

Utah Securities Commission

Meeting Minutes

September 25th, 2014

Division of Securities Staff Present

Keith Woodwell, Division Director
Maria Skedros, Commission Secretary
Dave Hermansen, Enforcement Director
Benjamin Johnson, Licensing & Registration Director
Dee Johnson, Investor Education Director
Ann Skaggs, Securities Analyst
Charles Lyons, Securities Analyst
Adam Sweet, Lead Securities Investigator
Matt Edwards, Lead Securities Investigator
Chris Hardy, Securities Investigator
Sally Stewart, Administrative Assistant

Other State of Utah Employees:

Jennie Jonsson, Administrative Law Judge, Department of Commerce
Paul Amann, Assistant Attorney General
Karl Perry, Assistant Attorney General
Dan Lau, Assistant Attorney General

Commissioners Present

Erik Christiansen, Parsons Behle & Latimer
Tim Bangerter, Landmark Wealth Advisors
Brent Baker, Clyde, Snow & Sessions

Commissioners Absent

Gary Cornia, Brigham Young University
David Russon, Investment Management Consultants

Public Present:

Bradley Bertoch, Wayne Brown Institute
David P. Williams, attorney for Brian Kitts
Chad Reid, Respondent
Chris Crossett, witness
Eric Litster, witness
Greg Webber, witness
Scott Geertsen, witness
Corey Brownson, witness
T.J. Black, witness
Brooks Rashid, witness

Minutes: At 9:05 am the meeting was called to order by Commissioner **Erik Christiansen**. Commissioner **Tim Bangerter** made the motion to approve the minutes from the August 11th, 2014 Commission meeting and Commissioner **Brent Baker** seconded the motion and the motion was approved unanimously.

Director's Report: Director Woodwell reported that Sally Stewart has joined the Division; she has been with the Department of Commerce for the last nine years. Director Woodwell also gave an update on proposed legislation regarding expungement of administrative actions that was proposed last year but did not pass. Representative Green and Representative Hutchings have been working on new legislation that addresses Administrative Expungements. Director Woodwell promised to keep the Commission informed on this legislation as the new Legislative Session approaches. **Future Meetings Scheduled:** November 20th, 2014, January 22nd, 2015, and March 26th, 2015.

Proposed Rule Amendments: Benjamin Johnson reported on the new NASAA filing system referred to as the Electronic Filing Depository (EFD). EFD will come online in beta testing sometime during November 2014. NASAA has provided proposed rules for States to review that support this type of electronic filing. Mr. Johnson explained that the Division had modified the NASAA model rule because the Division is unsure of the official date that the EFD will go online and be fully functional. The Division's proposed rule includes a notice provision whereby the Division will provide 30 days public notice, and only after that period, 506 filings will be accepted exclusively through the EFD system.

Commissioner **Brent Baker** made the motion to approve the proposed rule amendment and Commissioner **Tim Bangerter** seconded the motion. The motion was passed unanimously.

Investor Education Report: Dee Johnson reported that the Division had 5 investor education events in August, and in September there will be 7. As part of an AARP event in August, one of Director Woodwell's investment fraud presentations was filmed by White Rabbit Productions and will be available on YouTube and distributed by AARP and the Division for investor education purposes.

Education and Training Fund Report: Benjamin Johnson reported that spending is following historical patterns. In the public investor education column, Karen McMullin has asked for additional funding for upcoming publishing needs and events.

Commissioner **Brent Baker** made the motion to approve the proposed budget and Commissioner **Tim Bangerter** seconded the motion. The motion was passed unanimously.

Grant Request: Wayne Brown Institute: Brad Bertoch from the Wayne Brown Institute addressed the Commission and reviewed how the funds in the past have been used and how the current funds requested will be spent. The grant request is for \$20,000.

Commissioner **Tim Bangerter** made the motion to approve the proposed budget and Commissioner **Brent Baker** seconded the motion. The motion was passed unanimously.

Consideration and Approval of Proposed Orders:

Russell Clark Mitchell: Recommended Order on Motion for Default: SD-14-0026 Dave Hermansen reported that a notice of agency action and order to show cause was filed in July of 2014. The Respondent was ordered to file a response with the Division, and to this date, the Respondent has failed to appear or respond. Therefore, the Division is seeking a default order against the Respondent. The Respondent is ordered to cease and desist from any further violations of the Act, ordered to pay a fine of \$25,000 to the Division and be permanently barred from licensure in the securities industry in Utah.

Commissioner **Brent Baker** made the motion to approve the proposed Order and Commissioner **Tim Bangerter** seconded the motion. The motion was passed unanimously.

JP Morgan Securities: Stipulation and Consent Order: SD-14-0044 Ken Barton reported that The North American Securities Administrators Association Working Group and JP Morgan Securities, LLC ("JPMS") entered into a settlement in connection with a multi-state task force investigation. JPMS was found to have failed to monitor the licensing status of persons accepting client orders and failed to follow JPMS written procedures, which constitutes a failure to supervise under the Utah Uniform Securities Act. JPMS Sales Assistants accepted orders when not properly licensed, which constitutes a violation for employing unlicensed agents under the Act. JPMS, on occasion, failed to record the person accepting orders, which constitutes a Books and Records violation under the Act. JPMS completed several remedial actions, including making system upgrades to tighten controls to their order entry systems, completing compliance policy improvements and conducting compliance training. JPMS has agreed to a monetary settlement. Utah's share of the NASAA global settlement is \$51,000.00.

Commissioner **Tim Bangerter** made the motion to approve the proposed Order and Commissioner **Brent Baker** seconded the motion. The motion was passed unanimously.

Hearing: Brain A. Kitts: SD-07-0051: Mr. Kitts failed to appear before the Commission but was represented by David Williams. Mr. Kitts had previously been ordered to appear personally or be held in default. Mr. Williams reported that Mr. Kitts is in Canada and will not participate in this proceeding. Therefore, the Division requested that a default order be entered against the Respondent. Mr. Kitts was ordered to cease and desist from any further violations of the Act and pay a fine of \$109,375 to the Division. The Commission agreed to have Administrative Law Judge Jennie Jonsson prepare the order.

Hearing: Chad Bennett Reid SD-13-0030: Mr. Reid appeared and represented himself before the Commission. An evidentiary hearing was conducted by the Commission. Following the presentation of evidence, the Commission concluded that the evidence supported the Division's claims and the Commission instructed Administrative Law Judge Jennie Jonsson to prepare the Findings of Fact and Conclusions of Law and Order.

Commissioner **Brent Baker** made the motion to approve the proposed Order and
Commissioner **Tim Bangerter** seconded the motion. The motion was passed unanimously.

Commissioner **Tim Bangerter** made the motion to adjourn the meeting.

Commissioner **Brent Baker** seconded the motion and the meeting was adjourned at 11:41 am.

Approved: _____


Erik Christiansen, Chairman

Date: _____

11/20/14

Utah Division of Securities
 Education Fund Expenditure Request
 1st and 2nd Qtr. FY 2015
 Expenses as of October 31, 2014

<u>Description</u>	<u>Prior Approved Balances 09/25/14</u>	<u>Amounts Spent By Division To 10/31/14</u>	<u>Remaining Balances 10/31/14</u>	<u>Requests For Commission Authorization 11/20/14</u>	<u>Total Approved Balances 11/20/14</u>
Public Investor Education					
Stock Market Game	0.00	0.00	0.00	0.00	0.00
AAA Fair Credit	0.00	0.00	0.00	0.00	0.00
Jump Start Coalition	0.00	0.00	0.00	0.00	0.00
AARP Grant	0.00	0.00	0.00	0.00	0.00
Junior Achievement	0.00	0.00	0.00	5,000.00	5,000.00
Utah State University	0.00	0.00	0.00	0.00	0.00
Utah Financial Planners	0.00	0.00	0.00	2,500.00	2,500.00
Pamphlets, Books, etc.	5,348.77	659.16	4,689.61	0.00	4,689.61
TV/Radio Spots	0.00	0.00	0.00	0.00	0.00
Utah Aging Services	0.00	0.00	0.00	0.00	0.00
WISE Financial	0.00	0.00	0.00	0.00	0.00
Miscellaneous / Presentations	<u>1,876.19</u>	<u>0.00</u>	<u>1,876.19</u>	<u>0.00</u>	<u>1,876.19</u>
SUB TOTAL	\$ 7,224.96	\$ 659.16	\$ 6,565.80	\$ 7,500.00	\$ 14,065.80
Industry Education					
Mountain West Capital Network	0.00	0.00	0.00	0.00	0.00
Wayne Brown Institute	20,000.00	0.00	20,000.00	0.00	20,000.00
Pamphlets, Books, etc.	0.00	0.00	0.00	0.00	0.00
Industry Outreach	0.00	0.00	0.00	0.00	0.00
Miscellaneous / Presentations	<u>1,000.00</u>	<u>0.00</u>	<u>1,000.00</u>	<u>0.00</u>	<u>1,000.00</u>
SUB TOTAL	\$ 21,000.00	\$ 0.00	\$ 21,000.00	\$ 0.00	\$ 21,000.00
Investigation & Litigation					
Enforcement Investigation & Litigation	30,000.00	213.88	29,786.12	213.88	30,000.00
Licensing Investigation & Litigation	28,000.00	-592.85	28,592.85	-592.85	28,000.00
Registration Examination Expense	5,000.00	110.00	4,890.00	110.00	5,000.00
Expert Witnesses	20,000.00	0.00	20,000.00	0.00	20,000.00
Training	5,000.00	0.00	5,000.00	0.00	5,000.00
Computers	2,000.00	0.00	2,000.00	408.77	2,408.77
Software	801.45	0.00	801.45	0.00	801.45
Cellular Charges	3,000.00	1,150.14	1,849.86	1,150.14	3,000.00
Office Equipment & Supplies	6,000.00	1,160.06	4,839.94	1,160.06	6,000.00
Subscriptions & Publications	2,000.00	784.77	1,215.23	784.77	2,000.00
Remodel and Furniture	7,155.63	0.00	7,155.63	0.00	7,155.63
Enforcement Database Maintenance	7,000.00	0.00	7,000.00	0.00	7,000.00
Employees/Law Clerk/Transcriptionist	<u>25,000.00</u>	<u>9,643.16</u>	<u>15,356.84</u>	<u>9,643.16</u>	<u>25,000.00</u>
SUB TOTAL	\$ 140,957.08	\$ 12,469.16	\$ 128,487.92	\$ 12,877.93	\$ 141,365.85
GRAND TOTAL	\$ 169,182.04	\$ 13,128.32	\$ 156,053.72	\$ 20,377.93	\$ 176,431.65

Education Fund Balance as of 11/08/2014: **\$283,838.21**

Approval:

 11/20/14  11/20/14

Division Director

Date

Commission Chair

Date

 11/20/14

Executive Director

Date

DIVISION OF SECURITIES
KEITH WOODWELL, DIRECTOR
DEPARTMENT OF COMMERCE
P.O. BOX 146741
160 EAST 300 SOUTH
SALT LAKE CITY, UTAH 84114-6711
Telephone: (801) 530-6628

BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH

IN THE MATTER OF

JOHN REX PUGMIRE,
RESPONDENT

**RECOMMENDED ORDER ON MOTION
FOR DEFAULT**

CASE NO. SD-11-0050

BY THE PRESIDING OFFICER:

This adjudicative proceeding was initiated pursuant to a June 29, 2011 notice of agency action and order to show cause. Thereafter, the proceedings were stayed for a time. The stay was lifted on September 3, 2014, and an initial hearing was held on October 8, 2014. Respondent failed to appear. Respondent has made no effort to participate in these proceedings since the date on which the stay was lifted.

Given the foregoing, the presiding officer finds that, pursuant to Utah Code § 63G-4-209(1)(b), proper factual and legal bases exist for entering a default order against Respondent.

RECOMMENDED ORDER

Based on the foregoing, the presiding officer recommends that the Utah Securities Commission accept the allegations outlined in the Division's order to show cause as being true, to wit:

1. That the investment opportunities offered and sold by Respondent are securities under Utah Code Ann. § 61-1-13(1)(ee)(i);
2. That in connection with the offer and sale of securities, and in violation of Utah Code Ann. § 61-1-1(2), Respondent directly or indirectly made false statements to investors;
3. That in connection with the offer and sale of securities, and in violation of Utah Code Ann. § 61-1-1(2), Respondent directly or indirectly failed to disclose material information that was necessary in order to make representations made not misleading;
4. That, in violation of Utah Code Ann. § 61-1-3(1), Respondent was not properly licensed to deal in securities at any relevant time;
5. That, in violation of Utah Code Ann. § 61-1-7, the securities sold by Respondent were not registered or exempt from registration; and
6. That Respondent's actions, which constitute one or more violations of Utah Code Ann. § 61-1 et seq, are grounds for sanction under the Act.

The presiding officer further recommends that the Utah Securities Commission enter a default order against Respondent, requiring:

1. That Respondent cease and desist from engaging in any further conduct in violation of Utah Code Ann. § 61-1 et seq;

2. That Respondent pay a fine of \$70,000 to the Utah Division of Securities; and
3. That Respondent be permanently 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 Utah; and from being licensed in any capacity in the securities industry in Utah.

Finally, the presiding officer recommends that, upon entering the default order, the Utah Securities Commission dismiss any further proceedings in this case.

This recommended order shall be effective on the signature date below.

DATED this 15th day of October, 2014.

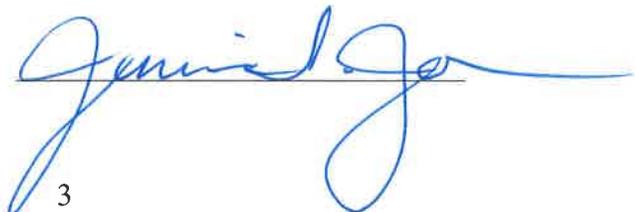
UTAH DEPARTMENT OF COMMERCE


Jennie T. Jonsson
Presiding Officer

CERTIFICATE OF DELIVERY

I hereby certify that on the 15th day of October, 2014, the undersigned hand delivered a true and correct copy of the foregoing RECOMMENDED ORDER ON MOTION FOR DEFAULT to the following:

Utah Securities Commission
c/o Keith Woodwell, Director, Utah Division of Securities
Heber M. Wells Building, 2nd Floor
Salt Lake City, UT


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DIVISION OF SECURITIES
KEITH WOODWELL, DIRECTOR
DEPARTMENT OF COMMERCE
P.O. BOX 146741
160 EAST 300 SOUTH
SALT LAKE CITY, UTAH 84114-6711
Telephone: (801) 530-6628

BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH

IN THE MATTER OF
JON REX PUGMIRE,
RESPONDENT

ORDER ON MOTION FOR DEFAULT
CASE NO. SD-11-0050

BY THE UTAH SECURITIES COMMISSION:

The presiding officer's October 15, 2014 recommended order on motion for default in this matter is hereby approved, confirmed, accepted, and entered by the Utah Securities Commission.

ORDER

Respondent is hereby ordered cease and desist from engaging in any further conduct in violation of Utah Code § 61-1 et seq.

Respondent is hereby ordered to pay a fine of \$70,000 to the Utah Division of Securities.

Respondent is hereby permanently 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 Utah; and from being licensed in any capacity in the securities industry in Utah.

All further proceedings in this case are dismissed. This dismissal does not relieve Respondent from complying with the terms of the default order.

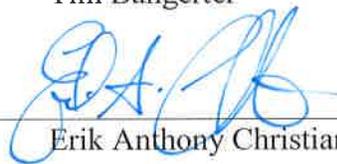
This order shall be effective on the signature date below.

DATED this 20th day of November, 2014

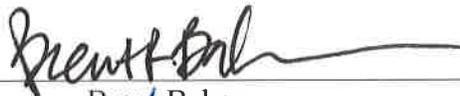
UTAH SECURITIES COMMISSION:



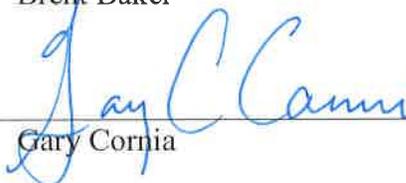
Tim Bangerter



Erik Anthony Christiansen



Brent Baker



Gary Cornia



David Russon

NOTICE OF RIGHT TO ADMINISTRATIVE REVIEW

Agency review of this order may be obtained by filing a request for agency review with the Executive Director of the Department of Commerce, 160 East 300 South, Box 146701, Salt Lake City, Utah 84114-6701, within thirty (30) days after the date of this order. A motion to set aside the order may also be filed with the presiding officer. The agency action in this case was a formal proceeding. The laws and rules governing agency review of this proceeding are found in Section 63G-4-101 et seq. of the Utah Code, and Rule 151-4 of the Utah Administrative Code.

