



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

2785 E. Desert Inn Road, Suite 180  
Las Vegas, Nevada 89121  
(702) 486-4120

1179 Fairview Drive, Ste 201  
Carson City, Nevada 89701  
(775) 687-5522

In Re:

The Entrust Group, Inc.

Respondent.

**ORDER TO CEASE AND DESIST  
UNLICENSED ACTIVITY AND  
NOTICE OF RIGHT TO APPEAL**

The State of Nevada Department of Business and Industry, Financial Institutions Division (hereinafter "Division") hereby orders The Entrust Group, Inc. (hereafter "Respondent") to cease and desist from any and all activities which are covered under Nevada Revised Statutes (NRS) Chapter 669.

**JURISDICTION**

1. The business of trust companies in Nevada is governed by Chapter 669 of the Nevada Revised Statutes (NRS) and Chapter 669 of the Nevada Administrative Code (NAC).

2. The Division has primary jurisdiction for the licensing and regulation of persons operating and/or engaging in trust company business. NRS 669.010; NRS 669.029; NRS 669.045; NRS 669.090 *et seq.*

**FINDINGS OF FACT**

3. Respondent is a Delaware corporation with its principal place of business in Oakland, California. Respondent's main business address is 555 12<sup>th</sup> Street, Suite 1250, Oakland, California 94607.

1           4.     The Division received a letter dated April 18, 2014 from a Nevada licensed trust  
2 company, notifying that Provident Trust Group, LLC (Provident), also a Nevada licensed trust  
3 company, demanded a transfer of Individual Retirement Account (IRA) assets from the  
4 Nevada licensed trust company to Respondent. The Nevada licensed trust company believes  
5 that Respondent's certain delegated responsibilities from Provident are deemed inappropriate  
6 and inconsistent with applicable federal and state laws and regulations.

7           5.     On July 21, 2014, the Division conducted an on-site examination of Provident.  
8 The examination scope included the review of Respondent's business relationships with  
9 Provident. The results of this review disclosed the following:

10           a) The Contract for Custodial Services dated July 22, 2013,  
11           between Provident and Respondent indicated that Provident is  
12           willing to act as a Custodian; provided that the Respondent,  
13           acting as the Administrator, performs certain administrative and  
14           custodial duties. These delegated duties are also summarized  
15           in the Respondent's Individual Retirement Custodial Account  
16           Agreement and include the following:

- 17           i) Executing applications, transfers, stock powers, escrow  
18           documents, purchase agreements, notes, deeds,  
19           reconveyances, and liens;
- 20           ii) Placing assets or liabilities in Administrator's name for  
21           the benefit of the Depositor to provide administrative  
22           feasibility of such transactions;
- 23           iii) Depositing account contributions and income;
- 24           iv) Paying account liabilities and distributions; and
- 25           v) Providing government reporting.

26           b) The performance of the above fiduciary duties expressly  
27           characterizes a "trust business," and "fiduciary" as defined by  
28           the Nevada statute that includes *Administrators* who possess  
and control any account assets, including cash.

          c) Through its website [www.theentrustgroup.com](http://www.theentrustgroup.com), Respondent  
advertises its services and holds itself out to the public that it is  
available to act as a *fiduciary*. It should be noted that  
Respondent's list of clients includes a number of Nevada  
residents.

          d) The Internal Revenue Code states that all IRAs are required to  
be held by a custodial entity such as bank, credit union, trust  
company or an entity that is licensed and regulated.

1 e) IRA Administrators, as the name suggests, are usually  
2 responsible for marketing and selling, performing data entry,  
3 producing statements and basic reporting; while IRA Custodians  
4 are primarily responsible for holding title to assets, investments  
5 or property, and establishing custodial depository accounts  
6 under the Custodian's name.

7 f) When Respondent holds title to IRA custodial assets and the  
8 custodial depository accounts are established under the  
9 Respondent's name, the Respondent is no longer an  
10 Administrator in the general sense and becomes a trust  
11 company that holds the accounts. Thus, Respondent is  
12 operating as an unlicensed trust company in Nevada.

