

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES ACT OF 1933**  
**Release No. 9455 / September 24, 2013**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 70485 / September 24, 2013**

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 3677 / September 24, 2013**

**INVESTMENT COMPANY ACT OF 1940**  
**Release No. 30696 / September 24, 2013**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-15518**

**In the Matter of**

**DIEGO F. HERNANDEZ,  
THE WEALTH  
MANAGEMENT PARTNERS,  
LLC, WEALTH FINANCIAL,  
LIMITED LIABILITY  
COMPANY, DFHR  
INVESTMENTS, INC., and  
HD MILE HIGH  
MARKETING, INC.**

**Respondents.**

**ORDER INSTITUTING ADMINISTRATIVE  
AND CEASE-AND-DESIST PROCEEDINGS  
PURSUANT TO SECTION 8A OF THE  
SECURITIES ACT OF 1933, SECTIONS 15(b)  
AND 21C OF THE SECURITIES EXCHANGE  
ACT OF 1934, SECTION 203(f) OF THE  
INVESTMENT ADVISERS ACT OF 1940,  
AND SECTION 9(b) OF THE INVESTMENT  
COMPANY ACT OF 1940, AND NOTICE OF  
HEARING**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are,

instituted pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”), Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”), Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”), and Section 9(b) of the Investment Company Act of 1940 (“Investment Company Act”) against Diego F. Hernandez (“Hernandez”), pursuant to Section 8A of the Securities Act and Sections 15(b) and 21C of the Exchange Act against The Wealth Management Partners, LLC (“Wealth Management”), Wealth Financial, Limited Liability Company (“Wealth Financial”), and DFHR Investments, Inc. (“DFHR”), and pursuant to Section 8A of the Securities Act and Section 21C of the Exchange Act against HD Mile High Marketing, Inc. (“HD Mile High”) (collectively “Respondents”).

## II.

After an investigation, the Division of Enforcement alleges that:

### A. SUMMARY

1. Between July 2011 and approximately April 2013, Hernandez, through Wealth Management, Wealth Financial, DFHR, and HD Mile High, willfully violated the antifraud provisions of the Securities Act and the Exchange Act by raising and misappropriating approximately \$921,000 from 13 Colorado investors through a fraudulent offering of securities. Hernandez carried out his fraudulent offering by meeting with each investor and telling them that he, through his entities, would invest their money in corporate bonds or another “safe” investment that would pay a guaranteed, above-market annual interest rate. In reality, Hernandez, through Wealth Management, Wealth Financial, DFHR, and HD Mile High, willfully misappropriated investor funds for (1) personal expenses, (2) business expenses, and (3) to repay other investors.

2. Between July 2011 and January 2013, in connection with his fraudulent offering and through Wealth Management, Wealth Financial, and DFHR, Hernandez and his entities also willfully operated as unregistered brokers.

### B. RESPONDENTS

3. Diego Hernandez, age 39, is a Colombian national and a lawful permanent resident of the United States who resides in Lone Tree, Colorado. From 1998 to January 2013, Hernandez was a registered representative associated with three broker dealers registered with the Commission. Hernandez held a Series 6 license from 1998 until January 2013. Hernandez has no disciplinary history with the Commission.

4. The Wealth Management Partners, LLC is a Colorado limited liability company with its principal place of business in Lakewood, Colorado. Hernandez owns and controls Wealth Management. Wealth Management is not registered with the Commission in any capacity, but Wealth Management acted as an unregistered broker-dealer in connection with the offer and sale of securities to investors between April 2012 and January 2013. Wealth Management has never conducted a registered offering or registered a class of securities with the Commission. Wealth Management has no disciplinary history with the Commission.

5. Wealth Financial, Limited Liability Company is a Colorado limited liability company with its principal place of business in Lakewood, Colorado. Hernandez owns and controls Wealth Financial. Wealth Financial is not registered with the Commission in any capacity, but Wealth Financial acted as an unregistered broker-dealer in connection with the offer and sale of securities to investors between April 2012 and January 2013. Wealth Financial has never conducted a registered offering or registered a class of securities with the Commission. Wealth Financial has no disciplinary history with the Commission.

6. DFHR Investments, Inc. is a Colorado corporation that has been in delinquent status with the Colorado Secretary of State since May 1, 2011. Hernandez owns and controls DFHR. DFHR is not registered with the Commission in any capacity, but DFHR acted as an unregistered broker-dealer in connection with the offer and sale of securities to investors between July 2011 and January 2012. DFHR has never conducted a registered offering or registered a class of securities with the Commission. DFHR has no disciplinary history with the Commission.

