

# Utah Securities Commission

## Meeting Minutes

### January 22<sup>nd</sup>, 2015

#### Division of Securities Staff Present

Keith Woodwell, Division Director  
Sally A. Stewart, Acting Commission Secretary  
Dave Hermansen, Enforcement Director  
Benjamin Johnson, Licensing & Registration Director  
Dee Johnson, Investor Education Director  
Karen McMullin, Investor Education Coordinator  
Charles Lyons, Securities Analyst  
Adam Sweet, Lead Securities Investigator  
Kristi Wilkinson, Securities Investigator  
Chris Hardy, Securities Investigator  
Andreo Micic, Securities Examiner  
Nathan Summers, Securities Examiner  
Nadene Adams, Administrative Assistant  
Heidie George, Securities Examiner

#### Other State of Utah Employees:

Jennie Jonsson, Administrative Law Judge, Department of Commerce  
Tom Melton, Assistant Attorney General

#### Commissioners Present

Erik Christiansen, Parsons Behle & Latimer  
Tim Bangerter, Landmark Wealth Advisors  
Gary Cornia, Brigham Young University (participated by telephone)  
David Russon, Investment Management Consultants

#### Commissioners Absent/Excused

Brent Baker, Clyde, Snow & Sessions

#### Public Present:

David Bartholomew, Respondent  
James Gilson, Counsel for David Bartholomew  
R. Austin Christensen, Respondent  
Bryan R. Farris, Counsel for R. Austin Christensen

Minutes: At 9:07 am the meeting was called to order by Commissioner Erik Christiansen. Commissioner Tim Bangerter made the motion to approve the minutes from the November 20, 2014 Commission meeting and Commissioner David Russon seconded the motion and the motion was approved unanimously.

**Director's Report:** Director Woodwell reported that Nathan Summers had joined the Division as an examiner in the Licensing and Registration Section. Director Woodwell provided a brief introduction of Mr. Summers. Director Woodwell noted the open positions within the Division, including Administrative Assistant, Enforcement Attorney/Analyst, and Securities Examiner in the Compliance Section. Director Woodwell noted that the Division hoped to fill all the positions shortly. Director Woodwell gave an update on proposed legislation for the 2015 Legislative session beginning on January 26, 2015. He discussed H.B. 50, regarding intrastate crowd-funding. The Division plans to take a neutral stance on the proposed crowdfunding bill as long as it is amended to include adequate disclosures and investor protections. Director Woodwell also discussed H.B. 62. The proposed bill would modify the definition of "security" in the Utah Uniform Securities Act to remove certain promissory notes and LLC interests from the definition. Director Woodwell expressed concern that the proposed changes in H.B. 62 would be inconsistent with Federal Law and the definition of "security" in other states. The Division plans to oppose H.B. 62. Director Woodwell also discussed H.B. 109 concerning treatment of agency records and administrative expungement. The bill would create a process for expunging administrative enforcement actions and would impact all state administrative agencies, not just the Division of Securities. The Department of Commerce plans to oppose this proposed bill. Director Woodwell promised to keep the Commission informed on this legislation and any hearings or meetings to be held on the proposed bills.

**Enforcement Section Report:** Dave Hermansen reported that the Enforcement Section has 35 active cases and 15 new cases which are currently unassigned. He gave a brief update on the status of the Division's hiring efforts for the vacant Attorney/Analyst position. He commented that the Division continues to work with the FBI, the SEC, the US Attorney's office, the Utah County Attorney's office and the Attorney General's office on several criminal cases coming to trial.

**Compliance Section Report:** Ken Barton reported there are 44 audits currently underway in the Compliance Section. Eleven audits were for-cause audits triggered by complaints; 14 were routine audits; and 19 were Investment Adviser initial application audits. Mr. Barton also brought the Commission up to date on the administrative actions currently in progress. He reported that there are 206 Investment Advisor Firms currently licensed in the state, a 41% increase.

**Registration and Licensing Section Report:** Benjamin Johnson reported that there has been an increase in filings for 2014; with a 7% increase in registrations, a 3% increase in mutual fund filings, and a significant increase of 22% in Regulation D, Rule 506 exemption filings. The multi-state, electronic corporate finance filing System (EFD) went online as of December 21, 2014. The Division rules currently allow for electronic filing but do not currently require it. He reported that EFD appears to be working well at this time, but there have been only three electronic filings at this time. There will be a 30-day advance notification when the electronic filing becomes mandatory under new Division rules.

**Investor Education Report:** Karen McMullin provided the Commission with an update on the Division's education events for calendar year 2014. She noted that there were 85 events providing education to an audience of approximately 11,610 people. There are already 31 events scheduled so far in 2015, with the calendar filling up quickly. She stated that the 2015 investor education goals for the Division included continued partnership with the Utah Retirement Systems, a focus on improper annuity sales and elder financial exploitation, and Investor Education programs working with educators. There is a Stock Market Game teacher training conference currently scheduled for February 5-6, 2015. She also updated the Commission on the planned addition of online education modules to the Division's website. Ms. McMullin also noted educational material was being received from FINRA, the FTC, and the Department of Labor to supplement the Division's Investor Education program. She updated the Commission on the current status of financial education and support for the Stock Market Game for the 2014 – 2015 school year. Administration of the "Stock Market Game" will change in June 2015 from the Department of Education to the Division of Securities. The first Stock Market Game Awards Banquet administered directly by the Division was held on January 16, 2015, with approximately 85 participants, including students, teachers, Division personnel and the media.

**Grant Request: Working in Support of Education Inc. (WISE):** Director Woodwell addressed the Commission and reviewed how previous grants to WISE have been used and how the current funds requested will be spent. Director Woodwell responded to questions and indicated support for the request. The Commission approved support of the grant for the same amount as in the previous year rather than the requested increase to \$20,000. The grant was approved for \$15,000.

Commissioner **Tim Bangerter** made the motion to approve the reduced amount for the proposed grant request and Commissioner **David Russon** seconded the motion. The motion was passed unanimously.

**Grant Request: AARP Utah:** Laura Polacheck addressed the Commission on behalf of AARP Utah and reviewed how the funds in the past have been used and how the current funds requested will be spent. She discussed the partnership between the Division and AARP and the types of presentations that are funded through this partnership. The grant request is for \$20,000.

Commissioner **Tim Bangerter** made the motion to approve the grant request and Commissioner **David Russon** seconded the motion. The motion was passed unanimously.

**Education and Training Fund Report:** Benjamin Johnson reported that spending is following historical patterns. He noted that there is nothing unusual in the figures. Action to authorize expenses and actions outlined in the written report, including the approved grant requests was requested.

Following the presentation of the Education and Training Fund Report, Commissioner **Tim Bangerter** made the motion to approve the proposed budget requests and Commissioner **David Russon** seconded the motion. The motion was passed unanimously.

**Consideration and Approval of Proposed Orders:**

**David Bartholomew: Stipulation and Consent Order: SD-11-0049**

Dave Hermansen reported that an Order to Show Cause and Notice of Agency Action was filed on June 28, 2011. The unlicensed Respondent is alleged to have offered and sold securities to at least seven investors and collected a total of \$3,902,353.53. Respondent is also alleged to have made material misstatements and omissions. These actions constitute violations under the Act. Therefore, the Division is seeking an order against the Respondent. The Respondent neither admits nor denies the Division's findings of fact and conclusions of law but consents to the sanctions in the case. Respondent has agreed to cease and desist from any further violations of the Act; to pay a fine of \$10,000, with \$5,000 of that fine due within five days of the entry of this Order and the remaining \$5,000 due one year from that date; and to be permanently barred from licensure in the securities industry in Utah.

Commissioner **David Russon** made the motion to approve the proposed Order and Commissioner **Gary Cornia** seconded the motion. The motion was passed unanimously.

**Terry Eugene Leib: Stipulation and Consent Order: SD-14-0028;**

**William Owen Martineau: Stipulation and Consent Order: SD-14-0029;**

**Martineau Financial Services, LLC: Stipulation and Consent Order: SD-14-0030**

Dave Hermansen reported that an Order to Show Cause and Notice of Agency Action was filed on July 21, 2014. The unlicensed Respondents are alleged to have offered and sold securities to at least one investor and collected a total of approximately \$300,000. Respondents are also alleged to have made material misstatements and omissions. These actions constitute violations under the Act. Therefore, the Division is seeking an order against the Respondents. The Respondents neither admit nor deny the Division's findings of fact and conclusions of law but consent to the sanctions in the case. Respondents have agreed to cease and desist from any further violations of the Act; to pay a joint and several fine of \$20,000, with \$10,000 of that fine due within thirty days of the entry of this Order and the remaining \$10,000 due within two years from that date; and to be permanently barred from licensure in the securities industry in Utah.

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

**Geoffrey William Watson: Stipulation and Consent Order: SD-11-0042**

Dave Hermansen reported that an Order to Show Cause and Notice of Agency Action was filed on June 9, 2011. On or about April 7, 2014 the Securities Commission in the administrative action entered a final order in the case, requiring Respondent to cease and desist, imposing a \$10,000 fine and permanently barring Respondent from the securities industry in the state of

Utah. Following subsequent cooperation by Mr. Watson in a separate Division investigation, the Division is seeking a modification of the previous Commission order against Mr. Watson, waiving the fine of \$10,000. All other provisions of the original Commission Order remain in effect.

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

**Michael Kevin Landon: Stipulation and Consent Order: SD-14-0036;**

**Property Network, Inc.: Stipulation and Consent Order: SD-14-0037;**

**American Property Investments, LLC: Stipulation and Consent Order: SD-14-0038**

Dave Hermansen reported that an Order to Show Cause and Notice of Agency Action was filed on or about August 19, 2014. The unlicensed Respondents are alleged to have offered and sold securities to at least two investors and collected a total of \$417,399.87. Respondents are also alleged to have made material misstatements and omissions. These actions constitute violations under the Act. Therefore, the Division is seeking an order against the Respondents. The Respondents neither admit nor deny the Division's findings of fact and conclusions of law but consent to the sanctions in the case. Respondents have agreed to cease and desist from any further violations of the Act; to pay a joint and several fine of \$150,000, to be offset by payments of restitution to the investors. Payment of \$5,000 of the fine amount, or restitution offsets, shall be due within five days of the entry of this Order; \$2,500 due on or before April 27, 2015; \$2,500 due on or before July 27, 2015; \$500 monthly payments due between the lump-sum payments and continuing after such payments for a period of five years from the entry of the Order; with a final payment due on January 27, 2020 in an amount that covers any portion of the fine that has not been paid to the Division or provided to the investors as restitution on or before that date. Respondent Landon is to be permanently barred from licensure in the securities industry in Utah.

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

**Fortius Group, LLC: Stipulation and Consent Order: SD-11-0069;**

**Fortius Fund, LLC: Stipulation and Consent Order: SD-11-0070;**

**Powder Ridge Land, LLC: Stipulation and Consent Order: SD-11-0071;**

**Powder Ridge Developers I, Ltd.: Stipulation and Consent Order: SD-11-0072;**

**Powder Ridge Management, Inc.: Stipulation and Consent Order: SD-11-0073;**

**Chamonix Capital I, LLC: Stipulation and Consent Order: SD-11-0074;**

**Amsterdam Capital XII, LLC: Stipulation and Consent Order: SD-11-0075;**

**David Ryan Barlow: Stipulation and Consent Order: SD-13-0002;**

**Blue Diamond II, LLC: Stipulation and Consent Order: SD-13-0001**

Dave Hermansen reported that Orders to Show Cause and Notices of Agency Action were filed on or about September 21, 2011 and December 26, 2012. The Commission approved an Order of Default against the Fortius Respondents on or about October 29, 2012, which imposed a \$377,000 fine and a cease and desist order. The administrative action against Respondents

Barlow and Blue Diamond was stayed on March 6, 2013, pending resolution of a parallel criminal proceeding against Barlow. Barlow pleaded guilty to one count of securities fraud, a second degree felony and was ordered to make complete restitution in the amount of \$243,444. In light of the criminal resolution, the stay imposed on the administrative action was lifted on or about September 23, 2014. Respondents will admit to the findings of fact and conclusions of law and consent to the sanctions to be imposed. Respondents have agreed to cease and desist from any further violations of the Act. Respondent Barlow is permanently barred from associating, acting as an agent for any issuer soliciting investor funds in Utah and licensing in any capacity in the securities industry in Utah. Respondent Barlow is to pay restitution, as ordered in the criminal case *State of Utah v. David Ryan Barlow*, Case No. 121401766, Fourth Judicial District of Utah (2012). Respondents shall pay a fine of \$35,000, with \$15,000 due at such time as Respondent Barlow completes restitution payments in the related criminal case and the remaining \$20,000 due one year from that date. The Division's prior Default Order, dated October 29, 2012, will be vacated and the new Order shall stand as the final resolution between the parties.

