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:	**STIPULATION AND CONSENT ORDER**
STEPHEN BRANDLEY,	**Docket No. SD-16-0039**
JAMES CAMERON LEE, and	Docket No. SD-16-0040
CLEARWATER FUNDING, LLC.	**Docket No. SD-16-0041**
Respondent.	

The Utah Division of Securities ("Division"), by and through its Director of Enforcement, Dave Hermansen, and Respondents Stephen Brandley ("Brandley") and Clearwater Funding, LLC ("Clearwater" and collectively "Respondents"), hereby stipulate and agree as follows:

1. Clearwater, Brandley, and James Cameron Lee ("Lee") 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(2) (securities fraud), and § 61-1-1(3) (securities fraud), and § 61-1-3(1) (unlicensed activity) while engaged in the offer or sale of securities in the state of Utah.

2. On or about September 7, 2016, the Division initiated an administrative action against

Clearwater and its agents 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. The administrative action against Lee is still pending.

5. Respondents admit that the Division has jurisdiction over them and over the subject matter of this action.

6. Respondents hereby waive any right to a hearing to challenge the Division's evidence and present evidence on their behalf.

7. Respondents have read this Order, understand its contents, and voluntarily agree to the entry of the Order as set forth below. No promises or other agreements have been made by the Division, nor by any representative of the Division, to induce Respondents to enter into this Order, other than as described in this Order.

FINDINGS OF FACT

8. Brandley was at all relevant times a resident of Utah and has never been licensed to sell securities in any capacity.

9. Clearwater is a Utah business entity that registered with the Utah Division of Corporations ("Corporations") on or about October 2, 2003. Its status with Corporations was expired as of January 27, 2015. Brandley is listed as the sole member, manager, and registered agent of Clearwater. No other persons are listed as having an interest in, or having control of Clearwater. Clearwater has never been licensed with the Division in any capacity.

10. In or about August 2011, while conducting business in or from Utah, Lee and Brandley

offered and sold securities to R.V., a resident of New Mexico, collected approximately $675,000 in connection therewith, and deposited the funds into Clearwater's bank accounts in the state of Utah. The funds were subsequently used in a manner inconsistent with what R.V. was told at the time of solicitation.

11. The investment opportunities offered and sold by Respondents are promissory notes and/or investment contracts.

12. Promissory notes and investment contracts are defined as securities under §61-1-13 of the Act.

13. During all times relevant to this action, Respondents were not licensed to offer or sell securities in the state of Utah.

14. In connection with the offer and/or sale of securities, Respondents, either directly or indirectly, made untrue statements of material facts and/or omitted to state material facts that a reasonable investor would have relied upon when deciding whether to invest.

15. Brandley and Lee used investor funds in a manner inconsistent with what they told the investor at the time of solicitation.

16. Investor R.V. is still owed at least $520,000 in principal alone.[1]

INVESTOR R.V.

OFFER AND SALE OF A SECURITY

17. R.V. was 79 years old and a retiree when she invested with Respondents in 2011. R.V. immigrated to the United States from France in 1964. At all times relevant to the

[1] Brandley was referred for criminal prosecution in August 2016, where he entered a plea of guilty and paid restitution to investor R.V. in the amount of $50,000. *See* case number 161100747, filed in Utah's First District Court, Cache County. Restitution payments in the amount of $520,000 are still outstanding. Lee was also referred for criminal prosecution in August 2016, where he entered a plea of guilty and paid restitution in the amount of $105,000. *See* case number 161100748, filed in Utah's First District Court, Cache County.

transactions relating to this investigation, R.V. resided in New Mexico. R.V. passed away in 2017.

Offer 1

18. In or about August 2011, Lee, who worked as a maintenance person in R.V.'s neighborhood, learned that R.V. had $675,000 from the sale of property she owned in France. R.V. told Lee she wanted to invest the money for one year and earn interest on the money. Lee told R.V. that he knew someone, later identified as Brandley, who could invest her money and that R.V. would receive a return of at least 100% on her investment.

19. Shortly after his conversation with R.V., Lee contacted Brandley to inform him of R.V.'s interest in investing with him.

20. On or about August 17, 2011, Brandley traveled from Utah to New Mexico to meet with Lee and R.V.[2] According to Brandley, he did not meet in person with R.V. until September of 2012, when he met her in person to inform her that the investment had not gone as planned.

21. During this meeting, Brandley and Lee made the following representations to R.V. about the offering ("Offer 1"):

    a. Lee explained to R.V. that by transferring R.V's investment of $675,000 over the period of a "few years" the investment could grow to $21,000,000; an increase in excess of 3,000%;

    b. Brandley told R.V. that her entire investment of $675,000 would be used to purchase

[2] At some point in time prior to his trip to New Mexico, Brandley spoke to an acquaintance, Virgil Smock ("Smock"), a Nevada Resident, regarding a potential investment opportunity. Smock purportedly told Brandley about potential profits with guaranteed returns of up to 100% made from purchases and sales of Standby Letters of Credit ("SBLC"). These conversations purportedly led Brandley to invest a large portion of R.V.'s monies with Smock.

and sell Standby Letters of Credit ("SBLCs") through Investor Alliance Association, Inc.;[3] and

c. Brandley told R.V. that the investment would bring a return of 100% within one year.

22. In reliance on Brandley and Lee's representations about the offering, on or about August 17, 2011, R.V. signed a promissory note and wired $675,000 to Clearwater's Wells Fargo account ending in 8155.

23. Brandley and Lee used R.V.'s investment monies in a manner inconsistent with what they told R.V. at the time of solicitation, including, but not limited to, the following:[4]

Transfer to Angel Alliance Funding Association, Inc.	$470,000.00
Payments to Earlier Investors	$82,854.56
Commission paid to Lee	$55,000.00 ($70,000.00 according to Brandley)
R.V. (payoff for previous money provided to Brandley)	$28,750.00
Bills and Expenses	$27,388.27
Unidentified Account	$10,000.00
Travel	$624.02
Cash/ATM	$300.00
Bank Service Charge	$60.00

[3] Smock states that he is the owner of Investors Alliance Association, Inc. Documents from the Nevada Secretary of State's office reveal that Smock has never been affiliated with Investor's Alliance Association, Inc. However, Smock is listed as the President of Investor's Alliance Association, LLC, a business entity registered in the state of Utah. Both entities use the same P.O. Box for their mailing address. Smock owns and controls Angel Alliance Funding Association, Inc.

[4] Additionally, Clearwater's bank records reveal that approximately $28,750 was used to pay R.V. These funds were used to pay R.V. for a prior personal loan to Brandley.

Dining Out	$23.15
Total	**$675,000.00**

Offer 2

24. After failing to pay R.V. in accordance with the terms of the promissory note, on or about September 10, 2012, Brandley mailed a contract to R.V. offering to make a payment of $350,000 by October 7, 2012 ("Offer 2"). In the same document, Brandley offered R.V. $1,000,000 on or before August 17, 2013, which includes interest in the amount of 20%. R.V. rejected the offer.

Offer 3

25. In or about October 2012, Brandley again contacted R.V. to solicit a new investment to replace her initial investment which was in default ("Offer 3"). On or about October 11, 2012, Brandley mailed a document to R.V. titled "Equity Agreement between Clearwater Funding LLC and R.V." Under the agreement, Brandley would repay R.V. her principal, including 100% interest, by assigning to R.V. Clearwater's interest in Delta 2 Oil ("Delta 2").

26. Delta 2 is an entity owned and controlled by Lee. Delta 2 purportedly developed an additive that significantly decreased diesel fuel emissions.

27. The contract states that Delta 2 is projected to receive financial returns of at least $36,000,000 within two years. Brandley proposed to pay R.V. $1,350,000 from his portion of the profits. Brandley offered to pay R.V. an additional 20% interest annually, beginning on August 17, 2012. R.V. again rejected the offer.

28. R.V. invested a total of $675,000 with Brandley. To date, R.V. is still owed $520,000 in principal alone.

CONCLUSIONS OF LAW

FIRST CAUSE OF ACTION
Securities Fraud under § 61-1-1(2) of the Act
(Brandley)

29. The Division incorporates paragraphs 1 through 28.

30. In violation of §61-1-1(2) of the Act, in connection with Offer 1, Brandley made untrue statements of material fact and omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading by, among other things, offering securities to R.V., making false statements, omitting material information, and using her funds in a manner inconsistent with what was promised during the solicitation of the investment.

31. The promissory notes and/or investment contracts offered and sold by Respondents are securities under § 61-1-13 of the Act.

32. In connection with the offer or sale of securities to investor R.V., Brandley, directly or indirectly, made false statements including, but not limited to, the following:

    a. Brandley told R.V. that her entire investment of $675,000 would be used to purchase and sell SBLCs through Investor's Alliance Association, Inc. when, in fact, he used approximately $200,000 for other purposes, including personal expenses, travel, and a commission payment to Lee, among other things; and

    b. Brandley told R.V. that the investment would bring a return of 100% within one year, when Brandley had no reasonable basis to make such a statement.

33. In connection with the offer and sale of a security to investor R.V., Brandley, directly or indirectly, failed to disclose material information which was necessary in order to make statements made not misleading including, but not limited to, the following:

a. $470,000 of R.V.'s investment funds would be paid to Angel Alliance Funding, LLC rather than Investors Alliance Funding, Inc.;

b. A portion of R.V.'s investment monies would be utilized for personal and/or business expenses unrelated to SBLCs;

c. Approximately $55,000 of R.V.'s investment monies would be paid to Lee as a commission and/or finder's fee;

d. $82,854.56 of R.V.'s investment monies would be used to make payments to earlier investors;

e. $28,750 of R.V.'s investment monies would be used to repay R.V. for a previous loan she made to Brandley; and

f. With respect to the entities Clearwater, Angel Alliance Funding Association, LLC, and Investor Alliance Funding, Inc., Brandley failed to provide disclosure documents such as an offering circular, prospectus, etc., disclosing the following:

    i. Business and operating history;

    ii. Financial statements;

    iii. Use of proceeds;

    iv. Risk factors;

    v. Conflicts of interest;

    vi. Licensing of sales agents and commissions to be paid;

    vii. Suitability factors for the investment;

    viii. Whether the offering was registered, federally covered, or exempt from registration in the State of Utah;

    ix. Background of management; and

x. Information with respect to Smock, including;

(1) Bankruptcy in 2000;

(2) Civil judgment in 2002;

(3) Civil judgment in 2008.

SECOND CAUSE OF ACTION
Securities Fraud under § 61-1-1(2) of the Act
(Brandley)

34. The Division incorporates paragraphs 1 through 33.

35. In violation of §61-1-1(2) of the Act, in connection with Offer 2, Brandley made untrue statements of material fact and omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading by, among other things, offering securities to R.V., making false statements, and omitting material information regarding the offering.

36. The promissory notes and/or investment contracts offered and sold by Brandley are securities under § 61-1-13 of the Act.

37. In or about September 2012, Brandley contacted R.V. to solicit a new investment to replace her initial investment which was in default.

38. On or about September 10, 2012, Brandley mailed a document to R.V. titled "New Note to replace Note Dated August 17, 2011." According to the Note, Brandley offered to make a payment of $350,000 by October 7, 2012.

39. Also according to the Note, if Brandley failed to pay $350,000 by October 17, 2012, Clearwater would pay R.V. $1,000,000 on or before August 17, 2013, with interest, accrued annually in the amount of 20%, starting August 17, 2012.

40. The two payments Brandley offers in this document would repay R.V.'s investment with

the promised 100% return.

41. In connection with the offer or sale of securities to investor R.V., Brandley, directly or indirectly, made false statements and omissions including, but not limited to, the following:

a. How R.V.'s initial investment of $675,000 was used;

b. Disclosures, such as an offering circular, prospectus, etc. disclosing the following:

i. Business and operating history;

ii. Financial Statements;

iii. Use of Proceeds;

iv. Risk Factors;

v. Conflicts of Interest;

vi. Suitability factors for the investment;

vii. Whether the offering was registered, federally covered, or exempt from registration in the State of Utah; and

viii. Management.

