

BEFORE THE SECURITIES COMMISSIONER
OF THE STATE OF KANSAS



In the Matter of:

Roy B. Harrison (CRD #1133999)

Docket No. 23E144
KSC No. 2021-6706

Respondent.

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

CONSENT ORDER

1. The Staff of the Office of the Kansas Securities Commissioner (“KSC Staff”) allege that Roy B. Harrison (“Harrison”) engaged in conduct constituting violations of the Kansas Uniform Securities Act, K.S.A. 17-12a101 *et seq.* (“the KUSA”), and that Harrison is subject to administrative sanctions and remedies under K.S.A. 17-12a604.

2. Harrison and KSC Staff desire to settle the matters raised by KSC Staff relating to Harrison’s alleged violations.

3. This Consent Order is issued contemporaneously and in conjunction with consent orders to be issued against Harrison in the following other matters: *In re Future Income Payments, LLC*, KSC No. 2016-6368; and *In re 1 Global Capital, LLC*, KSC No. 2021-6778.

CONSENTS AND WAIVERS

4. Harrison and KSC Staff stipulate and agree that, under the KUSA, the Securities Commissioner of Kansas (“the Commissioner”) has jurisdiction over Harrison and this matter.

5. Harrison and KSC Staff stipulate and agree that the Commissioner has authority to enter this Order under K.S.A. 17-12a604.

6. Harrison waives his right to a hearing with respect to these matters.

7. Harrison waives any rights that he may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Order.

8. Harrison and KSC Staff agree to the issuance of this Order without further proceedings in this matter, and agree to be fully bound by the terms and conditions specified herein.

9. Without admitting or denying the allegations made by the KSC Staff as reflected in the Findings of Fact and Conclusions of Law set forth below, Harrison agrees to the issuance of this Order on the basis of such Findings of Fact and Conclusions of Law solely and only for the purposes of this proceeding and any proceeding that may be brought to enforce the terms of this specific Order.

FINDINGS OF FACT

10. Harrison, CRD # 1133999, is an individual with a last-known address of [REDACTED]. Harrison is a licensed resident insurance agent in the State of Kansas. Prior to the events described herein, Harrison was registered under the KUSA as an agent of a broker-dealer. Harrison's registration as an agent of a broker-dealer was terminated on July 26, 2002. At the times relevant hereto, Harrison was not registered under the KUSA in any capacity.

11. From March 2017 through March 2018, Harrison acted as an agent of Premier Global Corp., formerly known as Premier Construction Services, Inc. (“Premier Global”) and of one of Premier Global’s partially-owned subsidiaries known as a “Factoring Entity” (altogether referred to herein as “Premier”) in effecting the sale of *Promissory Notes* to 12 clients, for which Harrison received transaction-based compensation.

12. Since at least the beginning of 2018, Premier was used by individuals named Steven J. Parish (“Steven Parish”) and Richard Dale Dean (“Richard Dean”) to perpetuate a massive Ponzi scheme.¹ At the time Premier ceased business operations in October 2022, Premier owed investors at least \$80 million.

13. The *Promissory Notes* sold by Harrison were not registered as securities under the KUSA as required. Additionally, Harrison was not registered as an agent under the KUSA as required.

Premier Investments

14. Premier Global is a Kansas for-profit corporation which was incorporated on October 19, 2010. During all times relevant hereto, Premier Global had its principal place of business in Derby, Kansas, and was operated and controlled by its Chief Executive Officer, Steven Parish.

¹ A “Ponzi scheme,” as the term is generally used, refers to an investment scheme in which returns to investors are not financed through the success of the underlying business venture, but are taken from principal sums of newly attracted investments. Typically, investors are promised large returns for their investments. Initial investors are actually paid the promised returns, which attract additional investors.

15. DDI Advisory Group, LLC (“DDI Advisory”) is a Kansas limited liability company with its principal place of business in Plano, Texas. At all times material hereto, DDI Advisory was operated and controlled by Richard Dale Dean (“Dean”).