13 6. Respondent is an individual retirement account (IRA) administrator performing  
14 fiduciary activities.

15 7. Respondent has never been licensed as a trust company by the Division.

16 8. If any Finding of Fact is more properly characterized as a Conclusion of Law, it  
17 shall be considered as such.

### 18 CONCLUSIONS OF LAW

19 9. Entities performing trust company business in Nevada are regulated pursuant to  
20 NRS Chapter 669. The Nevada Legislature expressly stated its intent at 669.010(1)-(3),  
21 which provides:

22 1. There exists in this State a need, for the protection of the public  
23 interest, to regulate companies which are engaged in the trust  
24 company business.

25 2. Such trust companies should be licensed and regulated in such  
26 manner as to promote the public advantage and convenience.

27 3. It is the purpose of this chapter to bring under public supervision  
28 those persons who are engaged in or who desire to engage in  
the business of a trust company, not in connection with banking  
business, and to insure that there is established in this State an  
adequate, efficient and competitive trust company service.

10. By its actions referenced hereinabove, Respondent has engaged in the  
business of a trust company in Nevada as defined in NRS 669.029, which provides:

"Business of a trust company" or trust company business" means  
the holding out by a person, by advertising, solicitation or other  
means, that is available to act as a fiduciary in this state and

1           undertaking to act as a fiduciary in the regular course of its  
2           business.

3           11. By its actions referenced hereinabove, including, but not limited to, possessing  
4           or controlling assets of custodial accounts, Respondent has acted in the capacity of a  
5           fiduciary and administrator in Nevada as defined in NRS 669.045, which provides:

- 6           1. "Fiduciary" means a trustee, executor, administrator, guardian  
7           of an estate, personal representative, conservator, assignee for  
8           the benefit of creditors, receiver, depository or person that  
9           receives a deposit money or property from a public  
10          administrator under any provision of this chapter or from  
11          another fiduciary.  
12          2. As used in this section, "administrator" includes servicers or  
13          administrators of individual retirement accounts within the  
14          meaning of section 408(a) of the Internal Revenue Code of  
15          1986, 26 U.S.C. 408(a), where the servicer or administrator  
16          holds itself out to the public for performance of such services  
17          and holds or maintains an ownership interest in the servicing  
18          rights of such accounts, or possesses or controls any of the  
19          assets of such accounts, including cash.

20          12. Pursuant to NRS 669.045(2) and 26 U.S. Code §408, all IRAs are required to  
21          be held Individual retirement accounts by a custodial entity such as bank, credit union, trust  
22          company or an entity that is licensed and regulated. 26 U.S. Code §408 provides:

23          (a) Individual retirement account – For purposes of this section, the  
24          term "individual retirement account" means a trust created or  
25          organized in the United States for the exclusive benefit of an  
26          individual or his beneficiaries, but only if the written governing  
27          instrument creating the trust meets the following requirements:

28          (2) The trustee is a bank (as defined in subsection (n)) or such  
            other person who demonstrates to the satisfaction of the  
            Secretary that the manner in which such other person will  
            administer the trust will be consistent with the requirements  
            of this section.

            (n) Bank

            For purposes of subsection (a)(2), the term "bank"  
            means—

- (1) any bank (as defined in section 581),  
            (2) an insured credit union (within the meaning of  
            paragraph (6) or (7) of section 101 of the Federal  
            Credit Union Act), and  
            (3) a corporation which, under the laws of the State of  
            its incorporation, is subject to supervision and  
            examination by the Commissioner of Banking or

1 other officer of such State in charge of the  
2 administration of the banking laws of such State.

3 13. By engaging in the business of a trust company in Nevada without a license,  
4 Respondent has violated NRS 669.090, which provides:

5 It is unlawful for any retail trust company to engage in the business  
6 of a trust company without complying with the provisions of this  
7 chapter and having a license issued by the Commissioner.