42. R.V. did not accept Bradley's offer and is still owed $520,000 in principal alone.

THIRD CAUSE OF ACTION
Securities Fraud under § 61-1-1(2) of the Act
(Brandley)

43. The Division incorporates paragraphs 1 through 42.

44. In violation of §61-1-1(2) of the Act, in connection with Offer 3, Brandley made untrue statements of material fact and omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading by, among other things, offering securities to R.V., making false statements,

and omitting material information regarding the offering.

45. The promissory notes and/or investment contracts offered and sold by Brandley are securities under § 61-1-13 of the Act.

46. In or about October 2012, Brandley again contacted R.V. to solicit a new investment to replace her initial investment which was in default. On or about October 11, 2012, Brandley mailed a document to R.V. titled "Equity Agreement between Clearwater Funding LLC and R.V." Under the agreement, Brandley would repay R.V. her principal, including 100% interest, by assigning to R.V. Clearwater's interest in Delta 2.

47. Delta 2 is an entity owned and controlled by Lee. Delta 2 purportedly developed an additive that significantly decreased diesel fuel emissions.

48. The contract states that Delta 2 is projected to receive financial returns of at least $36,000,000 within two years. Brandley proposed to pay R.V. $1,350,000 from his portion of the profits. Brandley offered to pay R.V. and additional 20% interest annually, beginning on August 17, 2012. R.V. again refused to sign the contract and rejected the offer.

49. In connection with the offer or sale of securities to investor R.V., Brandley, directly or indirectly, made false statements including, but not limited to, the following:

a. Brandley's company, Clearwater, owned 20% of Delta 2, when Brandley had no reasonable basis to make such a statement;

b. How R.V.'s initial $675,000 investment was utilized;

c. Disclosures, such as an offering circular, prospectus, etc. disclosing the following:

i. Business and operating history;

ii. Financial Statements;

iii. Use of Proceeds;

iv. Risk Factors;

v. Conflicts of Interest;

vi. Suitability factors for the investment;

vii. Whether the offering was registered, federally covered, or exempt from registration in the State of Utah; and

viii. Management.

50. R.V. did not accept Bradley's offer and is still owed $520,000 in principal alone.

FOURTH CAUSE OF ACTION
Securities Fraud under §61-1-1(3) of the Act
(Brandley and Clearwater)

51. The Division incorporates paragraphs 1 through 50.

52. In violation of §61-1-1(3) of the Act, Brandley, Lee, and Clearwater engaged in an act, practice, or course of business which operated as a fraud by making misrepresentations and omitting material information from R.V., and converting R.V.'s investment funds for personal use while causing R.V. to believe it would be properly invested and earn the interest promised.

53. A review of Clearwater, Brandley and Lee's bank records reveals that they failed to use monies in accordance with representations made to R.V.

54. In or about August 2011, Brandley and Clearwater paid $55,000 of R.V.'s investment funds to Lee, instead of using the funds in accordance with representations made to R.V. that these funds would be used to purchase and sell SLBC's through Investor Alliance Association, Inc.

55. Brandley, Lee, and Clearwater failed to use R.V.'s investment funds in accordance with

the Representations made to R.V. upon solicitation of her $675,000 investment, including the following:

Transfer to Angel Alliance Funding Association, Inc.	$470,000.00
Payments to Earlier Investors	$82,854.56
Commission paid to Lee	$55,000.00 ($70,000.00 according to Brandley)
R.V. (payoff for previous money provided to Brandley)	$28,750.00
Bills and Expenses	$27,388.27
Unidentified Account	$10,000.00
Travel	$624.02
Cash/ATM	$300.00
Bank Service Charge	$60.00
Dining Out	$23.15
Total	**$675,000.00**

FIFTH CAUSE OF ACTION
Unlicensed Activity under §61-1-3(2) of the Act
(Clearwater)

56. The Division incorporates paragraphs 1 through 55.

57. In violation of §61-1-3(2) of the Act, Brandley and Lee were not licensed issuer agents at the time of their involvement in this offering.

58. Brandley and Lee acted as agents of Clearwater in the offer and/or sale of securities in or from Utah.

59. It is unlawful for an issuer to employ or engage an agent unless the agent is appropriately

licensed in accordance with the Act.

60. Accordingly, each offer and/or sale of securities by Respondents violated §61-1-3(2) of the Act.

SIXTH CAUSE OF ACTION
Unlicensed Activity under §61-1-3(1) of the Act
(Brandley)

61. The Division incorporates paragraphs 1 through 60.

62. In violation of §61-1-3(1) of the Act, Brandley was not a licensed issuer agent at the time of his involvement in this offering.

63. Brandley acted as an agent of Clearwater in the offer and/or sale of securities in or from Utah.

64. It is unlawful for persons to transact business in this state as agents unless appropriately licensed in accordance with the Act.

65. Accordingly, each offer and/or sale of securities violated §61-1-3(1) of the Act.

REMEDIAL ACTIONS/SANCTIONS

66. Respondents admit the Division's Findings of Fact and Conclusions of Law, and consent to the below sanctions being imposed by the Division.

67. Respondents represent that the information they have provided to the Division as part of its investigation is accurate and complete.

68. Respondents agree to cease and desist from violating the Act and to comply with the requirements of the Act in all future business in the state of Utah.

69. Respondents agree to be barred from associating with any broker-dealer or investment adviser licensed in Utah, and from acting as an agent for any issuer soliciting investor funds in the state of Utah.

70. Pursuant to Utah Code Ann. §61-1-20, and in consideration of the factors set forth in Utah Code Ann. §61-1-31, the Division imposes a total fine amount of $60,000 against Respondents, jointly and severally. Respondents Brandley and Clearwater shall pay the fine to the Division as follows: (a) $40,000.00 to be paid to the Division within three days after the entry of this order and (b) $20,000.00, in equal quarterly payments, paid in full no later than 24 months after entry of this Order. Proof of funds for the initial payment shall be provided to the Division by no later than July 19, 2018, as well as evidence regarding the source of funds.

FINAL RESOLUTION

71. Respondents acknowledge that this Order, upon approval by the Utah Securities Commission ("Commission"), shall be the final compromise and settlement of this matter. Respondents acknowledge that the Commission is not required to approve this Order, in which case the Order shall be null and void and have no force or effect. In the event the Commission does not approve this Order, however, Respondents expressly waive any claims of bias or prejudgment of the Commission, and such waiver shall survive any nullification.

72. If Respondents fail to timely pay the fine as directed in 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 the fine becomes immediately due and payable. If Respondents materially violate any other term of this Order (specifically, if they violate the cease and desist order or the bar set forth in paragraphs 68 and 69 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 the fine is increased to $120,000 and becomes immediately due and payable. Notice of the violation will be provided to Respondents at their last known address, and to their counsel if they have one. If Respondents fail to request a hearing within ten (10) days following the notice there will be no hearing and the order granting relief will be entered. 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.

73. 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 actions brought by third-parties against them have no effect on, and do not bar, this administrative action by the Division against them.

74. 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 _____, 2018

Dave R. Hermansen
Director of Enforcement
Utah Division of Securities

Approved:

Jennifer Korb
Assistant Attorney General
Counsel for Division

Dated this 7th day of June, 2018

Stephen Brandley

Dated this 7th day of June, 2018

Clearwater Funding LLC

By: _____
Stephen Brandley, Manager

Dated this ____ day of _____, 2018

Dave R. Hermansen
Director of Enforcement
Utah Division of Securities

Approved:

Jennifer Korb
Assistant Attorney General
Counsel for Division

Dated this 27 day of July, 2018

Stephen Brandley

Dated this 27 day of July, 2018

Clearwater Funding LLC

By: _____
Stephen Brandley, Manager

ORDER

IT IS HEREBY ORDERED THAT:

1. The Division's Findings and Conclusions, which Respondents admit 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 the state of Utah.
3. Respondents are barred from associating with any broker-dealer or investment adviser licensed in Utah, and from acting as an agent for any issuer soliciting investor funds in the state of Utah.
4. Pursuant to Utah Code Ann. §61-1-20, and in consideration of the factors set forth in Utah Code Ann. §61-1-31, Respondents Brandley and Clearwater shall pay a fine, jointly and severally, of $60,000 to the Division pursuant to the terms set forth in paragraph 70.

BY THE UTAH SECURITIES COMMISSION:

DATED this 2nd day of August, 2018

Brent Baker

Lyle White

Peggy Hunt

Gary Cornia

Brent Cochran

CERTIFICATE OF MAILING

I certify that on the 3rd day of Augst, 2018, I mailed a true and correct copy of the fully executed Stipulation and Consent Order to:

STEPHEN BRANDLEY
2546 S 5900 W
MENDON, UTAH 84325

CLEARWATER FUNDING
2546 S 5900 W
MENDON, UTAH 84325

Executive Secretary

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

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

IN THE MATTER OF:	**STIPULATION AND CONSENT ORDER**
STEPHEN BRANDLEY,	Docket No. SD-16-0039
JAMES CAMERON LEE, and	**Docket No. SD-16-0040**
CLEARWATER FUNDING, LLC.	Docket No. SD-16-0041
Respondent.	

The Utah Division of Securities ("Division"), by and through its Director of Enforcement, Dave Hermansen, and Respondent James Cameron Lee ("Respondent" or "Lee"), hereby stipulate and agree as follows:

1. Stephen Brandley ("Brandley"), Lee, and Clearwater Funding, LLC ("Clearwater") 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(2) (securities fraud), and § 61-1-1(3) (securities fraud), and § 61-1-3(1)(unlicensed activity) while engaged in the offer or sale of securities in the state of Utah.

2. On or about September 7, 2016, the Division initiated an administrative action against

Clearwater and its agents by filing an Order to Show Cause.

3. Respondent Lee hereby agrees to settle this matter with the Division by way of this Stipulation and Consent Order ("Order"). If entered, the Order will fully resolve all claims the Division has against Lee pertaining to the Order to Show Cause.

4. The administrative action against Clearwater and Brandley is still pending.

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

6. Respondent Lee hereby waives any right to a hearing to challenge the Division's evidence and present evidence on his behalf.

7. Respondent Lee has read this Order, understands its contents, and voluntarily agrees to the entry of the Order as set forth below. No promises or other agreements have been made by the Division, nor by any representative of the Division, to induce Lee to enter into this Order, other than as described in this Order.

8. Respondent Lee is represented by attorney Mark Pugsley and is satisfied with the legal representation he has received.

FINDINGS OF FACT

9. Lee was at all relevant times a resident of New Mexico and has never been licensed to sell securities in any capacity.

10. In or about August 2011, while conducting business in or from Utah, Lee and Brandley offered and sold securities to R.V., a resident of New Mexico. R.V. deposited approximately $675,000 into Clearwater's bank accounts in the state of Utah. The funds were subsequently used in a manner inconsistent with what R.V. was told at the time of

solicitation.

11. The investment opportunities offered and sold by Lee are promissory notes and/or investment contracts.

12. Promissory notes and investment contracts are defined as securities under §61-1-13 of the Act.

13. During all times relevant to this action, Lee was not licensed to offer or sell securities in the state of Utah.

14. In connection with the offer and/or sale of securities, Respondent Lee, either directly or indirectly, made untrue statements of material facts and/or omitted to state material facts that a reasonable investor would have relied upon when deciding whether to invest.

15. Brandley used investor funds in a manner inconsistent with what they told the investor at the time of solicitation. Lee had no control over how funds were used.

16. Investor R.V. is still owed at least $520,000 in principal alone.[1]

INVESTOR R.V.

OFFER AND SALE OF A SECURITY

17. R.V. was 79 years old and a retiree when she invested with Respondents in 2011. R.V. immigrated to the United States from France in 1964. At all times relevant to the transactions relating to this investigation, R.V. resided in New Mexico. R.V. passed away in 2017.