16. The following are Kansas limited liability companies (known as “Factoring Entities”) which were organized on the following dates: Premier Factoring, LLC (“Premier Factoring”) on November 14, 2016; PF-2, LLC (“PF-2”) on August 14, 2018; PF-3, LLC (“PF-3”) on December 13, 2018; PF-4-LLC (“PF-4”) on February 8, 2019; PF-5, LLC (“PF-5”) on April 16, 2019; PF-6, LLC (“PF-6”) on October 7, 2019; PF-7, LLC (“PF-7”) on November 11, 2019; and Premier Factoring Group, LLC (“PFG”) on April 23, 2020.

17. Premier Global owns two-thirds of the membership interest in the Factoring Entities, while the other one-third is owned by DDI Advisory. During all times relevant hereto, Steven Parish and Richard Dean were the co-managers of the Factoring Entities, which had their principal places of business in Derby, Kansas.

18. Premier Global and the Factoring Entities (altogether referred to as “Premier”) were in the business of “invoice factoring,” whereby Premier purchased invoices or accounts receivable (referred to as “Factored Invoices”) at a discount from construction subcontractors and a variety of other companies (referred to as “Vendors”). After purchasing the Factored Invoices, Premier was entitled to collect the full amount owed for the invoices, thereby generating profits.

19. Commencing in approximately 2017, Premier began raising capital for its purported invoice factoring activity by selling *Promissory Notes* to investors.² Under these *Promissory Notes*, investors delivered principal funds to Premier, and in exchange Premier promised to repay investors the principal plus 10% annualized interest. Investors could elect to receive their interest payments monthly, quarterly, semi-annually, or annually. The *Promissory Notes* matured every 12 months, but were automatically extended for an additional 12-month period unless the investor provided Premier with written notice, at least 90 days before the maturity date, not to renew a note.

20. Most *Promissory Note* investors learned about Premier through one of at least 25 unregistered agents (“Agents”) from 7 states. These Agents (including Harrison) were retained by Richard Dean in his role as co-manager of the Factoring Entities and owner of DDI Advisory. Dean provided these Agents with verbal and written information regarding Premier to be provided to prospective investors, including written “Offering Documents” such as *Private Placement Memoranda*, draft *Subscription Agreements*, and draft *Promissory Notes*. These Offering Documents represented that Premier’s invoice factoring business was successful and profitable, that since 2018 the company had “revenues” of hundreds of millions of dollars, that the investors’ funds would be used to purchase Factored Invoices, and that the investors’ returns would be generated by the company’s invoice factoring revenues.

² In addition to the sale of *Promissory Notes*, since approximately 2010 Premier Global also raised capital for its invoice factoring activities through the sale of securities called *Transferee Agreements*. Harrison had no involvement with *Transferee Agreements*. His only involvement with Premier was his role in selling *Promissory Notes*.

21. The Agents (including Harrison) entered into *Contractor Services Agreements* with DDI Advisory under which Premier paid the Agents an annualized 3.0% of the amount their clients invested with Premier so long as the investors' funds remained with Premier. Premier also paid DDI Advisory an annualized 0.5% of the amount invested through these Agents for DDI Advisory's role in retaining and managing the Agents. Payments to the Agents and DDI Advisory were made periodically, usually monthly, at the same time that Premier made its periodic payments of 10% annualized interest to the *Promissory Note* investors.

22. Between January 2017 and December 2021, Premier issued at least 646 *Promissory Notes* to approximately 370 investors from 15 states (including approximately 61 investors from Kansas), with a cumulative face value of at least \$97 million. On November 10, 2021, counsel for Premier acknowledged that Premier owed "just over \$75 million" in principal under un-matured *Promissory Notes* issued to investors. In October 2022, an officer of the Factoring Entities estimated that Premier owed approximately \$57 million to *Promissory Note* investors.

23. As of approximately August 2022, the Premier had essentially run out of money and was no longer able to pay its Vendors, other bills, or investors. Steven Parish's whereabouts have been unknown since mid-October 2022, and Premier's business operations ceased after Parish disappeared. At the time Premier ceased business operations in October 2022, Premier owed investors at least \$80 million (approximately \$57 million to *Promissory Note* investors and at least \$30 million to other investors).