8 14. By using the word "trust" as part of its name, Respondent has violated NRS  
9 669.095(1), which provides as follows:

10 1. Except as otherwise provided in subsection 2, no person or  
11 organization formed and doing business under the laws of this  
12 State or any other state may:

- 13 (a) Use the word "trust" or any direct derivative of that word as  
14 part of its name.  
15 (b) Advertise or use any sign with the word "trust" used as part  
16 of its name.

17 15. The Commissioner has authority to investigate Respondent's activities pursuant  
18 to NRS 669.283(1)-(3), which provides:

19 1. For the purpose of discovering violations of this title or of  
20 securing information required under this chapter, the  
21 Commissioner or the Commissioner's duly authorized  
22 representatives may at any time investigate the business and  
23 examine the books, accounts, papers and records used therein  
24 of:

- 25 (a) Any Licensee;  
26 (b) Any other person engaged in an activity for which a license  
27 is required pursuant to the provisions of this chapter; and  
28 (c) Any person that the Commissioner has reasonable cause to  
believe is violating or is about to violate any provision of this  
chapter, whether or not the person claims to be within the  
authority or beyond the scope of this chapter.

2. For the purpose of examination, the Commissioner or the  
Commissioner's authorized representatives must have and be  
given free access to the offices and places of business, files,  
safes and vaults of such persons.

3. The Commissioner may require the attendance of any person  
and examine the person under oath regarding:

- (a) Any transaction or business regulated pursuant to the  
provisions of this chapter; or

(b) The subject matter of any audit, examination, investigation or hearing.

16. The Commissioner has authority to issue a cease and desist order and take other action(s) against Respondent pursuant to NRS 669.2846(1)-(2), which provides:

1. Whenever the Commissioner has reasonable cause to believe that any person is violating or is threatening to or intends to violate any provision of this chapter, the Commissioner may, in addition to all actions provided for in this chapter and without prejudice thereto, enter an order requiring the person to desist or to refrain from such violation.
2. The Attorney General or the Commissioner may bring an action to enjoin a person from engaging in or continuing a violation or from doing any act or acts in furtherance thereof. In any such action, an order or judgment may be entered awarding a preliminary or final injunction as may be deemed proper.

17. The Commissioner may impose an administrative fine upon Respondent pursuant to NRS 669.295(1), which provides:

1. In addition to any other remedy or penalty, the Commissioner may impose an administrative fine of not more than \$10,000 per violation upon a person who:
  - (a) Without a license, conducts any business or activity for which a license is required pursuant to the provisions of this chapter; or
  - (b) Violates any provision of this chapter or any regulation adopted pursuant thereto.

18. Any Conclusion of Law which is more properly characterized as a Finding of Fact shall be considered as such.

20 ...  
21 ...  
22 ...  
23 ...  
24 ...  
25 ...  
26 ...  
27 ...


ORDER

1  
2 IT IS HEREBY ORDERED that Respondent The Entrust Group, Inc. shall **CEASE AND**  
3 **DESIST** from operating and/or engaging in the business of trust company within the State of  
4 Nevada unless and until such time Respondent becomes licensed by the Division pursuant to  
5 NRS Chapter 669.

6 IT IS HEREBY FURTHER ORDERED that, pursuant to NRS 669.295, Respondent  
7 shall pay an administrative fine in the amount of TEN THOUSAND DOLLARS (\$10,000.00)  
8 due in full within thirty (30) days of entry of a final order.