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

**Rational Capital Management, LLC: Stipulation and Consent Order: SD-11-0057;**  
**Alan Herbert Oviatt: Stipulation and Consent Order: SD-11-0058**

Dave Hermansen reported that the Washington County Attorney's Office filed criminal charges against Respondent Oviatt on or about March 16, 2010. Respondent Oviatt was found guilty on or about August 21, 2013 and sentenced to jail time and restitution in the amount of \$123,000, to be paid in monthly payments of \$1,000. Based upon similar conduct, an Order to Show Cause and Notice of Agency Action was filed on or about July 26, 2011. Therefore, the Division is seeking an order against the Respondents. As part of the stipulation negotiated with the Division, the Respondents admit to the Division's findings. The Respondents are ordered to cease and desist from any further violations of the Act. Respondent Oviatt is permanently barred from associating, acting as an agent for any issuer soliciting investor funds in Utah and licensing in any capacity in the securities industry in Utah. Respondent Oviatt is to pay \$123,000 in restitution as ordered in the criminal case *State of Utah v. Alan Herbert Oviatt*, Case No. 101500457, Fifth Judicial District of Utah (2010). Respondents shall pay a fine of \$30,000 to the Division, with \$10,000 due on or before the date Respondent Oviatt completes restitution payments in the related criminal case and the remaining \$20,000 due two years from the date of the initial payment.

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

**Jason Lee Borup: Recommended Order on Motion for Default: SD-14-0055**

Dave Hermansen reported that a Notice of Agency Action and Order to Show Cause was filed on or about December 2, 2014. The Respondent was ordered to file a response with the Division and appear, 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 \$712,500 to the Division with \$142,500 payable immediately upon receipt of this Order and the remaining \$570,000 is subject to offset during the 30-day period following the date of this Order on a dollar-to-dollar basis for any restitution paid to the investors, and be permanently barred from licensure in the securities industry in Utah.

Commissioner David Russon made the motion to approve the proposed Order and Commissioner Tim Bangerter seconded the motion. The motion was passed unanimously.

**John Patrick Laing: Recommended Order on Motion for Default: SD-11-0051**

Dave Hermansen reported that a Notice of Agency Action and Order to Show Cause was filed on or about June 29, 2011. The proceedings were stayed, pending possible criminal prosecution, with the stay lifted on October 23, 2014. The Respondent was ordered to file a response with the Division within 30 days, and to this date, the Respondent has failed to respond. An initial hearing was held on December 3, 2014 at which the Respondent failed to appear. 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 \$60,000 to the Division payable immediately upon receipt of this Order and be permanently barred from licensure in the securities industry in Utah.

Commissioner Tim Bangerter made the motion to approve the proposed Order and Commissioner David Russon seconded the motion. The motion was passed unanimously.

**Dean Loren Casutt: Recommended Order on Motion for Default: SD-14-0050**

Dave Hermansen reported that a Notice of Agency Action and Order to Show Cause was filed on or about October 20, 2014. The Respondent was ordered to file a response with the Division, and to this date, the Respondent has failed to respond. An initial hearing was held on December 3, 2014, at which the Respondent failed to appear. 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 \$153,625 to the Division with \$30,725 payable immediately upon receipt of this Order and the remaining \$122,900 is subject to offset during the 30-day period following the date of this Order on a dollar-to-dollar basis for any restitution paid to the investors, and be permanently barred from licensure in the securities industry in Utah. Commissioner Gary Cornia made the motion to approve the proposed Order and Commissioner Tim Bangerter seconded the motion. The motion was passed unanimously.

**Bruce Luckett Dyson: Recommended Order on Motion for Default: SD-14-0027**

Dave Hermansen reported that a Notice of Agency Action and Order to Show Cause was filed on or about July 22, 2014. On September 3, 2014, the Respondent was ordered to file initial disclosures by October 1, 2014 and final disclosures by December 5, 2014. The final disclosure deadline was extended to December 15, 2014. On January 9, 2015, the Division, having complied with all required disclosure deadlines, filed a motion to prohibit Respondent from

introducing witnesses and exhibits at hearing and requested that the Division's alleged facts be taken as established and that such other relief as might be warranted be afforded. To this date, the Respondent has failed to 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 \$375,000 to the Division with \$75,000 payable immediately upon receipt of this Order and the remaining \$300,000 is subject to offset during the 30-day period following the date of this Order on a dollar-to-dollar basis for any restitution paid to the investors, and be permanently barred from licensure in the securities industry in Utah.

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

**Merlin Victor Fish: Stipulation and Consent Order: SD-14-0021;**  
**Aquapower, LC: Stipulation and Consent Order: SD-14-0022**

Dave Hermansen reported that an Order to Show Cause and Notice of Agency Action was filed on or about July 7, 2014. The unlicensed Respondents are alleged to have offered and sold securities to at least two investors and collected a total of \$60,000 in cash and \$15,000 in rent credits. Respondents are also alleged to have made material misstatements and omissions. These actions constitute violations under the Act. Therefore, the Division is seeking an order against the Respondents. The Respondents neither admit nor deny the Division's findings of fact and conclusions of law but consent to the sanctions in the case. Respondents have agreed to cease and desist from any further violations of the Act; to pay a joint and several fine of \$70,000, to be offset by payments of restitution to the investors C.M. and D.R., up to \$60,000. The fine amount, and/or restitution offsets, shall be paid within 15 days of the date of this Order. Respondent Fish is to be permanently barred from licensure in the securities industry in Utah.

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

**Evidentiary Hearing: R. Austin Christensen: SD-14-0023;**

Bryan R. Farris was present on behalf of the Respondent. An evidentiary hearing was conducted by the Commission. Following the presentation of evidence, the Commission deliberated in closed session and indicated that ALJ Jonsson would prepare a final order for the Commission's signature.

Commissioner **Erik Christiansen** recused himself from this matter due to conflicts.

Commissioner **David Russon** made the motion to adjourn the meeting prior to deliberation. Commissioner **Tim Bangerter** seconded the motion and the meeting was adjourned at 3:02 pm.

Approved: \_\_\_\_\_

  
Erik Christiansen, Chairman

Date: 3/26/15

Representative Paul Ray proposes the following substitute bill:

1                                   **WHITE COLLAR CRIME REGISTRY**

2   2015 GENERAL SESSION

3   STATE OF UTAH

4   **Chief Sponsor: Mike K. McKell**

5   Senate Sponsor: Curtis S. Bramble

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7                   **LONG TITLE**

8                   **General Description:**

9                   This bill modifies the Utah Code of Criminal Procedure to include a registry for persons  
10 who commit specified white collar crimes.

11                   **Highlighted Provisions:**

12                   This bill:

13                   ▶ authorizes the Office of the Attorney General to develop, operate, and maintain the  
14 Utah White Collar Crime Offender Registry website;

15                   ▶ provides the manner and process by which the Office of the Attorney General  
16 disseminates information from the Utah White Collar Crime Offender Registry  
17 website to the public, including the type of information that will be provided;

18                   ▶ provides the offenses for which a person must be registered with the Utah White  
19 Collar Crime Offender Registry website;

20                   ▶ provides that offenders who were convicted of the specified offenses between  
21 December 31, 2005 and the time this bill is enacted will not be placed on the Utah  
22 White Collar Crime Offender Registry if they:

- 23                   • have complied with all court orders;  
24                   • have paid all restitution claims; and



- 25           ▪ have not been convicted of any other offenses for which registration would be
- 26 required;
- 27           ▶ provides the duration for which offenders will be placed on the Utah White Collar
- 28 Crime Offender Registry;
- 29           ▶ provides rulemaking authority for the Office of the Attorney General to implement
- 30 the Utah White Collar Crime Offender Registry; and
- 31           ▶ provides the process and conditions under which a person may petition to have his
- 32 or her name and information removed from the Utah White Collar Crime Offender
- 33 Registry.

34 **Money Appropriated in this Bill:**

35           None

36 **Other Special Clauses:**

37           None

38 **Utah Code Sections Affected:**

39 AMENDS:

40           76-8-504.6, as last amended by Laws of Utah 2010, Chapter 283

41 ENACTS:

42           77-42-101, Utah Code Annotated 1953

43           77-42-102, Utah Code Annotated 1953

44           77-42-103, Utah Code Annotated 1953

45           77-42-104, Utah Code Annotated 1953

46           77-42-105, Utah Code Annotated 1953

47           77-42-106, Utah Code Annotated 1953

48           77-42-107, Utah Code Annotated 1953

49           77-42-108, Utah Code Annotated 1953

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51 *Be it enacted by the Legislature of the state of Utah:*

52           Section 1. Section 76-8-504.6 is amended to read:

53           **76-8-504.6. False or misleading information.**

54           (1) A person is guilty of a class B misdemeanor if the person, not under oath or

55 affirmation, intentionally or knowingly provides false or misleading material information to:

- 56 (a) an officer of the court for the purpose of influencing a criminal proceeding; or
- 57 (b) the Bureau of Criminal Identification for the purpose of obtaining a certificate of
- 58 eligibility for;
- 59 (ii) expungement[-]; or
- 60 (ij) removal of the person's name from the White Collar Crime Registry created in Title
- 61 77, Chapter 42, Utah White Collar Crime Offender Registry.

62 (2) For the purposes of this section "officer of the court" means:

- 63 (a) prosecutor;
- 64 (b) judge;
- 65 (c) court clerk;
- 66 (d) interpreter;
- 67 (e) presentence investigator;
- 68 (f) probation officer;
- 69 (g) parole officer; and
- 70 (h) any other person reasonably believed to be gathering information for a criminal
- 71 proceeding.

72 (3) This section does not apply under circumstances amounting to Section 76-8-306 or

73 any other provision of this code carrying a greater penalty.

74 Section 2. Section 77-42-101 is enacted to read:

75 **CHAPTER 42. UTAH WHITE COLLAR CRIME OFFENDER REGISTRY**

76 **77-42-101. Title.**

77 This chapter is known as the "Utah White Collar Crime Offender Registry."

78 Section 3. Section 77-42-102 is enacted to read:

79 **77-42-102. Definitions.**

80 As used in this chapter:

- 81 (1) "Attorney general" means the Utah attorney general or a deputy attorney general.
- 82 (2) "Bureau" means the Bureau of Criminal Identification of the Department of Public
- 83 Safety established in Section 53-10-201.
- 84 (3) "Business day" means a day on which state offices are open for regular business.
- 85 (4) "Certificate of eligibility" means a document issued by the Bureau of Criminal
- 86 Identification stating that the offender has met the requirements of Section 77-42-108.

87 (5) "Offender" means an individual required to register as provided in Section  
88 77-42-105.

89 (6) "Register" means to comply with the requirements of this chapter and rules of the  
90 Office of the Attorney General made under this chapter.

91 Section 4. Section 77-42-103 is enacted to read:

92 **77-42-103. Duties.**

93 (1) The attorney general shall:

94 (a) develop and operate a system to collect, analyze, maintain, and disseminate  
95 information on offenders; and

96 (b) make information listed in Section 77-42-104 available to the public.

97 (2) Any attorney general, county attorney, or district attorney shall, in the manner  
98 prescribed by the attorney general inform the attorney general of a person who is convicted of  
99 any of the offenses listed in Section 77-42-105 within 45 business days.

100 (3) The attorney general shall:

101 (a) provide the following additional information when available:

102 (i) the crimes for which the offender has been convicted, noting cases in which the  
103 offender is still awaiting sentencing or has appealed the conviction;

104 (ii) a description of the offender's targets; and

105 (iii) any other relevant identifying information as determined by the attorney general;

106 (b) maintain the Utah White Collar Crime Offender Registry website; and

107 (c) ensure that information is entered into the offender registry in a timely manner.

108 Section 5. Section 77-42-104 is enacted to read:

109 **77-42-104. Utah White Collar Crime Offender Registry -- Attorney general to**  
110 **maintain.**

111 (1) The attorney general shall maintain the Utah White Collar Crime Offender Registry  
112 website on the Internet, which shall contain a disclaimer informing the public that:

113 (a) the information contained on the website is obtained from public records and the  
114 attorney general does not guarantee the website's accuracy or completeness;

115 (b) members of the public are not allowed to use the information to harass or threaten  
116 offenders or members of their families; and

117 (c) harassment, stalking, or making threats against offenders or their families is

118 prohibited and may violate Utah criminal laws.

119 (2) The Utah White Collar Crime Offender Registry website shall be indexed by the  
120 surname of the offender.

121 (3) The attorney general shall construct the Utah White Collar Crime Offender Registry  
122 website so that before accessing registry information, users must indicate that they have read  
123 and understand the disclaimer and agree to comply with the disclaimer's terms.

124 (4) Except as provided in Subsection (6), the Utah White Collar Crime Offender  
125 Registry website shall include the following registry information:

126 (a) all names and aliases by which the offender is or has been known, but not including  
127 any online or Internet identifiers;

128 (b) a physical description, including the offender's date of birth, height, weight, and eye  
129 and hair color;

130 (c) a recent photograph of the offender; and

131 (d) the crimes listed in Section 77-42-105 of which the offender has been convicted.

132 (5) The Office of the Attorney General and any individual or entity acting at the request  
133 or upon the direction of the attorney general are immune from civil liability for damages and  
134 will be presumed to have acted in good faith by reporting information.

135 (6) The attorney general shall redact the names, addresses, phone numbers, Social  
136 Security numbers, and other information that, if disclosed, specifically identifies individual  
137 victims.

