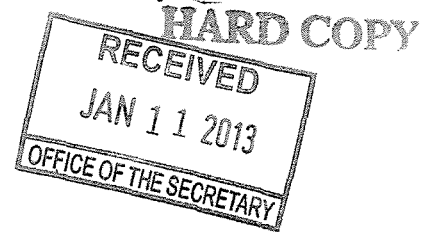


UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION



ADMINISTRATIVE PROCEEDING  
FILE NO. 3-15124

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In the Matter of	:	
	:	ANSWER OF RESPONDENT
DAVID F. BANDIMERE and	:	DAVID F. BANDIMERE TO THE
JOHN O. YOUNG	:	ORDER INSTITUTING
	:	ADMINISTRATIVE AND CEASE
	:	AND DESIST PROCEEDINGS

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Respondent David F. Bandimere, through his attorneys, Davis Graham & Stubbs, LLP, states as follows for his answer to the Order Instituting Administrative and Cease and Desist Proceedings.

A. RESPONSE TO SUMMARY ALLEGATIONS

1. Mr. Bandimere denies that he violated the anti-fraud provisions of the Securities Act of 1933 (the "Securities Act") or the Securities Exchange Act of 1934 (the "Exchange Act"). Mr. Bandimere further denies that he acted as an unregistered broker in selling unregistered investments in IV Capital Limited and Universal Consulting Resources LLC ("UCR"). Mr. Bandimere admits that IV Capital and UCR were each Ponzi schemes against which the Commission brought actions in 2010 and 2011, stating affirmatively that Mr. Bandimere was himself a victim of those Ponzi schemes, who invested approximately \$1.2 million of his own funds (exclusive of purported earnings or fees) which were intended for the retirement of his wife and himself, all of which were lost.

2. Mr. Bandimere admits that he made other persons aware of both IV Capital and UCR and that such other persons provided funds to those entities for investment. Mr. Bandimere

denies that he earned any transaction-based compensation and further denies that his activities constituted sales within the meaning of the Securities Act or the Exchange Act. Mr. Bandimere denies that he sold investments to investors. He admits forming one limited liability company, and serving as the co-manager of a third limited liability company, but denies that the purpose in forming any limited liability company or managing any limited liability company was to facilitate bringing in investors for either or both IV Capital and UCR. Mr. Bandimere admits that he made people aware of a third party entity which assisted people in establishing self-directed IRA accounts but denies that he encouraged anyone to make any investment of their retirement funds, or of any other funds. Mr. Bandimere denies that he misled anyone, and further denies that he presented only a positive view of IV Capital and UCR. Mr. Bandimere denies that Paragraph A. 2 correctly describes his disclosure obligations, stating affirmatively that his obligation under the Securities Act and the Exchange Act was to refrain from making misrepresentations of material fact or failing to disclose material facts necessary in order to make statements actually made, in the context in which they were made, not misleading, in connection with the offer, purchase, or sale of a security. Mr. Bandimere denies that he acted recklessly, stating affirmatively that the so-called “red flags” would not have alerted a reasonable person that IV Capital and UCR were likely frauds. Mr. Bandimere denies that he violated any provisions of the Securities Act, of the Securities Exchange Act, or of the Investment Advisers Act, or of any rules promulgated thereunder.

3. Mr. Bandimere lacks sufficient information to admit or deny the allegations of Paragraph A. 3, and therefore denies.

4. Mr. Bandimere denies that he violated Section 5 of the Securities Act. With respect to the allegations regarding Mr. Young, Mr. Bandimere lacks sufficient information to admit or deny, and therefore denies.

**B. RESPONDENTS**

5. Mr. Bandimere denies that he acted as an unregistered broker. Except as expressly denied, the allegations of Paragraph B.5 are admitted, Mr. Bandimere stating affirmatively that he has never been registered with the Commission as a broker or investment adviser, or associated with a broker or investment adviser, has had no training in either of those capacities, and had spent his entire professional life in the automotive industry.

