

STATE OF HAWAII

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

In the Matter of:) Case No. SEU-2010-014
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)
PERRY GRIGGS,) CONSENT ORDER;
RACHELLE GRIGGS, and) STIPULATIONS AND CONSENT
ALOHA TRADING, INC.,) TO ENTRY OF CONSENT ORDER
)
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Respondents.)
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_____)

CONSENT ORDER

I. Statement of Jurisdiction and Applicable Statutory Law

Pursuant to the authority granted by Chapter 485 and Chapter 485A of the Hawaii Revised Statutes (“HRS”) (each Chapter of law an “Act”, together the “Acts”), the rules and orders adopted thereunder, and other applicable authority, the Commissioner of Securities of the State of Hawaii (the “Commissioner”) conducted an investigation into the activities of Respondents Perry Griggs (“P. Griggs”), Rachelle Griggs (“R. Griggs”), and Aloha Trading, Inc. (“Aloha Trading”), (collectively referred to as “Respondents”), to determine if Respondents engaged in or were about to engage in any act or practice constituting a violation of the Acts or any rule or order adopted thereunder.

From the information revealed pursuant to said investigation, the Commissioner has reasonable cause to believe that Respondents violated the law.

Respondents along with the Commissioner desire to fully resolve this matter without the need for formal action by the Commissioner and the expense to the parties associated therewith and have reached an agreement in full and final resolution of this matter.

Based thereon, Respondents have consented to, without admitting or denying any of the Commissioner's Findings of Fact or Conclusions of Law, the Commissioner's jurisdiction in this proceeding pursuant to §§ 485-18.7 and 485A-604 of the Acts, to the terms and issuance of this consent order ("Consent Order"), and in connection therewith entered into the Stipulations and Consent to Entry of Consent Order attached hereto.

THEREFORE, the Commissioner has determined that it is in the public interest to issue this Consent Order.

II. Findings of Facts

1. Between July 2005 and July 2009, Respondents P. Griggs and R. Griggs were residents of the State of Nevada.
2. Respondent Aloha Trading was registered as a corporation in the State of Nevada between 2005 and 2010.
3. Between September 2005 and through January 2009, Respondents P. Griggs and R. Griggs solicited, offered, and sold "securities" as defined under §§ 485-1 and 485A-102 of the Acts to wit: investment contracts ("Aloha Trading investment contracts") solicited and/or offered to Hawaii and mainland investors in a commodities trading program.

4. The aforesaid securities that Respondents P. Griggs and R. Griggs sold to Hawaii and mainland investors were not registered with the Commissioner, nor were said securities appropriately exempt from registration, in violation of HRS §§ 485-8 and 485A-301.

5. Between September 2005 and through January 2009, Respondents P. Griggs and R. Griggs acted as broker-dealers, salespersons, investment advisers or investment adviser representatives as defined under HRS §§ 485-1 and 485A-102.

6. Between September 2005 and through January 2009, Respondents P. Griggs and R. Griggs were not registered nor appropriately exempt from registration with the Commissioner to conduct business as a broker dealer, salesperson, investment adviser or investment adviser representative as defined under HRS §§ 485-1 and 485A-102 and in violation of HRS §§ 485-14 and 485A-402.

7. Only a small portion of the total invested funds were used by Respondents for commodities trading purposes. Instead, Respondents used the invested funds to pay investor returns and personal expenses.

8. Based on Respondents' misrepresentations and omissions, the Hawaii and mainland investors believed that Respondents were investing in the commodities market and were not aware that Respondents were using invested funds to pay investor returns and personal expenses.

9. Respondents by and through P. Griggs and R. Griggs made the following material misrepresentations and omissions in connection with the offer and/or sale of

the aforementioned securities to the Hawaii and mainland investors and as a result of the following material misrepresentations and omissions, the Hawaii and mainland investors were induced into investing monies with Respondents:

- a. Respondents told the Hawaii and mainland investors that P. Griggs was serving time on tax evasion charges, when he was actually serving time for wire fraud and money laundering;
- b. Respondents told Hawaii and mainland investors that P. Griggs was a multi-millionaire expert in the field of commodity investments, when P. Griggs was not a multi-millionaire and not an expert in the field of commodity investments;
- c. Respondents stated that P. Griggs had experienced past success in the commodities industry, when P. Griggs had not had success as a commodity trader;
- d. Respondents promised some investors returns in the form of monthly mortgage payments for a set number of years followed by the payment of their outstanding mortgage;
- e. Respondents promised some investors returns in the form of pension payments for a set number of years, followed by a substantial lump sum payment; and

f. Respondents represented that investor returns would be funded with commodities trading profits, though the majority of funds were never used to trade commodities.

