

Division of Securities
Utah Department of Commerce
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Salt Lake City, UT 84114-6760
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**BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH**

IN THE MATTER OF: MARVIN R. CARTWRIGHT Respondent.	STIPULATION AND CONSENT ORDER Docket No. SD-22-0017
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The Utah Division of Securities (“Division”), by and through its Chief Investigator, Elizabeth Blaylock, and Respondent Marvin R. Cartwright (“Cartwright” or “Respondent”) hereby stipulate and agrees as follows:

1. Respondent has been the subject of an investigation by the Division into allegations that he violated the Utah Uniform Securities Act (“Act”), Utah Code Ann. §§ 61-1-1(2) (securities fraud), and 61-1-1(3) (securities fraud).
2. In May and June 2021, Respondent fraudulently offered an investment opportunity to Utah investor D.H. and sought an investment of \$1,000,000, although the investment was ultimately not made. Based on that conduct, in October 2021 Respondent was criminally charged in the Third District Court, Salt Lake County, Case No. 211911523. On October 26, 2022, Respondent pled guilty to securities fraud as a class A misdemeanor as part of a

plea in abeyance.¹

3. On November 16, 2022, the Division initiated this administrative action against Respondent by filing an Order to Show Cause.
4. On March 9, 2023, the Division filed a Motion for Summary Judgment against Respondent based on admissions he made in the criminal action and in his Answer to the First Amended Order to Show Cause. The motion was granted on May 17, 2023 (“Order Granting MSJ”). The Order Granting MSJ does not address the appropriate amount of a fine against Respondent and anticipated a future hearing before the Utah Securities Commission for the sole purpose of reviewing the fine factors under 61-1-31 of the Act and determining the fine amount.
5. Respondent hereby agrees to settle this matter with the Division by way of this Stipulation and Consent Order (the “Order”). If entered, the Order will fully resolve all claims the Division has against Respondent pertaining to the Order to Show Cause and will replace the Order Granting MSJ.
6. Respondent admits that the Division has jurisdiction over him and over the subject matter of this action.
7. Respondent hereby waives any right to a hearing to challenge the Division’s evidence and present evidence on their behalf.
8. Respondent has read this Order, understands its contents, and voluntarily agrees to the entry of the Order as set forth below. No promises or other agreements have been made by the Division, nor by any representative of the Division, to induce Respondent to enter into this Order, other than as described in this Order.

¹ The Court in the criminal action agreed to hold Respondent’s guilty plea in abeyance for 18 months and to dismiss the criminal charge if he complies with all terms of the plea agreement.

9. Respondent is represented by Jake Taylor of the law firm Clyde Snow & Sessions and is satisfied with the legal representation he has received.

FINDINGS OF FACT

THE RESPONDENT

10. Respondent was a resident of Utah during all times relevant to the allegations asserted herein and has never been licensed in the securities industry. Respondent is the father of co-respondent Bret Reed Cartwright (“Bret”)² who was previously the subject of five administrative actions by the Division and criminally convicted of a pattern of unlawful activity and two counts of securities fraud in Utah.

RELATED ENTITY INFORMATION

11. Profit Connect, Inc. (“Profit Connect”) is a Nevada corporation established in May 2018, by Joy Kovar and Brent C. Kovar (together, “Kovars”). Brent C. Kovar was previously the subject of an action by the U.S. Securities and Exchange Commission (“SEC”) for defrauding investors through an unregistered fraudulent offering of stock in Sky Way Global, LLC and orchestrated a pump-and-dump securities fraud scheme and was barred from the security industry. Profit Connect purported to use supercomputer artificial intelligence to trade investor money for up to 30% returns. As part of its business operations, Profit Connect recruited unlicensed agents including Bret to make sales on its behalf for commissions.
12. In July 2021, the SEC filed a complaint against Profit Connect and the Kovars alleging it operated as a nationwide Ponzi scheme that raised over \$12 million dollars from at least

² This administrative action against Bret concluded on April 10, 2023 when the Utah Securities Commission granted the Division’s Motion for Summary Judgment against him. *See* Order on the Division of Securities’ Motion for Summary Judgment Against Respondent Bret Reed Cartwright, in case number SD-22-0016.