Offer 1

[1] The Respondent was referred for criminal prosecution in August 2016, where Respondent entered a plea of guilty and paid restitution to investor R.V. in the amount of $105,000. See case number 161100748, filed in Utah's First District Court, Cache County. Brandley was also referred for criminal prosecution in August 2016, where he entered a plea of guilty and paid restitution in the amount of $50,000. Restitution payments in the amount of $520,000 attributed to Brandley are still outstanding. See case number 161100747, filed in Utah's First District Court, Cache County.

18. In or about August 2011, Lee installed a roof, solar panels, skylights, gutters, interior drywall and paint as part of a contract that was done because of a hail storm, after meeting with her insurance adjuster. R.V. informed Lee that she had sold a house in France and had money to invest.

19. Shortly after his conversation with R.V., Lee contacted Brandley to inform him of R.V.'s interest in investing with him, and Brandley informed Lee that he had a secure opportunity for her money.

20. On or about August 17, 2011, Brandley traveled from Utah to New Mexico to meet with Lee and R.V.[2]

21. During this meeting, Brandley and Lee made the following representations to R.V. about the offering ("Offer 1"):

    a. Brandley told R.V. that her entire investment of $675,000 would be used to purchase and sell Standby Letters of Credit ("SBLCs") through Investor Alliance Association, Inc.;[3] and

    b. Brandley told R.V. that the investment would bring a return of 100% within one year.

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[2] At some point in time prior to his trip to New Mexico, Brandley spoke to an acquaintance, Virgil Smock ("Smock"), a Nevada Resident, regarding a potential investment opportunity. Smock purportedly told Brandley about potential profits with guaranteed returns of up to 100% made from purchases and sales of Standby Letters of Credit ("SBLC"). These conversations purportedly led Brandley to invest a large portion of R.V.'s monies with Smock.

[3] Smock states that he is the owner of Investors Alliance Association, Inc. Documents from the Nevada Secretary of State's office reveal that Smock has never been affiliated with Investor's Alliance Association, Inc. However, Smock is listed as the President of Investor's Alliance Association, LLC, a business entity registered in the state of Utah. Both entities use the same P.O. Box for their mailing address. Smock owns and controls Angel Alliance Funding Association, Inc.

22. In reliance on Brandley and Lee's representations about the offering, on or about August 17, 2011, R.V. signed a promissory note and wired $675,000 to Clearwater's Wells Fargo account ending in 8155.

23. Brandley and Lee used R.V.'s investment monies in a manner inconsistent with what they told R.V. at the time of solicitation, including, but not limited to, the following:[4]

Transfer to Angel Alliance Funding Association, Inc.	$470,000.00
Payments to Earlier Investors	$82,854.56
Commission paid to Lee	$55,000.00
R.V. (payoff for previous money provided to Brandley)	$28,750.00
Bills and Expenses	$27,388.27
Unidentified Account	$10,000.00
Travel	$624.02
Cash/ATM	$300.00
Bank Service Charge	$60.00
Dining Out	$23.15
Total	**$675,000.00**

Offer 2

24. After failing to pay R.V. in accordance with the terms of the promissory note, on or about September 10, 2012, Brandley mailed a contract to R.V. offering to make a payment of $350,000 by October 7, 2012 ("Offer 2"). In the same document, Brandley offered R.V.

[4] Additionally, Clearwater's bank records reveal that approximately $28,750 was used to pay R.V. These funds were used to pay R.V. for a prior personal loan to Brandley.

$1,000,000 on or before August 17, 2013, which includes interest in the amount of 20%. R.V. rejected the offer.

Offer 3

25. In or about October 2012, Brandley again contacted R.V. to solicit a new investment to replace her initial investment which was in default ("Offer 3"). On or about October 11, 2012, Brandley mailed a document to R.V. titled "Equity Agreement between Clearwater Funding LLC and R.V." Under the agreement, Brandley would repay R.V. her principal, including 100% interest, by assigning to R.V. Clearwater's interest in Delta 2 Oil ("Delta 2").

26. Delta 2 is an entity owned and controlled by Brandley. Delta 2 purportedly developed an additive that significantly decreased diesel fuel emissions.

27. The contract states that Delta 2 is projected to receive financial returns of at least $36,000,000 within two years. Brandley proposed to pay R.V. $1,350,000 from his portion of the profits. Brandley offered to pay R.V. an additional 20% interest annually, beginning on August 17, 2012. R.V. again rejected the offer.

28. R.V. invested a total of $675,000 with Brandley. To date, R.V. is still owed $520,000 in principal alone.

CONCLUSIONS OF LAW

FIRST CAUSE OF ACTION
Securities Fraud under § 61-1-1(2) of the Act

29. The Division incorporates and realleges paragraphs 1 through 28.

30. In violation of §61-1-1(2) of the Act, in connection with Offer 1, Lee made untrue statements of material fact and omitted to state material facts necessary in order to make

the statements made, in the light of the circumstances under which they were made, not misleading by, among other things, offering securities to R.V., making false statements, omitting material information, and using the funds in a manner inconsistent with what was promised during the solicitation of the investment.

31. The promissory notes and/or investment contracts offered and sold by Lee are securities under § 61-1-13 of the Act.

32. In connection with the offer or sale of securities to investor R.V., Lee, directly or indirectly, made false statements including, but not limited to, the following:

a. Lee explained to R.V. that by transferring R.V's investment of $675,000 over the period of a "few years" the investment could grow to $21,000,000; an increase in excess of 3,000% when, in fact, Lee had no reasonable basis to make such a statement; and

b. Lee failed to correct Brandley's statement when Brandley told R.V. that her entire investment of $675,000 would be used to purchase and sell SBLCs through Investor Alliance Association, Inc. when, in fact, at least $200,000 would be used for other purposes, including personal expenses, travel, and a commission payment to Lee, among other things.[5] According to Lee, he was not a party to this conversation.

33. In connection with the offer and sale of a security to investor R.V., Lee, directly or indirectly, failed to disclose material information which was necessary in order to make statements made not misleading including, but not limited to, the following:

[5] Smock states that he is the owner of Investors Alliance Association, Inc. Documents from the Nevada Secretary of State's office reveal that Smock has never been affiliated with Investor's Alliance Association, Inc. However, Smock is listed as the President of Investor's Alliance Association, LLC, a business entity registered in the state of Utah. Both entities use the same P.O. Box for their mailing address. Smock owns and controls Angel Alliance Funding Association, Inc.

a. Approximately $55,000 of R.V.'s investment monies would be paid to Lee as a commission and/or finder's fee;

b. With respect to the entities Clearwater, Angel Alliance Funding Association, LLC, and Investor Alliance Funding, Inc., Lee failed to provide disclosure documents such as an offering circular, prospectus, etc., disclosing the following:

i. Business and operating history;

ii. Financial statements;

iii. Use of proceeds;

iv. Risk factors;

v. Conflicts of interest;

vi. Licensing of sales agents and commissions to be paid;

vii. Suitability factors for the investment;

viii. Whether the offering was registered, federally covered, or exempt from registration in the state of Utah;

ix. Background of management; and

x. Information with respect to Smock, including;

(1) Bankruptcy in 2000;

(2) Civil judgment in 2002;

(3) Civil judgment in 2008.

SECOND CAUSE OF ACTION
Securities Fraud under §61-1-1(3) of the Act

34. The Division incorporates and realleges paragraphs 1 through 33.

35. In violation of §61-1-1(3) of the Act, Brandley, Lee, and Clearwater engaged in an act,

practice, or course of business which operated as a fraud by making misrepresentations and omitting material information from R.V., and converting R.V.'s investment funds for personal use while causing R.V. to believe it would be properly invested and earn the interest promised.

36. A review of Clearwater, Brandley and Lee's bank records reveals that they failed to use monies in accordance with representations made to R.V.

37. In or about August 2011, Brandley and Clearwater paid $55,000 of R.V.'s investment funds to Lee, instead of using the funds in accordance with representations made to R.V. that these funds would be used to purchase and sell SLBC's through Investor Alliance Association, Inc.

38. Brandley, Lee, and Clearwater failed to use R.V.'s investment funds in accordance with the Representations made to R.V. upon solicitation of her $675,000 investment, including the following:

Transfer to Angel Alliance Funding Association, Inc.	$470,000.00
Payments to Earlier Investors	$82,854.56
Commission paid to Lee	$55,000.00
R.V. (payoff for previous money provided to Brandley)	$28,750.00
Bills and Expenses	$27,388.27
Unidentified Account	$10,000.00
Travel	$624.02
Cash/ATM	$300.00
Bank Service Charge	$60.00

Dining Out	$23.15
Total	**$675,000.00**

THIRD CAUSE OF ACTION
Unlicensed Activity under §61-1-3(1) of the Act

39. The Division incorporates and realleges paragraphs 1 through 38.

40. In violation of §61-1-3(1) of the Act, Lee was not a licensed issuer agent at the time of his involvement in this offering.

41. Lee acted as an agent of Clearwater in the offer and/or sale of securities in or from Utah.

42. It is unlawful for persons to transact business in this state as agents unless appropriately licensed in accordance with the Act.

43. Accordingly, each offer and/or sale of securities violated §61-1-3(1) of the Act.

REMEDIAL ACTIONS/SANCTIONS

44. Respondent admits the Division's Findings of Fact and Conclusions of Law, and consents to the below sanctions being imposed by the Division.

45. Respondent represents that the information he has provided to the Division as part of its investigation is accurate and complete.

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

47. Respondent agrees to be barred from associating with any broker-dealer or investment adviser licensed in Utah, and from acting as an agent for any issuer soliciting investor funds in the state of Utah.

48. Pursuant to Utah Code Ann. §61-1-20, and in consideration of the factors set forth in Utah Code Ann. §61-1-31, the Division imposes a total fine amount of $10,000 against

Respondent. The full fine amount shall be paid to the Division within five days after the entry of this order.

FINAL RESOLUTION

49. Respondent acknowledges that this Order, upon approval by the Utah Securities Commission ("Commission"), shall be the final compromise and settlement of this matter. Respondent acknowledges that the Commission is not required to approve this Order, in which case the Order shall be null and void and have no force or effect. In the event the Commission does not approve this Order, however, Respondent expressly waives any claims of bias or prejudgment of the Commission, and such waiver shall survive any nullification.

50. If Respondent materially violates any term of this Order, after notice and an opportunity to be heard before an administrative judge solely as to the issue of a material violation, Respondent consents to entry of an order in which the fine is increased to $20,000 and becomes immediately due and payable. Notice of the violation will be provided to Respondent at his last known address, and to his counsel if he has one. If Respondent fails to request a hearing within ten (10) days following the notice there will be no hearing and the order granting relief will be entered. In addition, the Division may institute judicial proceedings against Respondent in any court of competent jurisdiction and take any other action authorized by the Act or under any other applicable law to collect monies owed by Respondent or to otherwise enforce the terms of this Order. Respondent further agrees to be liable for all reasonable attorneys' fees and costs

associated with any collection efforts pursued by the Division, plus the judgment rate of interest.

51. Respondent acknowledges that the Order does not affect any civil or arbitration causes of action that third-parties may have against him arising in whole or in part from his actions, and that the Order does not affect any criminal causes of action that may arise as a result of the conduct referenced herein. Respondent also acknowledges that any civil, criminal, arbitration or other causes of actions brought by third-parties against him have no effect on, and do not bar, this administrative action by the Division against him.

52. 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 _____, 2018

Dave R. Hermansen
Director of Enforcement
Utah Division of Securities

Approved:

Jennifer Korb
Assistant Attorney General
Counsel for Division

Dated this 25 day of June, 2018

James Cameron Lee

Approved:

Mark Pugsley
Counsel for Respondent Lee

associated with any collection efforts pursued by the Division, plus the judgment rate of interest.

51. Respondent acknowledges that the Order does not affect any civil or arbitration causes of action that third-parties may have against him arising in whole or in part from his actions, and that the Order does not affect any criminal causes of action that may arise as a result of the conduct referenced herein. Respondent also acknowledges that any civil, criminal, arbitration or other causes of actions brought by third-parties against him have no effect on, and do not bar, this administrative action by the Division against him.