24. On October 31, 2022, in a civil action in the District Court of Oklahoma County, Oklahoma, styled *Okla. Dep't of Sec. v. Premier Global Corp., et al.*, No. CJ-2022-5066 (Dist. Ct. Okla. Cty. Oct. 13, 2022) (hereinafter "Oklahoma Civil Action"), the Oklahoma Department of Securities filed an *Emergency Application for Order Appointing Receiver* in the District Court of Oklahoma County, Oklahoma. On October 31, 2022, the Oklahoma County District Court issued an order appointing a receiver to manage the assets and liabilities of Premier, DDI Advisory, Steven Parish, and Richard Dean.

25. On November 1, 2022, in a civil action in the District Court of Sedgwick County, Kansas, styled *Office of the Kansas Sec. Commission v. Premier Global Corp., et al.*, No. 2022-CV-002052-OT (Dist. Ct. Sedgwick Cty. Nov 1, 2022) (hereinafter "Kansas Civil Action"), the Office of the Kansas Securities Commissioner filed an *Emergency Ex Parte Application for Appointment of Receiver* in the District Court of Sedgwick County, Kansas. On November 2, 2022, the Sedgwick County District Court issued an order, ancillary to the Oklahoma Civil Action, appointing the same receiver to manage the assets and liabilities of Premier, DDI Advisory, Steven Parish, and Richard Dean.

26. The receivership orders issued in the Oklahoma Civil Action and the Kansas Civil Action established a receivership estate for Premier, DDI Advisory, Steven Parish, and Richard Dean ("Premier Receivership Estate"), and the receiver anticipates establishing a claims process whereby assets of the Premier Receivership Estate will be distributed to the victims of the Ponzi scheme described herein.

Harrison's sale of Promissory Notes

27. Harrison initially learned of Premier from Richard Dean in November 2016 when Harrison visited Dean at his office, in Plano, Texas. In January 2017, Dean traveled to Kansas and had a meeting with Harrison and another Premier Agent to discuss Premier and the *Promissory Notes*. Before selling any *Promissory Notes*, Harrison also met with Steven Parish and spoke to the owner of Midwest Indemnity Company, LLC, which at the time was purportedly “indemnifying” (essentially insuring) Premier for the amounts owed for any Factored Invoices deemed uncollectable.

28. Even though Premier's Offering Documents identify the *Promissory Notes* as securities, Harrison told KSC Staff that he believed the *Promissory Notes* were not securities based on information received from Parish and Dean. Harrison did not seek an opinion from any securities regulators or attorneys regarding whether the *Promissory Notes* were securities or whether Harrison needed to be registered under the KUSA to sell them.

29. From March 2017 through March 2018, Harrison effected the sale of 13 *Promissory Notes* issued by Premier to 12 clients for a cumulative total of \$687,550.00. The date, issuer, investor initials and state of residence, the *Promissory Note* number, and the *Promissory Note* amount for each *Promissory Note* sold by Harrison is listed below:

Date	Issuer	Investor Initials (State)	Promissory Note Number	Promissory Note Amount
1/22/2018	Premier Construction Services, Inc.	S.H. (KS)	0234-01 (PCS)	\$76,280
3/30/2017	Premier Factoring, LLC	M.M. (KS)	0173-01 (PF)	\$116,600
9/9/2017	Premier Factoring, LLC	J.H. (MO)	0186-01 (PF)	\$100,000
10/5/2017	Premier Construction Services, Inc.	E.W. (MO)	0193-01 (PCS)	\$11,500
10/11/2017	Premier Construction Services, Inc.	E.W. (MO)	0193-02 (PCS)	\$16,500

Date	Issuer	Investor Initials (State)	Promissory Note Number	Promissory Note Amount
10/25/2017	Premier Construction Services, Inc.	R.M. (KS)	0197-01 (PCS)	\$28,570
11/9/2017	Premier Construction Services, Inc.	L.C. (KS)	0212-01 (PCS)	\$29,000
11/29/2017	Premier Construction Services, Inc.	K.J. (MO)	0213-01 (PCS)	\$36,000
12/27/2017	Premier Construction Services, Inc.	S.H. Trust (KS)	0218-01 (PCS)	\$50,000
1/10/2018	Premier Factoring, LLC	J.K. (MO)	0227-01 (PF)	\$116,400
1/15/2018	Premier Construction Services, Inc.	M.M. (KS)	0228-01 (PCS)	\$23,700
1/17/2018	Premier Construction Services, Inc.	D.B. (KS)	0235-01 (PCS)	\$33,000
3/5/2018	Premier Construction Services, Inc.	KCC.J.F. (KS)	0245-01 (PCS)	\$50,000

30. For his role in effecting the sale of *Promissory Notes* as described above, Harrison received transaction-based compensation from Premier totaling \$24,124.50.