138 Section 6. Section 77-42-105 is enacted to read:

139 **77-42-105. Registerable offenses.**

140 A person shall be required to register with the Office of the Attorney General for a  
141 conviction of any of the following offenses as a second degree felony:

142 (1) Section 61-1-1 or Section 61-1-2, securities fraud;

143 (2) Section 76-6-405, theft by deception;

144 (3) Section 76-6-513, unlawful dealing of property by fiduciary;

145 (4) Section 76-6-521, fraudulent insurance;

146 (5) Section 76-6-1203, mortgage fraud;

147 (6) Section 76-10-1801, communications fraud; and

148 (7) Section 76-10-1903, money laundering.

149 Section 7. Section 77-42-106 is enacted to read:

150 77-42-106. Registration of offenders – Utah White Collar Crime Offender

151 Registry.

152 (1) An offender who has been convicted of any offense listed in Section 77-42-105  
153 shall be on the Utah White Collar Crime Offender Registry for:

154 (a) a period of 10 years for a first offense;

155 (b) a second period of 10 years for a second conviction under this section; and

156 (c) a lifetime period if convicted a third time under this section.

157 (2) Except as provided in Subsection (3), an offender who has been convicted of any  
158 offense listed in Section 77-42-105 after December 31, 2005, shall register with the attorney  
159 general to be included in the Utah White Collar Crime Offender Registry.

160 (3) An offender is not be required to register as provided in Subsection (2) if the  
161 offender:

162 (a) has complied with all court orders at the time of sentencing;

163 (b) has paid in full all court ordered amounts of restitution to victims; and

164 (c) has not been convicted of any other offense for which registration would be  
165 required.

166 Section 8. Section 77-42-107 is enacted to read:

167 77-42-107. Department and agency requirements.

168 (1) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
169 attorney general shall make rules necessary to implement this chapter, including:

170 (a) the method for dissemination of registry information; and

171 (b) instructions to the public regarding acceptable use of the information.

172 (2) Any information regarding the identity or location of a victim may be redacted by  
173 the attorney general from information provided under Subsection 77-42-104(6).

174 Section 9. Section 77-42-108 is enacted to read:

175 77-42-108. Removal from the Utah White Collar Crime Offender Registry.

176 (1) An offender may petition the court where the offender was convicted of the offense  
177 for which registration with the Utah White Collar Crime Offender Registry is required, for an  
178 order to remove the offender from the Utah White Collar Crime Offender Registry, if:

179 (a) five years have passed since the completion of the offender's sentence;

180 (b) the offender has successfully completed all treatment ordered by the court or the  
181 Board of Pardons and Parole relating to the conviction;

182 (c) (i) the offender has not been convicted of any other crime, excluding traffic  
183 offenses, as evidenced by a certificate of eligibility issued by the bureau; and

184 (ii) as used in this section, "traffic offense" does not include a violation of Title 41,  
185 Chapter 6a, Part 5, Driving Under the Influence and Reckless Driving;

186 (d) the offender has paid all restitution ordered by the court;

187 (e) notice has been delivered to the victims and the office that prosecuted the offender;  
188 and

189 (f) the offender has not been found to be civilly liable in any case in which fraud,  
190 misrepresentation, deceit, breach of fiduciary duty, or the misuse or misappropriation of funds  
191 is an element.

192 (2) (a) (i) An offender seeking removal from the White Collar Crime Offender Registry  
193 shall apply for a certificate of eligibility from the bureau.

194 (ii) An offender who intentionally or knowingly provides any false or misleading  
195 information to the bureau when applying for a certificate of eligibility is guilty of a class B  
196 misdemeanor and subject to prosecution under Section 76-8-504.6.

197 (iii) Regardless of whether the offender is prosecuted, the bureau may deny a certificate  
198 of eligibility to anyone providing false information on an application under this Subsection (2).

199 (b) (i) The bureau shall check the records of governmental agencies, including national  
200 criminal databases, to determine whether an offender is eligible to receive a certificate of  
201 eligibility under this section.

202 (ii) If the offender meets all of the criteria under Subsections (1)(a) through (d), the  
203 bureau shall issue a certificate of eligibility to the offender which shall be valid for a period of  
204 90 days from the date the certificate is issued.

205 (c) (i) The bureau shall charge an application fee for the certificate of eligibility in  
206 accordance with the process in Section 63J-1-504.

207 (ii) The fee shall be paid at the time the offender submits an application for a certificate  
208 of eligibility to the bureau.

209 (iii) If the bureau determines that the issuance of a certificate of eligibility is  
210 appropriate, the bureau shall issue to the offender a certificate of eligibility at no additional

211 charge.

212 (d) Funds generated under this Subsection (2) shall be deposited in the General Fund as

213 a dedicated credit by the department to cover the costs incurred in determining eligibility.

214 (3) The offender shall:

215 (a) file with the court the following information:

216 (i) the petition;

217 (ii) the original information;

218 (iii) the court docket; and

219 (iv) an affidavit certifying that the offender is in compliance with the provisions of

220 Subsection (1); and

221 (b) deliver a copy of the petition to the office of the prosecutor.

222 (4) (a) Upon receipt of a petition for removal from the Utah White Collar Crime

223 Offender Registry, the office of the prosecutor shall provide notice of the petition by first-class

224 mail to the victims at the most recent addresses of record on file.

225 (b) The notice shall:

226 (i) include a copy of the petition for removal from the registry;

227 (ii) state that the victim has a right to object to the removal of the offender from the

228 registry; and

229 (iii) provide instructions for filing an objection with the court.

230 (5) The office of the prosecutor shall provide the following, if available, to the court

231 within 30 days after receiving the petition:

232 (a) a presentence report;

233 (b) any evaluation done as part of sentencing; and

234 (c) any other information the office of the prosecutor feels the court should consider.

235 (6) The victim may respond to the petition by filing a recommendation or objection

236 with the court within 45 days after the mailing of the petition to the victim.

237 (7) The court shall:

238 (a) review the petition and all documents submitted with the petition; and

239 (b) hold a hearing if requested by the office of the prosecutor or the victim.

240 (8) When considering a petition for removal from the registry, the court shall consider

241 whether the offender has paid all restitution ordered by the court or the Board of Pardons and

242 Parole.

243 (9) If the court determines that it is not contrary to the interests of the public to do so,  
244 the court may grant the petition and order removal of the offender from the registry.

245 (10) If the court grants the petition, the court shall forward a copy of the order directing  
246 removal of the offender from the registry to the attorney general and the office of the  
247 prosecutor.

248 (11) The office of the prosecutor shall notify the victims of the court's decision in the  
249 same manner as the notification required in Subsection (3)(a).

250 (12) The attorney general shall remove an offender from the registry upon the offender  
251 providing satisfactory evidence to the attorney general that:

252 (a) each conviction listed in Section 77-42-105 has either been expunged or reduced in  
253 degree below a second degree felony; and

254 (b) the offender has paid all court-ordered restitution to victims.



STATE OF UTAH  
DEPARTMENT OF COMMERCE  
DIVISION OF SECURITIES

**Application for Grant from the Securities Investor  
Education and Training Fund**

<b>Applicant</b>	<b>MountainWest Capital Network</b>
<b>Amount Requested</b>	<b>\$2,500</b>
<b>Date</b>	<b>February 24, 2015</b>

\_\_\_\_\_ MountainWest Capital Network \_\_\_\_\_ (“Applicant”) hereby requests a grant from the Utah Division of Securities (“Division”) in the amount of \$ 2,500 \_\_\_\_\_ to be paid from the Securities Investor Education and Training Fund, created by Utah Code Ann. §61-1-18.7 (“Fund”). Applicant’s charitable or educational mission is:

MountainWest Capital Network is Utah's first business networking organization devoted to supporting entrepreneurial success through:

1. Fostering the dynamic flow of information about capital formation and distribution
2. Educating and mentoring excellence
3. Recognizing and rewarding performance
4. Networking activities which promote business connections

This grant is specifically for the MountainWest Capital Network Deal Flow Event, May 15, 2015, featuring the 2014 Deal Flow Report. The Division of Securities has sponsored this event in the past.

Applicant acknowledges that grants from the Fund can only be made for the purposes outlined in statute. These purposes include:

1. “education and training of Utah residents in matters concerning securities laws and investment decisions, by publications or presentations;” and

2. “education of registrants and licensees under [the Utah Uniform Securities Act], by . . . sponsorship of seminars or meetings to educate registrants and licensees as to the requirements of [the Act].” See Utah Code Ann. §61-1-18.7(5).

MWCN produces the Deal Flow Report, which researches and provides details on private equity, merger & acquisition and IPO activity in the state of Utah, and unveils that report at the Deal Flow Event. **This is the 20th Annual Deal Flow Report.**

The Deal Flow Report fosters deal flow in Utah by informing individuals and organizations inside and outside the state as to the vibrancy of Utah capital formation.

- Investors from outside the state are informed as to the health of Utah’s economy, particularly its capital environment, and Utah’s proclivity for starting successful companies.
- Investors inside and outside the state use this data to identify companies that may need future investment.
- Companies inside or outside the state use it to identify which companies might be interested in participating in a merger or acquisition.
- The Deal Flow Report contains directories that help entrepreneurs and companies identify resources that can be helpful in future transactions:
  - Attorneys, Accounting Firms, Consultants, etc.
  - Capital Providers

- Individuals use the information to identify companies which are growing and may be hiring, or to assure them that if they take a job with one company in Utah and that doesn't work out, there are many growing companies.
- This year the Deal Flow Report will add instructional how-to material about seeking capital, completing an M&A transaction, and how to prepare for an IPO.
- The Deal Flow Report is not only used at the Deal Flow Event, but throughout the year.

As a Sponsor of the Deal Flow Event the Division of Securities will receive:

- A full page ad
- Eight event/lunch attendees
- Sponsor recognition at event and in PR

Applicant's activities include the following programs which meet above statutory purposes of the Fund: The MountainWest Capital Network also provides monthly education, recognition and networking activities focused on entrepreneurship and funding such as "The Entrepreneur of the Year," "Business Boot-camp" and "The Utah 100" which identifies the 100 Fastest Growing companies in Utah, as well as the 15 which experienced the largest revenue increase and 15 "Emerging Elite" companies. More information is available at <http://www.MWCN.org>.

If the grant request is approved, the applicant agrees to comply with the requirements of Title 63J, Chapter 9, Nonprofit Entity Receipt of State Money Act, of the Utah Code. These requirements include the following:

1. Did the applicant meet or exceed the requirements listed in Utah Code Ann. Subsection 51-2a-102(6)(f) in the previous fiscal year of the applicant? Yes \_\_\_\_\_ No x\_\_\_\_\_

2. Does the applicant anticipate meeting or exceeding the requirements listed in Utah Code Ann. Subsection 51-2a-102(6)(f) in the fiscal year of the applicant in which the requested grant would be made? Yes \_\_\_\_\_ No  x

3. Applicant agrees to provide the Division with an itemized report at least annually, detailing the expenditure of the state money provided under this grant.

4. Applicant warrants that it has bylaws in place that meet the requirements of Title 63J, Chapter 9, Nonprofit Entity Receipt of State Money Act, by providing for financial oversight of the state money and compliance with state laws related to state money.

5. Applicant warrants that it has procedures for the governing board of the applicant to designate an administrator who manages the state money and procedures for the governing board to dismiss the administrator.

Applicant acknowledges that any grant money provided under this agreement that is not spent in accordance with this agreement and Title 63J, Chapter 9, Nonprofit Entity Receipt of State Money Act, may be required to be returned to the Division.

Applicant acknowledges that the requested grant can only be approved by the Division upon the concurrence of the Utah Securities Commission, created under Utah Code Ann. §61-1-18.5 (“Commission”), and the Executive Director of the Utah Department of Commerce.

The point of contact for Applicant is:

Name: Cheri M. Waldron

Title: MWCN Executive Director

Address: P.O. Box 25773, SLC, UT 84125

Phone No.: 801-966-1430

Email: cheri@mwcen.org

Recipient's tax identification number is: 87-0541417

*Cheryl Walker*

\_\_\_\_\_ Dated: 02/24/2015

Applicant

## Instructions for “Application for Grant from the Securities Investor Education and Training Fund”

Please complete all information on the application form. When completed, the application form (with the supporting documentation described below) should be submitted to the Director of the Utah Division of Securities by email, fax, or hard copy, as follows:

Keith M. Woodwell  
Director  
Utah Division of Securities  
160 East 300 South, 2<sup>nd</sup> Floor  
PO Box 146760  
Salt Lake City, UT 84114-6760  
[kwoodwell@utah.gov](mailto:kwoodwell@utah.gov)  
fax: 801-530-6980  
phone: 801-530-6600

With the completed application, please provide any supporting documentation that should be considered with the application. Supporting documentation should include details on the programs or presentations that would be funded with the grant and a breakdown of how the grant monies would be allocated to each aspect of the program or presentation. If you have previously received a grant from the Fund, please also include a detailed statement of how the previous grant monies were actually spent. Independent appraisals or evaluations of the program are also appreciated, if available.