52. 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 27 day of June, 2018

Dave R. Hermansen
Director of Enforcement
Utah Division of Securities

Dated this ____ day of _____, 2018

James Cameron Lee

Approved:

Jennifer Korb
Assistant Attorney General
Counsel for Division

Approved:

Mark Pugsley
Counsel for Respondent Lee

ORDER

IT IS HEREBY ORDERED THAT:

1. The Division's Findings and Conclusions, which Respondent admits are hereby entered.
2. Respondent shall cease and desist from violating the Act and comply with the requirements of the Act in all future business in the state of Utah.
3. Respondent is barred from associating with any broker-dealer or investment adviser licensed in Utah, and from acting as an agent for any issuer soliciting investor funds in the state of Utah.
4. Pursuant to Utah Code Ann. §61-1-20, and in consideration of the factors set forth in Utah Code Ann. §61-1-31, the Respondent shall pay a fine of $10,000 to the Division pursuant to the terms set forth in paragraph 48.

BY THE UTAH SECURITIES COMMISSION:

DATED this 2nd day of August, 2018

Brent Baker

Lyle White

Peggy Hunt

Gary Cornia

Brent Cochran

CERTIFICATE OF MAILING

I certify that on the 3rd day of August, 2018, I mailed a true and correct copy of the fully executed Stipulation and Consent Order to:

Mark Pugsley
Ray Quinney & Nebeker
36 South State Street
Suite 1400
Salt Lake City, UT 84111
mpugsley@rqn.com

Executive Secretary

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

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

IN THE MATTER OF:	**STIPULATION AND CONSENT ORDER**
PAWZ, INC., and	**Docket No. SD-16-0049**
GREG ANDREW CROOK	**Docket No. SD-16-0050**
Respondents.	

The Utah Division of Securities ("Division"), by and through its Director of Enforcement, Dave Hermansen, and Respondents Pawz, Inc., ("Pawz") and Greg Andrew Crook ("Crook")(collectively "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 (securities fraud) and §61-1-3 (unlicensed activity) while engaged in the offer or sale of securities in the State of Utah.

2. 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.

3. Respondents admit that the Division has jurisdiction over them and the subject matter of this action.

4. Respondents hereby waive any right to a hearing to challenge the Division's evidence and present evidence on their behalf.

5. Respondents have read this Order, understand its contents, and voluntarily agree to the entry of the Order as set forth below. No promises or other agreements have been made by the Division, nor by any representative of the Division, to induce Respondents to enter into this Order, other than as described in this Order.

6. Respondents have been notified of their right to obtain counsel and have chosen to represent themselves.

FINDINGS OF FACT

Background

7. On April 25, 2016, a criminal action alleging securities fraud, theft by deception, forgery and money laundering, was filed against Crook in 4th District Court, Case No. 161401179.

8. On November 30, 2016, the Division filed a Notice of Agency Action and Order to Show Cause against Pawz and Crook.

9. On March 3, 2017, Respondents filed a motion to stay the administrative matter pending resolution of Crook's criminal case.

10. On November 16, 2017, Crook pleaded guilty to two 3rd degree felony counts of forgery. On February 1, 2018, Crook was sentenced to an indeterminate term of no more than 5 years in the Utah State Prison. The prison term was suspended, and he was sentenced to

30 days in jail followed by 24 months of probation and ordered to pay restitution of $30,000.

THE RESPONDENTS

11. Greg Andrew Crook ("Crook") was, at all times relevant to the matters asserted herein, a resident of Utah. Crook has never been licensed in the securities industry in any capacity.

12. Pawz, Inc. ("Pawz") is a Utah business entity that was incorporated on or about June 20, 2014. Pawz's status with the Utah Division of Corporations expired on September 29, 2016, for failure to file a renewal. Crook is listed as the president and registered agent of Pawz. Pawz has never been registered with the Division as an issuer of securities.

GENERAL ALLEGATIONS

13. In or about December 2014, while conducting business in or from Utah, Crook approached J.S.E., a resident of Utah, and solicited $5,000 in connection with Respondents' purported business venture. J.S.E. was promised a return of $35,000 on his $5,000 investment.

14. The investment opportunity offered and sold by Respondents is a promissory note and/or an investment contract.

15. Promissory notes and investment contracts are defined as securities §61-1-13 of the Act.

16. During all times relevant to this matter, Respondents were not licensed to offer or sell securities in the state of Utah.

17. In connection with the offer and sale of a security, Respondents made material misstatements and omissions to the investor.

18. Respondents used investor funds in a manner inconsistent with what they told the investor at the time of solicitation.

Investor J.S.E.

Offer and Sale of Security

19. From approximately 2009, J.S.E. and Crook were distant friends and, for a period of time, co-workers at an auto dealership.

20. In or about December 2014, Crook approached J.S.E. regarding an investment opportunity in Pawz, Inc. ("Pawz"), a business entity owned and controlled by Crook.

21. In connection with the offering, Crook made various representations to J.S.E., including the following:

a. that Pawz was involved in the sale of Bluetooth activated, automatic water feeders used for pets;

b. that there were no similar products currently available on the U.S. market;

c. that Crook had very large orders for the product;

d. that Crook had inventory in excess of $60,000 but needed $5,000 immediately to fill and ship this particular order;

e. that if something happened to the order, J.S.E. could still rely on the inventory to receive repayment on his investment; and

f. that J.S.E. would receive a return of $35,000 on his $5,000 investment, including $5,000 in principal, and $30,000 in interest.

22. In connection with the offer and sale of a security to investor J.S.E., Respondents, directly or indirectly, failed to disclose material information which was necessary in order to make statements made not misleading including, but not limited to, the following:

a. Specific information regarding Crook's and Pawz's financial statements, background, licensing, employment, and disciplinary information; and

b. Information relating to a December 29, 2009 judgment against Crook and State Tax Warrant issued by the Franklin Superior Court in the State of Washington;

c. Information relating to a December 22, 2011 judgment for $1,215,250 entered against Crook in the Franklin Superior Court in the State of Washington;

d. Information relating to a December 23, 2011 judgment and garnishment entered against Crook in Benton, Washington; and

e. Some or all of the information typically provided in an offering circular or prospectus concerning Crook and his various business enterprises relevant to the investment opportunity, such as:

i. Business and operating history;

ii. Financial statements;

iii. Conflicts of interest;

iv. Risk factors;

v. Suitability factors for the investment;

vi. Whether the securities offered were registered in the State of Utah; and

vii. Whether Crook was licensed to sell securities in the State of Utah.

23. On or about December 16, 2014, Crook presented J.S.E. with a promissory note outlining the terms of the investment. The note indicated that, in return for his $5,000 investment, J.S.E. would receive payment in the amount of $20,000 on April 6, 2015, and additional payments of $5,000 on January 1, 2016, January 2, 2017, and January 1, 2018. The terms of the note also indicated that the note was collateralized by "integrity and units of inventory owned by Pawz Inc. in the value of $60,000."

24. On or about December 16, 2014, J.S.E. presented Crook with a cashier's check in the amount of $5,000.

25. Crook told J.S.E. that the check would be deposited into Pawz's business checking account. However, on or about December 16, 2014, Crook cashed the check at the Sandy branch of American United Federal Credit Union.

26. At the time of filing of the OSC, J.S.E. had not received any payments from Crook, however, at the criminal trial, J.S.E. provided an affidavit that said he had been paid in full.

CAUSES OF ACTION

FIRST CAUSE OF ACTION
Securities Fraud under§ 61-1-1(2) of the Act

27. The promissory note and/or investment contract offered and sold by Respondents is a security under § 61-1-13 of the Act.

28. In connection with the offer or sale of a security to investor J.S.E., Respondents, directly or indirectly, made false statements, including, but not limited to, the following:

    a. Respondents told J.S.E. that the $5,000 was needed for charges associated with a shipment of Bluetooth activated, automatic water feeders for pets that Crook and, in turn, Pawz would resell for a profit when Crook had no reasonable basis to make such a statement and, in fact, Crook cashed the cashier's check instead of depositing the funds into Pawz's business checking account and using the funds to pay for charges associated with the above-described shipment as represented to J.S.E.;

    b. that there were no similar products currently available on the U.S. market, when Respondents had no reasonable basis to make such a statement;

    c. that Crook had very large orders for the product, when Respondents had no reasonable basis to make such a statement;

    d. that Crook had inventory in excess of $60,000 but needed the cash immediately to fill this particular order, when Respondents had no reasonable basis to make such a statement;

e. that if something happened to the order, J.S.E. could still rely on the inventory to receive repayment on his investment, when Respondents had no reasonable basis to make such a statement; and

f. Respondents told J.S.E. that his investment was collateralized by "integrity and units of inventory owned by Pawz Inc. in the value of $60,000" when, in fact, Respondents had no reasonable basis to make such a statement.

29. In connection with the offer and sale of a security to investor J.S.E., Respondents, directly or indirectly, failed to disclose material information which was necessary in order to make statements made not misleading including, but not limited to, the information set forth above.

SECOND CAUSE OF ACTION
Securities Fraud under §61-1-1(3) of the Act

30. In violation of §61-1-1(3) of the Act, Respondents engaged in an act, practice, or course of business which operated as a fraud by converting J.S.E.'s investment funds for undisclosed expenses while causing J.S.E. to believe the funds would be utilized in the manner described.

31. Crook told J.S.E. that his $5,000 investment would be used to pay for shipping costs associated with a shipment of Bluetooth activated, automatic water feeders for pets when, in fact, a review of the bank records revealed that Crook exercised unauthorized control over these funds by cashing J.S.E.'s cashier's check instead of depositing the funds into Pawz's business checking account as represented to J.S.E.

THIRD CAUSE OF ACTION
Unlicensed Activity under §61-1-3(1) of the Act (Respondent Crook)

32. Crook was not licensed as an issuer agent at the time of his involvement in this offering.

33. Crook acted as an agent of Pawz in the offer and/or sale of securities in or from Utah.

34. It is unlawful for persons to transact business in this state as an agent of an issuer unless appropriately licensed in accordance with the Act.

35. Accordingly, each offer and/or sale of securities by Crook violated §61-1-3(1) of the Act.

FOURTH CAUSE OF ACTION
Unlicensed Activity under §61-1-3(2) of the Act (Respondent Pawz)

36. Pawz acted as an issuer at the time of this offering, and employed Crook, an unlicensed issuer agent of Pawz, in violation of §61-1-3(2) of the Act.

37. Crook acted as an agent of Pawz in the offer and/or sale of securities in or from Utah.

38. It is unlawful for an issuer to employ or engage an agent unless the agent is licensed in accordance with the Act.

39. Accordingly, each offer and/or sale of securities by Pawz violated §61-1-3(2) of the Act.

CONLUSIONS OF LAW

40. 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 of the Act by misrepresenting and omitting material facts in connection with the offer and sale of a security, and engaging in an act, practice or course of business which operated as a fraud.

c. Respondent Crook violated §61-1-3 of the Act by engaging in the offer or sale of securities in the state of Utah without a license.

d. Respondent Pawz violated §61-1-3 of the Act by employing Crook, an unlicensed agent, to offer and sell its securities in Utah.

REMEDIAL ACTIONS/SANCTIONS

41. Respondents admit the Division's Findings of Fact and Conclusions of Law, and consent to the below sanctions being imposed by the Division.

42. Respondents represent that the information they have provided to the Division as part of its investigation is accurate and complete.

43. Respondents agree to cease and desist from violating the Act and to comply with the requirements of the Act in all future business in the State of Utah.

44. Respondents agree to be barred from licensure with a broker-dealer or investment adviser licensed in Utah.

45. Pursuant to Utah Code Ann. §61-1-20, and in consideration of the factors set forth in Utah Code Ann. §61-1-31, the Securities Commission imposes a total fine amount of $10,000 against Respondents, jointly and severally, with $1,000 due within 10 days of entry of the Order by the Commission and payment of $4,000 due in two years. Payment of the remaining $5,000, is eligible for offset, of up to $5,000, for any money that is paid or has been paid in restitution to investor J.S.E., with proof of payment provided to the Division.

