

- (3) Valhalla was licensed as an investment adviser in Ohio from July 8, 1999 until November 20, 2013, when its license was revoked with consent, pursuant to Division Order Number 13-035;
- (4) At all times relevant to this order, Respondent operated from the principal business address for Valhalla, located at 7449 Montgomery Road, Cincinnati, OH 45236;
- (5) French Manor Properties, LLC (hereinafter "French Manor") is a limited liability company organized under the laws of the State of Ohio on November 17, 2008, with a principal place of business located at 822 Dorgene Lane, Cincinnati, OH 45244;
- (6) During all times relevant, Brenda Ashcraft was the owner of French Manor;
- (7) Brenda Ashcraft was criminally indicted in the United States District Court for the Southern District of Ohio in case number 1:13CR-093 based on allegations that she received funds of at least \$15,000,000 from investors for the purpose of investing in Real Estate Investment Trusts ("REIT") issued by French Manor, and based on further allegations that she used those investment funds to pay back previous investors or for her own personal use and benefit. The criminal case is still pending and, as of the date of this order, there have been no findings for conviction in the case;
- (8) French Manor raised capital by entering into Investor Agreements that purported to offer investments in REITs;
- (9) The Investor Agreements identify "French Manor, by Brenda Ashcraft" as the REIT Trustee;
- (10) The Investor Agreements describe the "Amount of Investment," specific "Rate of Return," "Term of Investment," and "Total Payments Due";
- (11) On or about September 16, 2011, Respondent sold an Investor Agreement issued by French Manor to BB, a Cincinnati resident, in exchange for an investment of \$710,000;
- (12) BB was an investment advisory client of Respondent and Valhalla at the time of the sale;
- (13) The Investor Agreement provided for a return of 9.825% with a maturity term of 1 month and 1 day;
- (14) The Investor Agreement stated that the investment was secured by collateral held by "REIT #8097735/CA/FL/OH-11/09MP/DILPartners";

- (15) The Investor Agreement was not registered for sale in Ohio;
- (16) BB was not paid \$779,758, as required upon maturity of the Investor Agreement, and eventually recovered only \$440,000 from French Manor and Brenda Ashcraft;
- (17) On or about May 31, 2011, Respondent sold an Investor Agreement issued by French Manor to JR and LR, Cincinnati residents, in return for a \$140,000 investment;
- (18) JR and LR were investment advisory clients of Respondent and Valhalla at the time of the sale;
- (19) The Investor Agreement provided for a return of 10% with a maturity term of 25 days;
- (20) The Investor Agreement stated that the investment offered collateral secured by a "Short Sale Assignment of Contract, REIT#110531-LN9883962Gretna/TaneyPartners: Great Southern Bank, Branson, MO 65616";
- (21) The Investor Agreement was not registered for sale in Ohio;
- (22) Neither JR nor LR were paid, as required on the date of maturity of the Investor Agreement;
- (23) On March 7, 2014, Respondent, under oath, testified that he did not conduct any research to determine if the Investor Agreements were registered with the Division for sale in Ohio;
- (24) Between June 2, 2011 and January 20, 2012, Respondent received \$30,251 from French Manor as commissions for the sales of Investor Agreements;
- (25) The Investor Agreements issued by French Manor and sold by Respondent are investment contracts and fall within the definition of a security as that term is defined in Ohio Revised Code 1707.01(B);
- (26) Ohio Revised Code 1707.44(C)(1) states, in part:

"No person shall knowingly sell, cause to be sold, offer for sale, or cause to be offered for sale, any security which . . . is not exempt under section 1707.02 of the Revised Code, nor the subject matter of one of the transactions exempted in section 1707.03, 1707.04, or 1707.34 of the Revised Code, has not been registered by coordination or qualification,

and is not the subject matter of a transaction that has been registered by description”;

- (27) Respondent violated R.C. 1707.44(C)(1) by knowingly selling, to at least 2 Ohio investors, securities issued by French Manor that were not registered for sale in Ohio;
- (28) Ohio Revised Code 1707.44(M)(1)(d) states,
“No investment adviser or investment adviser representative shall....Engage in any act, practice, or course of business that is fraudulent, deceptive, or manipulative. The division of securities may adopt rules reasonably designed to prevent acts, practices, or courses of business that are fraudulent, deceptive, or manipulative”;
- (29) Respondent violated R.C. 1707.44(M)(1)(d) by engaging in fraudulent, manipulative or deceptive practices by selling Investor Agreements to his clients without conducting any research on the collateral secured by the investment, by failing to conduct research to determine if the Investment Agreements were properly registered for sale in Ohio, and by failing to disclose his own interest in the transaction;
- (30) Form ADV is a disclosure form, required to be filed in the CRD/IARD system maintained by the Financial Industry Regulatory Agency, Inc. (“FINRA”), which is available to the general public, including investors, clients and potential investors and clients of Respondent;
- (31) Respondent, as President and Chief Compliance Officer of Valhalla, was responsible for updating the Form ADV in IARD;
- (32) On the Form ADV filed for Valhalla in 2011, 2012, and 2013, Respondent answered “No” to Item 6, question B. (3) asking “Do you sell products or provide services other than investment advice to your advisory clients?”;
- (33) On the Form ADV filed for Valhalla in 2011, 2012, and 2013, Respondent answered “No” to Item 8, question B. (3) asking “Do you or any related person recommend purchase or sale of securities to advisory clients to which you or any related person has any other sales interest (other than the receipt of sales commissions as a broker or registered representative of a broker-dealer)?”;
- (34) On the Form ADV filed for Valhalla in 2011, 2012 and 2013, Respondent answered “No” to Item 8, question B. (3) asking “Do you or any related person, directly or indirectly, receive compensation from any person for client referrals?”; and

(35) Respondent violated R.C. 1707.44(M)(1)(d), by making false representations in his Form ADV filings in 2011, 2012, and 2013.

WHEREAS, based on Paragraphs (1) through (35), the Division finds that Respondent violated R.C. 1707.44(C)(1) and R.C. 1707.44(M)(1)(d);

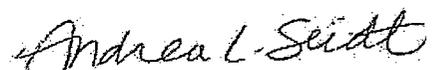
THEREFORE, IT IS ORDERED THAT, pursuant to R.C. 1707.23(G), Respondent Eric T. House, is hereby ordered to **CEASE AND DESIST** from the acts and practices described herein which constitute violations of Chapter 1707 of the Ohio Revised Code.

TIME AND METHOD TO PERFECT AN APPEAL

Any party desiring to appeal shall file a Notice of Appeal with the Ohio Division of Securities, 77 South High Street, 22nd Floor, Columbus, Ohio 43215, setting forth the order appealed from and stating that the agency's order is not supported by reliable, probative, and substantial evidence and is not in accordance with law. The notice of appeal may, but need not, set forth the specific grounds of the party's appeal beyond the statement that the agency's order is not supported by reliable, probative, and substantial evidence and is not in accordance with law. The Notice of Appeal shall also be filed by the appellant with the court of common pleas of the county in which the place of business of the licensee is located or the county in which the licensee is a resident. If any party appealing from the order is not a resident of and has no place of business in this state, the party may appeal to the Court of Common Pleas of Franklin County. Such notices of appeal shall be filed within fifteen (15) days after the mailing of the notice of the Ohio Division of Securities' Order as provided in Section 119.12 of the Ohio Revised Code.

RLP Jr./cn

WITNESS MY HAND AND THE OFFICIAL SEAL OF THIS DIVISION at
Columbus, Ohio this 20th day of April, 2015.



Andrea L. Seidt, Commissioner of Securities