CERTIFICATE OF SERVICE

I hereby certify that on the 20th day of November, 2014 the undersigned served a true and correct copy of the foregoing ORDER ON MOTION FOR DEFAULT by mailing a copy through first-class mail, postage prepaid, to:

Jon Rex Pugmire
c/o Michael D. Esplin
P.O. Box L
290 W. Center St.
Provo, UT 84601

and caused a copy to be hand delivered to:

Paul Amann, Assistant Attorney General
Office of the Attorney General of Utah
Fifth Floor, Heber M. Wells Building
Salt Lake City, Utah

Utah Division of Securities
Second Floor, Heber M. Wells Building
Salt Lake City, Utah



DIVISION OF SECURITIES
KEITH WOODWELL, DIRECTOR
DEPARTMENT OF COMMERCE
P.O. BOX 146741
160 EAST 300 SOUTH
SALT LAKE CITY, UTAH 84114-6711
Telephone: (801) 530-6628

BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH

IN THE MATTER OF

JAMES MOORING, CRD# 2876063,
RESPONDENT

**RECOMMENDED ORDER ON MOTION
FOR DEFAULT**

CASE NO. SD-11-0048

BY THE PRESIDING OFFICER:

This adjudicative proceeding was initiated pursuant to a June 29, 2011 notice of agency action and order to show cause. Thereafter, the proceedings were stayed for a time. The stay was lifted on September 3, 2014, and an initial hearing was held on October 8, 2014. Respondent failed to appear. Respondent has made no effort to participate in these proceedings since the date on which the stay was lifted.

Given the foregoing, the presiding officer finds that, pursuant to Utah Code § 63G-4-209(1)(b), proper factual and legal bases exist for entering a default order against Respondent.

RECOMMENDED ORDER

Based on the foregoing, the presiding officer recommends that the Utah Securities Commission accept the allegations outlined in the Division's order to show cause as being true, to wit:

1. That the investment opportunities offered and sold by Respondent are securities under Utah Code Ann. § 61-1-13(1)(ee)(i);
2. That in connection with the offer and sale of securities, and in violation of Utah Code Ann. § 61-1-1(2), Respondent directly or indirectly made false statements to investors;
3. That in connection with the offer and sale of securities, and in violation of Utah Code Ann. § 61-1-1(2), Respondent directly or indirectly failed to disclose material information that was necessary in order to make representations made not misleading;
4. That, in violation of Utah Code Ann. § 61-1-3(1), Respondent was not properly licensed to deal in securities at any relevant time;
5. That, in violation of Utah Code Ann. § 61-1-7, the securities sold by Respondent were not registered or exempt from registration; and
6. That Respondent's actions, which constitute one or more violations of Utah Code Ann. § 61-1 et seq, are grounds for sanction under the Act.

The presiding officer further recommends that the Utah Securities Commission enter a default order against Respondent, requiring:

1. That Respondent cease and desist from engaging in any further conduct in violation of Utah Code Ann. § 61-1 et seq;

2. That Respondent pay a fine of \$20,000 to the Utah Division of Securities; and
3. That Respondent be permanently 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 Utah; and from being licensed in any capacity in the securities industry in Utah.

Finally, the presiding officer recommends that, upon entering the default order, the Utah Securities Commission dismiss any further proceedings in this case.

This recommended order shall be effective on the signature date below.

DATED this 15th day of October, 2014.

UTAH DEPARTMENT OF COMMERCE


Jennie T. Jonsson
Presiding Officer

CERTIFICATE OF DELIVERY

I hereby certify that on the 15th day of October, 2014, the undersigned hand delivered a true and correct copy of the foregoing RECOMMENDED ORDER ON MOTION FOR DEFAULT to the following:

Utah Securities Commission
c/o Keith Woodwell, Director, Utah Division of Securities
Heber M. Wells Building, 2nd Floor
Salt Lake City, UT


3

DIVISION OF SECURITIES
KEITH WOODWELL, DIRECTOR
DEPARTMENT OF COMMERCE
P.O. BOX 146741
160 EAST 300 SOUTH
SALT LAKE CITY, UTAH 84114-6711
Telephone: (801) 530-6628

BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH

IN THE MATTER OF

JAMES MOORING, CRD# 2876063,

RESPONDENT

ORDER ON MOTION FOR DEFAULT

CASE NO. SD-11-0048

BY THE UTAH SECURITIES COMMISSION:

The presiding officer's October 15, 2014 recommended order on motion for default in this matter is hereby approved, confirmed, accepted, and entered by the Utah Securities Commission.

ORDER

Respondent is hereby ordered cease and desist from engaging in any further conduct in violation of Utah Code § 61-1 et seq.

Respondent is hereby ordered to pay a fine of \$20,000 to the Utah Division of Securities.

Respondent is hereby permanently 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 Utah; and from being licensed in any capacity in the securities industry in Utah. All

further proceedings in this case are dismissed. This dismissal does not relieve Respondent from complying with the terms of the default order.

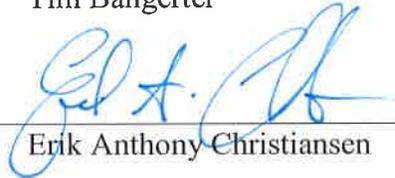
This order shall be effective on the signature date below.

DATED this 20th day of November, 2014

UTAH SECURITIES COMMISSION:



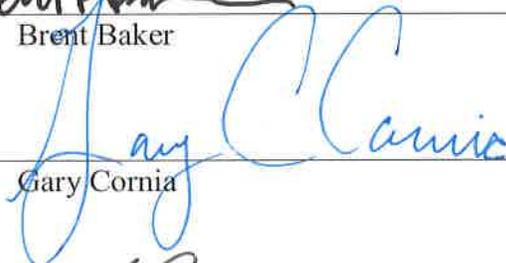
Tim Bangerter



Erik Anthony Christiansen



Brent Baker



Gary Cornia



David Russon

NOTICE OF RIGHT TO ADMINISTRATIVE REVIEW

Agency review of this order may be obtained by filing a request for agency review with the Executive Director of the Department of Commerce, 160 East 300 South, Box 146701, Salt Lake City, Utah 84114-6701, within thirty (30) days after the date of this order. A motion to set aside the order may also be filed with the presiding officer. The agency action in this case was a formal proceeding. The laws and rules governing agency review of this proceeding are found in Section 63G-4-101 et seq. of the Utah Code, and Rule 151-4 of the Utah Administrative Code.

CERTIFICATE OF SERVICE

I hereby certify that on the 20th day of November, 2014 the undersigned served a true and correct copy of the foregoing ORDER ON MOTION FOR DEFAULT by mailing a copy through first-class mail, postage prepaid, to:

James Mooring
c/o Douglas E. Griffith
68 S. Main St., 2nd Floor
Salt Lake City, UT 84101

and caused a copy to be hand delivered to:

Paul Amann, Assistant Attorney General
Office of the Attorney General of Utah
Fifth Floor, Heber M. Wells Building
Salt Lake City, Utah

Utah Division of Securities
Second Floor, Heber M. Wells Building
Salt Lake City, Utah



DIVISION OF SECURITIES
KEITH WOODWELL, DIRECTOR
DEPARTMENT OF COMMERCE
P.O. BOX 146741
160 EAST 300 SOUTH
SALT LAKE CITY, UTAH 84114-6711
Telephone: (801) 530-6628

BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH

IN THE MATTER OF

**FREESTYLE HOLDINGS, LLC;
JASON K. VAUGHN,**

RESPONDENTS

**RECOMMENDED ORDER ON MOTION
FOR DEFAULT**

**CASE NO. SD-08-0055
CASE NO. SD-08-0056**

BY THE PRESIDING OFFICER:

This adjudicative proceeding was initiated pursuant to a May 9, 2008 notice of agency action and order to show cause. Thereafter, the proceedings were stayed for a time. The stay was lifted on September 3, 2014, and Respondents were required to file a response to the Division's order to show cause within the ensuing 30-day period. As of the date of this order, Respondents have not filed a response.

An initial hearing was held on October 8, 2014. Respondents failed to appear. Respondents have made no effort to participate in these proceedings since the date on which the stay was lifted.

Given the foregoing, the presiding officer finds that, pursuant to Utah Code § 63G-4-209(1)(b) and (c), proper factual and legal bases exist for entering a default order against Respondents.

RECOMMENDED ORDER

Based on the foregoing, the presiding officer recommends that the Utah Securities Commission accept the allegations outlined in the Division's order to show cause as being true, to wit:

1. That the investment opportunities offered and sold by Respondents are securities under Utah Code Ann. § 61-1-13(1)(ee)(i);
2. That in connection with the offer and sale of securities, and in violation of Utah Code Ann. § 61-1-1(2), Respondents directly or indirectly made false statements to investors;
3. That in connection with the offer and sale of securities, and in violation of Utah Code Ann. § 61-1-1(2), Respondents directly or indirectly failed to disclose material information that was necessary in order to make representations made not misleading;
4. That, in violation of Utah Code Ann. § 61-1-3(1), Respondent Vaughn was not properly licensed to deal in securities at any relevant time;
5. That, in violation of Utah Code Ann. § 61-1-7, the securities sold by Respondents were not registered or exempt from registration; and
6. That Respondents' actions, which constitute one or more violations of Utah Code Ann. § 61-1 et seq, are grounds for sanction under the Act.

The presiding officer further recommends that the Utah Securities Commission enter a default order against Respondent, requiring:

1. That Respondents cease and desist from engaging in any further conduct in violation of Utah Code Ann. § 61-1 et seq;
2. That Respondents pay a fine of \$40,000 to the Utah Division of Securities; and
3. That Respondent Vaughn be permanently 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 Utah; and from being licensed in any capacity in the securities industry in Utah.

Finally, the presiding officer recommends that, upon entering the default order, the Utah Securities Commission dismiss any further proceedings in this case.

This recommended order shall be effective on the signature date below.

DATED this 15th day of October, 2014.

UTAH DEPARTMENT OF COMMERCE


Jennie T. Jonsson
Presiding Officer

CERTIFICATE OF DELIVERY

I hereby certify that on the 15th day of October, 2014, the undersigned hand delivered a true and correct copy of the foregoing RECOMMENDED ORDER ON MOTION FOR DEFAULT to the following:

Utah Securities Commission
c/o Keith Woodwell, Director, Utah Division of Securities
Heber M. Wells Building, 2nd Floor
Salt Lake City, UT

A handwritten signature in blue ink, reading "Jerrisa J. Jansson". The signature is written in a cursive style with a large initial "J" and a long, sweeping tail.

DIVISION OF SECURITIES
KEITH WOODWELL, DIRECTOR
DEPARTMENT OF COMMERCE
P.O. BOX 146741
160 EAST 300 SOUTH
SALT LAKE CITY, UTAH 84114-6711
Telephone: (801) 530-6628

BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH

IN THE MATTER OF

**FREESTYLE HOLDINGS, LLC;
JASON K. VAUGHN,**

RESPONDENT

ORDER ON MOTION FOR DEFAULT

**CASE NO. SD-08-0055
CASE NO. SD-08-0056**

BY THE UTAH SECURITIES COMMISSION:

The presiding officer's October 15, 2014 recommended order on motion for default in this matter is hereby approved, confirmed, accepted, and entered by the Utah Securities Commission.

ORDER

Respondents are hereby ordered cease and desist from engaging in any further conduct in violation of Utah Code § 61-1 et seq.

Respondents are hereby ordered to pay a fine of \$40,000 to the Utah Division of Securities.

Respondent Vaughn is hereby permanently 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 Utah; and from being licensed in any capacity in the securities industry in Utah.

All further proceedings in this case are dismissed. This dismissal does not relieve Respondents from complying with the terms of the default order.

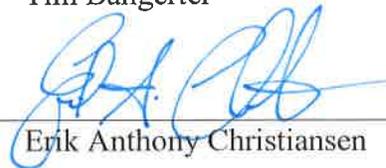
This order shall be effective on the signature date below.

DATED this 20th day of November, 2014

UTAH SECURITIES COMMISSION:



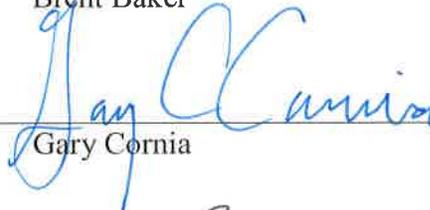
Tim Bangerter



Erik Anthony Christiansen



Brent Baker



Gary Cornia



David Russon

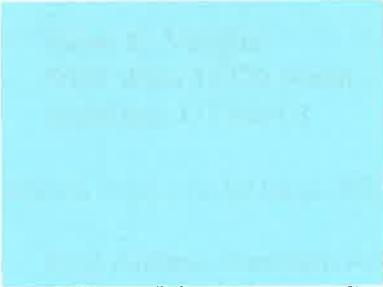
NOTICE OF RIGHT TO ADMINISTRATIVE REVIEW

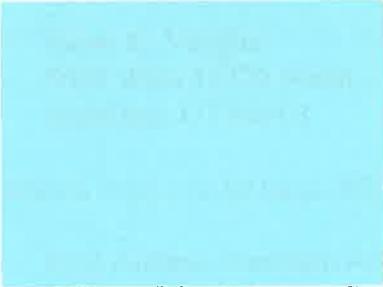
Agency review of this order may be obtained by filing a request for agency review with the Executive Director of the Department of Commerce, 160 East 300 South, Box 146701, Salt Lake City, Utah 84114-6701, within thirty (30) days after the date of this order. A motion to set aside the order may also be filed with the presiding officer. The agency action in this case was a formal proceeding. The laws and rules governing agency review of this proceeding are found in Section 63G-4-101 et seq. of the Utah Code, and Rule 151-4 of the Utah Administrative Code.

CERTIFICATE OF SERVICE

I hereby certify that on the 20th day of November, 2014 the undersigned served a true and correct copy of the foregoing ORDER ON MOTION FOR DEFAULT by mailing a copy through first-class mail, postage prepaid, to:

Freestyle Holdings, LLC
Jason Vaughn, Registered Agent
85 Eastbay Blvd.
Provo, UT 84606

and  served to:

 Attorney General
Office of the Attorney General of Utah
Fifth Floor, Heber M. Wells Building
Salt Lake City, Utah

Utah Division of Securities
Second Floor, Heber M. Wells Building
Salt Lake City, Utah



DIVISION OF SECURITIES
KEITH WOODWELL, DIRECTOR
DEPARTMENT OF COMMERCE
P.O. BOX 146741
160 EAST 300 SOUTH
SALT LAKE CITY, UTAH 84114-6711
Telephone: (801) 530-6628

BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH

IN THE MATTER OF

RICHARD JAY RADCLIFFE,

RESPONDENT

**RECOMMENDED ORDER ON MOTION
FOR DEFAULT**

CASE NO. SD-14-0033

BY THE PRESIDING OFFICER:

This adjudicative proceeding was initiated pursuant to an August 19, 2014 notice of agency action and order to show cause. Respondent was required to file a response to the Division's order to show cause within the ensuing 30-day period. As of the date of this order, Respondent has not filed a response.

An initial hearing was held on October 1, 2014. Respondent failed to appear. As of the date of this order, Respondent has made no effort to participate in these proceedings.

Given the foregoing, the presiding officer finds that, pursuant to Utah Code § 63G-4-209(1)(b) and (c), proper factual and legal bases exist for entering a default order against Respondent.

RECOMMENDED ORDER

Based on the foregoing, the presiding officer recommends that the Utah Securities Commission accept the allegations outlined in the Division's order to show cause as being true, to wit:

1. That the investment opportunities offered and sold by Respondent are securities under Utah Code Ann. § 61-1-13(1)(ee)(i);
2. That in connection with the offer and sale of securities, and in violation of Utah Code Ann. § 61-1-1(2), Respondent directly or indirectly made false statements to investors;
3. That in connection with the offer and sale of securities, and in violation of Utah Code Ann. § 61-1-1(2), Respondent directly or indirectly failed to disclose material information that was necessary in order to make representations made not misleading; and
4. That Respondent's actions, which constitute one or more violations of Utah Code Ann. § 61-1 et seq, are grounds for sanction under the Act.

The presiding officer further recommends that the Utah Securities Commission enter a default order against Respondent, requiring:

1. That Respondent cease and desist from engaging in any further conduct in violation of Utah Code Ann. § 61-1 et seq;
2. That Respondent pay a fine of \$15,000 to the Utah Division of Securities, with \$3,000 of the fine due and payable in full upon receipt of the final order and the remaining \$12,000 subject to offset on a dollar-to-dollar basis for any restitution paid to investors; and

3. That Respondent be permanently barred from licensure in the securities industry in Utah.

Finally, the presiding officer recommends that, upon entering the default order, the Utah Securities Commission dismiss any further proceedings in this case.

This recommended order shall be effective on the signature date below.

DATED this 1st day of October, 2014.

UTAH DEPARTMENT OF COMMERCE


Jennie T. Jonsson
Presiding Officer

CERTIFICATE OF DELIVERY

I hereby certify that on the 1st day of October, 2014, the undersigned hand delivered a true and correct copy of the foregoing RECOMMENDED ORDER ON MOTION FOR DEFAULT to the following:

Utah Securities Commission
c/o Keith Woodwell, Director, Utah Division of Securities
Heber M. Wells Building, 2nd Floor
Salt Lake City, UT



DIVISION OF SECURITIES
KEITH WOODWELL, DIRECTOR
DEPARTMENT OF COMMERCE
P.O. BOX 146741
160 EAST 300 SOUTH
SALT LAKE CITY, UTAH 84114-6711
Telephone: (801) 530-6628

BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH

IN THE MATTER OF
RICHARD JAY RADCLIFFE,
RESPONDENT

ORDER ON MOTION FOR DEFAULT
CASE NO. SD-14-0033

BY THE UTAH SECURITIES COMMISSION:

The presiding officer's October 1, 2014 recommended order on motion for default in this matter is hereby approved, confirmed, accepted, and entered by the Utah Securities Commission.