277 investors. Profit Connect and the Kovars stipulated to an injunctive order, and the enterprise was placed under federal receivership since August 2021.

GENERAL ALLEGATIONS

13. The Division's investigation of this matter revealed that in or about November 2020 through July 2021, while doing business in Utah, Respondent offered an investment opportunity in Profit Connect to at least one Utah investor, D.H., and sought to raise approximately \$1,000,000 in connection therewith.
14. The investment opportunity offered and sold by Respondent is an investment contract, which is defined as a security under §61-1-13 of the Act.
15. In connection with the offer of securities, Respondent directly or indirectly made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; Respondent also engaged in an act, practice or course of business which operated as a fraud.

THE SOLICITATION AND INVESTMENTS

16. In or about November 2020, investor D.H. attended a seminar held by General Trader Fulfillment ("GTF") in Lehi, Utah where he met Bret. Bret was employed as a "coach" for GTF, instructing students on how to invest in Foreign Exchange ("Forex") markets and other trading platforms.
17. During the seminar, Bret solicited D.H. to invest in Profit Connect.
18. During the solicitation, Bret made numerous statements to D.H. regarding the investment opportunity, including, but not limited to, the following:
 - a. Bret was an experienced and successful Forex trader;

- b. Bret was involved in a new venture called Profit Connect;
 - c. Profit Connect had proprietary software and algorithms that enabled it to generate high returns through Forex trading, stock trading, and “Venture Capital Services”;
 - d. Profit Connect offered guaranteed annual returns of 20% to 30%;
 - e. Profit Connect generated these high returns from its proprietary algorithm and supercomputer technology; and
 - f. Bret could introduce D.H. to the founders of Profit Connect and tour the facility.
19. Bret did not disclose his criminal or regulatory history to D.H. prior to D.H.’s investment.
20. Among other things, Bret told D.H. that his funds would be deposited into an FDIC-insured Profit Connect account where they would remain and would not be placed at risk.
21. Based upon Bret’s statements, D.H. was persuaded to invest on two different occasions.
22. Pursuant to Bret’s instructions, D.H. first invested in Profit Connect by wire transfer of \$2,000 from his individual retirement account. On or about December 9, 2020, D.H. wired \$500,000 from his personal savings account; and again, on December 24, 2020, a wire transfer of \$500,000 from his personal savings account; and again, on December 31, 2020, a wire of \$500,000 from D.H.’s IRA account. All wires were sent to Profit Connect’s Bank of America account ending in 8677.
23. An analysis of D.H.’s investment funds reveals they were used in a manner inconsistent with the statements and representations made during the offer, including payments toward personal property purchases for the Kovars, credit card payments for the Kovars, Ponzi like payments to prior investors and commission payments to sales agents.

FRAUDULENT CONDUCT, MISREPRESENTATIONS AND OMISSIONS

24. Between May 17, 2021, and June 28, 2021, while Bret was incarcerated in the Salt Lake

County Jail awaiting trial for another securities fraud case, Respondent solicited D.H. to invest an additional \$1 million in home equity in Profit Connect.

25. Respondent, impersonating his son Bret, continued to solicit D.H. through a series of text messages from Bret's cell phone. Respondent made numerous statements to D.H. regarding the investment opportunity, including, but not limited to, the following:
- a. That D.H. should take a home equity cash out;
 - b. That D.H. should send that cash by wire to Profit Connect to invest;
 - c. That Profit Connect would accept a lien on D.H.'s office building as equity investment; and
 - d. That the investment deal was on track.
26. D.H. did not invest additional money as a result of these solicitations, because the SEC initiated an emergency action and obtained a temporary restraining order and asset freeze just prior to D.H.'s third prospective investment.

