████████	8/10/05	40 weeks	\$5,000	\$0	\$5,000
██████████	9/15/05	40 weeks	\$4,000	\$2,500	\$1,500
██████████	10/13/05	40 weeks	\$5,000	\$0	\$5,000
██████████	9/21/05	40 weeks	\$5,000	\$0	\$5,000
██████████	9/15/05	40 weeks	\$2,500	\$0	\$2,500
██████████	8/13/05	40 weeks	\$3,600	\$0	\$3,600
██████████	9/21/05	40 weeks	\$2,500	\$500	\$2,000
██████████	9/19/05	40 weeks	\$1,500	\$0	\$1,500
TOTAL			\$262,100	\$17,500	\$244,600

9. Staff from the Office of the Kansas Securities Commissioner determined that Respondents Integrity Financial and Bias were not registered with the Office of the Kansas Securities Commissioner as broker-dealers.

10. Staff from the Office of the Kansas Securities Commissioner determined that the “joint venture agreement” investments that Respondent Bias sold were not registered securities with the Office of the Kansas Securities Commissioner.

Allegations of Law

- 1) The “joint venture agreements” that Respondent Bias offered and sold were securities pursuant to K.S.A. 17-12a 102(28).
- 2) Respondents Integrity Financial and Bias acted as a broker-dealer when selling the “joint venture agreements” in violation of K.S.A. 17-12a401, which requires registration to effect transactions in Kansas.
- 3) Respondents Integrity Financial and Bias offered and sold securities in Kansas when the securities were not registered in violation of K.S.A. 17-12a301.
- 4) Pursuant to K.S.A. 17-12a501, it is unlawful for any person, in connection with the offer, sale or purchase of any security, directly or indirectly: ...(2) to make an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading.
- 5) Pursuant to State v. Puckett, 6 Kan. App. 2d 688 (1992), a material fact is any fact which there is a substantial likelihood a reasonable investor would consider as important in deciding whether to invest.
- 6) Respondents Integrity Solutions and Bias violated K.S.A. 17-12a501 when they misrepresented or omitted the following information:
 - a) misrepresented that the investors funds would be held in escrow and were safe;
 - b) misrepresented that the investments would pay a weekly payment;

- c) omitted to tell investors that a substantial portion (25%) of investor funds were used for Respondent Bias' personal expenses such as office rent, personal credit card payments, food expenses, and payment to a US bankruptcy trustee, and;
- d) omitted to tell investors that Respondent Bias had previously declared Bankruptcy.

Filed this 25th day of March, 2011, in Topeka, KS.

/s/ Erin M. Hoestje
Erin M. Hoestje, #22042
Associate General Counsel
109 SW 9th St., Suite 600
Topeka, KS 66612
(785) 296-5215

Certificate of Service

I hereby certify that on this 28th day of March, 2011, copies of the above Notice of Intent to Invoke Administrative Sanctions were sent by certified mail, return receipt requested, addressed to the following:

Everett Sanchez Bias


Integrity Solutions Financial Services, Inc
11645 S. Walnut
Olathe, KS 66061

/s/ Erin M. Hoestje

Erin Hoestje, #22042

Associate General Counsel