ORDER

Respondent is hereby ordered cease and desist from engaging in any further conduct in violation of Utah Code § 61-1 et seq.

Respondent is hereby ordered to pay a fine of \$15,000 to the Utah Division of Securities. Of this total fine, \$3,000 is due and payable immediately upon receipt of this final order. The remaining \$12,000 is subject to offset on a dollar-to-dollar basis for any restitution paid.

Respondent is hereby permanently barred from licensure in the securities industry in Utah.

All further proceedings in this case are dismissed. This dismissal does not relieve Respondent from complying with the terms of the default order.

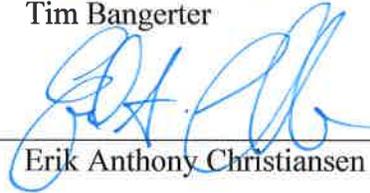
This order shall be effective on the signature date below.

DATED this 20th day of November, 2014

UTAH SECURITIES COMMISSION:



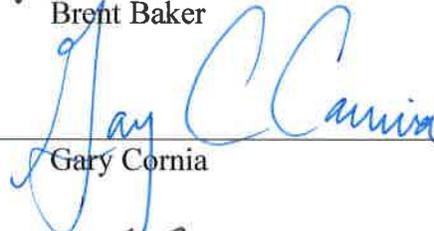
Tim Bangerter



Erik Anthony Christiansen



Brent Baker



Gary Cornia



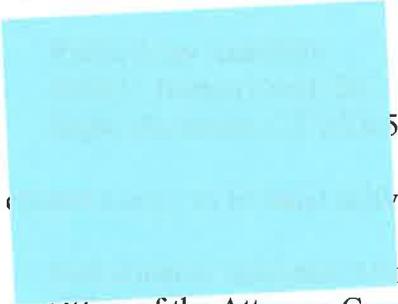
David Russon

NOTICE OF RIGHT TO ADMINISTRATIVE REVIEW

Agency review of this order may be obtained by filing a request for agency review with the Executive Director of the Department of Commerce, 160 East 300 South, Box 146701, Salt Lake City, Utah 84114-6701, within thirty (30) days after the date of this order. A motion to set aside the order may also be filed with the presiding officer. The agency action in this case was a formal proceeding. The laws and rules governing agency review of this proceeding are found in Section 63G-4-101 et seq. of the Utah Code, and Rule 151-4 of the Utah Administrative Code.

CERTIFICATE OF SERVICE

I hereby certify that on the 20th day of November, 2014 the undersigned served a true and correct copy of the foregoing ORDER ON MOTION FOR DEFAULT by mailing a copy through first-class mail, postage prepaid, to:



and a copy of the foregoing was also delivered to:

Attorney General
Office of the Attorney General of Utah
Fifth Floor, Heber M. Wells Building
Salt Lake City, Utah

Utah Division of Securities
Second Floor, Heber M. Wells Building
Salt Lake City, Utah



DIVISION OF SECURITIES
KEITH WOODWELL, DIRECTOR
DEPARTMENT OF COMMERCE
P.O. BOX 146741
160 EAST 300 SOUTH
SALT LAKE CITY, UTAH 84114-6711
Telephone: (801) 530-6628

BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH

IN THE MATTER OF

**BRIDGET BANITA GAINES;
GOTWEEN GROUP INC.,**

RESPONDENTS

**RECOMMENDED ORDER ON MOTION
FOR DEFAULT**

**CASE NO. SD-14-0041
CASE NO. SD-14-0042**

BY THE PRESIDING OFFICER:

This adjudicative proceeding was initiated pursuant to an August 27, 2014 notice of agency action and order to show cause. Respondents were required to file a response to the Division's order to show cause within the ensuing 30-day period. As of the date of this order, Respondents have not filed a response.

An initial hearing was held on October 1, 2014. Respondents failed to appear. As of the date of this order, Respondents have made no effort to participate in these proceedings.

Given the foregoing, the presiding officer finds that, pursuant to Utah Code § 63G-4-209(1)(b) and (c), proper factual and legal bases exist for entering a default order against Respondents.

RECOMMENDED ORDER

Based on the foregoing, the presiding officer recommends that the Utah Securities Commission accept the allegations outlined in the Division's order to show cause as being true, to wit:

1. That the investment opportunities offered and sold by Respondents are securities under Utah Code Ann. § 61-1-13(1)(ee)(i);
2. That in connection with the offer and sale of securities, and in violation of Utah Code Ann. § 61-1-1(2), Respondents directly or indirectly made false statements to investors;
3. That in connection with the offer and sale of securities, and in violation of Utah Code Ann. § 61-1-1(2), Respondents directly or indirectly failed to disclose material information that was necessary in order to make representations made not misleading; and
4. That Respondents' actions, which constitute one or more violations of Utah Code Ann. § 61-1 et seq, are grounds for sanction under the Act.

The presiding officer further recommends that the Utah Securities Commission enter a default order against Respondent, requiring:

1. That Respondents cease and desist from engaging in any further conduct in violation of Utah Code Ann. § 61-1 et seq;
2. That Respondents pay a fine of \$75,000 to the Utah Division of Securities, with \$15,000 of the fine due and payable in full upon receipt of the final order and the remaining \$60,000 subject to offset on a dollar-to-dollar basis for any restitution paid to investors; and

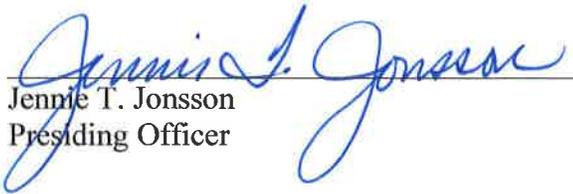
3. That Respondent Gaines be permanently barred from licensure in the securities industry in Utah.

Finally, the presiding officer recommends that, upon entering the default order, the Utah Securities Commission dismiss any further proceedings in this case.

This recommended order shall be effective on the signature date below.

DATED this 18th day of October, 2014.

UTAH DEPARTMENT OF COMMERCE


Jennie T. Jonsson
Presiding Officer

CERTIFICATE OF DELIVERY

I hereby certify that on the 18th day of October, 2014, the undersigned hand delivered a true and correct copy of the foregoing RECOMMENDED ORDER ON MOTION FOR DEFAULT to the following:

Utah Securities Commission
c/o Keith Woodwell, Director, Utah Division of Securities
Heber M. Wells Building, 2nd Floor
Salt Lake City, UT



DIVISION OF SECURITIES
KEITH WOODWELL, DIRECTOR
DEPARTMENT OF COMMERCE
P.O. BOX 146741
160 EAST 300 SOUTH
SALT LAKE CITY, UTAH 84114-6711
Telephone: (801) 530-6628

BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH

IN THE MATTER OF

**BRIDGET BANITA GAINES;
GOTWEEN GROUP INC.,**

RESPONDENTS

ORDER ON MOTION FOR DEFAULT

**CASE NO. SD-14-0041
CASE NO. SD-14-0042**

BY THE UTAH SECURITIES COMMISSION:

The presiding officer's October 1, 2014 recommended order on motion for default in this matter is hereby approved, confirmed, accepted, and entered by the Utah Securities Commission.

ORDER

Respondents are hereby ordered cease and desist from engaging in any further conduct in violation of Utah Code § 61-1 et seq.

Respondents are hereby ordered to pay a fine of \$75,000 to the Utah Division of Securities. Of this total fine, \$15,000 is due and payable immediately upon receipt of this final order. The remaining \$60,000 is subject to offset on a dollar-to-dollar basis for any restitution paid.

Respondent Gaines is hereby permanently barred from licensure in the securities industry in Utah.

All further proceedings in this case are dismissed. This dismissal does not relieve Respondent from complying with the terms of the default order.

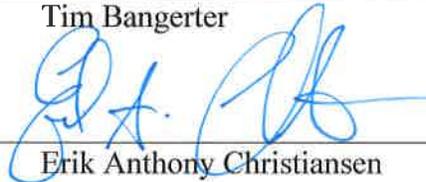
This order shall be effective on the signature date below.

DATED this 20th day of November, 2014

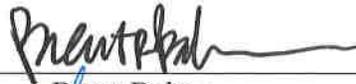
UTAH SECURITIES COMMISSION:



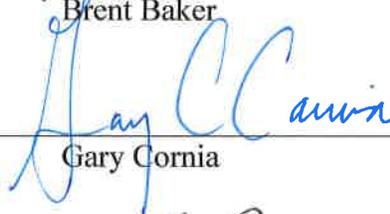
Tim Bangerter



Erik Anthony Christiansen



Brent Baker



Gary Cornia



David Russon

NOTICE OF RIGHT TO ADMINISTRATIVE REVIEW

Agency review of this order may be obtained by filing a request for agency review with the Executive Director of the Department of Commerce, 160 East 300 South, Box 146701, Salt Lake City, Utah 84114-6701, within thirty (30) days after the date of this order. A motion to set aside the order may also be filed with the presiding officer. The agency action in this case was a formal proceeding. The laws and rules governing agency review of this proceeding are found in Section 63G-4-101 et seq. of the Utah Code, and Rule 151-4 of the Utah Administrative Code.

CERTIFICATE OF SERVICE

I hereby certify that on the 20th day of November, 2014 the undersigned served a true and correct copy of the foregoing ORDER ON MOTION FOR DEFAULT by mailing a copy through first-class mail, postage prepaid, to:



and [redacted] delivered to:

[redacted] Attorney General
Office of the Attorney General of Utah
Fifth Floor, Heber M. Wells Building
Salt Lake City, Utah

Utah Division of Securities
Second Floor, Heber M. Wells Building
Salt Lake City, Utah

A handwritten signature in blue ink is written over a horizontal line.

Division of Securities
Utah Department of Commerce
160 East 300 South
Box 146760
Salt Lake City, UT 84114-6760
Telephone: (801) 530-6600
FAX: (801) 530-6980

**BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH**

IN THE MATTER OF:

ANDRES ENRIQUE CERNA,

Respondent.

**STIPULATION AND CONSENT
ORDER**

Docket No. SD-14-0045

The Utah Division of Securities (“Division”), by and through its Director of Enforcement, Dave R. Hermansen, and Andres Enrique Cerna (“Cerna” or “Respondent”) hereby stipulate and agree as follows:

1. Respondent was the subject of an investigation conducted by the Division into allegations that he violated certain provisions of the Utah Uniform Securities Act, Utah Code Ann. § 61-1-1, *et seq.*, as amended (the “Act”).
2. In connection therewith, the Division initiated an administrative action against Respondent, through the issuance of an Order to Show Cause and Notice of Agency Action dated September 22, 2014. The Order to Show Cause alleged that Respondent

violated § 61-1-1(2) (securities fraud) and §61-1-3 (unlicensed activity) of the Act, while engaged in the offer and sale of securities in or from Utah.

3. Respondent now seeks to enter into this Stipulation and Consent Order (“Order”) in settlement of the Division’s action.
4. Respondent hereby waives any right to a hearing to challenge the Division’s evidence and present evidence on his behalf. Respondent understands that by waiving a hearing, he is waiving the requirement that the Division prove the allegations against him by a preponderance of the evidence, waiving his right to confront and cross-examine witnesses who may testify against him, to call witnesses on his own behalf, and any and all rights to appeal the findings, conclusions and sanctions set forth in this Order.
5. Respondent understands that he has a right to be represented by counsel, and he voluntarily and knowingly waives the right to have counsel represent him in this matter.
6. Respondent has read this Order, understands its contents and submits to this Order voluntarily. No promises, threats or other forms of inducement have been made by the Division, nor by any representative of the Division, to encourage him to enter into this Order, other than as set forth in this document.
7. Respondent acknowledges that this Order does not affect any enforcement action that may be brought by a criminal prosecutor or any other local, state, or federal enforcement authority.
8. Respondent admits the jurisdiction of the Division over him and over the subject matter

of this action.

I. THE DIVISION'S FINDINGS OF FACT

THE RESPONDENT

9. Cerna was, at all times relevant to the matters asserted herein, a resident of the state of Utah. Cerna has never been licensed in the securities industry in any capacity.

GENERAL ALLEGATIONS

10. In or about October 2010, while conducting business in or from Utah, Respondent offered and sold an investment contract to at least one investor and collected a total of \$10,000.¹
11. An investment contract is defined as a security in § 61-1-13 of the Act.
12. In connection with the offer and sale of the security to the investor identified below, Respondent made material misstatements and omissions.
13. Additionally, Respondent transacted business in the state of Utah as an investment adviser, as that term is defined in § 61-1-13 of the Act, without first obtaining a license or qualifying for an exemption from licensure.

INVESTOR I.M.

OFFER AND SALE OF A SECURITY

14. In or about 2008, Cerna attended the same church in Spanish Fork, Utah as married couple A.M. and I.M.

¹ As of the date of this Order to Show Cause, Respondent has made complete restitution to the investor, and no additional funds are owed at this time.

15. Through their interactions, Cerna and A.M. developed a friendship.
16. By October 2010, A.M. and I.M. had legally separated and were in the process of obtaining a divorce.
17. At that time, I.M. asked A.M. what to do with the \$10,000 that she had in savings.
18. I.M. was interested in earning a better return on her funds than what could be generated through her savings account.
19. In response, A.M. recommended an investment with Cerna, as he claimed to have previously invested \$20,000 of his own money with Cerna.
20. Following that conversation, A.M. reached out to Cerna and mentioned that I.M. was interested in investing with him.
21. On or about October 21, 2010, I.M. contacted Cerna via telephone and asked him to meet her at her bank in Spanish Fork, Utah for the purpose of making an investment.
22. On or about that same day, Cerna met I.M. at her bank.
23. During that meeting, Cerna made the following representations regarding a \$10,000 investment:
 - a. Cerna would deposit I.M.'s funds in his Scottrade account;
 - b. He would match her \$10,000 investment with \$10,000 of his own funds;
 - c. He would then use the funds to trade on the stock market;
 - d. He had been doing this type of thing for a long time and guaranteed that I.M. would make a good profit on her investment;

- e. He would split all profits 50/50;
 - f. I.M. could withdraw her funds at any time; and
 - g. I.M. would receive monthly updates on her investment.
24. Based on these representations, I.M. provided Cerna with a cashier's check for \$10,000, made payable to Scottrade.
25. Cerna later deposited the check in his Scottrade account.
26. Following the investment, Cerna failed to provide I.M. with monthly updates on the investment.
27. Additionally, from a statement that he provided to the Division, it appears that he contributed, at most, \$4,400 of his own funds to the account, rather than the \$10,000 that he initially represented.²
28. An analysis of the relevant account reveals that Cerna traded money on margin in the account for approximately one year following I.M.'s investment and that the account has been inactive since approximately November 2012.
29. Cerna admitted to the Division that he lost the money in his Scottrade account.
30. Following that admission, Cerna made complete restitution to the investor. As a result, no additional funds are owed at this time.

² An additional \$20,000 found in the account appears to be A.M.'s investment. The Division contacted A.M. several times in an effort to obtain a complaint related to his investment; however, A.M. never filed a formal complaint. As a result, the details of his investment are not included herein.

CAUSES OF ACTION

Securities Fraud under § 61-1-1 of the Act

(Investor I.M.)

31. The Division incorporates and re-alleges paragraphs 1 through 30.
32. The investment contract offered and sold by Respondent qualifies as a security under § 61-1-13 of the Act.
33. In connection with the offer and sale of a security to investor I.M., Respondent, directly or indirectly, made false statements, including, but not limited to, the following:
 - a. I.M. was guaranteed to make money on her investment, when, in fact, there is no guarantee that an individual will make money in the stock market; and
 - b. Cerna would put \$10,000 of his own funds in the account with I.M., when, in fact, he did not have \$10,000 available to contribute to the account at that time.
34. In connection with the offer and sale of a security to investor I.M., Respondent, directly or indirectly, failed to disclose material information, including, but not limited to, the following, which was necessary in order to make statements made not misleading:
 - a. Cerna intended to trade stocks on margin;
 - b. The risks associated with trading stocks on margin;
 - c. Cerna would pool I.M.'s investment with funds from other investors;
 - d. Proof of his prior experience trading in the stock market;
 - e. How Cerna could pay I.M. back if the investment did not generate a profit, given

- his representation regarding a guaranteed return;
- f. How I.M. could withdraw her funds at any time, when her funds could be tied up in various investments;
 - g. Some or all of the information typically provided in an offering circular or prospectus regarding Respondent and/or the investment, such as:
 - i. Business and operating history;
 - ii. Financial statements;
 - iii. Risk factors;
 - iv. Conflicts of interest;
 - v. Suitability factors for the investment;
 - vi. Whether Respondent was licensed to sell securities in the state of Utah;
 - vii. Whether Respondent was licensed as an investment adviser or investment adviser representative in the state of Utah; and
 - viii. Whether the offering was registered, federally covered, or exempt from registration in the state of Utah.

Unlicensed Activity under § 61-1-3(3) of the Act

- 35. The Division incorporates and re-alleges paragraphs 1 through 30.
- 36. Respondent has never been licensed in the securities industry in any capacity.
- 37. Respondent acted as an investment adviser in the state of Utah by engaging in the business of advising others as to the value of securities or the advisability of investing in,

purchasing, or selling securities in exchange for anticipated compensation.

38. It is unlawful for a person to transact business in this state as an investment adviser unless the person is appropriately licensed or exempt from licensing, in accordance with the Act.
39. As a result, Respondent violated § 61-1-3(3) of the Act.

