

ATTENDANCE

DIVISION OF SECURITIES

Tom Brady	Division Director
Sabrina Afridi	Administrative Assistant
Ken Barton	Manager of Compliance
Dave Hermansen	Manager of Enforcement
Bryan Cowley	Manager of Registration and Licensing
Chip Lyons	Securities Analyst
Francswai Grayson	Securities Analyst
Liz Blaylock	Investigator
Sean Fuller	Investigator

SECURITIES COMMISSION

Gary Cornia	Chair
Brent A. Cochran	Commissioner
Lyle White	Commissioner
Lyndon Ricks	Commissioner
Peggy Hunt	Commissioner

ASSISTANT ATTORNEY GENERALS

Robert Wing	Counsel for Division
Jen Korb	Counsel for Division
Paula Faerber	Counsel for Division

PUBLIC

Brittany Griffin (Absent)	Secretary/Treasurer, Utah Financial Empowerment Coalition
Susan Spiers	Co-chair, Utah Financial Empowerment Coalition
Peter Callister	Chief Operating Officer, Wayne Brown Institute DBA VentureCapital.Org
Trent Christensen	President, Wayne Brown Institute DBA VentureCapital.Org

WELCOME AND CALL TO ORDER

9:12 AM

Meeting commenced.

Chairman Gary Cornia

APPROVAL OF MINUTES

JAN 9, 2020

Commissioner Lyndon Ricks proposed some amendments to the minutes. Chairman Gary Cornia made a motion to approve the minutes as amended. Commissioner Lyle White seconded the motion.

✓ The motion was approved unanimously.

EDUCATION FUND EXPENDITURE REQUEST

BRYAN COWLEY

Commissioner Lyle White made a motion to approve the Division's request to expend education funds as outlined in the information presented at the meeting and Commissioner Brent Cochran seconded the motion.

✓ The Commission approved the Education Fund Expenditure Request.

GRANT REQUESTS

Utah Financial Empowerment Coalition

Susan Spiers presented the grant request that was submitted for \$15,000.

Commissioner Brent Cochran made a motion to approve the \$15,000 request and Commissioner Peggy Hunt seconded the motion.

✓ The \$15,000 grant request from Utah Financial Empowerment Coalition was unanimously approved by the Commission, pending final approval from the Executive Director.

Wayne Brown Institute DBA VentureCapital.Org

Trent Christensen and Peter Callister presented the grant request that was submitted for \$40,000.

After questions and discussion, Commissioner Lyndon Ricks made a motion to approve the grant request at the reduced amount of \$10,000 and Commissioner Lyle White seconded the motion.

✓ A grant request from VentureCapital.Org in the amount of \$10,000 was unanimously approved by the Commission, pending final approval from the Executive Director.

DIRECTOR'S REPORT

DIRECTOR TOM BRADY

Personnel

Director Tom Brady began the report with an update on the Division's personnel. Beginning with, the resignation of (former) Investigator, Aaron Jaynes. Mr. Jaynes was a valued employee who resigned due to relocating to Florida. Director Brady explained how the Division is taking appropriate precautions to mitigate the risk of Coronavirus (COVID-19) such as: postponing the filling of the vacant Investigator position, implementing telework which is in line with President Trump's recommendation that group gathering shall be no more than 10 people, and implementing staggered scheduling which allows the staff to practice social distancing. In doing so, it has expedited the pilot telework program, which is sponsored by the Governor's office.

Legislation

Director Brady concluded the report with a final update on House Bill 162, discussing ongoing efforts with Senator Dan Hemmert and Representative (and chief sponsor of the legislation), Mike McKell. House Bill 162 consist of 4 main amendments to the Divisions statute:

- 1) Investment Advisor services – clarifies that only those licensed as such, should hold themselves out or imply that they're engaged in investment advisory services.
- 2) Amended definition of elder abuse – clarified ambiguities.

- 3) Updated citation to the Dodd Frank bill that had been amended.
- 4) Fine amounts – adds to the list of factors the Commission may consider when determining a fine amount for those who have been found to have violated the Securities Act. The Commission can now consider-how much the violator has been benefited by violating the Act.

SECTION REPORTS

COMPLIANCE

KEN BARTON

2019 YTD Exam Statistics

Ken Barton began the Compliance report by explaining exams are related to securities licensed entities and agents.

- 9 compliance examinations as follows: 8 were for-cause (exams) and opened as a result of investor complaint or Regulatory Agency Referral, and 1 routine examination. Lastly, 1 new Investment Adviser licensing approval exam thus, total exams initiated year-to-date is 10.