FRAUDULENT CONDUCT: MONEY LAUNDERING

27. On or about June 10, 2021, Respondent contacted Profit Connect to facilitate the transfer of Bret's commissions from his prior unlawful securities sales to D.H. and others. Respondent received a \$53,000 commission payment from Profit Connect into his personal checking account at Central Bank of Utah account ending in 7230.
28. On or about June 14, 2021, Respondent transferred \$45,015 of the commission payment to his personal account at Nevada State Bank ending in 8051.
29. In recorded calls between Respondent and Bret at the Salt Lake County Jail, the two discussed receiving and transferring commission payments in this way to circumvent the temporary restraining order and asset freeze filed against Bret and Respondent.

30. In connection with the offer and sale of securities, Respondent engaged in fraudulent conduct and made material misstatements to investor D.H. including, but not limited to, the following:
- a. Bret was communicating with D.H., when in fact Bret was incarcerated and D.H. was actually communicating with Respondent.
31. In connection with the offer or sale of securities, Respondent omitted material information to D.H. including, but not limited to, the following:
- a. Respondent facilitated receipt of Bret's Profit Connect commissions into Respondent's own personal accounts to circumvent an asset freeze of Bret's personal accounts;
 - b. Some of Respondent's bank accounts were frozen in an extended temporary restraining order on June 18, 2021;
 - c. Bret had outstanding debts, criminal restitution, judgements, and liens Respondent was assisting Bret to manage and pay; and
 - d. Some or all of the information typically provided in an offering circular or prospectus relevant to the investment opportunity, such as:
 - i. Business and operating history;
 - ii. Financial statements;
 - iii. Information regarding principles involved in the company;
 - iv. Conflicts of interest;
 - v. Risk factors;
 - vi. Suitability factors for investment; and
 - vii. Whether the securities offered were registered in the state of Utah.

32. To date, D.H. is still owed at least \$1,500,000 in principal alone on his investments.

CONCLUSIONS OF LAW

Securities Fraud under § 61-1-1(2) of the Act

33. As described herein, in connection with the offer or sale of securities, Respondent directly or indirectly misrepresented material facts or omitted material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, in violation of Section 61-1-1(2) of the Act.

Securities Fraud under § 61-1-1(3) of the Act

34. As described herein, by fraudulently impersonating Bret in connection with the offer or sale of securities, Respondent directly or indirectly engaged in an act, practice, or course of business which operated as a fraud or deceit on D.H., in violation of Section 61-1-1(3) of the Act.

REMEDIAL ACTIONS / SANCTIONS

35. Respondent admits the Division's Findings of Fact and Conclusions of Law, and consents to the below sanctions being imposed by the Division.
36. Respondent agrees to cease and desist from violating the Act and to comply with the requirements of the Act in all future business in Utah.
37. Respondent agrees to be barred from associating with any broker-dealer or investment adviser licensed in Utah; from acting as an agent for any issuer soliciting investor funds in the state of Utah; and from being licensed in any capacity in the securities industry in Utah.
38. Pursuant to Utah Code Ann. §61-1-20, and in consideration of the factors set forth in Utah Code Ann. §61-1-31 and Respondent's financial situation and ability to pay, the

Division imposes a fine of \$10,000.00 against Respondent. Respondent agrees to make monthly payments of \$200.00 to the Division over the twenty-four (24) month period following entry of this Order, with the first payment due within 30 days following entry of this Order. If Respondent successfully makes all twenty-four consecutive \$200.00 payments, the Division shall waive collection of the remaining fine.