II. THE DIVISION'S CONCLUSIONS OF LAW

40. Based on the Division's investigative findings, the Division concludes that:
 - a. The investment opportunity offered and sold by Respondent is a security under § 61-1-13 of the Act.
 - b. Respondent violated § 61-1-1(2) of the Act by making untrue statements of material facts or omitting to state material facts in connection with the offer and sale of securities, disclosure of which were necessary in order to make representations made not misleading.
 - c. Respondent violated § 61-1-3(3) of the Act by transacting business in the state of Utah as an investment adviser without the appropriate license or exemption from licensure.

III. REMEDIAL ACTIONS/SANCTIONS

40. Respondent admits the Division's findings of fact and conclusions of law and consents to the sanctions below being imposed by the Division.
41. Respondent agrees to the imposition of a cease and desist order, prohibiting him from any conduct that violates the Act.

42. Respondent agrees that he will be barred from (i) associating³ with any broker-dealer or investment adviser licensed in Utah; (ii) acting as an agent for any issuer soliciting investor funds in Utah; and (iii) from being licensed in any capacity in the securities industry in Utah.
43. Pursuant to § 61-1-20(1)(f) of the Act and in consideration of the guidelines set forth in Utah Administrative Code Rule R164-31-1, the Division imposes a fine of \$1,500, due in full within five business days of the entry of this Order. If the Division finds that Respondent materially violates any term of this Order, thirty days after notice and an opportunity to be heard before an administrative officer solely as to the issue of a material violation, Respondent consents to a judgment ordering the entire fine immediately due.

IV. FINAL RESOLUTION

44. Respondent acknowledges that this Order, upon approval by the Securities Commission, shall be the final compromise and settlement of this matter.
45. Respondent further acknowledges that if the Securities Commission does not accept the terms of the Order, it shall be deemed null and void and without any force or effect whatsoever.
46. Respondent acknowledges that the Order does not affect any civil or arbitration causes of

³“Associating” includes, but is not limited to, acting as an agent of, receiving compensation directly or indirectly from, or engaging in any business on behalf of a broker-dealer, agent, investment adviser, or investment adviser representative licensed in Utah. “Associating” does not include any contact with a broker-dealer, agent, investment adviser, or investment adviser representative licensed in Utah incidental to any personal relationship or business not related to the sale or promotion of securities or the giving of investment advice in the state of Utah.

action that third parties may have against him rising 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.

47. Respondent acknowledges that a willful violation of this Order is a third degree felony pursuant to § 61-1-21(1)(b) of the Act.
48. The Order constitutes the entire agreement between the parties herein and supersedes and cancels any and all prior negotiations, representations, understandings, or agreements between the parties. There are no verbal agreements which modify, interpret, construe, or otherwise affect the Order in any way. The Order may be docketed in a court of competent jurisdiction. Upon entry of the Order, any further scheduled hearings are canceled.

R

RECEIVED

NOV 07 2014

Utah Department of Commerce
Division of Securities

Utah Division of Securities:

Date: _____

By: _____
Dave R. Hermansen
Director of Enforcement

Respondent:

Date: 11/5/2014

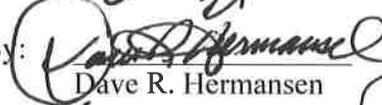
By: _____
Andres Cerna

Approved:

Thomas M. Melton
Assistant Attorney General
K.W.

Utah Division of Securities:

Date: Nov 6, 2014

By: 
Dave R. Hermansen
Director of Enforcement

Respondent:

Date: _____

By: _____
Andres Cerna

Approved:


Thomas M. Melton
Assistant Attorney General
K.W.

ORDER

IT IS HEREBY ORDERED THAT:

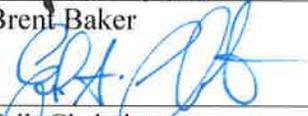
1. The Division has made a sufficient showing of Findings of Fact and Conclusions of Law to form a basis for this settlement.
2. Respondent cease and desist from violating the Act.
3. Respondent is barred from (i) associating with any broker-dealer or investment adviser licensed in Utah, (ii) acting as an agent for any issuer soliciting investor funds in Utah, and (iii) from being licensed in any capacity in the securities industry in Utah.
4. The Division impose a fine of \$1,500 against Respondent, due within five business days of the entry of this Order.

DATED this 20th day of November 2014.

BY THE UTAH SECURITIES COMMISSION:



Brent Baker



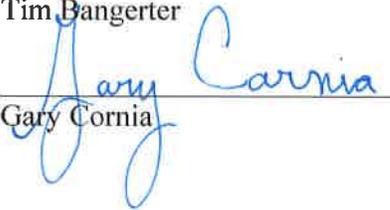
Erik Christiansen



David Russon



Tim Bangerter



Gary Cornia

Certificate of Mailing

I certify that on the 20th day of November, 2014, I mailed a true and correct copy of the fully executed Stipulation and Consent Order to:




Executive Secretary

Division of Securities
Utah Department of Commerce
160 East 300 South
Box 146760
Salt Lake City, UT 84114-6760
Telephone: (801) 530-6600
FAX: (801) 530-6980

**BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH**

IN THE MATTER OF:

**BREAKTHROUGH TECHNOLOGIES,
MARK ANDREW JACKSON,**

Respondents.

**STIPULATION AND CONSENT
ORDER**

**Docket No. SD-12-0071
Docket No. SD-12-0073**

The Utah Division of Securities (“Division”), by and through its Director of Enforcement, Dave R. Hermansen, and Mark Andrew Jackson (“Jackson”) and Breakthrough Technologies (“Breakthrough”) hereby stipulate and agree as follows:

1. Jackson, Breakthrough and Charles Ross Chatwin (“Chatwin”) were the subjects of an investigation conducted by the Division into allegations that they violated certain provisions of the Utah Uniform Securities Act, Utah Code Ann. § 61-1-1, *et seq.*, as amended (the “Act”).
2. Based on that investigation, the Utah Attorney General’s Office filed criminal charges against Jackson¹ and Chatwin² on or about April 25, 2012.

¹ *State of Utah v. Mark A. Jackson*, Case No. 121401193, Fourth Judicial District Court of Utah (2012).

3. The Division then initiated an administrative action against Jackson, Breakthrough and Chatwin (hereinafter “Respondents”), through the issuance of an Order to Show Cause and Notice of Agency Action dated December 10, 2012. The Order to Show Cause alleged that Respondents violated § 61-1-1 (securities fraud) of the Act, while engaged in the offer and sale of securities in or from Utah.
4. On or about March 28, 2013, the Utah Securities Commission (“Commission”) entered a default order against Respondents for failure to participate in the Division’s administrative action. The default order included an order to cease and desist from violating the terms of the Act and a fine in the amount of \$348,750.
5. On or about June 13, 2013, in response to a motion, the presiding officer in the administrative proceeding ordered that the default be set aside as to respondents Jackson and Breakthrough.³
6. The action was then stayed pending completion of the related criminal proceeding.
7. On or about July 2, 2013, Jackson pleaded guilty to one count of securities fraud, a second degree felony. In connection therewith, Jackson was ordered to pay restitution in the amount of \$225,000, fined \$1,173, sentenced to 180 days in jail and placed on probation for a period of thirty-six months.⁴
8. On or about June 19, 2014, the presiding officer then lifted the stay in the administrative

² *State of Utah v. Charles Ross Chatwin*, Case No. 121401194, Fourth Judicial District Court of Utah (2012).

³ With respect to respondent Chatwin, the default order remains in place.

⁴ On or about that same date, Chatwin also pleaded guilty to one count of securities fraud. Chatwin was ordered to pay \$47,999 in restitution, fined \$983, sentenced to 34 days in jail and placed on probation for a period of five years.

proceeding.

9. Now, in settlement of this administrative action, Jackson and Breakthrough hereby agree to enter into a Stipulation and Consent Order (“Order”) with the Division. If approved by the Commission, the Order will fully resolve all claims the Division has against Jackson and Breakthrough pertaining to the December 10, 2012 Order to Show Cause.
10. By entering into the Order, Jackson and Breakthrough waive any right to a hearing to challenge the Division’s evidence and present evidence on their behalf. Jackson and Breakthrough understand that by waiving a hearing, they are waiving the requirement that the Division prove the allegations against them by a preponderance of the evidence, waiving their right to confront and cross-examine witnesses who may testify against them, to call witnesses on their own behalf, and any and all rights to appeal the findings, conclusions and sanctions set forth in this Order.
11. Jackson and Breakthrough are represented by Michael Esplin of Esplin Weight and are satisfied with his advice and representation in this matter.
12. Jackson and Breakthrough acknowledge that this Order does not affect any enforcement action that may be brought by a criminal prosecutor or any other local, state, or federal enforcement authority.
13. Jackson and Breakthrough admit the jurisdiction of the Division over them and over the subject matter of this action.

I. THE DIVISION'S FINDINGS OF FACT

THE RESPONDENTS

14. Breakthrough was a Nevada corporation that registered with the Nevada Secretary of State's Office on or about October 27, 2008. Breakthrough's current status is listed as revoked. While active, Jackson served as president, treasurer, and director of Breakthrough. Breakthrough has never registered with the Division.
15. Jackson was, at all relevant times, a resident of the state of Utah. Jackson was licensed to sell securities in the 1980's but has not been licensed to sell securities since that time.⁵

GENERAL ALLEGATIONS

16. Between January and March 2009, Respondents offered and sold investment contracts to an investor, in or from Utah, and collected a total of \$225,000.
17. Investment contracts are securities under the Act.
18. Respondents made material misstatements and omissions in connection with the offer and sale of securities to the investor identified below.
19. Respondents engaged in an act, practice, or course of business, which operated as a fraud or deceit upon the investor identified below.

⁵ FINRA's Central Registration Depository (CRD) shows that in 1985 Jackson had three complaints against him for placing investor funds in outside business investments while working for Prudential-Bach Securities. The complaints allege Jackson used over \$3 million in a Bingo venture and \$46,000 in a real estate investment.

INVESTOR O.A.

First Offer and Sale of a Security

20. In or about January 2009, Chatwin and D.W., O.A.'s daughter, were engaged in a business relationship.
21. During that time, D.W. contacted Chatwin by telephone to discuss ways O.A. could recoup losses from several unrelated prior investments. D.W. was in Salt Lake City, Utah at the time of the call.
22. Shortly following that conversation, O.A. and D.W. met with Chatwin and Jackson in Jackson's St. George, Utah home to discuss a potential investment opportunity.
23. During the conversation, Jackson made the following statements about himself:
 - a. He had previous banking experience as a board director for some major banks;
 - b. He had been involved in international banking transactions;
 - c. He had worked with Fortune 500 companies to invest company funds;
 - d. He had homes in Los Angeles, California and Las Vegas, Nevada; and
 - e. He had been working on a project involving biodiesel in Las Vegas, Nevada.
24. Jackson then made the following statements about a potential investment with Respondents:
 - a. Jackson had a way to take care of O.A.'s previous financial losses;
 - b. Jackson needed \$25,000 for an appraisal on artwork which belonged to an individual from San Francisco, California;

- c. Jackson would use the appraisal and artwork to obtain a loan;
 - d. Jackson would then use the loaned funds for another project;
 - e. Jackson also needed \$200,000 to store the artwork in a secure location at the request of a lending bank;
 - f. Jackson would pay O.A. \$1.2 million in return for an investment of \$225,000 to facilitate this project; and
 - g. Jackson would take care of O.A.
25. Jackson did not discuss how he would generate a profit using O.A.'s investment funds.
26. Following Jackson's presentation, Chatwin told O.A. and D.W. that Chatwin would personally guarantee the investment.
27. O.A. asked for more time to consider the opportunity. Chatwin recommended an accountant that O.A. could consult about the investment as she considered the opportunity.
28. Following the meeting, O.A. and D.W. met with the accountant in St. George, Utah. O.A. described Jackson's proposed investment to the accountant.
29. The accountant advised O.A. not to pursue the investment because it appeared to have too much risk.
30. O.A. and D.W. later met with Jackson and Chatwin in St. George, Utah.
31. During the meeting, O.A. asked Jackson about the risk the potential investment carried.
32. Jackson told O.A. and D.W. that there was no risk because everything was in place and

he only needed investment funds to start the transaction.

33. Jackson told O.A. that she would be perfectly safe.
34. Based on Jackson and Chatwin's statements, O.A. decided to invest the initial \$25,000 at that time and the remaining \$200,000 at a later time.
35. On or about February 6, 2009, O.A., D.W., Jackson, and Chatwin met in Jackson's St. George, Utah home where Jackson and Chatwin presented and signed a contract. The contract made the following statements:
 - a. O.A.'s funds would be used to open offshore accounts "to complete a bank transaction that will enable Breakthrough Technologies/Mark Jackson to acquire an International bank loan;"
 - b. O.A. would receive \$25,000 in principal and \$80,000 in interest within forty-five days; and
 - c. Chatwin "personally guarantees" the repayment of principal.
36. On or about February 6, 2009, O.A. wired \$25,000 to Breakthrough's Sun First Bank account, bringing the balance to \$24,991.95 after a wire fee.
37. Based on a first in, first out analysis, bank records indicate that Respondents used O.A.'s funds in the following manner:
 - a. \$17,000 transferred to Jackson's savings account and subsequently used in the following manner:
 - i. \$7,183 to Bank of America;

- ii. \$2,500 to American Musical and Dramatic Academy; and
 - iii. Various personal expenses;
- b. \$2,000 to Jackson's wife;
 - c. \$1,356 to Best Buy;
 - d. \$1,191 withdrawn as cash;
 - e. \$967 to food and groceries;
 - f. \$739 for unknown purchases;
 - g. \$400 to Verizon Wireless;
 - h. \$381 for gasoline; and
 - i. \$966 in various personal expenses such as Walmart, Big 5 Sporting Goods, Casinos, Hotels, and Playboy.

Second Offer and Sale of a Security

- 38. On or about March 19, 2009, Jackson met with O.A. and D.W. at O.A.'s home in Provo.
- 39. During the meeting, in an effort to provide greater assurances to O.A. regarding the investment, Jackson called Ava LNU to verify that Jackson was using Ava LNU's art as collateral.
- 40. Jackson also told O.A. that if O.A. did not want to invest, Jackson would be able to secure another investor during his upcoming trip to Salt Lake City, Utah.
- 41. Jackson restated the terms of the investment contract and opportunity for O.A.'s benefit.
- 42. Based on Jackson's statements, O.A. decided to invest the remaining \$200,000 with

Respondents.

43. On or about March 20, 2009, O.A. wired \$200,000 to Breakthrough's account, bringing the balance to \$201,206. In exchange for the funds, Jackson signed and gave O.A. a contract with the following provisions:
 - a. O.A.'s funds would be used "for the purpose of moving some artwork to a safe keeping warehouse for the purpose of obtaining a loan";
 - b. O.A.'s principal would be repaid within 60 days of the wire date;
 - c. \$1.4 million in interest and principal would be paid via two \$700,000 payments within 120 days.

44. Based on a first in, first out analysis, bank records indicate that Respondents used the majority of O.A.'s funds in the following manner:
 - a. \$29,000 to Executive Car Sales;
 - b. \$27,471 to Bank of America;
 - c. \$20,750 to Xotic Motorsports for a 2007 Mercedes C230;
 - d. \$15,000 to Grand Capital Finance;
 - e. \$12,000 to Alan White;
 - f. \$11,000 to Wendell Knight;
 - g. \$8,300 to Pamela Jean Weston;
 - h. \$5,000 to an unknown Breakthrough account;
 - i. \$4,566 to Wells Fargo Bank;

- j. \$3,860 to Jones Paint and Glass;
- k. \$3,450 in cash withdrawals;
- l. \$3,000 to Chatwin;
- m. \$2,500 to Private Financial Advisors c/o Calvin Mathis;
- n. \$2,293 to AMDA;
- o. \$1,777 to Sofa Mart;
- p. \$1,700 to Zions Motors;
- q. \$1,600 to A-aire;
- r. \$1,013 to Qwest;
- s. \$1,000 to Emily Jackson;
- t. \$13,300 in transfers to other accounts; and
- u. \$3,283 in various personal expenses such as Big 5 Sporting Goods, collision repair, Verizon and Qwest.

CAUSES OF ACTION

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

- 45. The Division incorporates and re-alleges paragraphs 1 through 44.
- 46. The investment contracts offered and sold by Jackson and Breakthrough are securities under § 61-1-13 of the Act.
- 47. In connection with the offer and sale of securities to investor O.A., Jackson and Breakthrough, directly or indirectly, made false statements, including, but not limited to,

the following:

- a. Respondents would pay O.A. \$1.2 million in exchange for a \$225,000 investment, when in fact, Jackson had no reasonable basis for making this statement; and
- b. The investment was safe and carried no risk, when in fact, Jackson had no reasonable basis for making such a statement.

48. In connection with the offer and sale of securities to investor O.A., Jackson and Breakthrough, directly or indirectly, failed to disclose material information, including, but not limited to, the following, which was necessary in order to make statements made in the investment contracts not misleading:

- a. Respondents used all of O.A.'s \$25,000 investment for purposes other than promised;
- b. Respondents would use the majority of O.A.'s funds for purposes other than promised;
- c. How Respondents would earn a profit;
- d. Jackson had three complaints against him for misusing investor funds when he was working with Prudential-Bache Securities in 1985;
- e. Jackson had filed for Chapter 13 bankruptcy in 2008⁶;
- f. Some or all of the information typically provided in an offering circular or prospectus regarding Respondents, such as:

⁶ *In re Jackson*, No. 08-21859 (Bank. Dist. Utah 2009).

