

## **A PICTURE OF SUCCESS – A FAILURE OF TRUST**

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*Dominion Investment Group of Virginia Beach, Virginia provided a full range of financial services with a network of more than 200 independent consultants and ten offices in seven different states. Several years ago, Ann Smith, currently an 86-year-old widow, entrusted \$250,000 of her inheritance from her husband's estate with Daryl Bank one of the co-founders of Dominion Investment Group. When she wanted to withdraw some of the funds, she was informed that another investor would need to be found to purchase her investment before any funds could be returned.*

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### **INTRODUCTION**

Ann Smith (name disguised to protect her privacy) sat in stunned silence as she listened to Sarah Kleiner, a reporter with *The Virginia Pilot*. Ann was going to be featured in a front-page story in the Sunday paper; “A Picture of Success: A Failure of Trust.” Unfortunately, now it was all coming together. First, the many meetings with her investment broker, Daryl Bank, who had become like a member of the family, then the FBI. Finally, there were meetings with Sarah as Ann shared her story and now she would be in the paper, and not for a good reason. The impact of the possible loss of a substantial portion of her “nest egg” had not fully sunk in. What could she do?

### **ANN SMITH**

Ann Smith from Hampton, Virginia was an 86-year-old widow, whose husband had died 13 years ago, in 2002. He had left her fairly financially secure with a portfolio of over \$500,000. In the late 1990s Ann and her husband first met Daryl Bank at an investment seminar he hosted. Daryl quickly gained their trust and was like a member of the family.

Several years ago, Ann shifted about \$250,000 from traditional securities like stocks and mutual funds to limited liability companies recommended by Bank. Daryl assured Ann that he would never put her into anything that he wouldn't recommend for his grandparents. Initially, Ann received a couple hundred in quarterly dividends for several years, but that income eventually dried up and no returns have been received for the last few years.

Recently, Ann became uncomfortable with this investment and wanted to get out of the limited liability companies. Daryl informed her that he could not refund her money until he found another investor to complete a “cross trade” for her shares. She really became concerned when the FBI came to her home and asked questions about one of the limited liability companies. Daryl assured her that her investment was safe and the issue was about a problem concerning a former employee. Next, she received four nearly identical letters indicating that the limited liability companies were being moved from Virginia to Florida and Nevada “due to taxes, efficiency and the desire to keep costs down.” (Kleiner, 2015)

Before she knew it, Sarah, from *The Virginia Pilot* came to her home and asked if she would like to share her story about her investment services from Daryl Bank. It was then she learned that Daryl had been arrested in Florida and charged with two felonies: aggravated assault with a deadly weapon and assault on an elderly person. He had posted a \$20,000 bond. (Kleiner, 2015)

### **DARYL BANK**

Darya Bank, from Chesapeake, Virginia and currently residing in Port St. Lucie, Florida was an investment advisor for a company he founded in 2003, Dominion Investment Group. Daryl was 45 years old and had first registered as an investment advisor representative and broker with UBS Financial Services in Virginia Beach in 1996.

Daryl was a very charismatic individual and very engaging when discussing financial investment opportunities with individuals. He also was one of a number of authors of two books: SuccessOnomics: Learn the Secrets of Success in the New Economy from Today's Leading Entrepreneurs and Professionals and Get in the Game: The World's Leading Entrepreneurs and Professionals Reveal How You Can Get Off the Sidelines and Start Improving your Health, Wealth and Lifestyle. These books required that the author pay a fee of between \$7,000 and \$9,000 to write a chapter. For an extra fee, Daryl was included on a cover photo of a limited number of copies of the SuccessOnomics book which were made available for his personal distribution.

Daryl also started a very popular radio program called “Daryl and the Bull.” The one hour program was broadcast in 15 states and included investment related topics like annuities, taxes, identity theft, and college planning. Daryl, through his company, paid radio stations to broadcast the show, but he included in the broadcast several commercials which were advertisements for Dominion Investment Group.

## **DOMINION INVESTMENT GROUP**

Dominion Investment Group was founded in 2003 as an arm of Resource Bank by Daryl Bank and Roger Hudspeth, who knew each other as political science majors at Old Dominion University. When the economy crashed in 2008, Dominion Investment Group went independent. Initially Bank and Hudspeth were selling annuities and insurance in Virginia Beach, Virginia.

In 2009 the Financial Industry Regulatory Authority (FINRA) claimed that Bank had funneled money to a third-party member of Commonwealth Financial Advisors and that individual then transferred money to a company owned by Bank who kept most of the money except for a commission to the third party. Bank settled with FINRA in 2010 without admitting guilt; however, FINRA permanently banned Bank from registering as a broker in the United States which was the strongest sanction they could evoke. (Kleiner, 2015)

After the 2010 settlement, Bank began to build a web of Limited Liability Companies under the umbrella of Dominion Investment Group. The business expanded to include ten offices in seven states; Virginia, Florida, Arizona, Colorado, Delaware, Nevada and Pennsylvania. A full range of financial services were offered and there was a network of more than 200 independent financial counselors.

In April, 2015 the Securities and Exchange Commission (SEC) filed a complaint in U.S. District Court in Arizona against Bank and five other men. The complaint alleged that the defendants participated in a scheme to bilk millions from investors through the sale of “cellular Spectrum licenses.” Two defendants formed a company called Janus Spectrum LLC to market a particular brand of wireless spectrum they claimed would be sought by Sprint and other major cellphone carriers. In reality, the Federal Communications Commission had limited the use of the band to protect public safety airwaves. (Kleiner, 2015)

## **INVESTMENTS**

When Daryl introduced investment opportunities to potential investors, especially seniors, he always tried to stress the risk of securities. There were extensive disclaimer documents and paperwork presented to the investors for signature. Potential returns on securities were identified but not guaranteed. Also, investors were told there was the possibility that investments, like the limited liability companies, could lose all funds. Daryl was reassuring to investors indicating that they were like family. He indicated he would only recommend securities that he would also sell to his own parents or grandparents.

### **DILEMMA**

Ann really liked Daryl and had gotten to know his wife, children and even his pets. Over more than 15 years, she had trusted her finances to him. She believed in him and was sorry to hear of his current crisis. However, Ann was 86 and in danger of losing a substantial amount of money. Was there any way she could get the investments back? What recourse did she have? Her children were concerned as well. Ann did not want to be a burden to her family and had intended on being able to live independently in her retirement. She and her husband had worked a lifetime for financial security and here it was dissolving before her very eyes.

### **REFERENCE**

Kleiner, S. (2015, August 16). A Picture of Success: A Failure of Trust. *The Virginia Pilot*