FINAL RESOLUTION

46. Respondents acknowledge that this Order, upon approval by the Utah Securities Commission ("Commission"), shall be the final compromise and settlement of this matter. Respondents acknowledge that the Commission is not required to approve this Order, in which case the Order shall be null and void and have no force or effect. In the event the Commission does not approve this Order, however, Respondents expressly waive any claims of bias or prejudgment of the Commission, and such waiver shall survive any nullification.

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

48. 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.

49. 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 actions brought by third-parties against them have no effect on, and do not bar, this administrative action by the Division against them.

50. 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 _____, 2018.

_____
Dave Hermansen
Director of Enforcement
Utah Division of Securities

Dated this 30 day of July, 2018.

Greg Andrew Crook

Approved:

_____
Paula Faerber
Assistant Attorney General
Counsel for Division

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.

50. 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 1st day of August, 2018.

Dave Hermansen
Director of Enforcement
Utah Division of Securities

Dated this ___ day of _____, 2018.

Greg Andrew Crook

Approved:

Paula Faerber
Assistant Attorney General
Counsel for Division

ORDER

IT IS HEREBY ORDERED THAT:

1. The Division's Findings of Fact and Conclusions of Law, which Respondents admit, 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 the state of Utah.

3. Respondents are barred from licensure with a broker-dealer or investment adviser licensed in Utah.

4. Pursuant to Utah Code Ann. §61-1-20, and in consideration of the factors set forth in Utah Code Ann. §61-1-31, the Securities Commission imposes a total fine amount of $10,000 against Respondents, jointly and severally, with $1,000 due within 10 days of entry of the Order by the Commission, and payment of $4,000 due in 2 years. Payment of the remaining $5,000 is eligible for offset, of up to $5,000, for any money that is paid or has been paid in restitution to investor J.S.E., with proof of payment provided to the Division.

BY THE UTAH SECURITIES COMMISSION:

DATED this 2nd day of August, 2018.

Brent Baker

Gary Cornia

Brent Cochran

Peggy Hunt

Lyle White

CERTIFICATE OF MAILING

I certify that on the 3rd day of August, 2018, I emailed a true and correct copy of the fully executed Stipulation and Consent Order to:

Greg Crook
gregcrook@hotmail.com

LeeAnn Clark

Executive Secretary

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

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

IN THE MATTER OF:	**STIPULATION AND CONSENT ORDER**
ROGER EDWARD TAYLOR, CRD #4634268; and FFCF INVESTORS, LLC **Respondents.**	**Docket No. SD-18-0001** **Docket No. SD-18-0002**

The Utah Division of Securities ("Division"), by and through its Director of Compliance, Kenneth O. Barton, and Respondents Roger Edward Taylor ("Taylor") and FFCF Investors, LLC ("FFCF") (collectively "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.*, as amended.

2. On or about February 28, 2018, the Division initiated an administrative action against Respondents by filing an Order to Show Cause and Notice of Agency Action.

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 as 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 have been notified of their right to obtain counsel in this matter and have chosen to represent themselves.

I. FINDINGS OF FACT

8. Taylor was a resident of Utah during all times relevant to the allegations asserted herein. Taylor has passed the Series 63, Uniform Securities Agent State Law Examination and the Series 65, Uniform Investment Adviser Examination. Taylor was licensed with the Division as an investment adviser representative of Ascendus Capital Management, LLC ("Ascendus") from April 22, 2003 until December 31, 2005.

9. FFCF is a defunct Utah Limited Liability Company, which was registered with the Division of Corporations, on January 23, 2006. Taylor was identified as Manager of FFCF and Richard Smith ("Smith") was identified as the Registered Agent of FFCF. FFCF has never been licensed or made any securities registrations with the Utah Division of Securities. A receiver over FFCF was appointed on March 18, 2009.

10. In February 2006, Taylor, as Manager of FFCF, executed a Subscription Agreement and Limited Power of Attorney with LBS (then known as Franklin Forbes Advisors, Inc.) the General Partner of the Franklin Forbes Advisors, Inc. Fund, L.P. Among other things, Taylor represented the following to LBS in these documents:

    a. he had full power and authority to execute the agreement on behalf of FFCF;
    b. the information he provided in the agreement was complete, true, and correct;
    c. FFCF investors were all accredited;
    d. the FFCF entity had the "full right and power to purchase" partnership interests in the Franklin Forbes Advisors, Inc. Fund; and
    e. the FFCF entity was a "multipurpose" business which was not formed for the purpose of investing in the Franklin Forbes Advisors, Inc. Fund.

11. Taylor Holdings, LLC ("Taylor Holdings") was a Utah Limited Liability Company, registered with the Division of Corporations on March 3, 2004. Taylor Holdings was controlled by Taylor who acted as Manager and Registered Principal from its organization until June 26, 2008. Taylor Holdings was dissolved on March 3, 2009. A Taylor Holdings bank account with Taylor's name on the account registration received funds from FFCF accounts.

12. Great Eastern Securities, Inc. ("Great Eastern") is a defunct securities brokerage firm in New York. Great Eastern acted as introducing broker for Ascendus.

13. Penson Financial Services ("Penson") was a financial services company headquartered in Texas. Penson was the clearing broker and custodian for the Great Eastern accounts used by Ascendus.

14. GJB Enterprises, Inc. ("GJB") is a California corporation that is owned and was operated by Gerald J. Berke. On March 23, 2009, a federal receiver was appointed for GJB. LBS invested FFCF monies with GJB.

15. Taylor and Smith operated Ascendus from early 2003 until late 2005. Ascendus' clients were told Taylor would use funds given to Ascendus to trade equity options. Ascendus investors' funds were held by Great Eastern (the introducing broker) and Penson (the clearing broker). Investors received statements from both Ascendus and Great Eastern/Penson. Most statements from Ascendus indicated investor account balances were increasing, while statements from Great Eastern/Penson show account balances decreasing during the same period. Several investors were told by Taylor and/or Smith the differences between Ascendus and Great Eastern/Penson account statements were the result of "carry overs" or "open positions" which actually represented profit to the investor. Investors were further told by Taylor and/or Smith that the Ascendus statements were accurate and could be used by investors' accountants for tax purposes.

16. Beginning in late 2005 or early 2006 and continuing through at least 2007, Taylor and Smith approached several Ascendus investors, as well as other individuals, and asked them to invest in a new investment called FFCF Investors. Taylor and/or Smith informed investors that FFCF was "investing in the Franklin Forbes Composite Fund . . . which in

turn is organized for the purpose of investing in Lyxor AM, an asset management company organized under French law and a wholly-owned subsidiary of Société Générale, a French banking company." (FFCF Investors, LLC, Operating Agreement). Société Générale and Lyxor have disclaimed any relationship with FFCF, its principals and related entities.

17. Investors were told by Taylor and/or Smith that the FFCF investment was a safe investment backed by Société Générale; and that their account balances, as reported in their Ascendus statements, would be moved over to the new FFCF investment. Many of the amounts that were transferred were significantly less.

18. FFCF subscription agreement documents included the false and overstated amounts that Ascendus investors believed would be moving into the FFCF investment. Instead of investing in the manner described to investors, however, FFCF investor funds were pooled and sent to LBS, which invested FFCF funds with GJB Enterprises. The GJB receiver's website indicates LBS invested over $11 million with GJB Enterprises. FFCF investors were not given any managerial control over FFCF or LBS.

19. In July 2008, several investors received a letter from Taylor. Taylor wrote that Smith had been in control of FFCF and had overpaid certain investors to the detriment of others.

20. During or about August 2008 Smith signed a 3-page letter written by Taylor which was mailed to investors of FFCF. In summary, the letter states Smith deceived investors and deceived Taylor.

Investor A.D.

21. In 2003 , A.D. attended a "Teach Me to Trade" seminar in Salt Lake City where she learned about Roger Taylor of Ascendus.

22. A.D. had multiple telephone and email communications with Taylor in 2003 to discuss the possibility of Taylor managing A.D.'s investment portfolio. Taylor arranged for A.D. to meet with Smith, a customer representative and chief operating officer of Ascendus. In or about May 2003, A.D. traveled to Utah and met with Smith to discuss possible investments with Smith and Taylor. Shortly thereafter, in June 2003, A.D. began investing with Taylor and Smith through Ascendus. Based on communications and correspondence with Taylor and Smith, A.D. believed Taylor was managing A.D.'s investment accounts.

23. A.D. received statements from Ascendus indicating her account was increasing in value and A.D. paid "commissions" to Ascendus by personal check based on the purported monthly gains. During the period from approximately June 6, 2003, and June 13, 2006, A.D. invested approximately $845,163.39. During the same period, A.D. made additional deposits into the account of approximately $158,518.52 to Ascendus in "commissions" on purported gains in A.D.'s account and took withdrawals of approximately $752,483.60.

24. During late 2005 or early 2006, Smith telephoned A.D. and told her about a new investment opportunity, called FFCF. During January 2006, Smith flew to San Diego and met with A.D. at her home to tell her about FFCF. Smith said the options market

was not doing very well. With respect to the proposed FFCF investment, Smith indicated, inter alia, that the investment:

a. Yielded a higher interest rate than A.D.'s investment with Ascendus;

b. Was a hedge fund investment;

c. Paid interest quarterly;

d. Funds were backed up by Société Générale;

e. Charged a "commission" rate of 3%;

f. Was safer than A.D.'s investment with Ascendus, and

g. Would be managed by Taylor.

25. Based on conversations and correspondence with Smith, A.D. understood that Taylor was going to manage the new FFCF investment as he had the Ascendus investment and that A.D. would have no managerial responsibilities or abilities with regard to the new FFCF investment.

26. A.D. received a copy of FFCF's subscription agreement and account transfer forms in the mail during the end of January or beginning of February 2006. A.D. signed the transfer documents and subscription agreement on February 14, 2006.

27. The FFCF subscription agreement contained various representations including but not limited to the following:

a. The company has been organized for the purpose of acquiring a limited partnership interest in Franklin Forbes Fund, L.P. … for the purpose of investing in the Franklin Forbes Composite Fund;

b. "…Subscriber tenders this Subscription Agreement, together with his, her or its check, made payable to the Company in the amount set forth opposite the Subscriber's signature on the signature page hereof (the "Purchase Price)", which was handwritten in the amount of $1,486,791.44 which was represented to A.D. to reflect the final value in her Ascendus account;

c. The company "has been newly-formed";

d. The investor has had an opportunity to conduct a full and fair examination of:

   i. the Operating Agreement for the company dated as of January 23, 2006;

   ii. an Introduction Summary of the Fund;

   iii. a Marketing Presentation for the Fund;

   iv. the Confidential Offeree Questionnaire for the Fund;

   v. the Agreement of Limited Partnership for the Fund; and

   vi. the Private Offering Memorandum for the Fund; and

e. Taylor is identified as the FFCF contact person in the subscription agreement documents.

28. During the end of January or beginning of February 2006, A.D. also received an operating agreement for FFCF in the mail. The operating agreement contained various representations including but not limited to:

a. "The Company is organized for the principal purpose of investing in Franklin Forbes Composite Fund or any successor thereto (the "FFCF Fund"), which in turn is organized for the purpose of investing in Lyxor AM, an asset management company organized under French law and a wholly-owned subsidiary of Banque Societe Generale, a French banking company. Any capital contributed to the Company shall be invested in the FFCF Fund and no other investment. The Manager has no authority to invest the funds of the Company in any other way, but may maintain a working account for Company expenses;"

b. "Any Member shall be entitled to withdraw . . . by giving the Manager at least forty (40) days written notice…"

c. "The sole initial Manager of the Company shall be Roger E. Taylor" who will "direct, manage and control the business of the Company and shall have full and complete authority, power and discretion to make any and all decisions…" and

d. "The Company may pay reasonable compensation to the Manager for such Person's services hereunder. The Manager may retain and pay reasonable compensation to employees and outside professionals…"

29. Despite the representations contained in the subscription agreement and operating agreement, bank records indicate A.D.'s actual total value – only $332,037 – was wired on or about February 15, 2006 from Penson to a Consilium Trading Company, LLC bank account held at Far West Bank. The transfer of those monies reduced A.D.'s Penson account to a zero balance.