- i. Financial statements;
- ii. Risk factors;
- iii. Total number of investors;
- iv. Suitability factors for the investment; and
- v. Whether Respondents were licensed to sell securities.

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

49. The Division incorporates and re-alleges paragraphs 1 through 44.
50. The investment contracts offered and sold by Jackson and Breakthrough are securities under § 61-1-13 of the Act.
51. Jackson and Breakthrough engaged in an act, practice, or course of business, which operated as a fraud or deceit upon O.A., in violation of §61-1-1(3) of the Act by:
 - a. Promising to repay principal plus a stated percentage interest, when in fact, Respondents were delinquent on interest payments on prior investments; and
 - b. Converting investor funds for use in the following manner:
 - i. Payments to other non-related individuals;
 - ii. Payments to outstanding debts; and
 - iii. Other personal expenses including purchasing vehicles, sporting goods, groceries, utilities, casinos, hotels, etc.

Unlicensed Activity under § 61-1-3(3) of the Act

52. The Division incorporates and re-alleges paragraphs 1 through 44.
53. At all relevant times, Jackson was not licensed in the securities industry in any capacity.

54. Jackson acted as an investment adviser or investment adviser representative in the offer and/or sale of securities in Utah.
55. Jackson received compensation by converting the majority of the \$225,000 investment funds for personal use. These funds were received in the offer and/or sale of securities in Utah.
56. Accordingly, the offer and sale of securities by Jackson violated § 61-1-(3) of the Act.

II. THE DIVISION'S CONCLUSIONS OF LAW

57. Based on the Division's investigative findings, the Division concludes that:
 - a. The investment contracts offered and sold by Jackson and Breakthrough are securities under § 61-1-13 of the Act.
 - b. Jackson and Breakthrough violated § 61-1-1(2) of the Act by making untrue statements of material facts or omitting to state material facts in connection with the offer and sale of securities, disclosure of which were necessary in order to make representations made not misleading.
 - c. Jackson and Breakthrough violated § 61-1-1(3) by engaging in an act, practice, or course of business, which operated as a fraud or deceit upon O.A.
 - d. Jackson violated § 61-1-3(3) by acting as an unlicensed investment adviser or investment adviser representative in the offer and sale of securities to O.A.

III. REMEDIAL ACTIONS/SANCTIONS

61. Jackson and Breakthrough admit the Division's findings of fact and conclusions of law

and consent to the sanctions below being imposed by the Division.

62. Jackson and Breakthrough agree to the imposition of a cease and desist order, prohibiting them from any conduct that violates the Act.
63. Jackson agrees that he will be barred from (i) associating⁷ with any broker-dealer or investment adviser licensed in Utah; (ii) acting as an agent for any issuer soliciting investor funds in Utah; and (iii) from being licensed in any capacity in the securities industry in Utah.
64. Jackson agrees to pay restitution as ordered in the related criminal proceeding, *State of Utah v. Mark A. Jackson*, Case No. 121401193, Fourth Judicial District Court of Utah (2012).
65. For the entire time the restitution order remains outstanding in the related criminal proceeding, Jackson agrees to notify the Division of any change in his mailing address, within thirty days from the date of such change.

IV. FINAL RESOLUTION

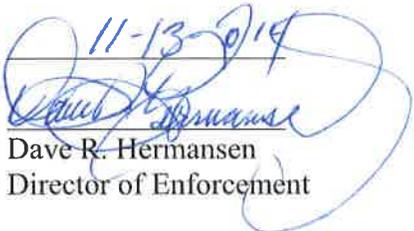
66. Jackson and Breakthrough acknowledge that this Order, upon approval by the Securities Commission, shall be the final compromise and settlement of this matter.
67. Jackson and Breakthrough acknowledge that the Commission is not required to approve this Order, in which case the Order shall be null and void and have no force or effect. In

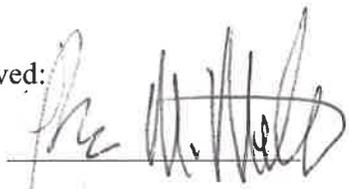
⁷“Associating” includes, but is not limited to, acting as an agent of, receiving compensation directly or indirectly from, or engaging in any business on behalf of a broker-dealer, agent, investment adviser, or investment adviser representative licensed in Utah. “Associating” does not include any contact with a broker-dealer, agent, investment adviser, or investment adviser representative licensed in Utah incidental to any personal relationship or business not related to the sale or promotion of securities or the giving of investment advice in the state of Utah.

the event the Commission does not approve this Order, however, Respondent expressly waives any claims of bias or prejudice of the Commission, and such waiver shall survive any nullification.

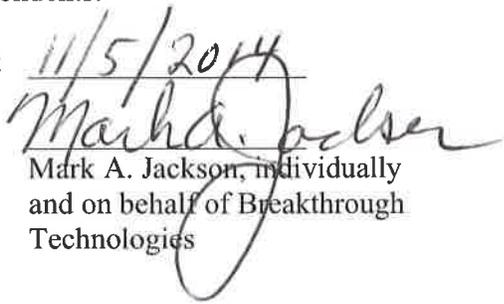
68. Jackson and Breakthrough acknowledge that the Order does not affect any civil or arbitration causes of action that third parties may have against them arising in whole or in part from their actions, and that the Order does not affect any criminal causes of action that may arise as a result of the conduct referenced herein. Jackson and Breakthrough also acknowledge that any civil, criminal, arbitration or other causes of action brought by third parties against them have no effect on, and do not bar, this administrative action by the Division.
69. Jackson and Breakthrough acknowledge that a willful violation of this Order is a third degree felony pursuant to § 61-1-21(1)(b) of the Act.
70. The Order constitutes the entire agreement between the parties herein and supersedes and cancels any and all prior negotiations, representations, understandings, or agreements between the parties. There are no verbal agreements which modify, interpret, construe, or otherwise affect the Order in any way. The Order may be docketed in a court of competent jurisdiction. Upon entry of the Order, further scheduled hearings are canceled.

Utah Division of Securities:

Date: 11-13-2014
By: 
Dave R. Hermansen
Director of Enforcement

Approved: 
Assistant Attorney General
J.N.

Respondents:

Date: 11/5/2014
By: 
Mark A. Jackson, individually
and on behalf of Breakthrough
Technologies


Michael D. Esplin
Attorney for Jackson and
Breakthrough

ORDER

IT IS HEREBY ORDERED THAT:

1. The Division has made a sufficient showing of Findings of Fact and Conclusions of Law to form a basis for this settlement.
2. Jackson and Breakthrough cease and desist from violating the Act.
3. Jackson is barred from (i) associating with any broker-dealer or investment adviser licensed in Utah, (ii) acting as an agent for any issuer soliciting investor funds in Utah, and (iii) from being licensed in any capacity in the securities industry in Utah.
4. Jackson pay restitution as ordered in the related criminal proceeding, *State of Utah v. Mark A. Jackson*, Case No. 121401193, Fourth Judicial District Court of Utah (2012).
5. For the entire time the restitution order remains outstanding in the criminal proceeding, Jackson notify the Division of any change in his mailing address, within thirty days from the date of such change.

DATED this 20th day of November, 2014.

BY THE UTAH SECURITIES COMMISSION:



Brent Baker



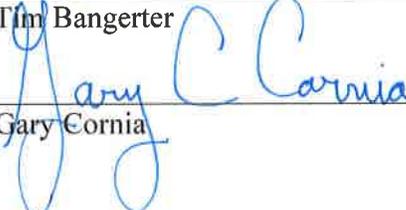
Erik Christiansen



David Russon



Tim Bangerter



Gary Cornia

Certificate of Mailing

I certify that on the 20th day of November, 2014, I mailed a true and correct copy of the fully executed Stipulation and Consent Order to:

MARK A. JACKSON
BREAKTHROUGH TECHNOLOGIES
C/O MICHAEL ESPLIN
ESPLIN | WEIGHT
290 WEST CENTER ST.
P.O. BOX "L"
PROVO, UT 84603



Executive Secretary

Division of Securities
Utah Department of Commerce
160 East 300 South
Box 146760
Salt Lake City, UT 84114-6760
Telephone: (801) 530-6600
FAX: (801) 530-6980

**BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH**

IN THE MATTER OF:

KEITH LIGNELL,

Respondent.

**STIPULATION AND CONSENT
ORDER**

Docket No. SD-14-0032

The Utah Division of Securities (“Division”), by and through its Director of Enforcement, Dave R. Hermansen, and Keith Lignell (“Lignell” or “Respondent”) hereby stipulate and agree as follows:

1. Respondent was the subject of an investigation conducted by the Division into allegations that he violated certain provisions of the Utah Uniform Securities Act, Utah Code Ann. § 61-1-1, *et seq.*, as amended (the “Act”).
2. In connection therewith, the Division initiated an administrative action against Respondent, through the issuance of an Order to Show Cause and Notice of Agency Action dated August 18, 2014. The Order to Show Cause alleged that Respondent

violated § 61-1-1 (securities fraud) of the Act, while engaged in the offer and sale of securities in or from Utah.

3. Respondent hereby agrees to settle this matter with the Division by way of this Stipulation and Consent Order (“Order”). If entered, the Order will fully resolve all claims the Division has against Respondent pertaining to the August 18, 2014 Order to Show Cause.
4. Respondent hereby waives any right to a hearing to challenge the Division’s evidence and present evidence on his behalf. Respondent understands that by waiving a hearing, he is waiving the requirement that the Division prove the allegations against him by a preponderance of the evidence, waiving his right to confront and cross-examine witnesses who may testify against him, to call witnesses on his own behalf, and any and all rights to appeal the findings, conclusions and sanctions set forth in this Order.
5. Respondent is represented by Phillip Geurts, an attorney licensed in the state of California, and is satisfied with his advice and representation in this matter.
6. Respondent acknowledges that this Order does not affect any enforcement action that may be brought by a criminal prosecutor or any other local, state, or federal enforcement authority. However, the Division does not intend to recommend a criminal filing in this matter to a state or county prosecutor's office.
7. Respondent admits the jurisdiction of the Division over him and over the subject matter of this action.

I. THE DIVISION'S FINDINGS OF FACT

THE RESPONDENT

8. Lignell was, at all times relevant to the matters asserted herein, a resident of the state of Utah. Lignell has never been licensed in the securities industry in any capacity.

GENERAL ALLEGATIONS

9. From approximately June 2010 to March 2014, while conducting business in or from Utah, Respondent offered and sold promissory notes and investment contracts to at least one investor and collected a total of \$228,000 in connection therewith.
10. Promissory notes and investment contracts are defined as securities in § 61-1-13 of the Act.
11. Respondent made material misstatements and omissions in connection with the offer and sale of securities to the investor identified below.
12. To date, the investor has received a total return of \$1,811.50, leaving an outstanding balance of \$226,188.50 in principal alone.

INVESTOR L.F.

OFFER AND SALE OF PROMISSORY NOTES

13. As of June 2010, when Lignell initially approached L.F. with a potential investment opportunity, Lignell had been serving as L.F.'s dentist in Salt Lake County, Utah for a number of years.
14. At that time, Lignell mentioned to L.F. that he was working on a dental invention that

would make life easier for dentists in their professional practice.

15. He stated that he needed additional funding to produce and market the device.
16. L.F. indicated that she did not have a significant amount of money available to invest, but she would like to help Lignell.
17. In response, Lignell represented that he would not take money from any additional investors, so as to maximize L.F. and Lignell's profit from the eventual sale of the invention.
18. In the interim, Lignell stated that he would pay L.F. a 9% return on her principal.
19. Based on these statements, L.F. invested a total of \$25,000 between approximately June 26, 2010 and September 23, 2011.
20. On five separate occasions, L.F. provided Lignell with a personal check in the amount of \$5,000, made payable to Lignell.
21. Lignell subsequently deposited each of those checks into his account at U.S. Bank or America First Credit Union.
22. In exchange for each of these investments, L.F. received a promissory note listing Lignell as the borrower and L.F. as the payee.
23. The notes were signed and executed by Lignell and L.F. and promised to pay 9% interest per annum on a quarterly basis until all amounts were paid in full.
24. An analysis of the relevant bank records reveals that Lignell failed to use some, if not all, of L.F.'s \$25,000 investment for purposes of creating and selling a dental invention.

25. Instead, some, if not all, of L.F.'s investments went to cover personal expenses, including credit card payments and general living expenses.

OFFER AND SALE OF INVESTMENT CONTRACTS

26. Sometime prior to L.G.'s fifth investment, which occurred on or about September 23, 2011, as detailed above, Lignell decided to vary the structure of the investments.¹
27. Rather than offering a promissory note and a set interest rate, Lignell represented that L.F.'s investments would increase the percentage of profit that she would be entitled to upon sale of the dental invention to a large company like Procter & Gamble or Johnson & Johnson.
28. Relying on this model, Lignell began contacting L.F. in person or via telephone and requesting additional funds for his invention.
29. In response, L.F. wrote checks to Lignell in amounts ranging from \$2,000 to \$10,000, depending on how much Lignell requested at that time.
30. Between approximately February 16, 2011 and March 3, 2014, L.F. provided Lignell with thirty-six checks totaling \$203,000 for the purpose of funding Lignell's dental invention.
31. Lignell used some, if not all, of L.F.'s investment for personal expenses.
32. To date, L.F. has received a total return of \$1,811.50, leaving an outstanding balance of \$226,188.50 in principal alone.

¹ Lignell structured the September 23, 2011 investment as a promissory note; however, several investments prior to that date and all investments occurring thereafter were structured as informal investment contracts.

CAUSES OF ACTION

**Securities Fraud under § 61-1-1 of the Act
(Investor L.F.)**

33. The Division incorporates and re-alleges paragraphs 1 through 32.
34. The promissory notes and investment contracts offered and sold by Respondent qualify as securities under § 61-1-13 of the Act.
35. In connection with the offer and sale of securities to investor L.F., Respondent, directly or indirectly, made false statements, including, but not limited to, the following:
 - a. Respondent would use L.F.'s money to help produce and market a dental invention, when, in fact, some, if not all, of L.F.'s funds went to cover Respondent's personal expenses.
36. In connection with the offer and sale of securities to investor L.F., Respondent, directly or indirectly, failed to disclose material information, including, but not limited to, the following, which was necessary in order to make statements made not misleading:
 - a. Respondent would use some, if not all, of L.F.'s funds for personal expenses;
 - b. Respondent's prior experience and track record with dental inventions;
 - c. Details surrounding the particular invention, including, but not limited to, the market for the product;
 - d. How Respondent would pay L.F. 9% interest on the five promissory notes when the product had yet to be completed; and
 - e. Some or all of the information typically provided in an offering circular or

prospectus regarding Respondent, such as:

- i. Business and operating history;
- ii. Financial statements;
- iii. Risk factors;
- iv. Conflicts of interest;
- v. Suitability factors for the investment;
- vi. Whether Respondent was licensed to sell securities in the state of Utah;
and
- vii. Whether the offering was registered, federally covered, or exempt from registration in the state of Utah.

II. THE DIVISION'S CONCLUSIONS OF LAW

37. Based on the Division's investigative findings, the Division concludes that:
- a. The promissory notes and investment contracts offered and sold by Respondent are securities under § 61-1-13 of the Act.
 - b. Respondent violated § 61-1-1(2) of the Act by making untrue statements of material facts or omitting to state material facts in connection with the offer and sale of securities, disclosure of which were necessary in order to make representations made not misleading.

III. REMEDIAL ACTIONS/SANCTIONS

38. Respondent neither admits nor denies the Division's findings of fact and conclusions of

law but consents to the sanctions below being imposed by the Division.

39. Respondent agrees to the imposition of a cease and desist order, prohibiting him from any conduct that violates the Act.
40. Respondent agrees that he will be barred from (i) associating² with any broker-dealer or investment adviser licensed in Utah; (ii) acting as an agent for any issuer soliciting investor funds in Utah; and (iii) from being licensed in any capacity in the securities industry in Utah.
41. Pursuant to § 61-1-20(1)(f) of the Act and in consideration of the guidelines set forth in Utah Administrative Code Rule R164-31-1, the Division imposes a fine of \$205,000 against Respondent, to be offset by payments of restitution to the investor. The entire fine amount shall be due within thirty (30) days of the entry of this Order. If the Division finds that Respondent materially violated any term of this Order, thirty days after notice and an opportunity to be heard before an administrative officer solely as to the issue of a material violation, Respondent consents to a judgment ordering the unpaid balance of the fine immediately due and payable.
42. Each dollar paid by Respondent to the investor as restitution shall be credited by the Division toward payment of the fine. Respondent shall send to the Division the cancelled check or confirmation of wire transfer for each payment made to the investor. Failure to

²“Associating” includes, but is not limited to, acting as an agent of, receiving compensation directly or indirectly from, or engaging in any business on behalf of a broker-dealer, agent, investment adviser, or investment adviser representative licensed in Utah. “Associating” does not include any contact with a broker-dealer, agent, investment adviser, or investment adviser representative licensed in Utah incidental to any personal relationship or business not related to the sale or promotion of securities or the giving of investment advice in the state of Utah.

comply with this provision of the Order, or the payment provisions included in paragraph 41 above, may result in the referral of the fine to the State Office of Debt Collection.