6. Mr. Bandimere lacks sufficient information to admit or deny the allegations of Paragraph B. 6 and therefore denies.

**C. OTHER RELEVANT ENTITIES AND INDIVIDUALS**

7. On information and belief, the allegations of Paragraph C. 7 are admitted.

8. On information and belief, the allegations of Paragraph C. 8 are admitted.

9. On information and belief, the allegations of Paragraph C. 9 are admitted.

10. On information and belief, the allegations of Paragraph C. 10 are admitted, stating affirmatively that Larry Michael Parrish began defrauding Mr. Bandimere in late 2005 during which time Parrish was actively involved in other litigation against the SEC in which the SEC alleged that Parrish had perpetrated a fraud on other investors.

11. Mr. Bandimere lacks sufficient information to admit or deny the allegations of Paragraph C. 11 and therefore denies.

12. The allegations of the first sentence of Paragraph C. 12 are admitted. Except as expressly admitted, the allegations of Paragraph C. 12 are denied.

13. Mr. Bandimere admits that Victoria Investors LLC was formed on April 3, 2007 with an address in Golden, Colorado. Except as expressly admitted, the allegations of Paragraph C. 13 are denied.

14. Mr. Bandimere admits that Ministry Minded Investors (“MMI”) was formed on September 18, 2008, with an address in Golden, Colorado. Except as expressly admitted, Mr. Bandimere denied the allegations of Paragraph C. 14.

**D. BACKGROUND ON UCR AND IV CAPITAL PONZI SCHEMES**

15. Except as admitted, Mr. Bandimere lacks sufficient information to admit or deny the allegations of Paragraph D. 15, except to the extent that those allegations relate to him directly, and therefore denies. On information and belief, Mr. Bandimere admits that Parrish was operating a Ponzi scheme that began at least as early as November, 2005, when Parrish was in litigation with the SEC over an earlier Ponzi scheme. Mr. Bandimere recalls that Parrish represented that IV Capital was an off-shore company trading primarily in securities, currencies, and commodities and that Parrish was not the only principal of IV Capital. Mr. Bandimere also recalls that Parrish told him that funds sent to IV Capital would be held in escrow to be used as collateral for a loan whose proceeds would be used for trading. Mr. Bandimere recalls that he was told by Parrish that IV Capital would earn at least 5% return per month with the return being evenly divided between IV Capital and investors. Mr. Bandimere was introduced to Parrish by Dalton, who, for a period of time, appeared to have some involvement with IV Capital and Parrish. Mr. Bandimere further recalls that at some point in time, Dalton stopped being involved with IV Capital, at least as far as Mr. Bandimere knew, and became involved with UCR, which Mr. Bandimere has come to believe was operated as a Ponzi scheme. Mr. Bandimere denies that he was paid as a broker by Parrish for bringing in new investors.

16. On information and belief, Mr. Bandimere admits the allegations of Paragraph D. 16, stating affirmatively that although he is now alleged to have been a culpable participant in Parrish's scheme, Mr. Bandimere was one of the investors referred to in the SEC's Complaint as having been a victim of Parrish.

17. Except as expressly admitted, Mr. Bandimere lacks sufficient information to admit or deny the allegations of Paragraph D. 17, except to the extent that those allegations relate to him, and therefore denies. Mr. Bandimere states that Dalton made available to him through UCR a trading program purporting to involve bank notes and a diamond program in which Mr. Bandimere invested hundreds of thousands of dollars of his own money. Dalton represented that investors would receive a monthly return of 4% in the bank note trading program. Dalton represented to Mr. Bandimere that UCR had the ability to participate in a bank note trading program conducted by experienced bond and note traders in Europe. Mr. Bandimere recalls that Dalton represented that money put in the diamond program would be used to finance the purchase of diamonds for resale. Mr. Bandimere further recalls that Dalton said that an investor participating in the diamond trading would receive 15% percent per transaction. Mr. Bandimere denies that he was a broker and further denies that he was paid by Dalton to recruit new investors.

18. On information and belief, Mr. Bandimere admits that allegations of Paragraph D. 18.

**E. ALLEGATIONS RELATING TO MR. BANDIMERE**

19. Mr. Bandimere admits the allegations of Paragraph E. 19, stating affirmatively that he had known Dalton for approximately 30 years, that the meeting with Parrish which

Mr. Bandimere requested occurred at the office of Mr. Bandimere's attorney, who participated in the meeting, and that the \$200,000 investments were from Mr. Bandimere's personal funds.