30. A.D. suspected there were problems with her investments with Taylor and Smith beginning in the Spring/Summer of 2008 when promised returns on her investment were not forthcoming. A.D. communicated her concerns with Smith via telephone and email. On or about July 13, 2008, A.D. received an email from Smith's wife, Susan Smith, informing A.D. that Smith had attempted suicide by swallowing a bottle of sleeping pills. A.D., thereafter, repeatedly requested her investment monies back from Smith's wife and Taylor.

31. Much of the communication between A.D. and Taylor, after Smith's suicide attempt, was via email. A.D. informed Taylor that she had requested her money back directly from LBS, but was told LBS dealt only with Taylor on matters regarding the investment and that she should make her request for return of funds directly to Taylor. On or about July 16, 2008, A.D. requested Taylor "withdraw all funds" from FFCF, which, according to A.D.'s most recent statement, was $2,457,715.77. A.D. did not receive her requested return of funds.

32. A.D. invested more than $845,000 in Ascendus. Although she was told her Ascendus balance was $1,486,791, only $332,037.10 was transferred to FFCF. In July 2006, A.D.

invested an additional $401,000 in FFCF. Over the course of her investment, A.D. received withdrawals from FFCF totaling $247,259.71. A.D. is owed at least $485,777.39 in principal alone.

Investor E.K.

33. In early 2007, E.K. met an individual at an investment seminar in Phoenix, Arizona. In or about February 2007, this individual sent E.K. information about LBS Advisors, Inc. ("LBS") via email and referred E.K. to Taylor to further discuss a possible investment.

34. E.K. spoke to Taylor over the telephone in early February 2007. Taylor said because E.K. was not a "qualified investor," E.K. could only invest in LBS through FFCF.

35. On or about February 13, 2007, Taylor emailed E.K. and gave him instructions on how to wire his investment to FFCF. Taylor informed E.K. that E.K.'s money would "begin working for [E.K.] the next business day following [the] wire." The email had several documents attached, including FFCF's offeree questionnaire, subscription agreement and operating agreement, containing the same information listed in the documents associated with A.D.'s FFCF investments, listed above in paragraphs 27 and 28. Based on the information Taylor provided him, E.K. believed that he was investing in the Franklin Forbes Composite Fund, organized for the purpose of investing in Lyxor AM, an asset management company organized under French law and a wholly-owned subsidiary of Banque Société Générale, a French banking company. He further believed that his money would be invested solely in the FFCF Fund and in no other investment.

36. On or about March 16, 2007 E.K.'s spouse went to Chase Bank in Phoenix, Arizona, and wired $332,309.26 from E.K.'s bank account to FFCF's account at Far West Bank in

Ephraim, Utah. E.K. told Taylor the investment funds were being withdrawn from an IRA account. E.K. states he did not authorize Taylor to use E.K.'s funds for any purpose other than investing in the FFCF/LBS investment.

37. Prior to E.K.'s investment Taylor made untrue statements of material fact and failed to provide other material facts about the investment.

38. On or about March 19, 2007, Taylor emailed E.K. and indicated, "I just got confirmation about 20 minutes ago you are in. Everything is taken care of . . . You will make your first dollars with us tomorrow."

39. Bank records reveal that on or about March 16, 2007, E.K.'s money was deposited into an FFCF bank account held at Far West Bank in Orem, Utah, and controlled by Smith. The bank records further reveal that E.K.'s investment monies were almost immediately used for purposes other than the promised FFCF/LBS investment including, but not limited to: (1) two March 21, 2007 payments to two individuals who, according to the Receivership, had previously invested in the FFCF investment, which totaled approximately $282,000; (2) a March 22, 2007 payment to Ascendus Capital Management, DBA Superwire, Inc., in the amount of approximately $25,000; and (3) a March 23, 2007 payment to a company called Extream TV, LLC, in the amount of approximately $25,000. These payments were all authorized by Smith, who signed the funds transfer authorization forms.

40. Shortly after his investment, E.K. began receiving statements, sent via email by Smith, purporting to show the increasing balance of his FFCF/LBS investment. On or about September 14, 2007, Smith emailed E.K. indicating, inter alia, that in the midst of what

was being termed a "recession", FFCF was "currently heavily outperforming the market and expect to do so for quite some time."

41. Sometime in 2008, E.K. stopped receiving statements. Not long after the statements stopped arriving, E.K. received a letter purportedly from Smith in which Smith indicated, inter alia, that the problems with Ascendus and FFCF were caused by Smith and that certain FFCF investors had been overpaid to the detriment of other investors. E.K. then requested the return of his funds several times during telephone conversations with, and emails to, Taylor. E.K. invested and lost a total of $332,309.76 in principal alone.

42. Taylor represented to E.K. that E.K.'s funds would be invested in LBS through FFCF. E.K. authorized Taylor and Smith to use the funds exclusively for the FFCF/LBS investment. E.K. did not authorize the funds to be used for any other purpose.

Investor K.M.

43. K.M. first met Smith in 2003 when K.M. hired Ascendus to manage $900,000 of K.M.'s funds. K.M. believed the funds were being managed by Taylor.

44. During November or December 2005, a meeting was held at the K.M. home in Utah. Smith gave a presentation to K.M. and several other individuals. Smith said he had a new investment which would solve Ascendus' recent problem of diminished earnings. The proposed investment [FFCF] was going to pool investor money and loan the funds out to businesses to generate a profit. Smith stated the investment was safe because the pool of money was so large. Smith said investors would begin receiving interest payments in January 2006.

45. One or two months later, Smith met with K.M. at K.M.'s home in Utah and orally confirmed that K.M.'s Ascendus account balance was over $1.2 million and that this amount would be transferred to a holding company utilized by FFCF.

46. On or about February 15, 2006, K.M. signed page 5 of a document entitled FFCF Investors, LLC Subscription Agreement, which listed a purchase price of $1,211,641.30.

47. Prior to the investment Smith made untrue statements of material fact and failed to provide other material facts about the investment.

48. According to February 2006 statements, provided by Ascendus' broker-dealer, K.M.'s account was worth approximately $800,000 as of January 31, 2006. According to bank records, approximately $800,031.98 was transferred to FFCF's bank account on or about February 22, 2006. K.M. believed that Taylor would be managing K.M.'s funds.

49. K.M.'s funds were wired into a FFCF account at Far West Bank then forwarded by wire to LBS.

50. During June and July 2007, K.M requested to withdraw $750,000, and asked for statements for her FFCF investment. Smith did not fulfill K.M.'s request to withdraw. In August/September 2007, K.M. contacted Taylor to get the monies. Taylor told K.M. "Richard [Smith] has lost his job over this." Taylor said he had fired Smith for doing "a terrible job" and that Smith would not have anything to do with the investment. Even after statements of Smith's incompetence, Taylor made excuses to K.M. for not effecting the withdrawal. Finally, in November 2007, Taylor provided K.M. with the requested withdrawal of $750,000.

51. K.M. invested $900,000 with Ascendus of which $800,031.98 was actually invested with FFCF. K.M. withdrew a total of approximately $772,210 from FFCF. K.M. is still owed approximately $127,790 in principal alone.

Investor A.W.

52. During or about September 2003, A.W. met Taylor at a seminar in Las Vegas, Nevada. During the seminar Taylor invited A.W. to come to Utah to meet with Taylor to discuss investment opportunities.

53. On or about October 2, 2003, A.W. met with Taylor in a hotel in Salt Lake City, Utah. At this meeting, Taylor introduced A.W. to Taylor's "assistant," Smith. Based on Taylor's representations during the meeting and subsequent telephone conversations, A.W. engaged Ascendus to manage A.W.'s money. By May 2005 A.W. had entrusted to Ascendus approximately $3,942,816.89 of A.W.'s funds. A.W. took approximately $1,318,759.15 in withdrawals from Ascendus and paid to Ascendus approximately $382,086.20 for "commissions."

54. A.W. said Taylor emailed A.W. during or about December 2005 and told A.W. about a new investment opportunity called FFCF. Taylor said the new investment was very lucrative and, if A.W. invested, A.W. could just relax and collect money.

55. On or about February 1, 2006, Taylor sent an email to A.W., with carbon copy sent to Smith, stating, in part, the following:

    a. I am going 16 hours a day right now moving all my clients over to this new product;

b. It has severely outperformed your portfolio, the market and my other clients' portfolios over the past 9 years . . . paid out 1% per month . . . as well as grew some 20+%;

c. I need to get you to where you are wealthy in two areas, 1) income, 2) net worth. We can do that with this product . . .;

d. [N]ormally, this product will not accept anyone with less than 25 million to put in;

e. We need to double your portfolio in the next 3-4 years and do that every 3-4 and we need to get you up to 40-50-60,000 a month that doesn't change . . . that you can actually budget . . . That is where I can take you; and

f. This product will do that for you will [sic] decreasing your risk significantly, you can even get a principle [sic] guarantee on all your money.

56. During or about February 2006, A.W. met in-person with Taylor and Smith at the Four Seasons hotel in Las Vegas, Nevada, to further discuss an investment in FFCF. Taylor said the FFCF investment paid 12-14% interest annually, was "guaranteed" and "secured" by Société Générale, was "totally safe," and had no risk, or very low risk. Smith did not clarify or correct any of Taylor's statements.

57. During the Las Vegas meeting, Taylor said A.W.'s Ascendus account had approximately $845,000 in "open positions." Taylor had previously represented to A.W. that these open positions were unsettled trades, which would translate to pure profit if and when A.W. transferred his account from Ascendus. Taylor said A.W.'s Ascendus account balance was over $3 million, including the open positions. A.W. agreed to invest in FFCF.

58. A.W. received FFCF's operating agreement during January or February 2006 from Taylor or Smith. The operating agreement contained the same information listed in the documents associated with A.D.'s FFCF investments, listed above in paragraphs 20. A.W. believed, based on the information he was provided by Taylor and Smith, that he was investing in the Franklin Forbes Composite Fund, organized for the purpose of investing in Lyxor AM, an asset management company organized under French law and a wholly-owned subsidiary of Banque Société Générale, a French banking company. He further believed that his money would be invested in solely in the FFCF Fund and in no other investment.

59. On or about February 3, 2006, A.W. signed an FFCF subscription agreement. The subscription contains the following statements:

a. The company has been organized for the purpose of acquiring a limited partnership interest in Franklin Forbes Fund, L.P....for the purpose of investing in Franklin Forbes Composite Fund, L.P

b. Subscriber tenders this Subscription Agreement, together with his, her or its check, made payable to the Company in the amount set forth opposite the Subscriber's signature on the signature page hereof (the "Purchase Price"); Purchase Price: $3,675,466.43;

c. The company is newly-formed;

d. The securities are speculative investment involving high amount of risk;

e. The investor can bear the economic risk of illiquid investment;

f. ...capable of evaluating the merits and risks of investing in the securities;

g. The investor has had an opportunity to conduct a full and fair examination of:

i. the Operating Agreement for the Company dated as of January 23, 2006;

ii. an Introduction Summary of the Fund;

iii. a Marketing Presentation for the Fund;

iv. The Confidential Offeree Questionnaire for the Fund;

v. the Agreement of Limited Partnership for the Fund; and

vi. the Private Offering Memorandum for the Fund.

h. This Subscription Agreement contains the entire agreement of the parties with respect to the subject matter hereof, and there are no representations, warranties, covenants or other agreements except as stated or referred to herein; and

i. Affirms profit, loss, and results of ownership have not been represented, guaranteed, or warranted to the Investor.

60. In February 2006, Smith faxed a wire request form to A.W. to complete the transfer of A.W.'s funds to FFCF. A.W. completed the wire request form and returned it to Smith for the transfer of A.W.'s funds.