43. For the entire time the fine and/or restitution remains outstanding, Respondent agrees to notify the Division of any change in his mailing address, within thirty days from the date of such change.

IV. FINAL RESOLUTION

44. Respondent acknowledges that this Order, upon approval by the Securities Commission, shall be the final compromise and settlement of this matter.
45. Respondent further acknowledges that if the Securities Commission does not accept the terms of the Order, it shall be deemed null and void and without any force or effect whatsoever.
46. If Respondent materially violates any term of this Order, thirty days 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 Respondent admits the Division's Findings of Fact and Conclusions of Law as set forth in this Order. The Order may be issued upon motion of the Division, supported by an affidavit verifying the violation. 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.

47. 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 action brought by third parties against him have no effect on, and do not bar, this administrative action by the Division. If Respondent materially violates this Order, however, the Findings of Fact and Conclusions of Law set forth in this Order are deemed admitted as described in paragraph 46 above, and may be introduced as evidence against Respondent in any arbitration, civil, criminal, or regulatory actions.
48. Respondent acknowledges that a willful violation of this Order is a third degree felony pursuant to § 61-1-21(1)(b) of the Act.
49. The Order constitutes the entire agreement between the parties herein and supersedes and cancels any and all prior negotiations, representations, understandings, or agreements between the parties. There are no verbal agreements which modify, interpret, construe, or otherwise affect the Order in any way. The Order may be docketed in a court of competent jurisdiction. Upon entry of the Order, any further scheduled hearings are canceled.

Utah Division of Securities:

Date: 11/4/2014

By: 
Dave R. Hermansen
Director of Enforcement

Respondent:

Date: 10/30/14

By: 
Keith Lignell

Approved:


Paul G. Amann 
Assistant Attorney General
K.W.


Phillip Geurts
Attorney for Respondent

ORDER

IT IS HEREBY ORDERED THAT:

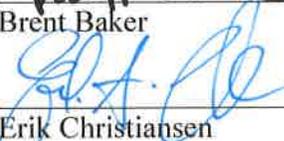
1. The Division has made a sufficient showing of Findings of Fact and Conclusions of Law to form a basis for this settlement.
2. Respondent cease and desist from violating the Act.
3. Respondent is barred from (i) associating with any broker-dealer or investment adviser licensed in Utah, (ii) acting as an agent for any issuer soliciting investor funds in Utah, and (iii) from being licensed in any capacity in the securities industry in Utah.
4. The Division impose a fine of \$205,000 against Respondent, to be offset by payments of restitution to the investor. The entire fine amount shall be due within thirty (30) days of the entry of this Order.
5. If Respondent materially violates any term of this Order, the unpaid balance of the fine amount shall be imposed and become due immediately.
6. For the entire time the fine and/or restitution remains outstanding, Respondent notify the Division of any change in his mailing address, within thirty days from the date of such change.

DATED this 20th day of November, 2014.

BY THE UTAH SECURITIES COMMISSION:



Brent Baker



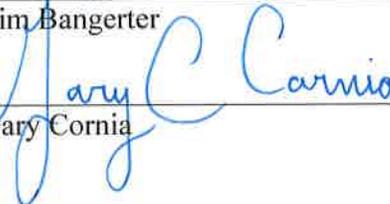
Erik Christiansen



David Russon



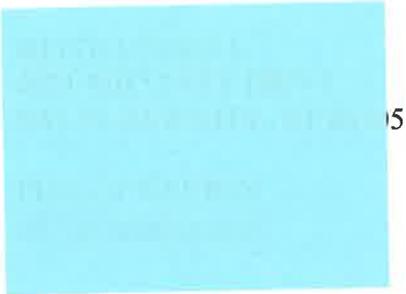
Tim Bangerter



Gary Cornia

Certificate of Mailing

I certify that on the 20th day of January, 2014, I mailed a true and correct copy of the fully executed Stipulation and Consent Order to:



A handwritten signature in blue ink is written over a horizontal line. The signature is stylized and appears to be 'M. D.'.

Executive Secretary

Division of Securities
Utah Department of Commerce
160 East 300 South
P.O. Box 146760
Salt Lake City, Utah 84114-6760
Telephone: 801 530-6600

**BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH**

IN THE MATTER OF:

**ROBERT W. SCOTT
R. SCOTT NATIONAL, INC.
SCOTT AGENCY INC.**

Respondent.

STIPULATION AND CONSENT ORDER

**Docket No. SD-14-0006
Docket No. SD-14-0007
Docket No. SD-14-0008**

The Utah Division of Securities (“Division”), by and through its Director of Enforcement, Dave R. Hermansen, and the Respondents, Robert W. Scott, R. Scott National Inc., and Scott Agency Inc., hereby stipulate and agree as follows:

1. Respondents have been the subject of an investigation by the Division into allegations that they violated the Utah Uniform Securities Act (“Act”), Utah Code Ann. §61-1-1, *et seq.*
2. On or about April 10, 2014, the Division initiated an administrative action against Respondents by filing an Order to Show Cause.
3. Respondents hereby agree to settle this matter with the Division by way of this Stipulation and Consent Order (“Order”). If entered, the Order will fully resolve all claims the Division has against Respondents pertaining to the Order to Show Cause.

4. Respondents admit that the Division has jurisdiction over them and the subject matter of this action.
5. Respondents hereby waive any right to a hearing to challenge the Division's evidence and present evidence on their behalf.
6. Respondents have read this Order, understand its contents, and voluntarily agree to the entry of the Order set forth below. No promises or other agreements have been made by the Division, nor by any representative of the Division, to induce Respondents to enter into this Order, other than as described in this Order.
7. Respondents are represented by attorney Joseph P. Barrett and are satisfied with the representation they have received.

I. FINDINGS OF FACT

8. Robert W. Scott ("Scott") is a Utah resident who was licensed as an insurance agent during the period relevant to this action. He has never been licensed in the securities industry.
9. R. Scott National, Inc. ("R. Scott National") is a Utah corporation. Scott was its president.
10. Scott Agency Inc. ("Scott Agency") is an expired Utah corporation. Its registration expired in December 2007. Scott was its director.
11. Zachary Lovingier ("Lovingier") is a Utah resident who was licensed as an insurance agent in Utah during the period relevant to this action. Lovingier was a business partner of Scott and is vice president of R. Scott National.
12. In the fall of 2008, an elderly married couple ("Husband" and "Wife" or at times together

referred to as “Couple”) responded to a mailed advertisement from Scott regarding changes to Medicare for that year. Scott then contacted Couple to set up an appointment, and came to their home in Utah County to discuss Medicare.

13. At the time, Husband was approximately 78 years old and Wife was 76 years old.
14. R. Scott National was presented by Scott as a “one stop shop” to provide a variety of services to senior citizens, including the sale of annuities, life insurance and long term care policies.
15. Scott assisted Couple with Medicare and Couple developed a relationship of trust and friendship with Scott. Husband wanted to help Scott become successful in Scott’s different business ventures.

First Investment Contract

16. In December 2008, Scott offered an investment opportunity in the form of an investment contract to Couple. First, Couple would apply for a \$1.5 million universal life insurance policy on Husband from PHL Variable Insurance Company (“PHL”). The premium for the first two years of the policy would be \$136,489.80. Scott told Couple he could double or nearly double their investment by having Scott then sell the policy in the secondary market as a life settlement interest, and that the policy could be sold within two years.¹
17. To finance the significant life insurance premiums, in January 2009 Scott recommended Couple obtain a reverse mortgage on their home. Couple had built their home in 1973 and owned it free and clear.

¹Scott had attended a seminar in California to learn how to turn life insurance policies into life settlements and sell them in the secondary market for a profit.

18. Following Scott's recommendations, Couple applied for the life insurance and obtained a reverse mortgage², almost half of which was used to pay the \$136,489.80 in insurance premiums for two years.
19. Scott completed the PHL life insurance application for Couple, which Lovingier signed as the licensed producer³.
20. Scott misrepresented information on the application, including:
 - a. Item 8 on page 5 of the application asks "Will any of the first year or subsequent premiums for the policy be borrowed by the proposed owner or proposed insured or by any other individual, trust, partnership, corporation or similar or related entity?" Scott marked "No" and indicated that the premiums would be paid from current income, cash and equivalents, and retirement accounts. In fact, Scott knew the premium was to be paid from a reverse mortgage on Couple's primary residence.
 - b. Item 10 on page 5 of the application asks: "Is the policy being purchased in connection with any formal or informal program under which the proposed owner or proposed insured have been advised of the opportunity to transfer the policy to a third party within five years of its issuance?" Scott checked "No," when in fact, Couple purchased the policy because Scott told them he could sell the policy as a life settlement interest in the secondary market within one or two years.

²Couple received \$294,177 in a line of credit from the reverse mortgage.

³At the time Scott was not appointed to sell life insurance with PHL. Couple met Lovingier at some time during the application process or shortly thereafter and knew he was Scott's business partner.

- c. Item 14 on page 5 of the application reads: “State in detail what bona fide need the proposed owner or proposed insured has for this insurance.” Scott wrote “Asset Protection, Estate Preservation” which is an inaccurate representation of the purpose of the insurance, which was to sell the policy as a life settlement interest in the secondary market within one or two years for a substantial profit.
21. The PHL policy was delivered and accepted by Husband on January 27, 2009, with an effective date of December 26, 2008.
22. On or about February 5, 2009, Couple paid the two years of premiums for the PHL policy.
23. In connection with the offer and sale of the first investment contract, Scott omitted material facts including but not limited to:
- a. failing to disclose that Scott was not appointed by PHL to sell its products at the time the policy was sold to Couple;
 - b. that R. Scott National would receive a substantial commission of \$88,139.88 from the sale of the PHL policy;
 - c. failing to disclose the business and operating history for R. Scott National;
 - d. that if the policy was not resold, the premiums would be due each year;
 - e. if annual premiums were not paid each year, the policy would lapse and the premiums would be lost;
 - f. failing to disclose Scott’s lack of experience in converting life insurance policies into life settlement interests and selling them on the secondary market;
 - g. failing to disclose that Scott made misrepresentations on the PHL application as

set forth in paragraph 13 above;

- h. suitability factors for the investment;
 - i. that there were significant risks with the investment; and
 - j. whether the investment was a registered security or exempt from registration.
24. Scott never sold the policy in the secondary market as a life settlement, and when Couple could not afford subsequent premium payments, the policy was canceled, losing Couple's entire investment.

Second Investment Contract

25. In June 2009, Scott offered a second investment opportunity in the form of an investment contract to Couple, by selling them a second \$1.5 million universal life insurance policy on Husband through Pacific Life Insurance Company ("Pacific Life"). As with the PHL policy, Scott represented that Couple could double or nearly double their investment by Scott selling the policy in the secondary market as a life settlement interest within the first two years.
26. Couple again paid the first two years of premiums, which totaled \$156,766.91. To fund the premiums, Couple used \$105,516 from the reverse mortgage and \$51,250.91 from their savings account.
27. Scott completed the application which was signed by Lovingier as the soliciting producer.⁴
28. Scott misrepresented information on the application as follows:
- a. Item 2B on page 7 of the application asks: "Have you made plans to transfer the

⁴At the time, Scott was not appointed with Pacific Life to sell life insurance.

policy to a third party as repayment of any premium financing debt?” Scott checked “No” even though the policy was purchased to sell later in order to repay the reverse mortgage used to finance the policy premiums.

29. The Pacific Life policy was delivered and accepted by Husband with an effective date of July 24, 2009.
30. In connection with the offer and sale of the second investment contract, Scott omitted material facts including but not limited to:
 - a. failing to disclose that Scott was not appointed by Pacific Life to sell its products at the time the policy was sold to Couple;
 - b. that R. Scott National would receive a substantial commission of \$99,799.85 from the sale of the Pacific Life policy;
 - c. failing to disclose the business and operating history for R. Scott National;
 - d. that if the policy was not resold, the premiums would be due each year;
 - e. if annual premiums were not paid each year, the policy would lapse and the premiums would be lost;
 - f. failing to disclose Scott’s lack of experience in converting life insurance policies into life settlement interests and selling them on the secondary market;
 - g. failing to disclose that Scott made a misrepresentation on the Pacific Life application as set forth in paragraph 21 above;
 - h. suitability factors for the investment;
 - i. that there were significant risks with the investment; and
 - j. whether the investment was a registered security or exempt from registration.

31. Scott never sold the Pacific Life policy on the secondary market as a life settlement, and when Couple could not afford subsequent premium payments, the policy was canceled, losing Couple's entire investment.
32. The two investment contracts sold by Scott are securities under the Act.
33. Couple lost a total of \$293,256.71 in the PHL and Pacific Life transactions.

Promissory Notes

34. Between April 2009 and April 2011, Scott also issued six promissory notes to Couple. He told Couple he needed money for his businesses, telling them each time that providing their monies to him would be a sound investment that he was very positive about, and that would make Couple a lot of money.

First Note

35. On or about April 2, 2009, Scott told Couple he needed money for his business, R. Scott National. Scott created a promissory note that was originally written for \$30,000, but that amount was crossed out and \$40,300 was written by Scott in its place.⁵ Scott then told Couple if they would give him \$74,000, Scott would make four quarterly payments of \$31,000 to them, for a total of \$124,000, over a twelve month period.
36. Scott gave Couple the promissory note which he signed on behalf of R. Scott National and Couple gave Scott a check payable to R. Scott National for \$74,000. It is unclear how Scott used those funds.

Second Note

37. On or about January 4, 2010, Scott went to Couple's home and told them he needed

⁵The note indicated yet another amount –“fifty thousand”– typewritten before the numeric dollar figures.

money for his business, Scott Agency.

38. Scott gave Couple a promissory note, which he signed on behalf of Scott Agency, showing a principal amount of \$60,000 with a flat rate of interest of \$40,000. The total repayment of \$100,000 was due on or before July 4, 2011. The note further provided for a 5% late fee per month until payment in full was made.
39. In exchange for the note, on or about January 4, 2010 Couple gave Scott two checks totaling \$58,833. Scott deposited one check in the amount of \$41,869 into his personal bank account. Scott then spent the money on personal and business expenses. It is unclear where the other check in the amount of \$16,964 was deposited or cashed, or how those monies were used.

Third Note

40. On or about February 8, 2010, Scott went to Couple's home and told them he needed money for his business. Husband believed Scott had three businesses⁶, but Scott did not say which business the money would be used for. Scott again told them he was positive about the investment, that it was a sound investment, and would be in a good program that would make Couple a lot of money.
41. Couple gave Scott a check for \$30,000, which Scott deposited into his personal bank account. Scott thereafter used the monies for personal and business purposes.
42. On or about February 9, 2010 Scott gave Couple a promissory note that he signed as an individual, with a principal amount of \$30,000 to be repaid in full by July 8, 2011, along with \$20,000 interest for a total of \$50,000. The note provided a 1% late fee per day of

⁶Scott is also an officer of Xtreme Sports Inc., a Utah corporation.

the unpaid balance beginning July 8, 2011.

Fourth Note

43. On or about April 2, 2010, Scott went to Couple's home and told them he needed money for his business. Scott again told them he was positive about the investment, that it was a sound investment with no risk, and would be in a good program that would make Couple a lot of money.
44. On or about April 2, 2010, Couple gave Scott a \$15,000 check made payable to Scott. Scott deposited the check in his personal bank account. Thereafter Scott used the monies for personal and business purposes.
45. In exchange, Scott gave Couple a promissory note that he signed as an individual, with a principal amount of \$15,000 and flat interest of \$2,000 due by June 2, 2010, with a late fee of 1% per day starting June 2, 2010.

Fifth Note

46. On or about July 28, 2010, Scott went to Couple's home and told them he needed money to buy equipment for his businesses.
47. On or about July 29, 2010, Couple gave Scott \$26,500, consisting of a \$4,262 check and a \$22,238 cashier's check made payable to Scott. Scott deposited those monies in his personal bank account, and thereafter used the monies for personal and business purposes.
48. Scott gave Couple a promissory note that he signed as an individual, indicating a principal amount of \$26,500 plus 25% interest, to be repaid in six months.⁷ The note

⁷The note further stated "payment will be 50% of net profits for 6 month and will be no less than 25% plus the principle [*sic*] amount".

indicated the investment would be collateralized by equipment purchased with Couple's funds, and subject to repossession and resale by Couple in the event of a default.

Sixth Note

49. On or about April 13, 2011, Scott went to Couple's home and told them he needed money for his business. Husband believed Scott had three businesses, but Scott did not say which business the money would be used for.
50. On or about April 13, 2011, Couple gave Scott a check for \$6,000, which Scott deposited in his personal bank account and then used for personal and business purposes.
51. Scott gave Couple a promissory note that he signed as an individual, indicating a principal amount of \$6,000 plus interest of \$1,000, to be repaid in four weeks.
52. The six promissory notes issued by Scott are securities.
53. In connection with the offer and sale of the six promissory notes, Scott misrepresented or omitted material facts, including but not limited to:
 - a. failing to disclose the business and operating history of Scott and his companies;
 - b. how Scott would repay the notes if his businesses did not do well;
 - c. Scott did not provide financial statements for his companies;
 - d. failing to disclose that some monies would be put to personal use;
 - e. Scott did not disclose risk factors;
 - f. Scott did not disclose suitability factors;
 - g. with respect to the Second Note, Scott failed to disclose that Scott Agency's corporate registration had expired in 2007;
 - h. whether the investments were a registered security or exempt from registration;

and

- i. whether Scott was licensed to issue or sell securities.