7. HD Mile High Marketing, Inc. is a Colorado corporation with its principal place of business in Lakewood, Colorado. Hernandez owns and controls HD Mile High. HD Mile High has never conducted a registered offering or registered a class of securities with the Commission. HD Mile High has no disciplinary history with the Commission.

#### C. OTHER RELATED ENTITY

8. Peak Training Center, Inc. (“Peak Training”) is a Colorado corporation with its principal place of business in Lakewood, Colorado. Hernandez is a 49% owner of Peak Training and he opened and controls its bank account. Peak Training received investor funds through transfers from the Respondents. Peak Training has never conducted a registered offering or registered a class of securities with the Commission, and has no disciplinary history with the Commission.

#### D. BACKGROUND REGARDING THE RESPONDENTS

9. From August 2005 to April 2012, Hernandez was a registered representative associated with a broker-dealer registered with the Commission. From April 12, 2012 to January 31, 2013, Hernandez was a registered representative associated with a dually-registered broker-dealer and investment adviser registered with the Commission. During his fraudulent offering, Hernandez was selling away from both firms, while also targeting their retail customers.

10. In 2009, Hernandez incorporated DFHR. During the relevant time, Hernandez controlled DFHR, including its bank accounts. Between July 2011 and January 2012, Hernandez instructed four investors to provide investment funds to DFHR.

11. In December 2011, Hernandez incorporated HD Mile High. During the relevant time, Hernandez controlled HD Mile High, including its bank accounts. In 2012, in connection with his fraudulent offering, Hernandez instructed three investors to provide investment funds to HD Mile High.

12. In March 2012, Hernandez organized Wealth Management. During the relevant time, Hernandez controlled Wealth Management, including its bank account. Between April 2012 and January 2013, Hernandez instructed 10 investors to provide investment funds to Wealth Management.

13. In March 2012, Hernandez incorporated Peak Training. During the relevant time, Hernandez controlled Peak Training's bank account. Hernandez, through his other entities, provided investor funds to Peak Training.

14. From approximately May 2012 to January 2013, Hernandez used "Wealth Financial, LLC" as his d/b/a for his brokerage business. In February 2013, Hernandez organized Wealth Financial. During the relevant time, Hernandez controlled Wealth Financial, including its bank account. Between approximately May 2012 and April 2013, Hernandez also used Wealth Financial in connection with his fraudulent securities transactions. In January 2013, one investor provided investment funds to Wealth Financial.

15. Hernandez failed to disclose adequately to the two broker-dealers with which he was associated his outside business activities at DFHR, HD Mile High, and Wealth Management. Hernandez also failed adequately to disclose to one broker-dealer with which he was associated from April 2012 to January 2013 his outside business activities at Wealth Financial.

**E. THE RESPONDENTS ENGAGED IN A FRAUDULENT OFFERING OF SECURITIES AND A SCHEME AND FRAUDULENT PRACTICES OR COURSE OF BUSINESS**

16. Hernandez generally carried out his fraudulent offering by meeting with the investors face-to-face and convincing them to invest their money with him based on numerous material false statements and omissions.

17. To generate funds for the fraudulent offering, Respondents targeted retail investors, almost all of whom were individuals.

18. Hernandez advised several investors to surrender out of their existing annuities, and he assisted investors with completing the paperwork necessary to complete the surrenders. Hernandez also advised various investors to provide him with their cash savings and funds they removed from a 401(k) plan.

19. Hernandez told at least two investors that he would provide them with a six to eight percent monetary "bonus" for agreeing to transfer their funds as he advised.

20. Investors provided Respondents with funds because they sought to make a profit from the above-market annual interest rates promised by Respondents.

21. Hernandez told investors that he would invest their funds and he instructed them to direct payment to one or more of his entities. The Respondents then pooled investor funds in the Respondents' bank accounts, which were controlled by Hernandez.

22. The investors had an expectation of profits to be derived solely from the efforts of the Respondents; after investing, the investors were passive and had no control over the use of their funds.

23. Respondents offered and sold securities.

#### The Respondents Made Material False Statements, Misrepresentations, and Omissions

24. Between July 2011 and January 2013, Hernandez, through his entities, made material misrepresentations, false statements, and omissions, both orally and in writing, when offering and selling securities to approximately 13 investors.

25. Hernandez falsely told investors that he, through his entities, would be investing their funds in corporate bonds. The account statements for Wealth Management and Wealth Financial, which were drafted by Hernandez and provided to some investors, also described the investment as a “corporate bond.” The account statements also falsely stated that there was a “market” for the “corporate bonds,” and that Wealth Management was a “fund.”