10. The Hawaii and mainland investors never realized the rates of return that were promised by Respondents.

11. On or about April 5, 2011, Respondent P. Griggs pleaded guilty to federal criminal charges of wire fraud and mail fraud. His plea agreement contains a provision requiring that he pay restitution of \$1,939,802.44 to the Hawaii and mainland investors.

IV. Conclusions of Law

THE COMMISSIONER, THEREFORE, CONCLUDES AS A MATTER OF LAW:

12. Paragraphs 1 through 11, inclusive, are realleged and incorporated herein as if set forth verbatim.

13. The Commissioner has jurisdiction over this matter pursuant to HRS §§ 485-2 and 485A-601.

14. The Aloha Trading Investment Contracts constitute “securities” within the meaning of HRS §§ 485-1(13) and 485A-102 and other applicable authority and were required to be registered or appropriately exempted from registration by the Commissioner.

15. The aforesaid securities that Respondents sold to Hawaii and mainland investors were not registered with the Commissioner, nor were said securities appropriately exempted from registration by the Commissioner in violation of HRS §§ 485-8 and 485A-301.

16. Respondents' actions as alleged in paragraphs 1 through 11, inclusive, constitute the transaction of business in the State of Hawaii of unregistered securities by an unregistered broker-dealer, salesperson, investment adviser or investment adviser representative in violation of HRS §§ 485-8 and 485-14.

17. Respondents' actions as alleged in paragraphs 1 through 11, inclusive, constitute securities fraud, in violation of HRS §§ 485-25 and 485A-501 in the following particulars:

- a. Respondents employed devices, schemes, and/or artifices to defraud in violation of HRS §§ 485-25(a)(1) and 485A-501(a)(1);
- b. Respondents made untrue statements of material fact and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, in violation of HRS §§ 485-25(a)(2) and 485A-501(a)(2); and
- c. Respondents engaged in acts, practices or courses of business that operated as a fraud or deceit upon persons, in violation of HRS §§ 485-25(a)(3) and 485A-501(a)(3).

V. Order

NOW, THEREFORE, IT IS HEREBY ORDERED that:

On the basis of the Findings of Fact and Conclusions of Law, Respondents consent to the entry of this Consent Order for the sole purpose of settling this matter.

Pursuant to HRS §§ 485-18.7 and 485A-604, because of the aforementioned

findings of facts and conclusions of law and/or because it appears that Respondents may engage in further acts or practices in violation of the Acts and/or because it is found that this action is necessary and in the public interest for the protection of investors, IT IS HEREBY ORDERED that:

(1) This Consent Order shall constitute a FINAL ORDER by the Commissioner under the Acts.

(2) Respondents shall CEASE AND DESIST from making any offer to sell, solicitation to purchase, sale of, and/or transfer of the above-described securities, or any other security, within, to or from the State of Hawaii until Respondents have fully complied with all requirements of the Act and until further order of the Commissioner.

(3) Permanent Bar: Respondents shall be permanently barred and enjoined from applying for registration in the State of Hawaii and/or engaging in the business of a broker-dealer, salesperson, agent, investment adviser, and/or investment adviser representative as defined in HRS §§ 485-1 and 485A-102. Said bar and permanent injunction shall be effective upon the execution of this Consent Order by the Commissioner.

(4) Administrative Penalty:

(a) Respondent P. Griggs shall pay an administrative penalty of FIFTY THOUSAND AND NO/100 DOLLARS (\$50,000.00) to the State of Hawaii Department of Commerce and Consumer Affairs, Business Registration Division, for the violations of the Acts described above, as follows:

- i. FIFTY THOUSAND AND NO/100 DOLLARS (\$50,000.00) shall be suspended on the condition that Respondent P. Griggs conforms his conduct to the requirements of the laws of the State of Hawaii and complies with all terms and conditions of this Consent Order as stated.
- (b) Respondent R. Griggs shall pay an administrative penalty of FIFTY THOUSAND AND NO/100 DOLLARS (\$50,000.00) to the State of Hawaii Department of Commerce and Consumer Affairs, Business Registration Division, for the violations of the Acts described above, as follows:
 - i. FIFTY THOUSAND AND NO/100 DOLLARS (\$50,000.00) shall be suspended on the condition that Respondent R. Griggs conforms her conduct to the requirements of the laws of the State of Hawaii and complies with all terms and conditions of this Consent Order as stated.

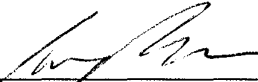
(5) Violation of Consent Order: If, however, the Commissioner determines that Respondents have violated any of the terms and conditions of this Consent Order, the suspended portion of said administrative penalty shall become immediately due and owing. Said violation of this Consent Order shall include but is not limited to the failure to comply with any terms and conditions of this Consent Order as set forth in section V.

(6) Respondents shall each be subject to a civil penalty of not more than FIFTY THOUSAND AND NO/100 DOLLARS (\$50,000.00) per violation for each and

every violation of the Act if said Respondents knowingly violate this Consent Order or any order of the Commissioner, pursuant to HRS § 485A-604.