Partial Payments on Notes

54. Scott did not pay Couple as provided in the notes.
55. Couple invested a total of \$210,333 in the notes issued by Scott. Between June 2010 and the date of filing this action, Scott repaid Couple a total of \$88,973.96. Scott still owes Couple \$121,359.04 in principal on the notes.

II. CONCLUSIONS OF LAW

56. In connection with the offer and sale of the two investment contracts, Scott misrepresented or omitted material facts as set forth in paragraphs 23 and 30 above.
57. In connection with the offer and sale of the six promissory notes, Scott misrepresented or omitted material facts as set forth in paragraph 53 above.

III. REMEDIAL ACTIONS/SANCTIONS

58. Respondents neither admit nor deny the Division's findings and conclusions, but consent to the sanctions below being imposed by the Division.
59. Respondents represent that the information they have provided to the Division as part of the Division's investigation is accurate and complete.
60. Respondents agree to cease and desist from violating the Act and to comply with the requirements of the Act in all future business in this state.
61. Pursuant to Utah Code Ann. Section 61-1-20, and in consideration of the guidelines set forth in Utah Admin. Code Rule R164-31-1, Respondents shall pay a fine in the amount of \$268,500 to the Division. The fine shall be reduced dollar-for-dollar up to \$243,500

for restitution paid to Couple as set forth herein, for which payments Respondents have provided satisfactory proof to the Division.

62. Within thirty (30) days following entry of this Order, Respondents agree to pay \$10,000 of the remaining fine to the Division, with the balance of \$15,000 due within twenty-four (24) months following the initial payment. Respondents shall make monthly payments of \$625.00 until the fine is paid in full.
63. Respondents agree to be barred from associating with any broker-dealer or investment adviser licensed in Utah or acting as agents for any issuer soliciting investor funds in Utah.
64. Respondents shall notify the Division of any address changes within thirty (30) days.

IV. FINAL RESOLUTION

65. Respondents acknowledge that this Order, upon approval by the Utah Securities Commission, shall be the final compromise and settlement of this matter. Respondents acknowledge 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, Respondents expressly waive any claims of bias or prejudgment of the Commission, and such waiver shall survive any nullification.
66. If Respondents materially violate 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, Respondents consent to entry of an order in which:
 - a. Respondents admit the Division's Findings of Fact and Conclusions of Law as set forth in this Order; and

- b. any payments owed by Respondents pursuant to this Order become immediately due and payable.

The order may be issued upon ex parte motion of the Division, supported by an affidavit verifying the violation. In addition, the Division may institute judicial proceedings against Respondents 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 Respondents or to otherwise enforce the terms of this Order. Respondents further agree 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.

- 67. Respondents acknowledge 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 his conduct referenced herein. Respondents also acknowledge that any civil, criminal, arbitration or other causes of actions brought by third-parties against him have no effect on, and do not bar, this administrative action by the Division against him. If Respondents materially violate this Order, however, the Findings of Fact and Conclusions of Law set forth in this Order are deemed admitted as described in paragraph 66 above, and may be introduced as evidence against Respondents in any arbitration, civil, criminal, or regulatory actions.
- 68. This Order constitutes the entire agreement between the parties herein and supersedes and cancels any and all prior negotiations, representations, understandings, or agreements between the parties. There are no verbal agreements which modify, interpret, construe, or

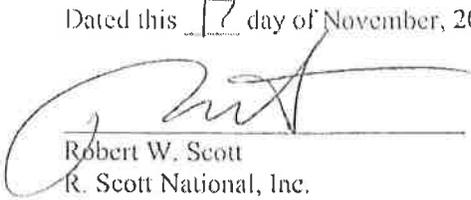
otherwise affect this Order in any way. Upon entry of the Order, any further scheduled hearings are canceled. The Order may be docketed in a court of competent jurisdiction

Dated this 19 day of November, 2014



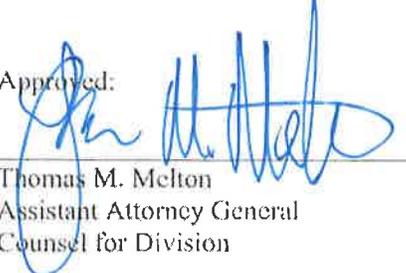
Dave R. Hermansen
Director of Enforcement
Utah Division of Securities

Dated this 17 day of November, 2014



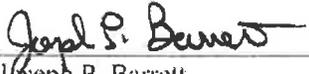
Robert W. Scott
R. Scott National, Inc.
Scott Agency Inc.

Approved:



Thomas M. Melton
Assistant Attorney General
Counsel for Division

Approved:



Joseph P. Barrett
Counsel for Respondents

ORDER

IT IS HEREBY ORDERED THAT:

1. The Division's Findings and Conclusions, which are neither admitted nor denied by the Respondents, 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 this state.
3. Pursuant to Utah Code Ann. Section 61-1-20, and in consideration of the guidelines set forth in Utah Admin. Code Rule R164-31-1, Respondents shall pay a fine in the amount of \$268,500 to the Division. The fine shall be reduced dollar-for-dollar up to \$243,500 for restitution paid to Couple as set forth herein, for which payments Respondents have provided satisfactory proof to the Division.

4. Within thirty (30) days following entry of this Order, Respondents agree to pay \$10,000 of the remaining fine to the Division, with the balance of \$15,000 due within twenty-four (24) months following the initial payment. Respondents shall make monthly payments of \$625.00 until the fine is paid in full.
5. Respondents are barred from associating with any broker-dealer or investment adviser licensed in Utah or acting as agents for any issuer soliciting investor funds in Utah.
6. Respondent shall notify the Division of any address changes within thirty (30) days.

BY THE UTAH SECURITIES COMMISSION:

DATED this 20th day of November, 2014



Brent Baker



Tim Bangerter

Erik Christiansen



Gary Cornia



David A. Russon

Certificate of Mailing

I certify that on the 20th day of November, 2014, I mailed, by certified mail, a true and correct copy of the fully executed Stipulation and Consent Order to:



370

390 0000 7503 7868

A handwritten signature in blue ink, appearing to read "Maria Skedros", is written over a horizontal line.

Maria Skedros
Executive Secretary

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Joseph P. Barrett
Barrett Law 699 East South Temple Ste. 370
Salt Lake City, UT 84102

City, State, ZIP+4
PS Form 3800, June 2002
See Reverse for Instructions

7868 7503 0000 0000 0000

Division of Securities
Utah Department of Commerce
160 East 300 South
P.O. Box 146760
Salt Lake City, Utah 84114-6760
Telephone: 801 530-6600

**BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH**

IN THE MATTER OF:

MICHAEL G. ISOM

Respondent.

STIPULATION AND CONSENT ORDER

Docket No. SD-14-0031

The Utah Division of Securities (“Division”), by and through its Director of Compliance, Kenneth O. Barton and the Respondent, Michael G. Isom (“Respondent” or “Isom”), hereby stipulate and agree 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, *et seq.*
2. On or about July 22, 2014, the Division initiated an administrative action against Respondent by filing an Order to Show Cause.
3. Respondent hereby agrees to settle this matter with the Division by way of this Stipulation and Consent Order (“Order”). If entered, the Order will fully resolve all claims the Division has against Respondent pertaining to the Order to Show Cause.

4. Respondent admits that the Division has jurisdiction over him and the subject matter of this action.

5. Except as provided in the preceding paragraph, Respondent does not admit or deny the factual allegations contained in this Consent Order. However, in an effort to resolve this matter, Respondent hereby waives any right to a hearing to challenge the Division's evidence and present evidence on his behalf.

6. Respondent has read this Order, understands its contents, and voluntarily agrees to the entry of the Order 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.

7. Respondent is represented by attorney Billie Siddoway and Siddoway Law Office, PLLC, and is satisfied with the representation he has received.

I. FINDINGS OF FACT

8. Isom is a Utah resident and is licensed in Utah as an insurance agent. He has never been licensed in the securities industry in any capacity. Accordingly, during the period relevant to this action he was not licensed to offer or sell any securities products or to effect or attempt to effect securities transactions.

Dee Randall and the Horizon Companies

9. During the period relevant to this action, Isom was affiliated as an insurance agent with Horizon Financial and Insurance Group, Inc.¹ (“insurance agency”), a general insurance agent for Union Central Life Insurance Company. The insurance agency was owned and controlled by Dee Allen Randall (“Randall”).

10. Isom and others referred their clients to Randall, who offered private placement securities investments in “Horizon Notes” which as used herein collectively refers to promissory notes issued by various companies owned and controlled by Randall. Those companies include, but are not limited to, Independent Commercial Lending, LLC; Horizon Auto Funding, LLC; Horizon Financial Center I, LLC; and Horizon Mortgage and Investment, Inc. dba Independent Financial & Investment (collectively referred to at times as “the Horizon entities”).

11. In addition to selling insurance, Randall, through the Horizon entities and Horizon Notes, purported to offer private placement securities investments² in commercial and residential property development and rentals, as well as an automobile loan business for individuals with poor credit.

12. The Horizon entities operated as a Ponzi scheme run by Randall³ in which investor

¹This entity was also known as or affiliated with other entities controlled by Randall, Horizon Financial & Insurance Agency, LLC, and Utah Horizon Financial & Insurance Agency, LLC.

²The Horizon Notes were purportedly sold in reliance on Rule 506 of Regulation D of the 1933 Securities Act.

³On December 18, 2012, the Division filed an Order to Show Cause against Randall and the Horizon entities. On June 18, 2014, Randall was criminally charged in the Third District Court for Salt Lake County with twenty-three felony counts, Case No. 141906717. Those actions are currently pending.

monies were routinely and freely commingled and transferred among the various Horizon entities. New investor monies were used to pay interest to prior investors or for personal use, including the payment of sales compensation to agents, including Isom.⁴

13. Interest payments due to investors under the Horizon Notes began to arrive late in 2009 or 2010, and payments to most investors ceased entirely in 2010.

14. Randall declared a personal Chapter 11 bankruptcy on December 20, 2010.⁵ However, he continued to raise capital for the Horizon entities after that date and failed to disclose the bankruptcy to existing or potential investors.

Solicitations and Sales by Isom

15. Between 2003 and 2011, Isom solicited a number of his insurance clients to purchase Horizon Notes. In some cases, Isom arranged and attended meetings between potential investors and Randall. Several investors, however, only met with Isom and never met with Randall prior to investing.

16. The Horizon Notes are securities under the Act.

17. Of the investors solicited by Isom, eighteen invested approximately \$2,321,000 in Horizon Notes.

⁴ In July 2012, Respondent was charged in the United States District Court for the District of Utah, Central Division, with criminal misdemeanor securities fraud in a matter unrelated to the activities described herein but which took place during the same time frame as the allegations in this matter. Respondent entered a plea agreement and is awaiting sentencing on that charge, *see* Case 2:12 cr 00401 BCW 1.

⁵ Following a September 2011 hearing in which Randall admitted commingling monies among the Horizon entities, a Trustee (the "Trustee") was appointed. The Trustee subsequently filed a Chapter 11 bankruptcy for each of the Horizon entities, all of which were consolidated with the Randall bankruptcy proceeding to be administered by the Trustee as a single bankruptcy estate.

18. None of the notes were sold through a licensed broker-dealer. Rather, Isom met with investors and assisted with the paper work required to transfer their monies from existing accounts into the Horizon investments. A majority of the monies raised by Isom came from retirement accounts.

19. Isom did not provide investors with audited company financial statements or a Private Placement Memorandum (“PPM”) describing the details of the investment.

20. Isom and other agents selling the Horizon Notes were compensated by Randall through the insurance agency for those sales.

21. Payments to agents were made by cash or check, or by other means, including credits applied to monies owed by agents to Randall.⁶ Some of the payments were documented in the insurance agency records as “investor bonus” or “commission bonus.”

22. In a recorded interview with the Division, Isom denied receiving any compensation for investment referrals to Randall.

23. Isom received approximately \$11,861 in compensation for monies raised.

24. In addition, in at least one instance, Isom received a cash payment in the amount of \$3,620 from another Horizon agent who had been paid by Randall.

25. Isom and other agents who sold Horizon Notes also received rent-free use of office space in buildings owned by Randall.

Misrepresentations of Material Facts

26. In connection with the offer and sale of Horizon Notes, Isom misrepresented or

⁶Such credits were applied against rent owed, office expenses, or monies owing as a result of “chargebacks” for insurance commissions previously received by agents when policies were later rescinded or canceled.

omitted material facts to investors, including but not limited to:

- a. A Horizon investment was secure, “very low risk” and a good place for a recently widowed woman to invest \$475,000 in insurance proceeds following her husband’s death, that the interest on the investment would pay her life insurance premiums, and that Randall’s companies had never had any problems;
- b. That Randall was a “genius” when it came to financial investments, that a Horizon investment was a good idea for a 401(k) rollover, and would earn 12% annually, a return the investor would be unable to find anywhere else; and
- c. That a Horizon investment was a “safe” investment and that Randall’s companies were in “solid financial condition.”

These representations were false and/or omitted to disclose material facts necessary in order to make the statements made, under the circumstances in which they were made, not misleading.

Omissions of Material Facts

27. In connection with the offer and sale of Horizon Notes, Isom failed to disclose material facts to investors, including but not limited to:
- a. that he was not licensed to offer or sell securities such as the Horizon Notes;
 - b. that he was not licensed or qualified to give investment advice;
 - c. that he had completed no due diligence and had no reasonable basis for making the representations set forth in paragraph 26;
 - d. relevant disclosures about the Horizon entity issuing the notes, including its financial condition and liabilities;
 - e. that Randall’s entities had a history of missing or late interest payments. Isom even encouraged one couple to invest during the fall of 2010 even though by then he

knew investors were missing interest payments from Randall;

- f. that as nonaccredited investors, they were entitled to review audited financial statements for the company prior to investing; and
- g. that investors' money would be moved into Randall's other companies, used to pay other investors' interest, or for other personal use.

II. CONCLUSIONS OF LAW

28. Isom violated Section 61-1-1(2) of the Act by misrepresenting and omitting material facts as described in paragraphs 26 and 27 in connection with the offer and sale of the Horizon Notes.

29. Isom made a false statement to the Division in a recorded interview by denying receiving compensation for Horizon investments, in violation of Section 61-1-16 of the Act.

30. Isom violated Section 61-1-3(1) of the Act because he was not licensed to offer or sell securities such as the Horizon Notes.

31. Isom sold unregistered securities to investors in violation of Section 61-1-7 of the Act.

III. REMEDIAL ACTIONS/SANCTIONS

32. Respondent neither admits nor denies the Division's findings and conclusions, but consents to the sanctions below being imposed by the Division.

33. Respondent represents that, except as provided in paragraph 29, the information he has provided to the Division as part of the Division's investigation is accurate and complete.

34. Respondent agrees to cease and desist from violating the Act and to comply with the requirements of the Act in all future business in this state.

35. Respondent agrees that he will be barred from associating with any broker-dealer

or investment adviser licensed in Utah, and from acting as an agent for any issuer soliciting investor monies in Utah.

36. Pursuant to Utah Code Ann. Section 61-1-20, and in consideration of the guidelines set forth in Utah Admin. Code Rule R164-31-1, the Division imposes a fine of \$25,000.00, with \$7,500 due within thirty (30) days following entry of this Order. The balance of the fine is due within twelve (12) months following entry of the Order. Respondent will receive dollar-for-dollar credit against the fine, up to \$11,861 for restitution payments made to any investors other than members of his family. Respondent shall provide a copy of any settlement agreement(s) to the Division and proof of payment must be provided to the Division. Acceptable proof includes canceled checks, bank records, statements from investors, or other proof of actual payments.

37. Respondent will also receive dollar-for-dollar credit against the fine for disgorging any compensation he received to the Trustee for distribution to investors as part of the bankruptcy estate.

38. Respondent agrees that he will provide truthful testimony and cooperation, including production of documents and providing information informally without the necessity of a subpoena or other process, in any state or federal investigation (including investigations conducted by or actions filed by the Trustee) involving Randall, the Horizon entities, and any individuals under investigation as a result of their affiliation with Randall and/or the Horizon entities. However, this agreement shall not constitute a waiver of Respondent's Fifth Amendment right against self-incrimination.

39. Respondent shall notify the Division of any address changes within thirty (30) days.

IV. FINAL RESOLUTION

40. Respondent acknowledges that this Order, upon approval by the Utah Securities 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 prejudice of the Commission, and such waiver shall survive any nullification.

41. 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:

- a. Respondent admits the Division's Findings of Fact and Conclusions of Law as set forth in this Order; and
- b. any payments owed by Respondent pursuant to this Order become immediately due and payable.

The Order may be issued upon ex parte motion of the Division, supported by an affidavit verifying the violation. 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 applicable post-judgment rate of interest.

43. 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 his 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 do not bar, this administrative action by the Division against him. If Respondent materially violates this Order, however, the Findings of Fact and Conclusions of Law set forth in this Order are deemed admitted as described in paragraph 41 above, and may be introduced as evidence against Respondent in any arbitration, civil, criminal, or regulatory actions.