20. Mr. Bandimere admits that when speaking with certain family members and friends about their investment activities during normal social discourse, Mr. Bandimere mentioned his investment in IV Capital, along with other investments he made, and that during 2006, IV Capital had been providing a monthly return of 2.5% as Parrish had represented. Mr. Bandimere admits that certain of his family members and personal friends determined to invest in some of the same investments as had Mr. Bandimere, which included, but was not limited to, the IV Capital investment, and that investments made in IV Capital were made as additional contributions to Mr. Bandimere's existing investment. Mr. Bandimere admits that when returns were paid to him by IV Capital, he then paid the other investors their proportionate share of the return. Except as stated herein, the allegations of Paragraph E. 20 are denied.

21. The allegations of paragraph E. 21 are denied, Mr. Bandimere stating affirmatively that Parrish offered to compensate Mr. Bandimere for administrative tasks relating to investors in IV Capital other than Mr. Bandimere and Mr. Bandimere accepted that offer, Mr. Bandimere further stating that the compensation for administrative activities was not tied to the amount of money contributed by new investors, but, was 10 percent of the monthly return to investors, including the return on Mr. Bandimere's personal investment.

22. Mr. Bandimere admits that in approximately the second quarter of 2007, he discussed his investment activities with Cameron Syke, a Colorado securities and business attorney who Mr. Bandimere knew for many years. Mr. Bandimere further admits that Mr. Syke advised Mr. Bandimere that the proper way to have other investors get involved in investments with Mr. Bandimere was to create an entity in the form of a limited liability company, with an

operating agreement describing the relationships, and a subscription agreement setting out various representations, warranties and agreements to be used for investors to become members of the limited liability company. Mr. Bandimere admits that Mr. Syke provided him with a form subscription agreement and operating agreement for Victoria, and, because Mr. Syke desired to participate in some of the same investments in which Mr. Bandimere participated, Mr. Syke formed and created a subscription agreement and operating agreement for Exito, which was limited to accredited investors, including Mr. Syke and members of Mr. Syke's family. Mr. Syke and Mr. Bandimere were co-managers of Exito, and compensation for management services paid by Parrish was paid to Exito, and shared by Mr. Bandimere and Mr. Syke. Mr. Bandimere admits, on information and belief, that members of Victoria and Exito understood that each member would direct the capital paid for their member interest to be invested in an investment of their choosing. Except as expressly admitted, the allegations of Paragraph E. 22 are denied.

23. As stated above, certain friends and family of Mr. Bandimere with whom he discussed investments determined to participate in some of the same investments, including, but not limited to, IV Capital or, later, UCR. Except as expressly admitted, the allegations of Paragraph E. 23 are denied.

24. Mr. Bandimere admits that members of Victoria, Exito and Ministry Minded had the ability to invest with UCR, and that he did not identify Mr. Dalton by name. Except as expressly admitted, the allegations of Paragraph E. 24 are denied.

25. Mr. Bandimere admits that none of the limited liability companies which Mr. Bandimere managed pooled money contributed by its members but, rather, each member made his or her own decision as to where that member's money should be invested, and in what

amount. Mr. Bandimere admits that he explained that to members. Except as admitted herein, the allegations of Paragraph E. 25 are denied.

26. Mr. Bandimere admits that he made some members aware of a business that set up individual retirement accounts. Except as expressly admitted, the allegations of Paragraph E. 26 are denied.

27. Mr. Bandimere admits that he formed a third limited liability company, called Ministry Minded Investors, LLC in 2008. Except as expressly admitted, the allegations of Paragraph E. 27 are denied.

28. Mr. Bandimere admits that UCR had a program relating to diamonds in which members of the limited liability companies could direct their funds. Except as expressly admitted, the allegations of Paragraph E. 28 are denied.