Utah Division of Securities  
 Education Fund Expenditure Request  
 3rd Qtr. FY 2015  
 Expenses as of February 28, 2015

Description	Prior Approved Balances 01/22/15	Amounts Spent By Division To 02/28/15	Remaining Balances 02/28/15	Requests For Commission Authorization 03/26/15	Total Approved Balances 3/26/15
<b>Public Investor Education</b>					
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	20,000.00	0.00	20,000.00	0.00	20,000.00
Junior Achievement	5,000.00	0.00	5,000.00	0.00	5,000.00
Utah State University	0.00	0.00	0.00	0.00	0.00
Utah Financial Planners	2,500.00	0.00	2,500.00	0.00	2,500.00
Pamphlets, Books, etc.	4,689.61	0.00	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	15,000.00	0.00	15,000.00	0.00	15,000.00
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	\$ 49,065.80	\$ 0.00	\$ 49,065.80	\$ 0.00	\$ 49,065.80
<b>Industry Education</b>					
Mountain West Capital Network	0.00	0.00	0.00	2,500.00	2,500.00
Wayne Brown Institute	0.00	0.00	0.00	0.00	0.00
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	\$ 1,000.00	\$ 0.00	\$ 1,000.00	\$ 2,500.00	\$ 3,500.00
<b>Investigation &amp; Litigation</b>					
Enforcement Investigation & Litigation	30,000.00	3,178.73	26,821.27	3,178.73	30,000.00
Licensing Investigation & Litigation	28,000.00	128.20	27,871.80	128.20	28,000.00
Registration Examination Expense	5,000.00	0.00	5,000.00	0.00	5,000.00
Expert Witnesses	20,000.00	2,530.58	17,469.42	2,530.58	20,000.00
Training	5,000.00	494.04	4,505.96	494.04	5,000.00
Computers	2,408.77	0.00	2,408.77	0.00	2,408.77
Software	801.45	127.22	674.23	0.00	674.23
Cellular Charges	3,000.00	1,008.47	1,991.53	1,008.47	3,000.00
Office Equipment & Supplies	6,000.00	3,121.57	2,878.43	3,121.57	6,000.00
Subscriptions & Publications	2,000.00	890.29	1,109.71	890.29	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>11,327.23</u>	<u>13,672.77</u>	<u>26,327.23</u>	<u>40,000.00</u>
SUB TOTAL	\$ 141,365.85	\$ 22,806.33	\$ 118,559.52	\$ 37,679.11	\$ 156,238.63
GRAND TOTAL	\$ 191,431.65	\$ 22,806.33	\$ 168,625.32	\$ 40,179.11	\$ 208,804.43

Education Fund Balance as of 3/07/2015: \$282,750.00

Approval:





Division Director \_\_\_\_\_ Date 3/26/15  
 Commission Chair \_\_\_\_\_ Date 3/26/15  
 Executive Director \_\_\_\_\_ Date 3/30/15

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

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

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IN THE MATTER OF

**GREGORY K. HOWELL,**

RESPONDENT

**RECOMMENDED ORDER ON MOTION  
FOR DEFAULT**

**CASE NO. SD-09-0026**

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**BY THE PRESIDING OFFICER:**

This adjudicative proceeding was initiated pursuant to an April 16, 2009 notice of agency action and order to show cause. Thereafter, the proceedings were stayed for a time. The stay was lifted on January 2, 2015, and 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 February 4, 2015. Respondent failed to appear. As of the date of this order, Respondent has not participated in these proceedings since the lifting of the stay.

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, and find:

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 \$312,500 to the Utah Division of Securities, with \$62,500 of the fine due and payable in full upon receipt of the final order and the remaining \$250,000 subject to offset for a period of 30 days following the date of the final order on a dollar-to-dollar basis for any restitution paid to investors;
3. That, should Respondent fail to provide proof of restitution payment(s) to investors within the 30-day period following the date of the final order, the full \$312,500 fine become immediately due and payable, and subject to collection; and
4. 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 4<sup>th</sup> day of February, 2015.

UTAH DEPARTMENT OF COMMERCE

  
Jennie T. Jonsson  
Presiding Officer

CERTIFICATE OF DELIVERY

I hereby certify that on the 4<sup>th</sup> day of Feb., 2015, 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 "Jennie L. Jansson", is written over a horizontal line.

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

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

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IN THE MATTER OF  
**GREGORY K. HOWELL,**  
RESPONDENT

**ORDER ON MOTION FOR DEFAULT**  
CASE NO. SD-09-0026

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**BY THE UTAH SECURITIES COMMISSION:**

The presiding officer's February 4, 2015 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 \$312,500 to the Utah Division of Securities. Of this total fine, \$62,500 is due and payable immediately upon receipt of this final order. The remaining \$250,000 is subject to offset during the 30-day period following the date of this order on a dollar-to-dollar basis for any restitution paid to investors.

Should Respondent fail to provide proof of restitution payment(s) to investors within the 30-day period following the date of this order, the full \$312,500 fine becomes immediately due and payable, and subject to collection.

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.

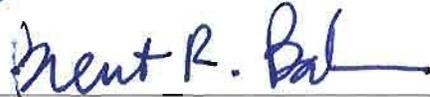
This order shall be effective on the signature date below.

DATED this 26<sup>th</sup> day of March, 2015

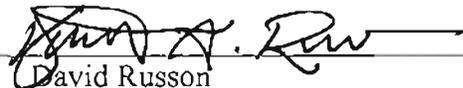
**UTAH SECURITIES COMMISSION:**

  
\_\_\_\_\_  
Tim Bangerter

  
\_\_\_\_\_  
Erik Anthony Christiansen

  
\_\_\_\_\_  
Brent Baker

\_\_\_\_\_  
Gary Cornia

  
\_\_\_\_\_  
David Russon

Should Respondent fail to provide proof of restitution payment(s) to investors within the 30-day period following the date of this order, the full \$312,500 fine becomes immediately due and payable, and subject to collection.

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.

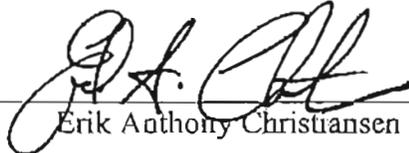
This order shall be effective on the signature date below.

DATED this 26<sup>th</sup> day of March, 2015

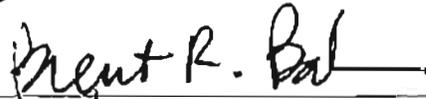
UTAH SECURITIES COMMISSION:



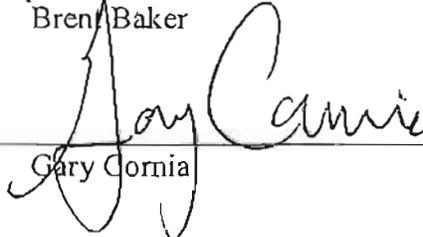
Tim Bangerter



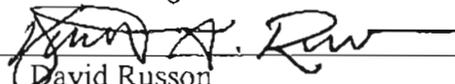
Erik Anthony Christiansen



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 30<sup>th</sup> day of March, 2015 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 caused a copy to be hand delivered to:

Tom Melton, 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

A handwritten signature in blue ink, appearing to read "L. M. Clear", written over a horizontal line.

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

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

---

IN THE MATTER OF

DUSTIN ENDSLEY;  
FUSION ENERGY, LLC,

RESPONDENTS

**RECOMMENDED ORDER ON MOTION  
FOR DEFAULT**

**CASE NO. SD-15-0002  
CASE NO. SD-15-0001**

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**BY THE PRESIDING OFFICER:**

This adjudicative proceeding was initiated pursuant to a January 7, 2015 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 February 13, 2015. 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, and find:

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), Respondent(s) directly or indirectly failed to disclose material information that was necessary in order to make representations made not misleading;
3. That in violation of Utah Code Ann. § 61-1-7, Respondents sold securities that were neither registered with the Division nor exempt from registration; 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 \$246,877.97 to the Utah Division of Securities, with \$49,375 of the fine due and payable in full upon receipt of the final order and the remaining \$197,502.97 subject to offset for a period of 30 days following the date of the final order on a dollar-to-dollar basis for any restitution paid to investors;

3. That, should Respondent fail to provide proof of restitution payment(s) to investors within the 30-day period following the date of the final order, the full \$246,877.97 fine become immediately due and payable, and subject to collection; and
4. That Respondent Endsley 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 13<sup>th</sup> day of February, 2015.

UTAH DEPARTMENT OF COMMERCE

  
Jennie T. Jonsson  
Presiding Officer

CERTIFICATE OF DELIVERY

I hereby certify that on the 13<sup>th</sup> day of February, 2015, 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

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

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IN THE MATTER OF

DUSTIN ENDSLEY;  
FUSION ENERGY, LLC,

RESPONDENT

**ORDER ON MOTION FOR DEFAULT**

**CASE NO. SD-15-0002**

**CASE NO. SD-15-0001**

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**BY THE UTAH SECURITIES COMMISSION:**

The presiding officer's February 13, 2015 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 \$246,877.97 to the Utah Division of Securities. Of this total fine, \$49,375 is due and payable immediately upon receipt of this final

order. The remaining \$197,502.97 is subject to offset during the 30-day period following the date of this order on a dollar-to-dollar basis for any restitution paid to investors.

Should Respondent fail to provide proof of restitution payment(s) to investors within the 30-day period following the date of this order, the full \$246,877.97 fine becomes immediately due and payable, and subject to collection.

Respondent Endsley 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.

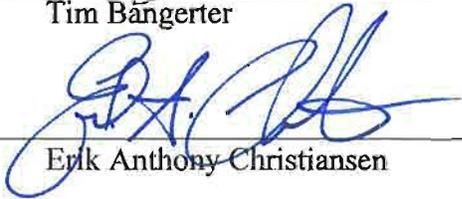
All further proceedings in this case are dismissed. This dismissal does not relieve Respondent from complying with the terms of the default order.

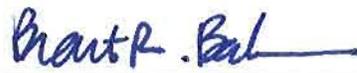
This order shall be effective on the signature date below.

DATED this 20th day of March, 2015

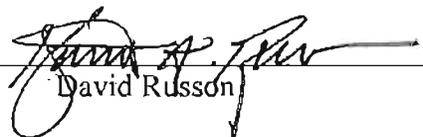
**UTAH SECURITIES COMMISSION:**

  
\_\_\_\_\_  
Tim Bangerter

  
\_\_\_\_\_  
Erik Anthony Christiansen

  
\_\_\_\_\_  
Brent Baker

\_\_\_\_\_  
Gary Cornia

  
\_\_\_\_\_  
David Russon

RECEIVED

order. The remaining \$197,502.97 is subject to offset during the 30-day period following the date of this order on a dollar-to-dollar basis for any restitution paid to investors.

Should Respondent fail to provide proof of restitution payment(s) to investors within the 30-day period following the date of this order, the full \$246,877.97 fine becomes immediately due and payable, and subject to collection.

Respondent Endsley 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.

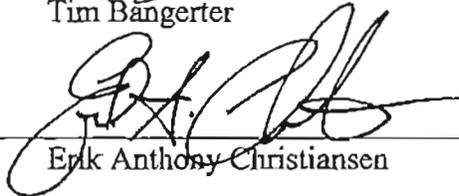
This order shall be effective on the signature date below.

DATED this 26<sup>th</sup> day of March, 2015

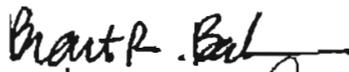
**UTAH SECURITIES COMMISSION:**



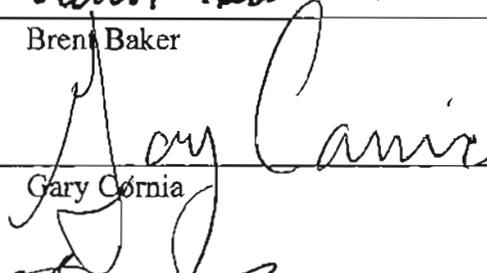
Tim Bangerter



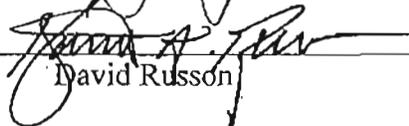
Erik Anthony Christiansen



Brent Baker



Gary Cornia



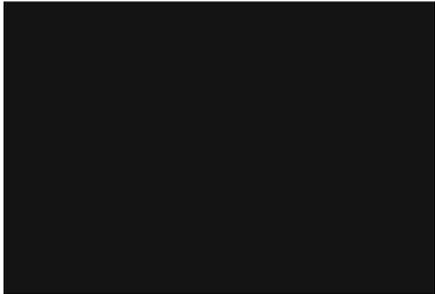
David Russon

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

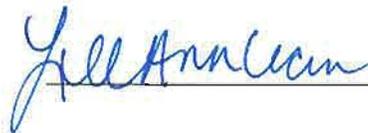
I hereby certify that on the 30<sup>th</sup> day of March, 2015 the undersigned served a true and correct copy of the foregoing ORDER ON MOTION FOR DEFAULT by mailing a copy through first-class mail, postage prepaid, to:



and caused a copy to be hand delivered to:

Tom Melton, 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

**ANDRES ESQUIVEL, dba XTAGGED,**  
RESPONDENT

**RECOMMENDED ORDER ON MOTION  
FOR DEFAULT**

**CASE NO. SD-11-0033**

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**BY THE PRESIDING OFFICER:**

This adjudicative proceeding was initiated pursuant to a May 11, 2011 notice of agency action and order to show cause. Thereafter, the proceedings were stayed for a time. The stay was lifted on December 16, 2014, and 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 February 4, 2015. Respondent failed to appear. As of the date of this order, Respondent has made no effort to participate in these proceedings since the lifting of the stay.