31. At no time was Harrison registered under the KUSA as an agent Premier Global or Premier Factoring.

32. Beginning in May of 2018, at Harrison's direction, Harrison's clients began to redeem their *Promissory Notes* with Premier by submitting notices to Premier indicating that they did not want to renew their *Promissory Notes* upon maturity. Harrison directed his clients to redeem their *Promissory Notes* because two similar alternative investment programs had stopped paying investors and were alleged to be Ponzi schemes, which led Harrison to become concerned regarding his clients' investments with Premier. By May 2019, all of Harrison's clients had redeemed their *Promissory Notes* and received their principal back from Premier.

CONCLUSIONS OF LAW

33. The Commissioner has jurisdiction over Harrison and this matter.

34. The *Promissory Notes* described herein are securities as that term is defined in K.S.A. 17-12a102(28).

35. The *Promissory Notes* are not federal covered securities, as that term is defined in K.S.A. 17-12a102(7), and are not exempt from registration under K.S.A. 17-12a201 through 17-12a203.

36. Harrison violated K.S.A. 17-12a301 by offering and selling the *Promissory Notes*.

37. In effecting the sale of *Promissory Notes*, Harrison was an agent, as that term is defined in K.S.A. 17-12a102(2), of Premier Global and Premier Factoring, and was not exempt from registration under K.S.A. 17-12a402(b).

38. Harrison violated K.S.A. 17-12a402 by transacting business in this state as an agent when Harrison was neither registered under the KUSA nor exempt from registration.

ORDERS

IT IS THEREFORE ORDERED that Harrison shall pay a civil penalty in the amount of \$12,000. Payment shall be made payable to the “Office of the Kansas Securities Commissioner,” and delivered to Jack Clayton Johnson, Assistant General Counsel, at 1300 SW Arrowhead Road, Topeka, KS 66604. Such payment shall be made within 30 days of the issuance of this Order. Upon receipt, such payment shall be deposited in the Investor Education and Protection Fund and, at the sole discretion of the Kansas Securities Commissioner, may be subsequently transferred to the Premier

Receivership Estate for distribution consistent with the orders issued in the Kansas Civil Action.

IT IS FURTHER ORDERED that Harrison, shall immediately **CEASE AND DESIST** from offering or selling a security in the State of Kansas unless the security is a federal covered security, is exempt from registration under K.S.A. 17-12a201 through 17-12a203, or is registered under the KUSA.

IT IS FURTHER ORDERED that Harrison, shall immediately **CEASE AND DESIST** from transacting business in the State of Kansas as an agent unless Harrison is registered under the KUSA or is exempt from registration under K.S.A. 17-12a402(b).

IT IS SO ORDERED BY THE COMMISSIONER.

Entered at Topeka, Kansas, this 21st day of MARCH, 2023,



Daniel J. Klucas
Kansas Securities Commissioner

NOTICE

- (1) A party to this action may petition the Commissioner for reconsideration within 15 days after service of a final order, following the procedures in K.S.A. 77-529. Under K.S.A. 77-528, a party may petition for a stay of effectiveness of this order until the time at which a petition for judicial review would no longer be timely.
- (2) This order may be subject to judicial review. The agency officer to receive service of a petition for judicial review on behalf of the Office of the Securities Commissioner is Jack Clayton Johnson, Assistant General Counsel, at 1300 SW Arrowhead Road, Topeka, Kansas 66604.
- (3) This order contains orders to cease and desist issued by the Kansas Securities Commissioner pursuant to K.S.A. 17-12a604(a). An intentional violation of any order to cease and desist contained herein is a severity level 5 nonperson felony.