26. Hernandez also told investors that he, through DFHR or Wealth Management, would be placing their money in another “safe” investment, such as mutual funds or annuities.

27. Hernandez failed to disclose to investors that the Respondents would be the sole recipients of their funds, that their funds would be treated as a “loan” to the Respondents, that their funds would be used to pay the business and personal expenses of the Respondents, and that their funds would be used to repay other investors.

28. Hernandez also falsely touted the safety of the investments, and he both misrepresented and failed to disclose the risks. He told numerous investors that the securities he offered and sold were “safe.” Hernandez also assured investors that the securities he offered provided both flexibility and liquidity. For example, he told one investor that if she liquidated her 401(k) and provided the funds to him, he and his entities could liquidate her “corporate bond” account on demand so that she could use the funds for a down payment on a home. Similarly, he told another investor that at least \$10,000 of her \$50,000 would be available to her on demand and penalty free so that she could cover her school and living expenses.

29. Hernandez told investors that the securities he offered and sold would pay a guaranteed, above-market, annual interest rate. Numerous investors were assured by Hernandez that the investments he was putting them into would result in a higher rate of return than the investment products they currently held.

30. Hernandez knew that these statements were false because the Respondents did not have any means of generating interest on the investor funds, much less a “guaranteed” above-market interest rate.

31. Hernandez failed to inform investors that their funds would not be maintained in a separate “account,” as was stated on their account statements. Instead, investor funds remained in

bank accounts controlled by the Respondents, where they were comingled with the funds of other investors, as well as other funds deposited by the proposed respondents.

32. All of these misrepresentations, false statements, and omissions were material to investors.

33. Hernandez knew that his statements regarding the use of investor proceeds were false because he controlled Wealth Management, Wealth Financial, DFHR, and HD Mile High, and he knew that neither he nor any of those entities were purchasing or issuing corporate bonds or using investor funds to purchase any other security or investment product for which there was a “market.” Hernandez also knew that Wealth Management, which he owned and controlled, was not a “fund.” Hernandez also knew that all of these statements were false because he and his entities were misappropriating investors’ funds.

34. Hernandez knew that the investments were not safe, liquid, or risk-free, and that his statements regarding these material facts were false. Hernandez knew that the Respondents misappropriated investors’ funds, that the Respondents took no measures to protect investor funds, and that, other than raising funds from other investors, and the Respondents had no means to generate sufficient revenue to repay investors on demand.

#### The Respondents Misappropriated Investor Funds

35. The Respondents spent investor funds on a variety of business and personal expenses; none of which provide any promise for protecting principal or generating “guaranteed” interest. Examples of such spending include tens of thousands of dollars in cash withdrawals, repayments of Hernandez’s personal debts, payments to the Respondents’ employees, payments to restaurants and bars, payments related to vehicles, residential rent payments, and payments to other investors.

#### The Respondents Lulled Investors and Continued Fraudulent Conduct after the Offering

36. After being terminated by a broker-dealer and investigated by the Commission, Hernandez attempted to characterize his receipt of investors’ funds as being in connection with “promissory notes” or “loans.” To re-characterize the investments in this manner, Respondents have engaged in additional fraudulent conduct, including editing account statements and providing those statements to investors and creating promissory notes for the investors and producing those notes to the Commission, but not to investors. After his fraudulent offering was uncovered, Hernandez also opened a new account in the name of Wealth Financial, at a financial institution that he had not previously used, and he deposited an investor check for over \$61,000, which was dated January 24, 2013 and made payable to Wealth Financial. Hernandez, through Wealth Financial, then misappropriated the investors’ funds.

37. After his termination from a broker-dealer, Hernandez, through his entities, also engaged in lulling conduct and made additional false statements and misrepresentations, including assuring investors that funds were “safe” and would be returned in 45 days and sending a letter to investors that stated, among other things, “there has been a recent falling out between myself and [a broker-dealer] . . . there are allegations, assertions and other accusations that are being made against

me. I have every intention of facing these head on, and proving that I have not done, nor would I ever do, wrong by any of my clients.”

F. HERNANDEZ, WEALTH MANAGEMENT, WEALTH FINANCIAL AND DFHR, ACTED AS UNREGISTERED BROKERS

38. Hernandez, through Wealth Management, Wealth Financial, and DFHR, was involved throughout the entire investment process. He solicited investors, met with investors, explained the investments, drafted account statements, accepted investor deposits, and controlled the Respondents’ bank accounts into which investor funds were placed and from which investor funds were spent.

