



STATE OF UTAH

**DEPARTMENT OF COMMERCE | DIVISION OF SECURITIES
COMMISSION MEETING | APRIL 13, 2023 | PENDING MINUTES**

SECURITIES COMMISSION

Lyle White
Lyndon Ricks
Mark Zimbelman
Dawn Dachenhausen

Chair
Commissioner
Commissioner
Commissioner

DIVISION OF SECURITIES

Jason Sterzer
Bryan Cowley
Ken Barton
Liz Blaylock
Ashlee Buchholz
Aaron Burgoyne
Tarah McMillan
Cidne Orchard
Tyler Hardman

Director, Division of Securities
Manager of Licensing and Registration
Manager of Compliance
Manager of Enforcement
Administrative Assistant
Investigative Accountant
Administrative Office Specialist
Enforcement Investigator
Securities Analyst

ASSISTANT ATTORNEY GENERALS

Jen Korb
Stephen Gilles
Mark Holliday
Douglas Crapo
Michael Gadd

Counsel for Division
Counsel for Division
Counsel for Division
Counsel for Division
Counsel for Division

Chairman White commenced the Securities Commission meeting.

1. Approval of October 13, 2022 and March 8, 2023 meeting minutes.
 - Commissioner White made a motion to approve the meeting minutes after amending them to replace a reference of Co-chair with Vice-chair. Commissioner Dachenhausen seconded the motion. The motion was approved unanimously.

DIRECTOR'S REPORT

Jason Sterzer

- Director Sterzer reported that Liz Blaylock was promoted to Senior Enforcement Manager, replacing Dave Hermansen who retired after 32 years with the Division.
- Director Sterzer then reported on the Division's plan to fight securities fraud in Utah which included details in the following areas:
 - Division of Securities Communication and Outreach Initiative
 - Fraud Prevention Sweep Examinations
 - Collaboration with External Stakeholders to Prevent Fraudulent Securities Transactions
 - Vigorous Enforcement of the Utah Uniform Securities Act
 - Fostering Opportunities for Capital Formation

SECTION REPORTS

Licensing and Corporate Finance

Bryan Cowley

- Mr. Cowley highlighted the work of Securities Examiner Andrew Stagg.

Compliance

Ken Barton

- Mr. Barton reported on the Division focus on Fraud Prevention Sweep Examinations. Through March 31, 2023, the Division has opened 228 fraud prevention examinations and has completed 164. In July, the Division will begin the 2023/2024 sweep examination process again.
- Mr. Barton also introduced the two new Securities Examiners hired by the Division.

Enforcement

Liz Blaylock

- Ms. Blaylock reported that the Enforcement Section has 52 open investigations spread amongst 5 Investigators and 24 cases waiting for assignment. In addition, the Division has 20 cases that are with Criminal prosecutors and another 6 which will be screened with them by the end of the month.
- Ms. Blaylock also reported on factors the Division uses to triage complaints filed with the Division.

Communications and Outreach

Francswai Grayson

- Ms. Grayson updated the Commission on the outreach initiatives the Division has been working on. These initiatives include the Division's partnership with Law Enforcement agencies and bringing awareness to them about the work the Division does. Her efforts within that partnership include three deliverables: In-person training, adding securities enforcement training to the post training certification, and providing resource cards to LEO's.
- The Division will also be hosting an event for licensees, a first ever caravan on regulatory compliance in June. The Division is also planning a fraud symposium for licensees later in the year. Ms. Grayson is working with our federal counterparts including our partners at the SEC, DOJ, FBI, FINRA to present at the symposium.
- Ms. Grayson is also working on creating a more robust marketing strategy to better target our educational resources and get out to a broader community. This effort includes an affinity fraud media campaign and launching Division social media platforms.

2. Education Fund Expenditure Request

Aaron Burgoyne

- Mr. Burgoyne presented the investor education and enforcement fund report and expenditure request covering the period since the October 2022 commission meeting. Commissioner Dachenhausen made a motion to approve and Commissioner Ricks seconded the motion. The Commission unanimously approved the education fund expenditure request.

3. CONSIDERATION AND APPROVAL OF PROPOSED ORDER(S)

In the matter of Cameron Cox/Blocktrics SD-21-0013

Stipulation and Consent Order Presented by Tyler Hardman

The Division's investigation of this matter revealed that while conducting business in or from Utah, Mr. Cox offered and sold an investment opportunity to one Utah investor and raised approximately \$20,000. In connection with the offer and sale of securities, Cox, either directly or indirectly, made untrue statements of material facts and/or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading; or engaged in an act practice or course of business which operated as a fraud.

The Order required respondents to admit the Division's Findings and Conclusions, cease and desist from violating the Utah Uniform Securities Act, be barred from licensure, and pay a fine in the amount of \$22,500. Respondents agree to pay the fine within 60 days following the approval of the Commission. The fine may be offset, dollar for dollar, for restitution of up to \$18,000 paid to the investor pursuant to the Criminal Action.

- ✓ Commissioner Ricks made a motion to approve and Commissioner White seconded the motion. The Commission unanimously approved the Stipulation and Consent Order.

In the matter of Annua/Merritt SD-22-0013

Stipulation and Consent Order Presented by Tyler Hardman

The Division's investigation of this matter revealed that, from approximately 2015 to 2017, while conducting business in or from the state of Utah, Respondents offered and sold investment opportunities to eighty-eight investors located in thirteen different states, including at least four in Utah. The respondents raised approximately \$10,319,360.47 and received \$535,452.49 in commissions. In connection with the offer and/or sale of securities, Respondents, either directly or indirectly, made material omissions and/or misrepresentations of material facts, acted as an unlicensed agent, and an unlicensed investment adviser representative.

The Order required respondents to admit the Division's Findings and Conclusions, cease and desist from violating the Utah Uniform Securities Act, be barred from licensure in Utah, and pay a fine in the amount of \$22,500. The first fine payment of \$5,000 will be due to the Division within thirty (30) days of the Utah Securities Commission's approval of this Order. Respondents will pay the remaining fine amount of \$17,500 by making consecutive equal monthly payments to the Division over the succeeding twenty-four (24) month period.

- ✓ Commissioner Zimbleman made a motion to approve and Commissioner White seconded the motion. The Commission unanimously approved the Stipulation and Consent Order.

- 4. Discussion regarding new Commission Chair and Vice-Chair. Chairman White nominated Commissioner Ricks to serve as Chair and Commissioner Dawn Dachenhausen to serve as Vice-Chair.
 - ✓ The Commission unanimously voted to approve the nominations.

- 5. Closed Session – Presentation and discussion of recommended whistleblower awards.
 - ✓ The Commission unanimously voted to go into closed session.

MEETING ADJOURNED

10:28 AM

The next scheduled Securities Commission meeting is August 10-11, 2023.

APPROVED:

 8/10/23
CHAIRMAN RICKS DATE