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(s).

**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, and find:

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 \$16,250 to the Utah Division of Securities, with \$3,250 of the fine due and payable in full upon receipt of the final order and the remaining \$13,000 subject to offset for a period of 30 days following the date of the final order on a dollar-to-dollar basis for any restitution paid to investors;
3. That, should Respondent fail to provide proof of restitution payment(s) to investors within the 30-day period following the date of the final order, the full \$16,250 fine become immediately due and payable, and subject to collection; and
4. 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 4<sup>th</sup> day of February, 2015.

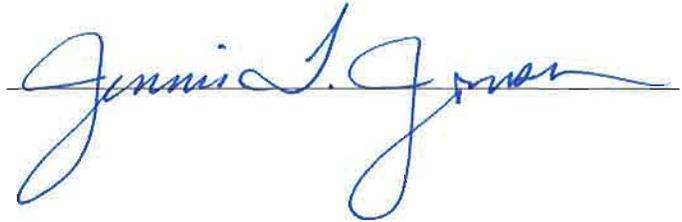
UTAH DEPARTMENT OF COMMERCE

  
Jennie T. Jonsson  
Presiding Officer

CERTIFICATE OF DELIVERY

I hereby certify that on the 4<sup>th</sup> day of Feb., 2015, 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 "Jennie L. Jones", written over a horizontal line.

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

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

---

IN THE MATTER OF

**ANDRES ESQUIVEL, dba XTAGGED,**

RESPONDENT

**ORDER ON MOTION FOR DEFAULT**

**CASE NO. SD-11-0033**

---

**BY THE UTAH SECURITIES COMMISSION:**

The presiding officer's February 4, 2015 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 \$16,250 to the Utah Division of Securities. Of this total fine, \$3,250 is due and payable immediately upon receipt of this final order. The remaining \$13,000 is subject to offset during the 30-day period following the date of this order on a dollar-to-dollar basis for any restitution paid to investors.

Should Respondent fail to provide proof of restitution payment(s) to investors within the 30-day period following the date of this order, the full \$16,250 fine becomes immediately due and payable, and subject to collection.

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.

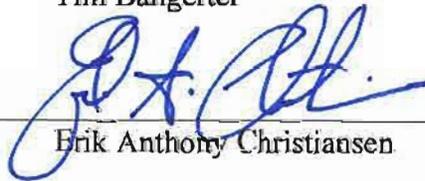
This order shall be effective on the signature date below.

DATED this 26<sup>th</sup> day of March, 2015

**UTAH SECURITIES COMMISSION:**



Tim Bangerter



Erik Anthony Christiansen



Brent Baker

Gary Cornia



David Russon

RECEIVED

Should Respondent fail to provide proof of restitution payment(s) to investors within the 30-day period following the date of this order, the full \$16,250 fine becomes immediately due and payable, and subject to collection.

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.

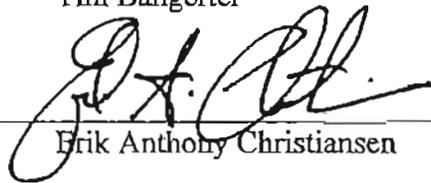
This order shall be effective on the signature date below.

DATED this 26<sup>th</sup> day of March, 2015

**UTAH SECURITIES COMMISSION:**



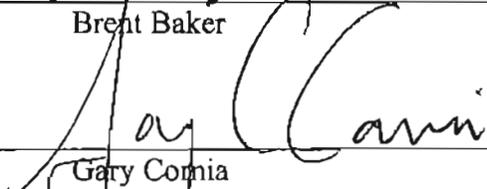
Tim Bangerter



Erik Anthony Christiansen



Brent Baker



Gary Cornia



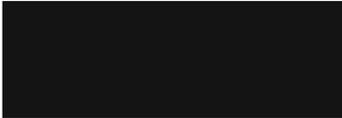
David Russon

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 30<sup>th</sup> day of March, 2015 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 caused a copy to be hand delivered to:

Tom Melton, 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

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

---

IN THE MATTER OF

**SYNERGY FUNDING, LLC;**  
**JOSHUA PAUL CHAPMAN,**  
  
RESPONDENTS

**RECOMMENDED ORDER ON MOTION  
FOR DEFAULT**

**CASE NO. SD-08-0045**  
**CASE NO. SD-08-0046**

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**BY THE PRESIDING OFFICER:**

This adjudicative proceeding was initiated pursuant to an April 22, 2008 notice of agency action and order to show cause. Thereafter, the proceedings were stayed for a time. The stay was lifted on December 16, 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 February 4, 2015. Respondents failed to appear. As of the date of this order, Respondents have made no effort to participate in these proceedings following the lifting of the stay.

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, and find:

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 \$262,500 to the Utah Division of Securities, with \$52,500 of the fine due and payable in full upon receipt of the final order and the remaining \$210,000 subject to offset for a period of 30 days following the date of the final order on a dollar-to-dollar basis for any restitution paid to investors;
3. That, should Respondent fail to provide proof of restitution payment(s) to investors within the 30-day period following the date of the final order, the full \$262,500 fine become immediately due and payable, and subject to collection; and
4. That Respondent Chapman 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 4<sup>th</sup> day of February, 2015.

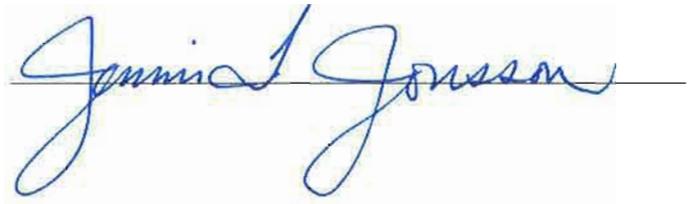
UTAH DEPARTMENT OF COMMERCE

  
Jennie T. Jonsson  
Presiding Officer

CERTIFICATE OF DELIVERY

I hereby certify that on the 4<sup>th</sup> day of Feb, 2015, 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 "Jannina Jonsson", is written over a horizontal line. The signature is cursive and appears to be on a light-colored background.

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

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

---

IN THE MATTER OF

**SYNERGY FUNDING, LLC;  
JOSHUA PAUL CHAPMAN,**

RESPONDENTS

**ORDER ON MOTION FOR DEFAULT**

**CASE NO. SD-08-0045  
CASE NO. SD-08-0046**

---

**BY THE UTAH SECURITIES COMMISSION:**

The presiding officer's February 4, 2015 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 \$262,500 to the Utah Division of Securities. Of this total fine, \$52,500 is due and payable immediately upon receipt of this final order. The remaining \$210,000 is subject to offset during the 30-day period following the date of this order on a dollar-to-dollar basis for any restitution paid to investors.

Should Respondent fail to provide proof of restitution payment(s) to investors within the 30-day period following the date of this order, the full \$262,500 fine becomes immediately due and payable, and subject to collection.

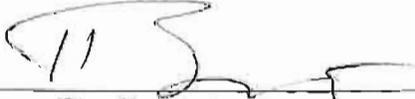
Respondent Chapman is hereby permanently barred from associating with any broker-dealer or investment adviser licensed in Utah; from acting as an agent for any issuer soliciting investor funds in Utah; and from being licensed in any capacity in the securities industry in Utah.

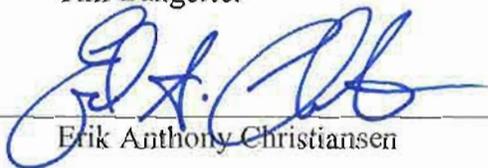
All further proceedings in this case are dismissed. This dismissal does not relieve Respondent from complying with the terms of the default order.

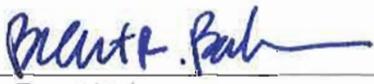
This order shall be effective on the signature date below.

DATED this 26<sup>th</sup> day of March, 2015

**UTAH SECURITIES COMMISSION:**

  
\_\_\_\_\_  
Tim Bangerter

  
\_\_\_\_\_  
Erik Anthony Christiansen

  
\_\_\_\_\_  
Brent Baker

\_\_\_\_\_  
Gary Cornia

  
\_\_\_\_\_  
David Russon

Should Respondent fail to provide proof of restitution payment(s) to investors within the 30-day period following the date of this order, the full \$262,500 fine becomes immediately due and payable, and subject to collection.

Respondent Chapman 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.

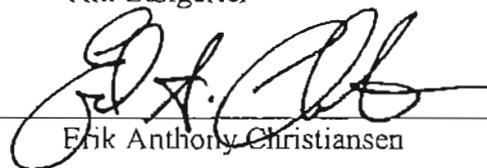
This order shall be effective on the signature date below.

DATED this 30<sup>th</sup> day of March, 2015

**UTAH SECURITIES COMMISSION:**



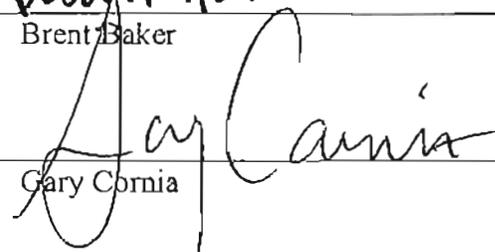
Tim Bangerter



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 30<sup>th</sup> day of March, 2015 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:

SYNERGY FUNDING LLC  
JOSHUA PAUL CHAPMAN  
C/O REBECCA HYDE SKORDAS ESQ  
560 S 300 E #225  
SALT LAKE CITY UT 84111

and caused a copy to be hand delivered to:

Tom Melton, 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

**ROBERT R. TY,**

RESPONDENT

**RECOMMENDED ORDER ON MOTION  
FOR DEFAULT**

**CASE NO. SD-08-0099**

---

**BY THE PRESIDING OFFICER:**

This adjudicative proceeding was initiated pursuant to a December 8, 2008 notice of agency action and order to show cause. Thereafter, the proceedings were stayed for a time. The stay was lifted on December 16, 2014, and 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 February 4, 2015. Respondent failed to appear. As of the date of this order, Respondent has made no effort to participate in these proceedings following the lifting of the stay.

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, and find:

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. § 61-1-7, Respondent sold securities that were neither properly registered nor exempt from registration;
5. That, in violation of Utah Code Ann. § 61-1-3, Respondent sold securities without being properly licensed or exempt from licensure; 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 \$625,000 to the Utah Division of Securities, with \$125,000 of the fine due and payable in full upon receipt of the final order and the remaining \$500,000 subject to offset for a period of 30 days following the date of the final order on a dollar-to-dollar basis for any restitution paid to investors;
3. That, should Respondent fail to provide proof of restitution payment(s) to investors within the 30-day period following the date of the final order, the full \$625,000 fine become immediately due and payable, and subject to collection; and
4. 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 4<sup>th</sup> day of February, 2015.

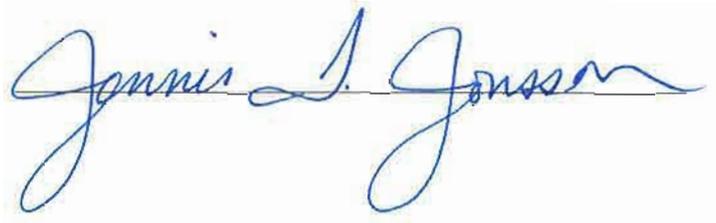
UTAH DEPARTMENT OF COMMERCE

  
Jennie T. Jonsson  
Presiding Officer

CERTIFICATE OF DELIVERY

I hereby certify that on the 4<sup>th</sup> day of Feb., 2015, 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 "Jonnis J. Jonsson". The signature is written in a cursive style with a horizontal line underneath it.

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  
**ROBERT R. TY,**  
RESPONDENT

**ORDER ON MOTION FOR DEFAULT**  
**CASE NO. SD-08-0099**

---

**BY THE UTAH SECURITIES COMMISSION:**

The presiding officer's February 4, 2015 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 \$625,000 to the Utah Division of Securities. Of this total fine, \$125,000 is due and payable immediately upon receipt of this final order. The remaining \$500,000 is subject to offset during the 30-day period following the date of this order on a dollar-to-dollar basis for any restitution paid to investors.

Should Respondent fail to provide proof of restitution payment(s) to investors within the 30-day period following the date of this order, the full \$625,000 fine becomes immediately due and payable, and subject to collection.

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.

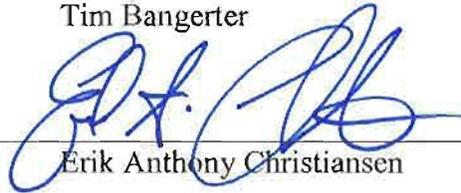
This order shall be effective on the signature date below.

DATED this 26th day of March, 2015

**UTAH SECURITIES COMMISSION:**



Tim Bangerter

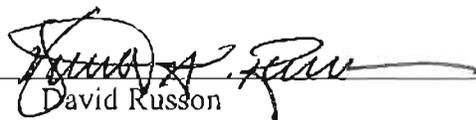


Erik Anthony Christiansen



Brent Baker

Gary Cornia



David Russon

Should Respondent fail to provide proof of restitution payment(s) to investors within the 30-day period following the date of this order, the full \$625,000 fine becomes immediately due and payable, and subject to collection.