Administrative Action Updates

Mr. Barton concluded the Compliance report by explaining the 7 Administrative Actions the Compliance section is currently working on:

- 1 completed action involved settling of the matter of: One for the Money Financial and Stephen A. Ashton.
- 4 proposed Administrative Actions involving Securities licensees are in the drafting stage
- 2 proposed Orders that that are on the agenda for this meeting.

ENFORCEMENT

DAVE HERMANSEN

Training

Mr. Hermansen began the Enforcement report by discussing 3 different training opportunities that are currently postponed due to coronavirus.

- 1) Commodity Futures Training Commission (CFTC) and Commodity Exchange Act – a volunteer offered a training to all of the Divisions staff.
- 2) Prosecutors from Utah County task force offered training on communications fraud and theft.
- 3) Assistant United States Attorneys who prosecute securities fraud at the Department of Justice, offered a training.

Administrative Actions

Mr. Hermansen began the Enforcement report by discussing the status of Administrative Actions as follows:

- 55 Administration Actions under investigation.
- 26 Administration Actions are in the que, pending investigation.
- 7 Order to Show Cause Administrative Actions that are currently outstanding.
- 9 Order to Show Cause Administrative Actions that are currently stayed due to the pending outcome of criminal charges.
- 8 Order to Show Cause Administrative Actions that are currently in the drafting phase.

Complaints

Mr. Hermansen concluded the Enforcement report by explaining how complaints have decreased due to coronavirus.

REGISTRATION AND LICENSING

BRYAN COWLEY

Bryan Cowley began the Registration and Licensing report by discussing registration fees for licensing individuals

- Fiscal year 2019 the Division collected approximately \$8.5 million in registration fees for licensed individuals and a noteworthy fact Mr. Cowley mentioned was, the State of Utah waived registration fees for 23 active duty Military individuals.
- Fiscal year 2019, 527 individual applicants have been escalated for further review.
- Division's fiscal year 2019 goal was to complete applicant reviews within 30 days of receipt. This goal is measured upon on the Governor's Office of Management and Budget. Thus, during the fiscal year of 2019, 92% of applicant reviews were completed within 30 days.

CONSIDERATION AND APPROVAL OF PROPOSED ORDERS

10:21 AM

In the matter of: Accelerated Wealth, LLC, and Accelerated Wealth Group, LLC | SD-17-0021 and SD-17-0022 Default Order | Presenter: Jen Korb

Prior to Ms. Korb presenting the proposed Order, she noted for the record this Order only pertains to: Accelerated Wealth, LLC, and Accelerated Wealth Group, LLC, along with the corresponding docket numbers.

Under this Order, the Respondent Entities are ordered to cease and desist from engaging in any further conduct in violation of Utah Code Ann. or any other section of the Utah Uniform Securities Act. The Respondent Entities are permanently barred from associating with any broker-dealer or investment adviser licensed in Utah, and from being licensed in any capacity in the securities industry in Utah.

After discussion, Commissioner Lyle White made a motion to approve the Order and Commissioner Lyndon Ricks seconded the motion.

✓ The Commission approved the Order unanimously.

In the matter of: Eric Dunbar Johnson, CRD #2384891 | SD-18-0025 Stipulation and Consent Order | Presenter: Francswai Grayson

Mr. Johnson agreed to this Proposed Order which had been signed by his counsel, Randall Marshall. Under this Order, Mr. Johnson neither admits nor denies the Division's Findings of Facts and Conclusions of Law. Mr. Johnson 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. Mr. Johnson agrees to be barred from associating with any broker-dealer or investment adviser licensed in Utah; from acting as an agent for any issuer soliciting investor funds in the state of Utah; and from being licensed in any capacity in the securities industry in Utah. Under this Order, Mr. Johnson agrees to pay the Division \$18,000 pursuant to the terms set forth in ¶ 51.

After discussion, Commissioner Lyle White made a motion to approve the Order and Commissioner Brent Cochran seconded the motion.

✓ The Commission approved the Order unanimously.

In the matter of: Christopher Bradley Erwin | SD-18-0027 Stipulation and Consent Order | Presenter: Francswai Grayson

Mr. Erwin agreed to this Proposed Order. Under this Order, Mr. Erwin neither admits nor denies the Division's Findings of Facts and Conclusions of Law. Mr. Erwin 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. Mr. Erwin agrees to be barred from associating with any broker-dealer or investment adviser licensed in Utah; from acting as an agent for any issuer soliciting investor funds in the state of Utah; and from being licensed in any capacity in the securities industry in Utah. Under this Order, Mr. Erwin agrees to pay the Division \$2,500 pursuant to the terms set forth in ¶ 41.