61. Bank records reveal that $1,382,545.85 was transferred, on or about February 10, 2006, from A.W.'s account at Penson to a Consilium Trading Company, LLC, bank account held at Far West Bank in Orem, Utah.

62. On or about February 22, 2006, Taylor emailed A.W. stating, inter alia, "Your Money is held in SG bank under the name of the LLC, FFCF Investors. They are one of the top ten banks in the world. Stronger than US banks . . . You own a portion of the LLC and an

accounting firm here in US, Utah, will take the SG statement and generate your statement based on how much money you have in the LLC . . . Although the money is commingled, there is a separate accounting account for each person that will be kept by the accounting firm."

63. Marketing materials were attached to the February 22 email related to the FFCF investment. The marketing materials contained some or all of the same information contained in the marketing materials provided to A.D., described above in paragraphs 27 and 28.

64. Bank records reveal $464,414.62 was transferred from A.W.'s IRA account at Penson to FFCF's bank account at Far West Bank in Orem, Utah, on or about February 28, 2006. The funds were then forwarded by wire to LBS.

65. Prior to A.W.'s investment Taylor and Smith made untrue statements of material fact and failed to provide other material facts about the investment.

66. During September 2006, Taylor called A.W. and recommended A.W. transfer his funds from FFCF to LBS. A.W. traveled to California and met with several principals of LBS. On or about April 26, 2007, Taylor executed a notarized document assigning, from FFCF, $3,357,755.38 to the Albert J. A.W. Trust and $494,993.54 to A.W.'s individual retirement account. The same day Taylor executed another notarized document assigning, from FFCF, an additional $2,278.33 to A.W.'s individual retirement account.

67. During 2009, A.W. requested to withdraw all of his funds invested with LBS, which did not occur.

68. Although A.W. was told his Ascendus balance to be transferred to the FFCF investment was $3,675,466.43 as reflected on the FFCF subscription agreement, only $1,846,960.47 was actually transferred to the Far West FFCF account.

69. In total, A.W. invested $4,004,838, withdrew $3,356,956, and paid "commissions" totaling $383,086 on fictitious profits. He is still owed $1,030,968 in principal alone.

V.F.

70. On or about January 27, 2006 Taylor and Ascendus entered into a settlement agreement with Ascendus investor V.F. V.F. had filed an action against Taylor and Ascendus on September 21, 2005 in the Circuit Court of Multnomah County, Oregon. Taylor and Ascendus agreed to pay V.F. $125,000 by July 31, 2006. Taylor and Ascendus failed to make payment by the July 2006 deadline resulting in an amended agreement executed between the parties on or about August 2, 2006 creating a new payment schedule.

71. Under the agreement signed by Taylor, he was to make payments to the law firm Stoll Stoll Berne which represented V.F.

72. Bank records reveal payments totaling $68,500 paid to the law firm Stoll Stoll Berne from a FFCF Far West Bank account via bank wires of $7,500 on February 12, 2007, $7,500 on March 12, 2007, $45,000 on April 11, 2007 and $8,500 on June 30, 2007.

73. V.F. was never an FFCF investor. Taylor and Smith used FFCF funds fraudulently to pay that settlement.

74. A review of FFCF LBS investment account records reveals withdrawals of $65,000 in February 2006, $11,000 in March 2006, and $1,500,000 in December 2007. All transactions were completed by LBS at the direction of Taylor. The monies from the

LBS investment fund were deposited into a Taylor Holdings Far West Bank account controlled by Taylor.

75. A review of Taylor Holdings Far West Bank records confirms wire deposits were received from the FFCF LBS account (as listed above) in the amounts of $65,000 on February 23, 2006, $11,000 on March 3, 2006 and $1,500,000 on January 4, 2008.

76. Further review of the $1,500,000 transaction listed above reveals that $1,400,000 was forwarded from the Taylor Holdings Far West Bank account to an FFCF Wells Fargo Bank account on January 8, 2008. Prior to the $1,400,000 transaction, the FFCF Wells Fargo account balance was $4917.49. On January 9, 2008 the day after the $1,400,000 account deposit, $843,777.31 was wired from the FFCF Wells Fargo Bank account to an account owned by a party that was not an FFCF investor, never executed an FFCF Subscription Agreement, and never had funds deposited into LBS.

77. The three FFCF LBS account distributions to the Taylor Holdings Far West Bank account identified above resulted in a net total of $176,000.89 being deposited into the Taylor Holdings account for personal use. A review of FFCF LBS account records show Taylor Holdings was not an FFCF investor, never executed an FFCF Subscription Agreement, and never had funds deposited into LBS.

78. On or about July 31, 2008 the FFCF Wells Fargo Bank account had a balance of $356.45.

79. On or about August 1, 2008 at Taylor's direction LBS made an FFCF account closing withdrawal of $83,764.57 that was deposited into an FFCF Wells Fargo Bank account on August 11, 2008.

80. On August 21, 2008, $84,000 was wired from the FFCF Wells Fargo Bank account to the Taylor Holdings Far West Bank account and used for his personal use.

81. Prior to the deposit of FFCF investor monies, the Taylor Holdings Far West Bank account balance was $84,058.97. Over the next several days, Taylor withdrew $25,891.44 account for various retail purchases and bill payments. On August 26, 2008 Taylor wrote check number 1882 for $80,000 to Jim Warner, an attorney retained by Taylor. Check number 1882 for $80,000 check was paid by the bank on August 25, 2008, leaving a balance of $62,167.33 in the Taylor Holdings account. Taylor and Taylor Holdings were not entitled to receive or otherwise put these FFCF investor funds to personal use.

82. In addition to the transaction above bank records reveal six other withdrawals from FFCF accounts resulted in deposits totaling $386,500 into bank accounts controlled by Taylor. In addition to receiving monies directly from FFCF accounts Taylor controlled bank accounts received $725,000 from Ascendus bank accounts in September 2007.

83. Both the Ascendus and FFCF schemes involved the offer and sale of securities as defined in Utah § 61-1-13 of the Act.

84. Prior to accepting FFCF investor funds, Taylor and/or Smith directly or indirectly made untrue statements of material facts in discussions with investors including, but not limited to:

a. representing that Ascendus accounts had increased in value;

b. falsely claiming the discrepancies between Ascendus account statements and Penson statements were a result of "carry overs" and "open positions";

c. FFCF was investing in a subsidiary of Société Générale, when in fact the money was invested in a firm unaffiliated with Société Générale;

d. Investor funds were "backed up," secured, or otherwise insured by Société Générale when, in fact, there was no relationship between Société Générale and FFCF;

e. The FFCF investment was safe because the pool of money was so large;

f. The FFCF investment guaranteed investors' principal;

g. representing that some FFCF account statements were prepared by a CPA;

h. making separate and conflicting statements indicating investors could withdraw funds by providing anywhere from one week to 40-days' notice;

i. Ascendus investors were told their account balance as reported in their Ascendus statements would be transferred to FFCF, when in fact, bank records indicate account balances were significantly lower than Ascendus statements and FFCF subscription agreement documents indicated, and these lower amounts were transferred to FFCF accounts;

j. FFCF needed to raise $25 million to meet the investment minimum of a third-party firm, when in fact FFCF's initial investment with LBS was only $5.1 million and the subscription agreement signed by FFCF indicates a required minimum of $250,000;

k. The investment carried little or no risk; and

l. Investors were told or given documents falsely indicating that a CPA had audited the books of FFCF; however, the named CPA had done no auditing work of any kind for FFCF.

85. Prior to accepting FFCF investor funds, Taylor and/or Smith directly or indirectly omitted material facts in discussions with investors including, but not limited to:

a. Ascendus accounts had lost rather than gained value;

b. FFCF invested less than $25,000,000 with LBS Advisors in California;

c. FFCF and its principals did not have any relationship with Société Générale;

d. Taylor's securities license lapsed in 2005 when Ascendus ceased operations;

e. Smith filed for Chapter 7 Bankruptcy protection in January 2000;

i. LBS and its principals had no relationship with Société Générale; and

j. Risks of the FFCF investment.

86. On January 10, 2017, Taylor pled guilty to one count of Pattern of Unlawful Activity, a second degree felony, based on the conduct described herein, and was ordered to pay restitution in the amount of $1,668,226.[1] In his guilty plea, Taylor admitted being aware that some investor monies came from retirement accounts, that his businesses were

[1] *See* Case No. 111906891, Third Judicial District, Salt Lake County.

dependent upon outside investor monies, and that he made payments to previous investors using new investor money.

II. CONCLUSIONS OF LAW

Securities Fraud – Misrepresentations or Omissions under § 61-1-1(2) of the Act

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

Securities Fraud – Act, Practice or Course of Business Operating as a Fraud or Deceit under § 61-1-1(3) of the Act

88. As described herein, in connection with the offer, sale or purchase of securities, Respondents, through Taylor, directly or indirectly engaged in an act, practice, or course of business which operated as a fraud or deceit, in violation of Section 61-1-1(3) of the Act. That conduct includes but is not limited to the conversion and misuse of client monies for purposes not disclosed to or authorized by investors, including personal use of monies, Ponzi payments to prior investors, and use in Taylor's unrelated businesses.

III. REMEDIAL ACTIONS/SANCTIONS

89. Respondents neither admit nor deny the Division's Findings and Conclusions, but consent to the sanctions below being imposed by the Division.

90. Respondents agree to cease and desist from violating the Act and agree to comply with the requirements of the Act in all future business in this state.

91. Respondents agree to be barred from associating with any broker-dealer or investment adviser licensed in Utah or with any issuer raising capital in Utah.

92. Respondents agree to a fine of $200,000 to be offset by any restitution paid by Taylor in the criminal case. If Taylor remains current and completes his restitution, Respondents' fine owed to the Division will be waived. In the event that Taylor does not pay his restitution as ordered by the Court, the fine will become due and payable to the Division.

IV. FINAL RESOLUTION

93. Respondents acknowledge that this Order, upon approval by the Utah Securities Commission ("Commission"), shall be the final compromise and settlement of this matter. Respondents acknowledge that the Commission is not required to approve this Order, in which case the Order shall be null and void and have no force or effect. In the event the Commission does not approve this Order, however, Respondents expressly waive any claims of bias or prejudgment of the Commission, and such waiver shall survive any nullification.

94. If Respondents materially violate any term of this Order, after notice and an opportunity to be heard before an administrative law judge solely as to the issue of a material violation, Respondents consent to entry of an order in which the fine of $200,000 becomes immediately due and payable. Notice of any such violation will be sent to Respondents' last known address. If Respondents fail to request a hearing within ten (10) days following notice, there will be no hearing and the order granting relief will be entered. 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.

95. 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 actions brought by third-parties against them have no effect on, and do not bar, this administrative action by the Division.

96. 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 18TH day of JULY, 2018

Roger E. Taylor, individually and on behalf of
FFCF Financial, LLC

Dated this 18 day of July, 2018

K Barton

Kenneth Barton
Director of Compliance, Utah Division of Securities

Approved:

Paula W. Faerber
Assistant Attorney General

ORDER

IT IS HEREBY ORDERED THAT:

1. The Division's Findings and Conclusions 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. Respondents are barred from associating with any broker-dealer or investment adviser licensed in Utah or with any issuer raising capital in Utah.
4. Respondents are fined $200,000, to be offset by any restitution paid by Taylor in the associated criminal action.