(7) This Consent Order does not preclude the imposition of any sanction or other action against Respondents for future violations of the Act.

DATED: Honolulu, Hawaii , AUG 10 2011



TUNG CHAN
Commissioner of Securities
State of Hawaii

**STATE OF HAWAII
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

In the Matter of:)	Case No. SEU-2010-014
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PERRY GRIGGS, RACHELLE GRIGGS, AND ALOHA TRADING, INC.,)	STIPULATIONS AND CONSENT TO ENTRY OF CONSENT ORDER
)	
Respondents.)	
_____)	

STIPULATIONS AND CONSENT TO ENTRY OF CONSENT ORDER


The undersigned Perry Griggs, Rachelle Griggs, and Aloha Trading, Inc. (collectively referred to as "Respondents") hereby stipulate, agree, and consent as follows:

1. Respondents Perry Griggs, Rachelle Griggs, and Aloha Trading, inc. have fully read and understand the foregoing consent order (the "Consent Order"), and neither admitting nor denying the Findings of Fact and Conclusions of Law contained therein, voluntarily stipulate and consent to the entry and issuance of said Consent Order;
2. Respondents waive any and all rights to a hearing or to otherwise challenge or appeal the foregoing Consent Order;
3. Respondents make these stipulations voluntarily and of their own free will;
4. Respondents have been advised of the right to consult with an attorney before stipulating, agreeing, and consenting to entry and issuance of the foregoing Consent Order;
5. No promises were made nor coercion used to induce Respondents to stipulate, agree, and consent to entry and issuance of the foregoing Consent Order;

6. This Consent Order does not preclude the imposition of any sanction or other action against Respondents for other violations of the Uniform Securities Act, Chapters 485 and 485A, Hawaii Revised Statutes, which are not included in the foregoing Consent Order;

7. Should Respondents fail to comply with the provisions of this Consent Order, the Commissioner of Securities of the State of Hawaii ("Commissioner") may seek to impose sanctions and costs and the Commissioner may seek other appropriate relief subject to the Respondents' right to a hearing; and

8. This Consent Order may be executed in counterparts and shall be fully enforceable upon the signing hereof by all the parties named below regardless of whether the parties execute a single copy or multiple copies of this Consent Order.



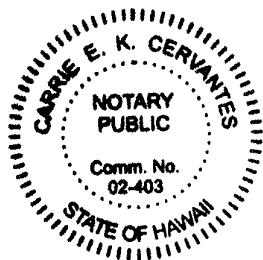
Perry Griggs
Respondent-Pro Se

8/10/11

Date

STATE OF HAWAII)
COUNTY OF HONOLULU) ss.

On this 10th day of August, 2011, before me personally appeared **PERRY GRIGGS** known to be the person described in and who executed the foregoing Stipulations and Consent to Entry of Consent Order and acknowledged that he executed the same as his free act and deed.



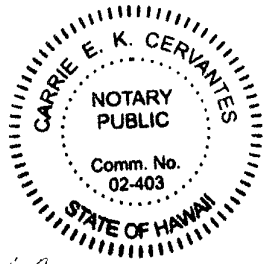
Carrie E. K. Cervantes
(print)
Carrie E. K. Cervantes
Notary Public
My Commission Expires: 08/25/2014

Rachel Griggs
Rachel Griggs
Respondent-Pro Se

August 10, 2011
Date

STATE OF HAWAII)
COUNTY OF HONOLULU) ss.

On this 10th day of August, 2011, before me personally appeared **RACHELLE GRIGGS** known to be the person described in and who executed the foregoing Stipulations and Consent to Entry of Consent Order and acknowledged that she executed the same as her free act and deed.



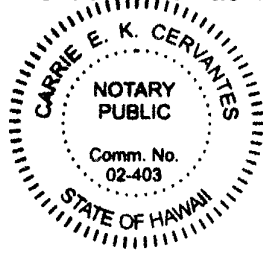
Carrie E. K. Cervantes
(print)
Carrie E. K. Cervantes
Notary Public
My Commission Expires: 08/25/2014

Rachel Griggs
Aloha Trading, Inc.
By its President, Rachel Griggs
Respondent-Pro Se

August 10 2011
Date

STATE OF HAWAII)
COUNTY OF HONOLULU) ss.

On this 10th day of August, 2011, before me personally appeared **ALOHA TRADING, INC. by its President RACHELLE GRIGGS** known to be the person described in and who executed the foregoing Stipulations and Consent to Entry of Consent Order and acknowledged that she executed the same as her free act and deed.



Carrie E. K. Cervantes
(print)
Carrie E. K. Cervantes
Notary Public
My Commission Expires: 08/25/2014