After discussion, Commissioner Peggy Hunt made a motion to approve the Order and Commissioner Brent Cochran seconded the motion.

✓ The Commission approved the Order unanimously.

**In the matter of: Empire Energy and Spencer Kent Barton | SD-19-0001 and SD-19-0002
Stipulation and Consent Order | Presenter: Francswai Grayson**

Respondents, Empire Energy and Mr. Barton agreed to this Proposed Order. Under this Order, Respondents neither admit nor deny the Division's Findings of Facts and Conclusions of Law. 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. Respondents agree to be barred from associating with any broker-dealer or investment adviser licensed in Utah; from acting as an agent for any issuer soliciting investor funds in the state of Utah; and from being licensed in any capacity in the securities industry in Utah. Ordered in the Criminal Action, Respondents agree to pay \$155,610.68 (plus interest) in restitution. Under this Order, Empire Energy and Mr. Barton agree to pay the Division \$175,000 pursuant to the terms set forth in ¶ 63.

After discussion, Commissioner Lyndon Ricks made a motion to approve the Order and Commissioner Peggy Hunt seconded the motion.

✓ The Commission approved the Order unanimously.

**In the matter of: Divvee Social, Inc. and Darren Olayan | SD-19-0029 and SD-19-0030
Stipulation and Consent Order | Presenter: Francswai Grayson**

Respondents, Divvee Social and Mr. Olayan agreed to this Proposed Order. Under this Order, Respondents neither admit nor deny the Division's Findings of Facts and Conclusions of Law. 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. Respondents agree to be barred from associating with any broker-dealer or investment adviser licensed in Utah; from acting as an agent for any issuer soliciting investor funds in the state of Utah; and from being licensed in any capacity in the securities industry in Utah. Under this Order, Divvee Social and Mr. Olayan agree to pay the \$545,000 in restitution to the investor pursuant to the terms set forth in ¶ 54 and \$50,000 fine to the Division pursuant to the terms set forth in ¶ 55.

After discussion, Commissioner, Peggy Hunt made a motion to approve the Order and Commissioner Brent Cochran seconded the motion.

✓ The Commission approved the Order unanimously.

**In the matter of: Stanley B. Secor, CRD #1982414 | SD-19-0036
Stipulation and Consent Order | Presenter: Chip Lyons**

Mr. Secor agreed to this Proposed Order which had been signed by his counsel, Mark W. Pugsley. Under this Order, Mr. Secor neither admits nor denies the Division's Findings of Facts and Conclusions of Law. Mr. Secor 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. Mr. Secor agrees to be barred from associating with any broker-dealer or investment adviser licensed in Utah; from acting as an agent for any issuer soliciting investor funds in the state of Utah; and from being licensed in any capacity in the securities industry in Utah. Under this Order, Mr. Secor agrees to pay the Division \$25,000 pursuant to the terms set forth in ¶ 110.

After discussion, Commissioner Peggy Hunt made a motion to approve the Order and Commissioner Brent Cochran seconded the motion.

✓ The Commission approved the Order unanimously.

**In the matter of: Solium Financial Services, LLC, CRD#147933 | SD-20-0010
Stipulation and Consent Order | Presenter: Chip Lyons**

Respondent Entity, Solium Financial Services agreed to this Proposed Order. Under this Order, Respondent Entity neither admits nor denies the Division's Findings of Facts and Conclusions of Law. Respondent Entity 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. Respondent Entity agrees to be barred from associating with any broker-dealer or investment adviser licensed in Utah; from acting as an agent for any issuer soliciting investor funds in the state

of Utah; and from being licensed in any capacity in the securities industry in Utah. Under this Order, the Division imposes the following fines that the Respondent Entity agrees to pay: \$15,300.16 and \$1,000 pursuant to the terms set forth in ¶ 4 and ¶ 5.

After discussion, Commissioner Lyndon Ricks made a motion to approve the Order and Commissioner Lyle White seconded the motion.

✓ The Commission approved the Order unanimously.

MOTION TO ADJOURN

11:00 AM

Chair, Gary Cornia called for a motion to adjourn the meeting. The next scheduled Securities Commission Meeting is May 7, 2020.

PENDING

APPROVED: _____

GARY CORNIA, CHAIR

DATE

PENDING