BY THE UTAH SECURITIES COMMISSION:

DATED this 2nd day of August, 2018

Brent Baker

Brent Cochran

Gary Cornia

Peggy Hunt

Lyle White

Certificate of Mailing

I certify that on the 3rd day of August, 2018, I mailed and e-mailed a true and correct copy of the STIPULATION AND CONSENT ORDER to:

Roger E. Taylor
FFCF Investors
1020 Bella Vista Blvd, APT 104
St. Augustine, FL 32084
Rogtay6@gmail.com

And by electronic mail to:

Justin Barney, Administrative Law Judge
Department of Commerce
justinbarney@utah.gov

Ken Barton
Director of Compliance
Utah Division of Securities
Kbarton@utah.gov

Executive Secretary

DEPARTMENT OF COMMERCE
HEBER M. WELLS BLDG, 2ND FLOOR
160 EAST 300 SOUTH
SALT LAKE CITY, UTAH 84114

BEFORE THE UTAH DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE

IN THE MATTER OF **TOTAL RIG SERVICES, LLC, DYAD ENVIRONMENTAL, LLC, TTU ENTERPRISES, LLC, BLACK ROCK AGGREGATES, LLC, SUMMIT OILFIELD SERVICES, LLC, and RYAN RICHARD WEST,** Respondents.	**FINDINGS OF FACT, CONCLUSIONS OF LAW AND RECOMMENDED ORDER OF DEFAULT OF SUMMIT OILFIELD SERVICES, LLC; RYAN RICHARD WEST; TOTAL RIG SERVICES, LLC; AND BLACK ROCK AGGREGATES, LLC** Case Nos.: **SD-2018-007** **SD-2018-008** **SD-2018-009** **SD-2018-010** **SD-2018-011** **SD-2018-012**

The Notice of Agency Action and the Order to Show Cause in this matter were issued by the Division on March 30, 2018. A prehearing conference was scheduled in this matter and was held on May 29, 2018. Ryan Richard West (sometimes referred to herein as "West"), participated by telephone in the conference on his own behalf and for Total Rig Services, LLC, Black Rock Aggregates, LLC and Summit Oilfield Services, LLC. The Respondents named in this paragraph are hereafter sometimes referred to as the "Named Respondents."

FINDINGS OF FACT

1. The Named Respondents have failed to file responsive pleadings in this matter, though ordered to do so in the March 2018 Notice of Agency Action and at the May 2018 prehearing

conference, in which Ryan Richard West participated on his own behalf and on behalf of Total Rig Services, LLC, Black Rock Aggregates, LLC and Summit Oilfield Services, LLC. The Named Respondents were further invited and reminded to file responsive pleadings by a June 19, 2018 email sent to the Named Respondents by the Assistant Attorney General representing the Division in this matter (*see* Exhibit "B" to Motion for Default).

2. West is the manager of Total Rig Services, LLC, Black Rock Aggregates, LLC and Summit Oilfield Services, LLC.
3. The Named Respondents collected approximately $625,000 from at least four Utah investors over a period of three years. *See* Declaration of Liz Blaylock at ¶ 7, attached to the Motion for Default as Exhibit "C".
4. The Named Respondents have returned $154,470 to investors and still owe them $470,530 in principal alone. *Id.* at ¶ 10.
5. One of the investors was a retired senior citizen at the time of the investment. He has been financially devastated as a result of the fraud, and is surviving on financial assistance from family members. *Id.* at ¶ 12.
6. The Named Respondents obtained investor funds by misrepresenting and omitting material facts. For example, they told some investors their investments would be secured by real property that the security interests would prevent existing buildings on the property from being transferred or sold, when in fact, the Named Respondents had not constructed any buildings on the property and they had already sold the property.
7. West failed to tell investors about outstanding civil judgments against him personally in the amount of more than $20,000. He failed to tell investors that he had more than $100,000 in

outstanding IRS tax liens. He failed to tell investors he would use their funds to pay prior investors. He failed to tell investors he would use their funds for personal use. *Id.* at ¶ 11.

8. The Named Respondents did not cooperate with the Division's investigation. West was subpoenaed to appear for an interview, but he failed to appear or respond. *Id.* at ¶ 15.
9. West is a former Utah attorney who was admitted to the practice of law in Utah in 2005, but was disbarred in 2016. *Id.* at ¶ 13.
10. The need to deter future violations by Respondents is significant due to West's violations of Utah securities laws for a period of at least three years.

CONCLUSIONS OF LAW

A. Pursuant to Utah Code Ann. Section 63G-4-209(1)(c), proper factual and legal bases exist for entering a default order against the Named Respondents.

B. The Named Respondents directly or indirectly misrepresented material facts or omitted material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, in violation of Section 61-1-1(2) of the Utah Securities Act (the "Act").

C. The Named Respondents directly or indirectly engaged in an act, practice, or course of business which operated as a fraud or deceit on investors, in violation of Section 61-1-1(3) of the Act. That conduct includes but is not limited to Respondents' conversion and misuse of investor monies for purposes not disclosed to or authorized by investors, including personal use of monies.

D. West was not licensed in the securities industry in any capacity when he offered and sold securities on behalf of DYAD Environmental, LLC, TTU Enterprises, LLC, Total Rig Services, Black Rock Aggregates and/or Summit Oilfield Services to investors, and received

compensation in connection therewith, in violation of Section 61-1-3(2)(a) of the Act.

E. West was not licensed in the securities industry in any capacity when he offered and sold securities on behalf of DYAD Environmental, LLC, TTU Enterprises, LLC, Total Rig Services, Black Rock Aggregates and/or Summit Oilfield Services, to investors, and received compensation in connection therewith, in violation of Section 61-1-3(1) of the Act.

F. Respondents should cease and desist from engaging in any further conduct in violation of the Act.

G. Respondents should be fined, jointly and severally, and should be ordered to pay restitution to the victims of their securities fraud.

H. Respondents should be barred from associating with any broker-dealer or investment adviser licensed in Utah.

I. The recommended fine amount of $175,000 was determined after consideration of the guidelines included in Utah Code Ann. §61-1-31 and U.A.C. R164-31-1.

J. The Division's motion for default considered the seriousness, nature, circumstances, extent and persistence of the conduct constituting the violation; the harm to other persons resulting either directly or indirectly from the violations; the absence of cooperation by Respondents with the investigation; the efforts by Respondents to prevent future occurrences of the violations; efforts by Respondents to mitigate the harm caused, including any disgorgement or restitution paid to the investors; any prior offenses by Respondents; the need for deterrence; and such other matters as justice may require.

RECOMMENDED ORDER

The Presiding Officer recommends that the Utah Securities Commission make findings and enter an order as follows:

a. The default of the Respondents, Ryan Richard West, Total Rig Services, LLC, Black Rock Aggregates, LLC and Summit Oilfield Services, LLC, should be entered;

b. That the allegations contained in the Division's Order to Show Cause are accepted as true;

c. The Named Respondents should be ordered to cease and desist from engaging in any further conduct in violation of Utah Code Ann. §61-1-1 et seq.;

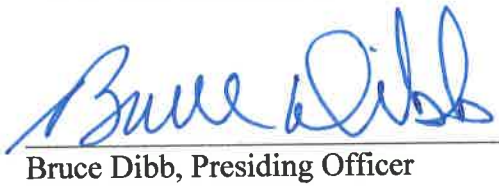
d. The Named Respondents should be jointly and severally assessed a fine of $175,000.00 to be paid to the Utah Division of Securities within thirty (30) days of the entry of the order;

e. The Named Respondents should be permanently barred from associating with any broker-dealer or investment adviser licensed in Utah; and

f. The Named Respondents should jointly and severally pay restitution on the date of the entry of the default of $200,530.00, $70,000.00; $100,000.00 and $100,000.00 respectively to the individuals identified in the Order to Show Cause as W.M., J.R., B.N. and J.P.

DATED July 31st, 2018.

UTAH DEPARTMENT OF COMMERCE



Bruce Dibb, Presiding Officer

DEPARTMENT OF COMMERCE
HEBER M. WELLS BLDG, 2ND FLOOR
160 EAST 300 SOUTH
SALT LAKE CITY, UTAH 84114

BEFORE THE UTAH DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE

IN THE MATTER OF **TOTAL RIG SERVICES, LLC, DYAD ENVIRONMENTAL, LLC, TTU ENTERPRISES, LLC, BLACK ROCK AGGREGATES, LLC, SUMMIT OILFIELD SERVICES, LLC, and RYAN RICHARD WEST,** Respondents.	**ORDER OF DEFAULT OF SUMMIT OILFIELD SERVICES, LLC; RYAN RICHARD WEST; TOTAL RIG SERVICES, LLC; AND BLACK ROCK AGGREGATES, LLC** Case Nos.: **SD-2018-007** **SD-2018-008** **SD-2018-009** **SD-2018-010** **SD-2018-011** **SD-2018-012**

BY THE UTAH SECURITIES COMMISSION:

The Notice of Agency Action and the Order to Show Cause in this matter were issued by the Division on March 30, 2018. A prehearing conference was scheduled in this matter and was held on May 29, 2018. Ryan Richard West participated by telephone in the conference on his own behalf and for Total Rig Services, LLC, Black Rock Aggregates, LLC and Summit Oilfield Services, LLC. The Respondents named in this paragraph are hereafter sometimes referred to as the "Named Respondents."

The Named Respondents have failed to file responsive pleadings in this matter, though ordered to do so in the March 2018 Notice of Agency Action and at the May 2018 prehearing conference, in which Ryan Richard West participated. The Named Respondents were further

invited and reminded to file responsive pleadings by a June 19, 2018 email sent to the Named Respondents by the Assistant Attorney General representing the Division in this matter (*see* Exhibit "B" to Motion for Default).

No default is taken in this Order of Default as to DYAD Environmental, LLC or TTU Enterprises, LLC.

The Presiding Officer's Recommended Order on Motion for Default in this matter is hereby approved, confirmed, accepted and entered by the Utah Securities Commission.

ORDER

The Utah Securities Commission ("Commission") accepts the allegations outlined in the Order to Show Cause and finds that they are true. The Commission hereby orders that the default of the Respondents, Ryan Richard West, Total Rig Services, LLC, Black Rock Aggregates, LLC and Summit Oilfield Services, LLC is entered pursuant to this Order.

The Utah Securities Commission further orders that:

a. The Named Respondents cease and desist from engaging in any further conduct in violation of Utah Code Ann. §61-1-1 et seq.;

b. The Named Respondents are jointly and severally assessed a fine of $175,000.00 to be paid to the Utah Division of Securities within thirty (30) days of the entry of this order;

c. The Named Respondents are permanently barred from associating with any broker-dealer or investment adviser licensed in Utah; and

d. The Named Respondents jointly and severally shall pay restitution, on the date of the entry of this default, of $200,530.00, $70,000.00; $100,000.00 and $100,000.00 respectively to the individuals identified in the Order to Show Cause as W.M., J.R.,

B.N. and J.P. Such individuals are the investors and victims related to the securities violations of the Named Respondents.

DATED this ____ day of August, 2018.

UTAH SECURITIES COMMISSION:

Brent R. Baker

Brent A. Cochran

Gary Cornia

Peggy Hunt

Lyle White

NOTICE

Pursuant to U.C.A. §63G-4-209, a defaulted party may seek to have the agency set aside the default order, and any order in the adjudicative proceeding issued subsequent to the default order, by following the procedures outlined in the Utah Rules of Civil Procedure. A motion to set aside a default and any subsequent order shall be made to the presiding officer. A defaulted party may seek agency review under U.C.A. §63G-4-302, only on the decision of the presiding officer on the motion to set aside the default.

CERTIFICATE OF SERVICE

I hereby certify that on the 3rd day of August, 2018, the undersigned served a true and correct copy of the foregoing ORDER OF DEFAULT and of the FINDINGS OF FACT, CONCLUSIONS OF LAW AND RECOMMENDED ORDER OF DEFAULT by mailing copies by regular mail, postage prepaid, to:

TTU Enterprises, LLC
2060 Paddington Dr.
Park City, UT 84060

TTU Enterprises, LLC
ATT: MITCHELL COHEN
477 W 5200 N
PARK CITY, UTAH 84098

and by email on August ___, 2018, to

Ryan Richard West
Total Rig Services, LLC
Black Rock Aggregate, LLC
Summit Oilfield Services, LLC
ryan@westbingham.com

DYAD Environmental, LLC, through counsel
Christopher Bramhall
KIRTON MCCONKIE
ebramhall@kmclaw.com

Thomas M. Melton
Jennifer Korb
Assistant Attorneys General
tmelton@agutah.gov
jkorb@agutah.gov
Counsel for the Division

LeeAnn Clark
leeannclark@utah.gov

LeeAnn Clark