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.

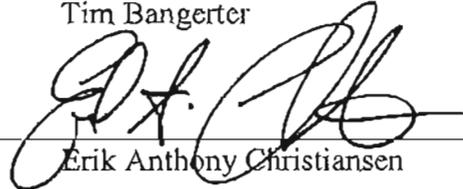
This order shall be effective on the signature date below.

DATED this 26<sup>th</sup> day of March, 2015

**UTAH SECURITIES COMMISSION:**



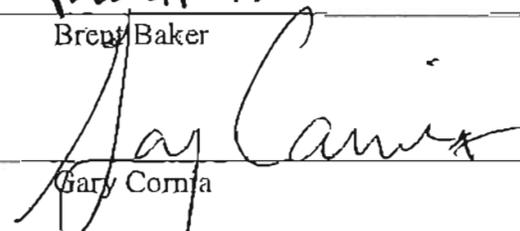
Tim Bangerter



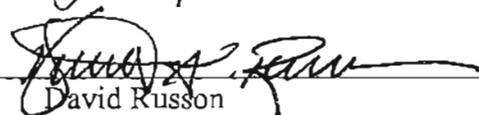
Erik Anthony Christiansen



Brent Baker



Gary Cornja



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 30<sup>th</sup> day of March, 2015 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 caused a copy to be hand delivered to:

Tom Melton, 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

Lillian Crain

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

**NOLEN PAUL ISOM;  
SENERGY INVESTMENTS, LC;  
SENERGY TECHNOLOGIES, LC;  
SENERGY SYSTEMS, LC;  
GREENSTEP, LC,**

RESPONDENTS

**RECOMMENDED ORDER ON MOTION  
FOR DEFAULT**

**CASE NO. SD-14-0013  
CASE NO. SD-14-0015  
CASE NO. SD-14-0014  
CASE NO. SD-14-0016  
CASE NO. SD-14-0017**

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**BY THE PRESIDING OFFICER:**

This adjudicative proceeding was initiated pursuant to a June 2, 2014 notice of agency action and order to show cause. Thereafter, the proceedings were stayed for a time. The stay was lifted on January 12, 2015, 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 March 4, 2015. Respondents failed to appear. As of the date of this order, Respondents have made no effort to participate in these proceedings since the stay was entered.

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, and find:

1. That the investment opportunities offered and sold by Respondent(s) 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 § 61-1-7, Respondents sold securities that were neither registered with the Division nor exempt from registration; and
5. 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 \$45,192 to the Utah Division of Securities, with \$9,038 of the fine due and payable in full upon receipt of the final order and the remaining \$36,154 subject to offset for a period of 30 days following the date of the final order on a dollar-to-dollar basis for any restitution paid to investors;
3. That, should Respondent fail to provide proof of restitution payment(s) to investors within the 30-day period following the date of the final order, the full \$45,192 fine become immediately due and payable, and subject to collection; and
4. That Respondent Isom 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 4<sup>th</sup> day of March, 2015.

UTAH DEPARTMENT OF COMMERCE

  
Jennie T. Jonsson  
Presiding Officer

CERTIFICATE OF DELIVERY

I hereby certify that on the 4<sup>th</sup> day of March, 2015, 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 "James J. Jones", is written over a horizontal line. The signature is cursive and includes a small "J." after the first name.

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

**NOLEN PAUL ISOM;  
SENERGY INVESTMENTS, LC;  
SENERGY TECHNOLOGIES, LC;  
SENERGY SYSTEMS, LC;  
GREENSTEP, LC,**

RESPONDENTS

**ORDER ON MOTION FOR DEFAULT**

**CASE NO. SD-14-0013  
CASE NO. SD-14-0015  
CASE NO. SD-14-0014  
CASE NO. SD-14-0016  
CASE NO. SD-14-0017**

---

**BY THE UTAH SECURITIES COMMISSION:**

The presiding officer's March 4, 2015 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 \$45,192 to the Utah Division of Securities. Of this total fine, \$9,038 is due and payable immediately upon receipt of this final

order. The remaining \$36,154 is subject to offset during the 30-day period following the date of this order on a dollar-to-dollar basis for any restitution paid to investors.

Should Respondent fail to provide proof of restitution payment(s) to investors within the 30-day period following the date of this order, the full \$45,192 fine becomes immediately due and payable, and subject to collection.

Respondent Isom 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.

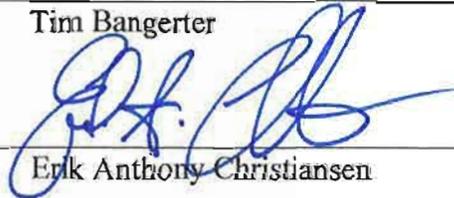
This order shall be effective on the signature date below.

DATED this 20<sup>th</sup> day of March, 2015

**UTAH SECURITIES COMMISSION:**



Tim Bangerter

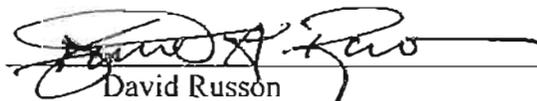


Erik Anthony Christiansen



Brent Baker

Gary Cornia



David Russon

order. The remaining \$36,154 is subject to offset during the 30-day period following the date of this order on a dollar-to-dollar basis for any restitution paid to investors.

Should Respondent fail to provide proof of restitution payment(s) to investors within the 30-day period following the date of this order, the full \$45,192 fine becomes immediately due and payable, and subject to collection.

Respondent Isom 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.

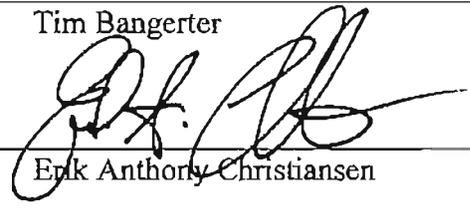
This order shall be effective on the signature date below.

DATED this 26<sup>th</sup> day of March, 2015

**UTAH SECURITIES COMMISSION:**



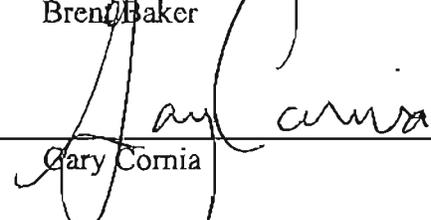
Tim Bangerter



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 30<sup>th</sup> day of March, 2015 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 caused a copy to be hand delivered to:

Tom Melton, 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

**ORDER ON MOTION TO EXCLUDE  
EVIDENCE AND OTHER RELIEF**

**and**

**RECOMMENDED ORDER ON DEFAULT**

**JEFFREY L. MILLER,**

**CASE NO. SD-14-0035**

RESPONDENT

---

**BY THE PRESIDING OFFICER:**

This adjudicative proceeding was initiated pursuant to an August 2, 2014 notice of agency action and order to show cause. On October 1, 2014, the presiding officer issued a scheduling order requiring Respondent to file initial disclosures by October 15, 2014 and final disclosures by February 12, 2015.

On March 5, 2015, the Division, having complied with the initial disclosure deadline, filed a motion to prohibit Respondent from introducing witnesses and exhibits at hearing. In

addition, the Division requested that its alleged facts be taken as established and that such other relief as might be warranted be afforded.

Respondent was given an opportunity to respond to the Division's motion to exclude. As of the date of this order, Respondent has not filed a response.

Given the foregoing, the presiding officer finds that, pursuant to Utah Administrative Code § R151-4-516(2), proper factual and legal bases exist for granting the Division's motion to exclude.

**ORDER ON MOTION TO EXCLUDE EVIDENCE AND OTHER RELIEF**

Respondent's witnesses and exhibits, if any, are hereby excluded from hearing.

The Division's alleged facts are hereby taken as established, to wit:

1. The investment opportunities offered and sold by Respondent are securities under Utah Code Ann. § 61-1-13(1)(ee)(i);
2. 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 one or more investors;
3. 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. Respondent's actions, which constitute one or more violations of Utah Code Ann. § 61-1 et seq, are grounds for sanction under the Act.

Pursuant to Utah Administrative Code § R151-4-516(2)(a)(ii)(F), judgment by default is appropriately rendered against Respondent.

## RECOMMENDED ORDER ON DEFAULT

Based on the foregoing, the presiding officer 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 \$35,000 to the Utah Division of Securities, with \$7,000 of the fine due and payable in full upon receipt of the final order and the remaining \$28,000 subject to offset for a period of 30 days following the date of the final order on a dollar-to-dollar basis for any restitution paid to investors;
3. That, should Respondent fail to provide proof of restitution payment(s) to investors within the 30-day period following the date of the final order, the full \$35,000 fine become immediately due and payable, and subject to collection; and
4. 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.

These orders shall be effective on the signature date below.

DATED this 16<sup>th</sup> day of March, 2015.

UTAH DEPARTMENT OF COMMERCE

  
Jennie T. Jonsson  
Presiding Officer

CERTIFICATE OF DELIVERY

I hereby certify that on the 16<sup>th</sup> day of March, 2015, the undersigned provided a true and correct copy of the foregoing ORDER ON MOTION TO EXCLUDE EVIDENCE AND OTHER RELIEF and RECOMMENDED ORDER ON MOTION FOR DEFAULT as follows:

by first class mail, postage pre-paid to:



by hand delivery to:

Utah Division of Securities  
Attn.: Thomas Melton, Assistant Attorney General  
Attn.: Dave Hermansen, Chief Investigator

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  
**JEFFREY L. MILLER,**  
RESPONDENT

**ORDER ON DEFAULT**  
**CASE NO. SD-14-0035**

---

**BY THE UTAH SECURITIES COMMISSION:**

The presiding officer's March 16, 2015 recommended order on 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 \$35,000 to the Utah Division of Securities. Of this total fine, \$7,000 is due and payable immediately upon receipt of this final order. The remaining \$28,000 is subject to offset during the 30-day period following the date of this order on a dollar-to-dollar basis for any restitution paid to investors.

Should Respondent fail to provide proof of restitution payment(s) to investors within the 30-day period following the date of this order, the full \$35,000 fine becomes immediately due and payable, and subject to collection.

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.

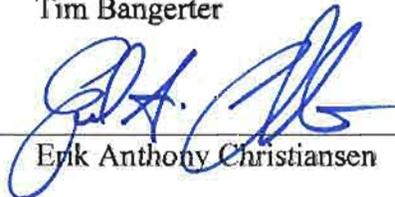
This order shall be effective on the signature date below.

DATED this 26<sup>th</sup> day of March, 2015

**UTAH SECURITIES COMMISSION:**



Tim Bangerter

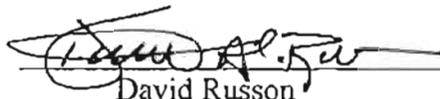


Erik Anthony Christiansen



Brent Baker

Gary Cornia



David Russon

Should Respondent fail to provide proof of restitution payment(s) to investors within the 30-day period following the date of this order, the full \$35,000 fine becomes immediately due and payable, and subject to collection.

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.

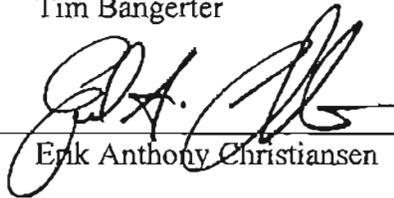
This order shall be effective on the signature date below.

DATED this 26<sup>th</sup> day of March, 2015

**UTAH SECURITIES COMMISSION:**



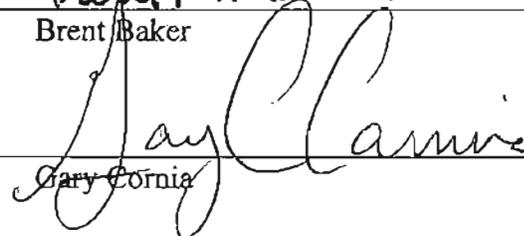
Tim Bangerter



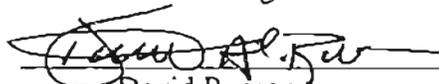
Erik Anthony Christiansen



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 30<sup>th</sup> day of March, 2015 the undersigned served a true and correct copy of the foregoing ORDER ON DEFAULT by mailing a copy through first-class mail, postage prepaid, to:



and caused a copy to be hand delivered to:

Tom Melton, 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

  
\_\_\_\_\_

3/13/15

To Whom It May Concern,

I have reviewed the information you have sent to me. I am NOT acquainted with any of the people on any of the lists as far as anything to do with securities or anything of the sort. Most of the people I do not even know or know of. Maybe I am misunderstanding something here but I don't know what discovery I should bring to the table as I do not know what the allegations or implications are. Perhaps if I had a better understanding of what the complaints were I could shed some light on the situation.

Sincerely,

Jeff Miller

A handwritten signature in black ink, appearing to read "Jeff Miller", written over a horizontal line.