44. This Order constitutes the entire agreement between the parties herein and supersedes and cancels any and 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 are canceled. The Order may be docketed in a court of competent jurisdiction.

Dated this ____ day of _____, 2014

Dated this ____ day of _____, 2014

Kenneth O. Barton
Director of Licensing and Compliance
Utah Division of Securities

Michael G. Isom

Approved:

Approved:

Thomas M. Melton
Assistant Attorney General
Counsel for Division

Billie Siddoway
Counsel for Respondent

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Utah Department of Commerce
Division of Securities

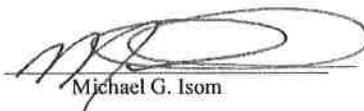
and that the Order does not affect any criminal causes of action that may arise as a result of his conduct referenced herein. Respondent also acknowledges that any civil, criminal, arbitration or other causes of actions brought by third-parties against him have no effect on, and do not bar, this administrative action by the Division against him. If Respondent materially violates this Order, however, the Findings of Fact and Conclusions of Law set forth in this Order are deemed admitted as described in paragraph 41 above, and may be introduced as evidence against Respondent in any arbitration, civil, criminal, or regulatory actions.

44. This Order constitutes the entire agreement between the parties herein and supersedes and cancels any and 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 are canceled. The Order may be docketed in a court of competent jurisdiction.

Dated this ____ day of _____, 2014

Dated this 13th day of November, 2014

Kenneth O. Barton
Director of Licensing and Compliance
Utah Division of Securities


Michael G. Isom

Approved:

Thomas M. Melton
Assistant Attorney General
Counsel for Division

Approved:


Siddoway
Respondent
Counsel for

and that the Order does not affect any criminal causes of action that may arise as a result of his 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 do not bar, this administrative action by the Division against him. If Respondent materially violates this Order, however, the Findings of Fact and Conclusions of Law set forth in this Order are deemed admitted as described in paragraph 41 above, and may be introduced as evidence against Respondent in any arbitration, civil, criminal, or regulatory actions.

44. This Order constitutes the entire agreement between the parties herein and supersedes and cancels any and 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 are canceled. The Order may be docketed in a court of competent jurisdiction.

Dated this 4 day of November, 2014

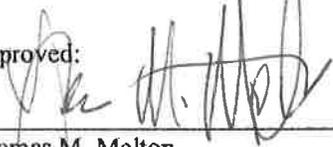
Dated this 13th day of November, 2014



Kenneth O. Barton
Director of Licensing and Compliance
Utah Division of Securities



Michael G. Isom

Approved: 

Thomas M. Melton
Assistant Attorney General
Counsel for Division

Approved: 

Siddoway
Respondent
Billie
Counsel for

ORDER

IT IS HEREBY ORDERED THAT:

1. The Division's Findings and Conclusions, which are neither admitted nor denied by the Respondent, 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 this state.
3. Respondent is barred from associating with any broker-dealer or investment adviser licensed in Utah, and from acting as an agent for any issuer soliciting investor monies in Utah.
4. Pursuant to Utah Code Ann. Section 61-1-20, and in consideration of the guidelines set forth in Utah Admin. Code Rule R164-31-1, Respondent shall pay a fine of \$25,000.00, which payments shall be made as set forth in paragraphs 36 and 37.
5. Respondent shall provide truthful testimony and cooperation, including production of documents and providing information informally without the necessity of a subpoena or other process, in any state or federal investigation (including investigations conducted by or actions filed by the Trustee) involving Randall, the Horizon entities, and any individuals under investigation as a result of their affiliation with Randall and/or the Horizon entities.
6. Respondent shall notify the Division of any address changes within thirty (30) days.

BY THE UTAH SECURITIES COMMISSION:

DATED this 20th day of November, 2014

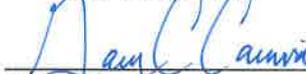


Brent Baker



Tim Bangerter

Erik Christiansen



Gary Cornia



David A. Russon

Certificate of Mailing

I certify that on the 20th day of November, 2014, I mailed, by certified mail, a true and correct copy of the fully executed Stipulation and Consent Order to:

Billie Siddoway
SIDDOWAY LAW OFFICE, PLLC
P.O. Box 704
253 South Main Street
Driggs, ID 83422
Counsel for Respondent

Certified Mail # 7005 03 90 0000 7503 7851



Maria Skedros
Executive Secretary

Division of Securities
Utah Department of Commerce
160 East 300 South
P.O. Box 146760
Salt Lake City, Utah 84114-6760
Telephone: 801 530-6600

**BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH**

IN THE MATTER OF:

DAVID BURKE ANGLIN, CRD#2390207

Respondent.

STIPULATION AND CONSENT ORDER

Docket No. SD-14-0025

The Utah Division of Securities (“Division”), by and through its Director of Compliance, Kenneth O. Barton and the Respondent, and David Burke Anglin (“Respondent” or “Anglin”), have agreed to resolve this administrative proceeding, and have agreed to this Stipulation and Consent Order. Respondent neither admits nor denies the Division's findings and conclusions, but has agreed to certain sanctions and payments described herein.

JOINT BACKGROUND STATEMENT

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, *et seq.*
2. On or about July 9, 2014, the Division initiated an administrative action against Respondent by filing an Order to Show Cause.
3. Respondent hereby agrees to settle this matter with the Division by way of this Stipulation and Consent Order (“Order”). If entered, the Order will fully resolve all claims the Division has against Respondent pertaining to the Order to Show Cause.
4. Respondent admits that the Division has jurisdiction over him and the subject matter of this action.

5. Respondent hereby waives any right to a hearing to challenge the Division's evidence and present evidence on his behalf.
6. Respondent has read this Order, understands its contents, and voluntarily agrees to the entry of the Order 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.
7. Respondent is represented by attorney Chad S. Pehrson and is satisfied with the representation he has received.

I. DIVISION'S FINDINGS OF FACT

8. Anglin was a Utah resident and was licensed in Utah as an insurance agent during the period relevant to this matter. He currently holds a non-resident insurance producer license and is living in Iowa.
9. Between May 1998 and October 2009, Anglin was licensed in the securities industry in Utah in various capacities, including as a broker-dealer agent and investment adviser representative.
10. Anglin has previously taken and passed the FINRA Series 6, 7, 24, 63, and 65 examinations. In 2013, he took and failed the Series 65 and 66 examinations. He is not currently licensed in the securities industry in any capacity.
11. During the period relevant to this action, Anglin was not licensed to offer or sell any securities products or effect or attempt to effect securities transactions.

Dee Randall and the Horizon Companies

12. From approximately late 2007 until 2011, Anglin was affiliated as an insurance agent

with Horizon Financial and Insurance Group, Inc.¹ (“insurance agency”), a general insurance agent for Union Central Life Insurance Company. The insurance agency was owned and controlled by Dee Allen Randall (“Randall”).

13. Anglin and others referred their clients to Randall, who offered private placement securities investments in “Horizon Notes” which, as used herein collectively refers to promissory notes issued by various companies owned and controlled by Randall. Those companies include, but are not limited to, Independent Commercial Lending, LLC; Horizon Auto Funding, LLC; Horizon Financial Center I, LLC; and Horizon Mortgage and Investment, Inc. dba Independent Financial & Investment (collectively referred to at times as “the Horizon entities”).
14. In addition to selling insurance, Randall, through the Horizon entities and Horizon Notes, purported to offer private placement securities investments² in commercial and residential property development and rentals, as well as an automobile loan business for individuals with poor credit.
15. The Horizon entities operated as a Ponzi scheme run by Randall³ in which investor monies were routinely and freely commingled and transferred among the various Horizon

¹This entity was also known as or affiliated with other entities controlled by Randall, Horizon Financial & Insurance Agency, LLC, and Utah Horizon Financial & Insurance Agency, LLC.

²The Horizon Notes were purportedly sold in reliance on Rule 506 of Regulation D of the 1933 Securities Act.

³On December 18, 2012, the Division filed an Order to Show Cause against Randall and the Horizon entities. On June 18, 2014, Randall was criminally charged in the Third District Court, Salt Lake County, with twenty-three felony counts, Case No. 141906717. Those actions are currently pending.

entities. New investor monies were used to pay interest to prior investors, or for personal use, including the payment of sales compensation to agents.

16. Randall declared a personal Chapter 11 bankruptcy on December 20, 2010.⁴ However, he continued to raise capital for the Horizon entities after that date and failed to disclose the bankruptcy to existing or potential investors.

Horizon Management and Referrals to Randall

17. In 2009, Anglin became part of the Horizon management team. In that capacity he received a salary of \$5,000 per month, free office space, and Randall also paid the salaries of Anglin's two assistants, each between \$2,800 and \$3,000 per month. In addition, Anglin continued to sell insurance and receive commissions as an insurance producer.
18. Anglin's duties included hiring, training, and managing insurance agents, as well as raising monies for the Horizon Notes through the agents and encouraging agents to set personal goals for bringing monies into the Horizon entities.
19. Though Anglin was a very successful insurance producer, he had incurred significant debts to Randall and Union Central due to insurance clients canceling policies, causing "chargebacks" that required Anglin and the insurance agency to return significant commissions to Union Central.
20. Interest payments due to investors under the Horizon Notes began to arrive late in 2009

⁴Following a September 2011 hearing in which Randall admitted commingling monies among the Horizon entities, a Trustee (the "Trustee") was appointed. The Trustee subsequently filed a Chapter 11 bankruptcy for each of the Horizon entities, all of which were consolidated with the Randall bankruptcy proceeding to be administered by the Trustee as a single bankruptcy estate.

or 2010, and payments to most investors ceased entirely in 2010.

21. Despite the interest problems, in 2010 and 2011 Anglin referred a number of clients to Randall to discuss investing in the Horizon Notes.
22. Like many Horizon agents, Anglin sold clients life insurance with high premiums, telling them the premiums would be funded by the Horizon Note interest.
23. The Horizon Notes are securities under the Act.
24. Of the clients referred by Anglin, five invested in Horizon Notes, two of whom invested in 2011 – months after Randall’s bankruptcy.
25. Anglin’s clients’ investments totaled approximately \$1,168,226.
26. Anglin and other agents were compensated for those sales through the insurance agency. Agent compensation generally was calculated as a percentage of the amount of money invested, which at the time was 5% for investments under \$50,000 and 7% for investments of \$50,000 or greater. Payments were made by cash or check, or by other means, including credits applied to monies owed by agents to Randall. Some of the payments were documented in the insurance agency records as “commission bonus,” “investor bonus” or “other expenses.”
27. Horizon QuickBooks records indicate Anglin received approximately \$30,380 in direct compensation for investment referrals to Randall.

II. DIVISION'S CONCLUSIONS OF LAW

28. At no time was Anglin licensed to offer or sell securities such as the Horizon Notes. In soliciting investors for the sales of the Horizon Notes, Anglin acted as an unlicensed agent in violation of Section 61-1-3(1) of the Act.

III. REMEDIAL ACTIONS/SANCTIONS

29. Respondent neither admits nor denies the Division's findings and conclusions, but consents to the sanctions below being imposed by the Division.
30. Respondent represents that the information he has provided to the Division as part of the Division's investigation is accurate and complete.
31. Respondent agrees to cease and desist from violating the Act and to comply with the requirements of the Act in all future business in this state.
32. Respondent agrees that he will not seek licensure or apply to be licensed by the Division as a broker-dealer agent, investment adviser or investment adviser representative, nor licensure as an agent for any issuer soliciting investor funds in the State of Utah at any time in the future.
33. Pursuant to Utah Code Ann. Section 61-1-20, and in consideration of the guidelines set forth in Utah Admin. Code Rule R164-31-1, and in light of Respondent's financial situation and ability to pay, the Division imposes a fine of \$35,200.00, with \$4,000.00 due within ninety (90) days following entry of this Order. Thereafter, Respondent shall pay the balance by making sixteen quarterly payments in the amount of \$1950.00, with the first quarterly payment due ninety (90) days following the date of the initial \$4,000.00 payment.
34. Respondent will also receive dollar-for-dollar credit against the fine, up to \$30,380.00 for disgorging any compensation he received to the Trustee for distribution to investors as part of the bankruptcy estate if such payments are made by June 30, 2015.
35. Respondent agrees that he will provide truthful testimony and cooperation, including

production of documents and providing information informally without the necessity of a subpoena or other process, in any state or federal investigation (including investigations conducted by or actions filed by the Trustee) involving Randall, the Horizon entities, and any individuals under investigation as a result of their affiliation with Randall and/or the Horizon entities. However, this agreement shall not constitute a waiver of Respondent's Fifth Amendment right against self-incrimination.

36. Respondent shall notify the Division of any address changes within thirty (30) days.

IV. FINAL RESOLUTION

37. Respondent acknowledges that this Order, upon approval by the Utah Securities 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 prejudice of the Commission, and such waiver shall survive any nullification.

38. 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:

- a. Respondent admits the Division's Findings of Fact and Conclusions of Law as set forth in this Order; and
- b. any payments owed by Respondent pursuant to this Order become immediately due and payable.

The order may be issued upon ex parte motion of the Division, supported by an affidavit

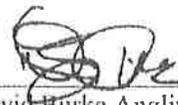
verifying the violation. In addition, the Division may institute judicial proceedings against Respondent in any court of competent jurisdiction and take any other action authorized by the Act or under any other applicable law to collect monies owed by Respondent or to otherwise enforce the terms of this 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.

39. 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 his 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 do not bar, this administrative action by the Division against him. If Respondent materially violates this Order, however, the Findings of Fact and Conclusions of Law set forth in this Order are deemed admitted as described in paragraph 38 above, and may be introduced as evidence against Respondent in any arbitration, civil, criminal, or regulatory actions.
40. This Order constitutes the entire agreement between the parties herein and supersedes and cancels any and 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 are canceled. The Order may be docketed in a court of competent jurisdiction

Dated this ____ day of _____, 2014

Dated this **17** day of **Nov**, 2014

Kenneth O. Barton
Director of Licensing and Compliance
Utah Division of Securities

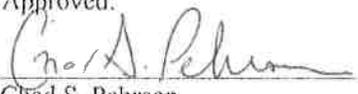


David Burke Anglin

Approved:

Approved:

Thomas M. Melton
Counsel for Division

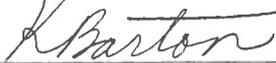


Chad S. Peterson
Counsel for Respondent

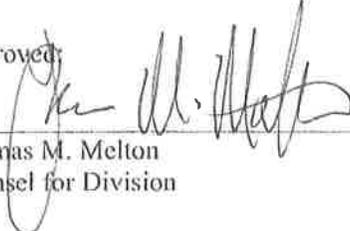
ORDER

1. The Division's Findings and Conclusions, which are neither admitted nor denied by the Respondent, 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 this state.
3. Respondent agrees that he will not seek licensure or apply to be licensed by the Division as a broker-dealer agent, investment adviser or investment adviser representative, nor licensure as an agent for any issuer soliciting investor funds in the State of Utah at any time in the future.
4. Pursuant to Utah Code Ann. Section 61-1-20, and in consideration of the guidelines set forth in Utah Admin. Code Rule R164-31-1, and in light of Respondent's financial situation and ability to pay, the Division imposes a fine of \$35,200.00, with \$4,000.00 due within ninety (90) days following entry of this Order. Thereafter, Respondent shall pay the balance by making sixteen quarterly payments in the amount of \$1950.00, with the first quarterly payment due ninety (90) days following the date of the initial \$4,000.00 payment. Respondent will receive dollar-for-dollar credit against the fine, up to \$30,380.00 for disgorging any compensation he received to the Trustee for distribution to investors as part of the bankruptcy estate if such payments are made by June 30, 2015.
5. Respondent shall provide truthful testimony and cooperation, including production of documents and providing information informally without the necessity of a subpoena or other process, in any state or federal investigation (including investigations conducted by or actions filed by the Trustee) involving Randall, the Horizon entities,

Dated this 19 day of November, 2014



Kenneth O. Barton
Director of Licensing and Compliance
Utah Division of Securities

Approved:


Thomas M. Melton
Counsel for Division

Dated this 17 day of Nov, 2014



David Burke Anglin

Approved:


Chad S. Pehrson
Counsel for Respondent

and any individuals under investigation as a result of their affiliation with Randall and/or the Horizon entities.

6. Respondent shall notify the Division of any address changes within thirty (30) days.

BY THE UTAH SECURITIES COMMISSION:

DATED this 20th day of November, 2014

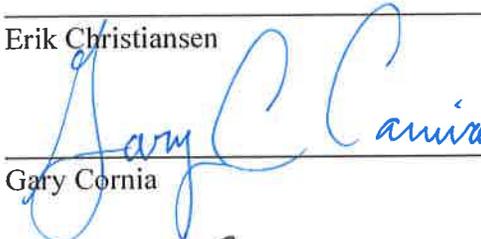


Brent Baker

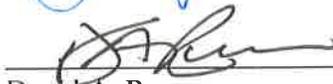


Tim Bangerter

Erik Christiansen



Gary Cornia



David A. Russon

Certificate of Mailing

Certified Mail # 765 0390000075037875

I certify that on the 20th day of November, 2014, I mailed, by certified mail, a true and correct copy of the fully executed Stipulation and Consent Order to:

Chad S. Pehrson
PARR BROWN GEE & LOVELESS
101 South 200 East, Suite 700
Salt Lake City, UT 84111
Counsel for Respondent



Maria Skedros
Executive Secretary