39. Hernandez, Wealth Management, Wealth Financial and DFHR received transaction-based compensation in the form of investors’ funds, which they misappropriated.

40. The investors relied upon Hernandez for all of their information about these investments. Hernandez, through Wealth Management, Wealth Financial, and DFHR, provided investment advice to the investors by stating that the investments were safe and good investments.

41. Wealth Management, Wealth Financial, and DFHR were not registered as broker-dealers at the time of the sales.

42. Hernandez was not registered as a broker or associated with a registered broker-dealer in connection with these sales. Hernandez was conducting a securities business beyond the scope of his employment at two broker-dealers; therefore, his affiliation with those broker-dealers does not exempt him from registering as a broker.

G. VIOLATIONS

43. As a result of the conduct described above, Hernandez, Wealth Management, and Wealth Financial, willfully violated Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibit fraudulent conduct in the offer and sale of securities and in connection with the purchase or sale of securities.

43. As a result of the conduct described above, DFHR willfully violated Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5(a) and (c) thereunder, which prohibit fraudulent conduct in the offer and sale of securities and in connection with the purchase or sale of securities.

44. As a result of the conduct described above, HD Mile High violated Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5(a) and (c) thereunder, which prohibit fraudulent conduct in the offer and sale of securities and in connection with the purchase or sale of securities.

45. As a result of the conduct described above, Hernandez, Wealth Management, Wealth Financial, and DFHR, also willfully violated Section 15(a) of the Exchange Act, which makes it unlawful for any broker or dealer to effect any transactions in, or to induce or attempt to

induce the purchase or sale of, any security, unless such broker or dealer is registered or associated with a registered broker-dealer.

### III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative and cease-and-desist proceedings be instituted to determine:

A. Whether the allegations set forth in Section II are true and, in connection therewith, to afford Respondents an opportunity to establish any defenses to such allegations;

B. What, if any, remedial action is appropriate in the public interest against Respondents Hernandez, Wealth Management, Wealth Financial, and DFHR pursuant to Section 15(b) of the Exchange Act including, but not limited to, disgorgement and civil penalties pursuant to Section 21B of the Exchange Act;

C. What, if any, remedial action is appropriate in the public interest against Respondent Hernandez pursuant to Section 203(f) of the Advisers Act including, but not limited to, disgorgement and civil penalties pursuant to Section 203 of the Advisers Act; and

D. What, if any, remedial action is appropriate in the public interest against Respondent Hernandez pursuant to Section 9(b) of the Investment Company Act including, but not limited to, disgorgement and civil penalties pursuant to Section 9 of the Investment Company Act;

E. Whether, pursuant to Section 8A of the Securities Act and Section 21C of the Exchange Act, Respondents should be ordered to cease and desist from committing or causing violations of and any future violations of Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, whether Respondents should be ordered to pay a civil penalty pursuant to Section 8A(g) of the Securities Act and Section 21B(a) of the Exchange Act, and whether Respondents should be ordered to pay disgorgement, jointly and severally, pursuant to Section 8A(e) of the Securities Act and Sections 21B(e) and 21C(e) of the Exchange Act;

F. Whether, pursuant to Section 21C of the Exchange Act, Respondents Hernandez, Wealth Management, Wealth Financial, and DFHR should be ordered to cease and desist from committing or causing violations of and any future violations of Section 15(a) of the Exchange Act, whether Respondents Hernandez, Wealth Management, Wealth Financial, and DFHR should be ordered to pay a civil penalty pursuant to Section 21B(a) of the Exchange Act, and whether Respondents Hernandez, Wealth Management, Wealth Financial, and DFHR should be ordered to pay disgorgement, jointly and severally, pursuant to Sections 21B(e) and 21C(e) of the Exchange Act; and

G. Whether, Respondent Hernandez should be ordered to pay a civil penalty pursuant to Section 203(i) of the Advisers Act and Section 9(d) of the Investment Company Act, and whether

Respondent Hernandez should be ordered to pay disgorgement pursuant to Section 203 of the Advisers Act and Section 9 of the Investment Company Act.

#### IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened not earlier than 30 days and not later than 60 days from service of this Order at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondents shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If Respondents fail to file the directed answer, or fail to appear at a hearing after being duly notified, Respondents may be deemed in default and the proceedings may be determined against them upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f) and 201.310.

This Order shall be served forthwith upon Respondents personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 300 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

By the Commission.

Elizabeth M. Murphy  
Secretary