**RECEIVED**

**MAR 13 2015**

Utah Department of Commerce  
Division of Securities

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:**

**BRADLEY JACKSON NEUFELD  
(CRD# 2244534), and  
AFFINITY GUIDANCE SERVICES,  
LLC,**

**Respondents.**

**STIPULATION AND CONSENT  
ORDER**

**Docket No. SD-14-0061  
Docket No. SD-14-0062**

---

The Utah Division of Securities (“Division”), by and through its Director of Enforcement, Dave R. Hermansen, and Bradley Jackson Neufeld (“Neufeld”), and Affinity Guidance Services, LLC (“AGS”) (Neufeld and, collectively with AGS, “Respondents”) hereby stipulate and agree as follows:

1. Respondents were the subject 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. On or about December 10, 2014, the Division initiated an administrative action against

Respondents, through the issuance of an Order to Show Cause and Notice of Agency Action. The Order to Show Cause alleged that Respondents violated § 61-1-1 (securities fraud) of the Act, while engaging in the offer and sale of securities in or from Utah.

3. Respondents now seek to enter into this Stipulation and Consent Order (“Order”) in settlement of the Division’s action.
4. Respondents hereby waive any right to a hearing to challenge the Division’s evidence and present evidence on their behalf. Respondents 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.
5. Respondents are represented by attorney Thomas Bowen and are satisfied with his representation in this matter.
6. Respondents have read this Order, understand its contents and submit to it voluntarily. No promises, threats or other forms of inducement have been made by the Division, nor by any representative of the Division, to encourage them to enter into this Order, other than as set forth in this document.
7. Respondents 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.

8. Respondents 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**

9. Neufeld was, at all times relevant to the matters asserted herein, a resident of Utah. In or about 1992, Neufeld passed the Series 6 and 63 financial industry exams. He then worked as an agent for Pruco Securities Corporation from 1992 until 1995. Neufeld has not held any licenses or been registered in the securities industry in any capacity since that time.
10. AGS was a Utah limited liability company that registered with the Utah Division of Corporations ("Corporations") on or about December 6, 2011. Its status with Corporations expired as of April 19, 2013. Neufeld was listed as a member, manager and registered agent for the expired entity. AGS<sup>1</sup> has never been licensed in the securities industry in any capacity.

### **GENERAL ALLEGATIONS**

11. In or around December 2012, while conducting business in or from Utah, Respondents offered and sold a promissory note and an interest in a limited liability company to two investors, a husband and wife.

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<sup>1</sup> On or about April 19, 2013, Dwight B. Williams ("Williams") filed articles of incorporation for Affinity Guidance Services, Inc. with the State of Utah, thereby replacing the expired entity. The new business performs the same functions as AGS. Neufeld serves as president and director of that entity. Williams serves as registered agent, and Gregory L. Alt and Christie A. Freir serve as directors with Neufeld.

12. In connection therewith, Respondents collected a total of \$20,000 in investment funds from the two investors.
13. Promissory notes and interests in a limited liability company are defined as securities in § 61-1-13 of the Act.
14. In connection with the offer and sale of securities, Respondents made material misstatements and omissions to the investors, in violation of § 61-1-13 of the Act.
15. The investors never received an equity stake in the entity, AGS, and never received any return on their investment, in accordance with the promissory note.
16. As a result, the two investors are still owed a total of \$20,000 in principal alone.

INVESTORS J.P. AND K.P. (HUSBAND AND WIFE)

OFFER AND SALE OF SECURITIES

17. In or around 2012, J.P. and K.P.'s sons were battling drug addiction.
18. During that time, J.P. and K.P. sought guidance from their church, the Church of Jesus Christ of Latter-day Saints (the "Church), in dealing with their sons addictions.
19. In response to their request for support, a bishop referred J.P. and K.P. to Neufeld, another member of the congregation, who offered a counseling service through his company AGS.
20. In or around August 2012, Neufeld went to J.P. and K.P.'s home in Tooele County, Utah and enrolled their children in the counseling program.
21. Shortly thereafter, Neufeld began working with J.P. and K.P.'s sons.

22. In or around December of that same year, Neufeld returned to J.P. and K.P.'s home to discuss an investment opportunity in AGS.
23. During that conversation, Neufeld made the following representations regarding an investment in AGS:
  - a. The Church agreed to partner with AGS and use the company's services to assist troubled youth;
  - b. As a result of the new partnership, AGS needed to expand, and Neufeld needed to raise funds to secure the office space, additional employees, and office supplies; and
  - c. By investing J.P. and K.P. would become part owners in the business.
24. At that time, Neufeld also asked J.P. and K.P. to keep news of the partnership confidential.
25. Following that conversation, J.P. and K.P. decided to invest \$20,000 in AGS.
26. On or about December 17, 2012, J.P. and K.P. provided Neufeld with a personal check in the amount of \$20,000 payable to AGS.
27. In exchange, J.P. and K.P. received a promissory note dated December 17, 2012.
28. The note lists AGS as borrower and J.P. and K.P. as lenders.
29. It also includes a principal of \$20,000, a one year term, and an interest rate of 10% per annum.
30. Neufeld signed the note on behalf of AGS.
31. At or around the same time, J.P. and K.P. received a document entitled "Executive

Summary”.

32. The summary included the following information regarding AGS:
  - a. The company was engaged in the process of raising \$1,000,000 for the purpose of “expanding a highly effective, time-tested program for youth and adults”;
  - b. All funds raised would be used to acquire “growth-oriented items,” including new staff, office space, supplies, marketing, etc.;
  - c. The company intended to be fully staffed and operating at capacity within five years or by January 2018 at the latest;
  - d. Neufeld served as president and chief executive officer of the entity;
  - e. Other principals included Christie Feier, Director of Programs, Janet Kennedy, Clinical Director and Adam Clark, Chief Operating Officer; and
  - f. Sources of revenue included private pay, religious organizations, insurance for therapeutic elements, and non-profit organizations.
33. J.P. and K.P. never received proof of their equity stake in AGS.
34. Additionally, they never received any payments in accordance with their promissory note.
35. A source and use analysis of the relevant bank records indicates that at least \$8,300 of the \$20,000 investment was spent on personal expenses between December 2012 and January 2013.
36. Such expenses include, but are not limited to, payments to the following businesses: The

Home Depot, Wal-Mart, Little Caesars, Payless Shoe Source, Rue21, Arby's Tooele Cinema 6, Mr. Mac, Dollar Tree, Big 5 Sporting Goods, and EB Games.

#### **CAUSES OF ACTION**

##### **Securities Fraud under § 61-1-1 of the Act (Investors J.P. and K.P. Husband and Wife)**

37. The Division incorporates and re-alleges paragraphs 1 through 36.
38. The promissory note and/or interest in a limited liability company offered and/or sold by Respondents are securities under § 61-1-13 of the Act.
39. In connection with the offer and/or sale of securities to investors J.P. and K.P., Respondents, directly or indirectly, made false statements, including, but not limited to, the following:
  - a. The church agreed to partner with AGS and use the company's services to assist troubled youth, when, in fact, no such partnership agreement or formal arrangement existed;
  - b. J.P. and K.P.'s investment funds would be used to expand the business, when, in fact, at least \$8,300 of the investment funds covered personal expenses; and
  - c. By investing, J.P. and K.P. would become part owners in the business, when, in fact, Neufeld never provided the investors with an equity stake in AGS.
40. In connection with the offer and sale of securities to investors J.P. and K.P., Respondents, 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. Documentation supporting the assertion that the Church committed to a partnership with AGS;
- b. The terms of the partnership between the Church and AGS; and
- c. Some or all of the information typically provided in an offering circular or prospectus regarding Respondents, such as:
  - i. Business and operating history;
  - ii. Background information regarding principals;
  - iii. Financial statements;
  - iv. Risk factors;
  - v. Conflicts of interest;
  - vi. Suitability factors for the investment;
  - vii. Whether Neufeld was licensed to sell securities in the state of Utah; and
  - viii. Whether the offering was registered, federally covered, or exempt from registration in the state of Utah.

## **II. THE DIVISION'S CONCLUSIONS OF LAW**

41. Based on the Division's investigative findings, the Division concludes that:
  - a. The investment opportunities offered and sold by Respondents are securities under § 61-1-13 of the Act.
  - b. Respondents 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**

42. Respondents neither admit nor deny the Division's findings of fact and conclusions of law set forth in paragraphs 9 through 41 as set forth herein.
43. Respondents agree to the imposition of a cease and desist order, prohibiting them from any conduct that violates the Act.
44. Respondents agree to be barred from (i) associating<sup>2</sup> 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.
45. 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 joint and several fine of \$30,000 against Respondents, to be offset by payments of restitution to the investors in the amount of \$20,000. The fine amount shall be paid in accordance with the following schedule:
  - a. \$5,000 due within thirty days of the entry of this Order;
  - b. \$5,000 due within sixty days of the entry of this Order;

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<sup>2</sup>“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.

- c. \$15,000 to be paid in monthly installments over the course of 18 months after the payments made in paragraphs 45(a) and 45(b);
  - d. The balance of \$5,000 due and payable at the end of the 18-month period set forth in paragraph 45(c);
  - e. At such time the final \$5,000 is due, and subject to the condition that Respondents not be found in violation of any terms of this Order, the Division shall waive the final payment of \$5,000, reducing the total fine from \$30,000 to \$25,000.
46. If the Division finds that Respondents 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, Respondents consent to a judgment ordering the unpaid balance of the fine immediately due and payable.
47. Each dollar paid by Respondents to the investors as restitution shall be credited by the Division toward payment of the fine. Respondents shall send to the Division the cancelled check or confirmation of wire transfer for each payment made to the investors. Failure to comply with this provision of the Order, or the payment provisions included in paragraph 45 above, may result in the referral of the fine to the State Office of Debt Collection.
48. For the entire time the fine and/or restitution remains outstanding, Respondents agree to notify the Division of any change in mailing address, within thirty days from the date of such change.

#### **IV. FINAL RESOLUTION**

49. Respondents acknowledge that this Order, upon approval by the Utah Securities Commission (the "Commission"), shall be the final compromise and settlement of this matter.
50. Respondents further acknowledge that if the Commission does not accept the terms of the Order, it shall be deemed null and void and without any force or effect whatsoever.
51. If Respondents materially violate 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, Respondents consent to entry of an order in which Respondents admit 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 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.
52. Respondents 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

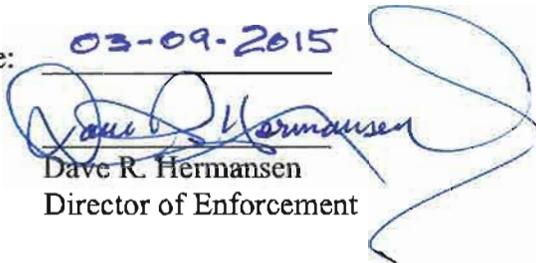
a result of the conduct referenced herein. Respondents also acknowledge that any civil, criminal, arbitration or other causes of action brought by third parties against them have no effect on, and do not bar, this administrative action by the Division. If Respondents materially violate this Order, however, the Findings of Fact and Conclusions of Law set forth in this Order are deemed admitted as described in paragraph 51 above, and may be introduced as evidence against Respondents in any arbitration, civil, criminal, or regulatory actions.

53. Respondents acknowledge that a willful violation of this Order is a third degree felony pursuant to § 61-1-21(1)(b) of the Act.

54. 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: 03-09-2015

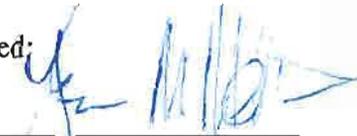
By:   
Dave R. Hermansen  
Director of Enforcement

Respondents:

Date: 2/25/15

By:   
Bradley Jackson Neufeld,  
individually and on behalf of  
all Respondents

Approved:

  
Thomas M. Melton  
Assistant Attorney General

  
Thomas Bowen  
Attorney for Respondents

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. Respondents cease and desist from violating the Act.
3. Respondents are 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 imposes a joint and several fine of \$30,000 against Respondents, to be offset by payments of restitution to the investors. The fine amount, or restitution offsets, shall be paid in accordance with the following schedule:
  - a. \$5,000 due within thirty days of the entry of this Order;
  - b. \$5,000 due within sixty days of the entry of this Order;
  - c. \$15,000 to be paid<sup>d</sup> in monthly installments over the course of 18 months after the payments set forth in paragraph 4(a) and 4(b); ck
  - d. The balance of \$5,000 due and payable at the end of the 18-month period set forth in paragraph 4(c);
  - e. At such time the final \$5,000 is due, and subject to the condition that Respondents

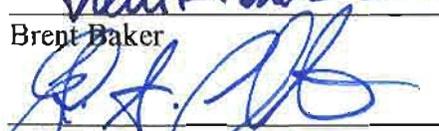
not be found in violation of any terms of this Order, the Division shall waive the final payment of \$5,000, reducing the total fine from \$30,000 to \$25,000.<sup>x</sup>

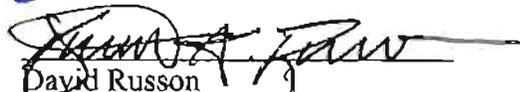
5. If Respondents materially violate any term of this Order, the unpaid balance of the fine amount shall be imposed and become due immediately.
6. For the entire time the fine and/or restitution remains outstanding, Respondents notify the Division of any change in mailing address, within thirty days from the date of such change.