29. Mr. Bandimere denies the allegations of the first sentence of Paragraph E. 29. Mr. Bandimere lacks sufficient information to admit or deny the allegations of the second sentence, and therefore denies. On information and belief, Mr. Bandimere admits that UCR and IV Capital were Ponzi schemes and money remaining in those schemes was lost. Except as expressly admitted, the allegations of Paragraph 29 are denied.

30. Mr. Bandimere admits that he performed a variety of administrative functions for other investors, including answering questions, the receipt and distribution of funds, the execution of documentation, internal accounting and the preparation of tax returns for the limited liability companies. Except as expressly admitted, the allegations of Paragraph E. 30 are denied.

31. Mr. Bandimere lacks sufficient information to admit or deny the allegations of the first two sentences of Paragraph E. 31, and therefore denies. Mr. Bandimere denies the allegations of the third sentence of Paragraph 31.



32. The allegations of Paragraph E. 32 are admitted.
33. The allegations of Paragraph E. 33 are denied.
34. The allegations of Paragraph E. 34 are denied.
35. The allegations of Paragraph E. 35 are denied.
36. The allegations of Paragraph E. 36 are denied.
37. The allegations of the first sentence of Paragraph E. 37 are denied.

Mr. Bandimere lacks sufficient information to admit or deny the remaining allegations, and therefore denies.

38. Mr. Bandimere denies that interests in Exito, Victoria and MMI were securities, stating affirmatively that the allegations regarding the pooling of investor funds are inconsistent with the allegations of Paragraph E. 25 above.

**F. ALLEGATIONS RELATING TO MR. YOUNG**

39. through 47. Mr. Bandimere lacks sufficient information to admit or deny the allegations of Paragraphs 39 through 47 and therefore denies.

**G. VIOLATIONS**

48. As they relate to him, Mr. Bandimere denies the allegations of Paragraph G. 48. Except as to the allegations specifically denied, Mr. Bandimere lacks sufficient information to admit or deny the allegations of Paragraph G. 48, and therefore denies.

49. As they relate to him, Mr. Bandimere denies the allegations of Paragraph G. 49. Except as to the allegations specifically denied, Mr. Bandimere lacks sufficient information to admit or deny the allegations of Paragraph G. 49, and therefore denies.

50. As they relate to him, Mr. Bandimere denies the allegations of Paragraph G. 50. Except as to the allegations specifically denied, Mr. Bandimere lacks sufficient information to admit or deny the allegations of Paragraph G. 50, and therefore denies.

51. Mr. Bandimere denies the allegations of Paragraph G. 51, stating affirmatively that he engaged in no fraudulent or otherwise improper conduct, and was not an investment advisor to a pooled investment vehicle.

#### **AFFIRMATIVE DEFENSES**

1. The claims asserted in the OIP relating to misrepresentations either by affirmative misstatement or omission, are barred by the doctrine of judicial estoppel.

2. To the extent that the OIP seeks a penalty for conduct occurring more than five years prior to the initiation of this proceeding, such claims are barred by the statute of limitations.

3. To the extent that the interests in the limited liability companies are deemed securities, and to the extent that Mr. Bandimere can be deemed to have been a seller of those securities, the sales are exempt.

4. All claims arising from transactions involving IV Capital or Lawrence Michael Parrish are barred by the doctrine of equitable estoppel.

5. To the extent that the OIP seeks remedies made available under the Dodd-Frank Act, such relief is unavailable because Mr. Bandimere's conduct pre-dated the effective date of Dodd-Frank, and the remedies made available under Dodd-Frank cannot be imposed retroactively.

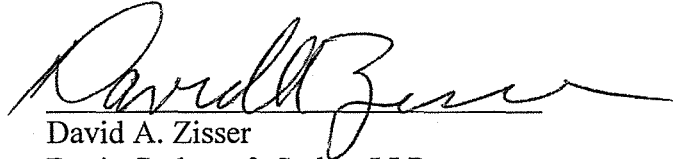
6. Mr. Bandimere has been deprived of equal protection of the law by virtue of the claims being brought as an administrative proceeding rather than as an injunctive action.

7. The SEC's administrative proceeding does not provide Mr. Bandimere with due process.

Dated this 4<sup>th</sup> day of January, 2013.

Respectfully submitted,

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