9 DATED this 5th day of November, 2014.

10  
11 STATE OF NEVADA  
12 DEPARTMENT OF BUSINESS AND INDUSTRY  
13 FINANCIAL INSTITUTIONS DIVISION

14 By:  \_\_\_\_\_

15 GEORGE E. BURNS  
16 Commissioner

1 **APPEAL RIGHTS**

2 **RESPONDENT HAS THE RIGHT TO REQUEST A HEARING IN THIS MATTER.**

3 Other important rights you have are listed in Nevada Revised Statutes Chapters 669 and  
4 233B and the Nevada Administrative Code Chapter 669. If you wish to request a hearing you  
5 must file a request **within thirty (30) days** after this Order to Cease and Desist was served  
6 on the Respondent. Your request for a hearing must be delivered to:

7 STATE OF NEVADA  
8 DEPARTMENT OF BUSINESS AND INDUSTRY  
9 FINANCIAL INSTITUTIONS DIVISION  
10 2785 E. Desert Inn Road, Suite 180  
11 Las Vegas, Nevada 89121

12 DATED this 5<sup>th</sup> day of November, 2014.

13 STATE OF NEVADA  
14 DEPARTMENT OF BUSINESS AND INDUSTRY  
15 FINANCIAL INSTITUTIONS DIVISION

16  
17 By: \_\_\_\_\_

18 **GEORGE E. BURNS**  
19 Commissioner  
20  
21  
22  
23  
24  
25  
26  
27  
28



CERTIFICATE OF SERVICE

I certify that I am an employee of the State of Nevada, Department of Business and Industry, Financial Institutions Division, and that on the 6<sup>th</sup> day of November 2014, I deposited in the U.S. mail, postage prepaid, via First Class Mail and Certified Return Receipt Requested, a true and correct copy of the foregoing ORDER TO CEASE AND DESIST UNLICENSED ACTIVITIES AND NOTICE OF RIGHT TO APPEAL, addressed as follows:

The Entrust Group, Inc.  
555 12<sup>th</sup> Street, Suite 1250  
Oakland, California 94607  
Attention: Hubert Bromma

Certified Mail: 7013 1090 0000 1697 7030

Holland & Knight  
Attention: John Kern  
50 California Street, Suite 2800  
San Francisco, CA 94111

Certified Mail: 7013 1090 0000 1697 7023

*Chancy*

An Employee of the State of Nevada  
Department of Business and Industry  
Financial Institutions Division

7013 1090 0000 1697 7030

U.S. Postal Service™ <b>CERTIFIED MAIL™ RECEIPT</b> <i>(Domestic Mail Only; No Insurance Coverage Provided)</i>	
For delivery information visit our website at <a href="http://www.usps.com">www.usps.com</a>	
<b>OFFICIAL USE</b>	
Postage \$	
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total F	
Sent To	The Entrust Group, Inc.
Street, Apt. # or PO Box	Attn: Hubert Bromma 555 12 <sup>th</sup> Street, Ste 1250
City, State, ZIP	Oakland, CA 94607

7013 1090 0000 1697 7023

U.S. Postal Service™ <b>CERTIFIED MAIL™ RECEIPT</b> <i>(Domestic Mail Only; No Insurance Coverage Provided)</i>	
For delivery information visit our website at <a href="http://www.usps.com">www.usps.com</a>	
<b>OFFICIAL USE</b>	
Postage \$	
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Posts	
Sent To	Holland & Knight
Street, Apt. # or PO Box	Attn: John Kern 50 California Street, Ste 2800
City, State, ZIP	San Francisco, CA 94111

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

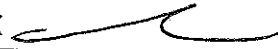
The Entrust Group, Inc.  
Attn: Hubert Bromma  
555 12<sup>th</sup> Street, Ste 1250  
Oakland, CA 94607

2. Article Number:  
(Transfer from service label)

7013 1090 0000 1697 7030

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X 

- Agent
- Addressee

B. Received by (Printed Name)

Ane Cravuz

C. Date of Delivery

11-10-14

D. Is delivery address different from item 1?  Yes  
If YES, enter delivery address below:  No

3. Service Type

- Certified Mail
- Registered
- Insured Mail
- Express Mail
- Return Receipt for Merchandise
- C.O.D.

4. Restricted Delivery? (Extra Fee)

- Yes