FINAL RESOLUTION


39. Respondent and the Division acknowledge that this Order, upon approval by the Commission, shall be the final compromise and settlement of this matter. Respondent acknowledges that the Commission is not required to approve this Order, in which case the Order shall be null and void and have no force or effect. In the event the Commission does not approve this Order, however, Respondent expressly waives any claims of bias or prejudgment of the Commission, and such waiver shall survive any nullification.
40. If Respondent materially violates any term of this Order, after notice and an opportunity to be heard before an administrative judge solely as to the issue of a material violation, Respondent consents to entry of an order in which the total fine amount becomes immediately due and payable, less any payments already made. Notice of the violation will be provided to Respondent at his last known addresses, and to counsel for Respondent. If Respondent fails to request a hearing, or fails to cure any missed fine payment, within ten (10) days following the notice, there will be no hearing and the order granting relief will be entered.
41. In addition, the Division may institute judicial proceedings against Respondent in any court of competent jurisdiction and take any other action authorized by the Act or under any other applicable law to collect monies owed by Respondent or to otherwise enforce

the terms of this Order. Respondent further agrees to be liable for all reasonable attorneys' fees and costs associated with any collection efforts pursued by the Division, plus the judgment rate of interest.

42. Respondent acknowledges that the Order does not affect any civil or arbitration causes of action that third parties may have against him arising in whole or in part from his actions, and that the Order does not affect any criminal causes of action that may arise as a result of the conduct referenced herein. Respondent also acknowledges that any civil, criminal, arbitration or other causes of actions brought by third parties against him have no effect on, and does not bar this administrative action by the Division against him.
43. This Order constitutes the entire agreement between the parties herein and supersedes and cancels all prior negotiations, representations, understandings, or agreements between the parties. There are no verbal agreements which modify, interpret, construe, or otherwise affect this Order in any way. Upon entry of the Order, any further scheduled hearings involving Respondent are canceled. The Order may be docketed in a court of competent jurisdiction.


Dated this 1 day of August 2023.

Dated this 29 day of June 2023.



Elizabeth Blaylock
Chief Investigator
Utah Division of Securities


Marvin R. Cartwright, Respondent

Approved:


Jennifer Korb
Assistant Attorney General
Utah Attorney General's Office
Counsel for the Division

Approved:


Jake Taylor
Clyde Snow & Sessions, P.C.
Counsel for Marvin Cartwright

ORDER

IT IS HEREBY ORDERED THAT:

1. Respondent admits the Division's Findings and Conclusions, which are hereby entered.
2. Respondent shall cease and desist from violating the Act and comply with the requirements of the Act in all future business in the state of Utah.
3. Respondent is barred from associating with any broker-dealer or investment adviser licensed in Utah; from acting as an agent for any issuer soliciting investor funds in the state of Utah; and from being licensed in any capacity in the securities industry in Utah.
4. Pursuant to Utah Code Ann. §61-1-20, and in consideration of the factors set forth in Utah Code Ann. §61-1-31 and Respondent's financial situation and ability to pay, Respondent shall pay a fine of \$10,000.00 to the Division pursuant to the terms set forth in paragraph 38.
5. This Order replaces the Order Granting MSJ entered against Respondent on May 17, 2023.

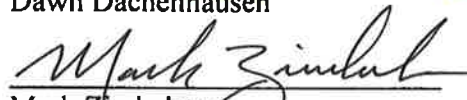
BY THE UTAH SECURITIES COMMISSION:

DATED this 10th day of August 2023.


Lyndon L. Ricks


Lyle White


Dawn Dachenhausen


Mark Zimbelman

CERTIFICATE OF SERVICE

I certify that on the 11 day of August 2023, I sent a true and correct copy of the foregoing **Stipulation and Consent Order** to the following as indicated:

Jake Taylor, Esq. on behalf of Marvin Cartwright
Clyde Snow & Sessions, P.C.
jst@clydesnow.com
Via email

Nathan Gallegos, Administrative Law Judge
Department of Commerce
ngallegos@utah.gov
Via email

Jennifer Korb, Assistant Attorney General
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jkorb@agutah.gov
Via email

Elizabeth Blaylock
Chief Investigator
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Via email



Administrative Assistant