DATED this 26<sup>th</sup> day of March, 2015.

**BY THE UTAH SECURITIES COMMISSION:**

  
\_\_\_\_\_  
Brent Baker

  
\_\_\_\_\_  
Erik Christiansen

  
\_\_\_\_\_  
David Russon

  
\_\_\_\_\_  
Tim Bangerter

\_\_\_\_\_  
Gary Cornia

RECEIVED  
MAR 26 2015

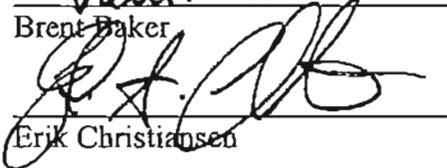
not be found in violation of any terms of this Order, the Division shall waive the final payment of \$5,000, reducing the total fine from \$30,000 to \$25,000.

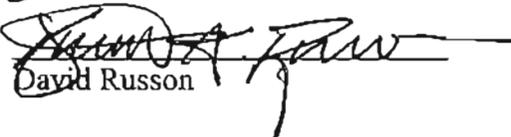
5. If Respondents materially violate any term of this Order, the unpaid balance of the fine amount shall be imposed and become due immediately.
6. For the entire time the fine and/or restitution remains outstanding, Respondents notify the Division of any change in mailing address, within thirty days from the date of such change.

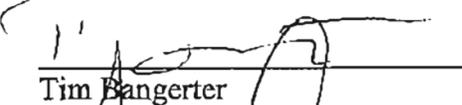
DATED this 26<sup>th</sup> day of March, 2015.

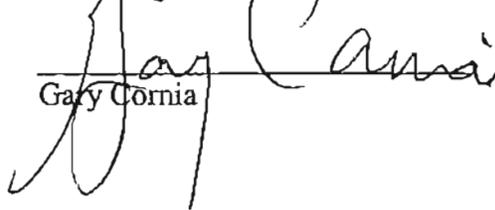
**BY THE UTAH SECURITIES COMMISSION:**

  
\_\_\_\_\_  
Brent Baker

  
\_\_\_\_\_  
Erik Christiansen

  
\_\_\_\_\_  
David Russon

  
\_\_\_\_\_  
Tim Bangerter

  
\_\_\_\_\_  
Gary Cornia

**Certificate of Mailing**

I certify that on the 30<sup>th</sup> day of March, 2015, I mailed a true and correct copy of the fully executed Stipulation and Consent Order to:

BRADLEY NEUFELD  
AFFINITY GUIDANCE SERVICES, LLC  
C/O THOMAS BOWEN  
925 EXECUTIVE PARK DRIVE, SUITE B  
SALT LAKE CITY, UTAH 84117

  
\_\_\_\_\_  
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

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

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**IN THE MATTER OF:**

**YAEDE & SONS, LLC  
JEFF S. YAEDE  
GEORGE H. YAEDE JR.  
JOHN R. YAEDE**

**Respondent.**

**STIPULATION AND CONSENT ORDER**

**Docket No. SD-14-0057  
Docket No. SD-14-0058  
Docket No. SD-14-0059  
Docket No. SD-14-0060**

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The Utah Division of Securities (“Division”), by and through its Director of Compliance, Kenneth O. Barton and the Respondents (collectively referred to at times as “Respondents”) 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 December 11, 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 Justin R. Elswick and are satisfied with the representation they have received.

#### **I. FINDINGS OF FACT**

8. Yaede & Sons, LLC ("Y&S") was a Utah limited liability company. It was formed in August 2009<sup>1</sup> and voluntarily dissolved in 2013.
9. Respondents Jeff S. Yaede ("Jeff"), George H. Yaede Jr. ("George"), and John R. Yaede ("John") are Utah residents who were the managing members of Y&S during the period relevant to this action. Jeff and John are brothers and George is their father.
10. None of the Respondents have ever been licensed in the securities industry in any capacity.
11. Beginning in late 2008, Jeff and John created a web site, [www.tradervibes.com](http://www.tradervibes.com). The web site offered investment coaching services focusing on options trading strategies. Jeff had

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<sup>1</sup>Originally organized as a Pennsylvania limited liability company, Y&S was domesticated in Utah in February 2011 with its place of business in Highland, Utah.

previously worked for a company that taught stock and options trading.

12. In approximately September 2009, a former student of Jeff's approached him and asked if Jeff would trade his account. Following discussions with John and George, the three agreed to proceed with a business venture referred to as the "Y&S Managed Fund".
13. After consulting an attorney, Jeff subsequently created a Discretionary Investment Management Agreement ("Agreement") which outlined the services to be provided by Y&S to the client.
14. Relevant portions of the Agreement provided:
  - a. Y&S with sole discretion (and without first consulting a client) to direct the investment and reinvestment of assets and cash in the client's securities account,
  - b. that Y&S receive a 4% annual assets under management ("AUM") fee to be paid quarterly based upon the value of assets in the client's account<sup>2</sup>; and
  - c. that Y&S receive a performance-based fee, which, depending on quarterly earnings would be either 30% for earnings up to 15% or 50% for earnings above 15%.
15. Despite the services described in paragraph 14, the Agreement stated elsewhere that Y&S "in no way represents itself as an advisor as defined by the SEC or any other state laws or regulations."
16. Subsequently, largely following "word of mouth" contacts, Y&S began to trade the accounts of the former student and other individuals. From late 2009 through the middle of 2012, Y&S entered into trading Agreements with eleven clients, including one Utah

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<sup>2</sup>In practice, AUM fees were only charged in quarters with positive investment results.

investor.

17. Y&S clients established brokerage accounts and either gave Y&S their online login information and passwords, or signed limited trade authorizations through which Y&S could access the accounts for trading.
18. Y&S materials provided to investors designated Jeff and John as Lead Traders and George as Vice President of Customer Accounts.
19. Jeff developed the trading strategies used by Y&S and was the main trader. John entered some of the trades, subject to Jeff's final approval. George served as a point of contact for communications with clients.
20. Other materials provided to some investors included a prospectus for the "Y&S Managed Fund" and referred to the services to be provided by Y&S as investments in "the Fund" although no investor money was actually pooled together and all accounts were held separately in the investors' names.
21. The prospectus described Jeff and John as the Fund's "Portfolio Managers" and stated that they had "15 years experience in trade management." The prospectus did not disclose that neither had ever been licensed in the securities industry.
22. Overall, eight of the clients made positive returns on their investments while three clients incurred losses. One of those clients lost approximately 43% of his investment.
23. From 2009 through 2012 Y&S received compensation consisting of AUM and performance-based fees that totaled \$352,511.
24. In mid-2012, after two quarters of trading losses, Y&S ceased operations.

## **II. CONCLUSIONS OF LAW**

25. In trading client accounts for compensation from 2009 until 2012 Y&S, Jeff, John, and George acted as an unlicensed investment adviser, and unlicensed investment adviser representatives, respectively, in violation of Section 61-1-3(3) of the Act.
26. From 2009 through 2012, Y&S clients were charged a performance-based fee that varied depending upon net quarterly earnings. Those fees were charged in violation of Rule R164-2-1(E)(1)(c) of the Utah Administrative Code, which requires investor monies to be “in the client’s account for a period of not less than one year” before performance-based fees can be paid. Failing to comply with Rule R164-2-1 constitutes an unlawful act under Section 61-1-2(2)(a)(i) of the Act.

## **III. REMEDIAL ACTIONS/SANCTIONS**

27. Respondents neither admit nor deny the Division’s findings and conclusions, but consent to the sanctions below being imposed by the Division.
28. Respondents represent that the information they have provided to the Division as part of the Division’s investigation is accurate and complete.
29. 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.
30. 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, jointly and severally. The fine shall be paid as follows: within thirty (30) days following entry of this Order, Respondents shall pay \$10,000.00 to the Division, with the remaining balance due within ninety (90) days following entry of this Order.

31. The fine shall be reduced on a dollar-for-dollar basis up to \$15,000.00 for any restitution payments Respondents make to the Utah investor. Proof of such payments must be provided to the Division within ten (10) days after payments are made. Acceptable proof includes canceled checks, bank records, statements from the investor, or other proof of actual payments.
32. Respondents shall notify the Division of any address changes within thirty (30) days.

#### **IV. FINAL RESOLUTION**

33. 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 prejudice of the Commission, and such waiver shall survive any nullification.
34. 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.

- 35 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 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. Respondents also acknowledge that any civil, criminal, arbitration or other causes of actions brought by third-parties against them have no effect on, and do not bar, this administrative action by the Division against them. 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 34 above, and may be introduced as evidence against Respondents in any arbitration, civil, criminal, or regulatory actions
36. 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.

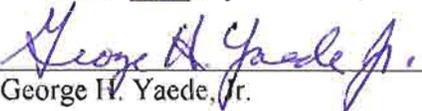
Dated this \_\_\_\_ day of March, 2015

\_\_\_\_\_  
Kenneth O. Barton  
Director of Compliance  
Utah Division of Securities

Dated this \_\_\_\_ day of March, 2015

\_\_\_\_\_  
Jeff S. Yaede  
Yaede & Sons, LLC

Dated this 23 day of March, 2015

  
George H. Yaede, Jr.

Dated this \_\_\_\_ day of March, 2015

\_\_\_\_\_  
John R. Yaede

Approved:

\_\_\_\_\_  
Thomas M. Melton  
Assistant Attorney General  
Counsel for Division

Approved:

\_\_\_\_\_  
Justin R. Elswick  
Counsel for Respondents

Dated this \_\_\_\_ day of March, 2015

\_\_\_\_\_  
Kenneth O. Barton  
Director of Compliance  
Utah Division of Securities

Dated this 23 day of March, 2015

  
\_\_\_\_\_  
Jeff S. Yaede  
Yaede & Sons, LLC

Dated this \_\_\_\_ day of March, 2015

\_\_\_\_\_  
George H. Yaede, Jr.

Dated this 23 day of March, 2015

  
\_\_\_\_\_  
John R. Yaede

Approved:

\_\_\_\_\_  
Thomas M. Melton  
Assistant Attorney General  
Counsel for Division

Approved:

\_\_\_\_\_  
Justin R. Elswick  
Counsel for Respondents

Dated this \_\_\_\_ day of March, 2015

\_\_\_\_\_  
Kenneth O. Barton  
Director of Compliance  
Utah Division of Securities

Dated this \_\_\_\_ day of March, 2015

*Jeffrey S Yaede*  
\_\_\_\_\_  
Jeff S. Yaede  
Yaede & Sons, LLC

Dated this \_\_\_\_ day of March, 2015

*George H Yaede Jr*  
\_\_\_\_\_  
George H. Yaede, Jr.

Dated this \_\_\_\_ day of March, 2015

*Johnathan R Yaede*  
\_\_\_\_\_  
John R. Yaede

Approved:

\_\_\_\_\_  
Thomas M. Melton  
Assistant Attorney General  
Counsel for Division

Approved:

  
\_\_\_\_\_  
Justin R. Elswick  
Counsel for Respondents

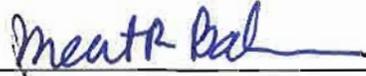
## ORDER

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. Respondents 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, the Division imposes a fine of \$25,000.00, jointly and severally. The fine shall be paid as follows: within thirty (30) days following entry of this Order, Respondents shall pay \$10,000.00 to the Division, with the remaining balance due within ninety (90) days following entry of this Order.
4. The fine shall be reduced on a dollar-for-dollar basis up to \$15,000.00 for any restitution payments Respondents make to the Utah investor. Proof of such payments must be provided to the Division within ten (10) days after payments are made. Acceptable proof includes canceled checks, bank records, statements from the investor, or other proof of actual payments.
5. Respondents shall notify the Division of any address changes within thirty (30) days.

**BY THE UTAH SECURITIES COMMISSION:**

DATED this 26<sup>th</sup> day of March, 2015



Brent Baker



Tim Bangerter



Erik Christiansen

Gary Cornia



David A. Russon

BY THE UTAH SECURITIES COMMISSION:

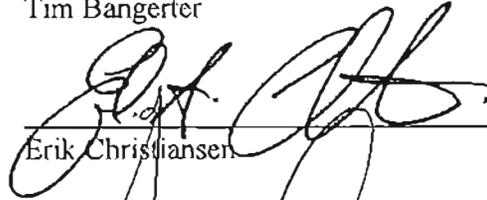
DATED this 26<sup>th</sup> day of March, 2015



Brent Baker



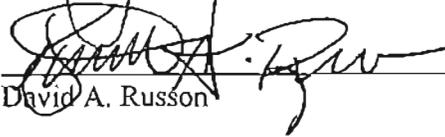
Tim Bangerter



Erik Christiansen



Gary Cornia



David A. Russon

**Certificate of Mailing**

I certify that on the 30<sup>th</sup> day of March, 2015, I mailed, by certified mail, a true and correct copy of the fully executed Stipulation and Consent Order to:

Justin R. Elswick  
HEIDEMAN & ASSOCIATES  
2696 North University Avenue, Suite 180  
Provo, UT 84604  
Counsel for Respondents

Certified Mail # 70032260000323511436



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Executive Secretary