



UTAH DIVISION OF SECURITIES
SECURITIES COMMISSION MEETING | PENDING MEETING MINUTES
OCTOBER 7, 2020 | 9:00 AM – 10:19 AM

ATTENDANCE

SECURITIES COMMISSION

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

DIVISION OF SECURITIES

Jason Sterzer	Acting Director
Sabrina Afridi	Administrative Assistant
Ken Barton	Manager of Compliance
Dave Hermansen	Manager of Enforcement
Bryan Cowley	Manager of Registration and Licensing
Karen McMullin	Investor Education Coordinator
Francswai Grayson	Securities Analyst
Chip Lyons	Securities Analyst

ASSISTANT ATTORNEY GENERALS

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

DEPARTMENT OF COMMERCE

Bruce Dibb	Administrative Law Judge
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WELCOME AND CALL TO ORDER

9:00 AM

Chairman Cornia commenced the Securities Commission meeting.

APPROVAL OF AUG 6, 2020 MINUTES

Commissioner Brent Cochran made a motion to approve the Minutes and Commissioner Lyndon Ricks seconded the motion.

✓ The motion was approved unanimously.

DIRECTOR'S REPORT | JASON STERZER

9:04 AM

Acting Director Jason Sterzer began the Director's report by acknowledging the departure of former Director Thomas A. Brady. Mr. Sterzer further expressed that Mr. Brady was a great leader, colleague, and friend. Mr. Brady's last day with the Division was August 27, 2020. Mr. Sterzer explained that he will maintain his current role as Director of the Division of Corporations and Commercial Code while serving as the Acting Director to the Division of Securities until a Director has been appointed. Acting Director Sterzer announced the Division's most recent new hire, Cidne Orchard. Ms. Orchard's first day as an Enforcement Investigator was October 6, 2020. Ms. Orchard is a University of Utah graduate and previously worked for the Securities Division from 1998-2006 as a License Examiner. Mr. Sterzer concluded his report with a review of the current vacancies including an Examiner and an Investigator position. Afterwards, Chairman Cornia on behalf of the Commission offered their thanks and professional gratitude to former Director Brady on his exceptional job, specifically during the pandemic.

SECTION REPORTS

9:09 AM

Compliance | Ken Barton

2020 Year-to-date Exam Statistics

Ken Barton began the Compliance report by explaining exams related to securities licensed entities as well as agents: The total YTD exams Compliance completed for 2020 is 39.

→ 38 compliance examinations as follows: 16 for-cause exams opened because of an investor complaint or Regulatory Agency referral, and 22 routine examinations. Lastly, 1 new Investment Adviser licensing approval exam.

Mr. Barton concluded the Compliance report with Administrative Action updates as follows:

→ Presenting Proposed Stipulation and Consent Order, in the matter of, Todd Seeholzer.

→ Brandon Stimpson (Respondent), currently discussing a proposed settlement subject to Commission approval and a hearing in the event a settlement agreement is not reached.

→ 3 examinations are currently in the drafting stage, pending an Administrative Action.

→ 3 exams have been screened criminally, pending indictment decisions.



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Enforcement | Dave Hermansen

Mr. Hermansen began the Enforcement report with extending an additional welcome to Ms. Orchard. Then discussed the Enforcement's complaints and case load as follows:

- 2 civil actions.
- 35 cases are under investigation; 2 of which are a joint investigation with other States.
- 23 cases are in the que (backlogged).
- 3-4 Order to Show Cause's (OSC's) are in the que to be drafted.

Mr. Hermansen concluded the Enforcement report with updates on criminal actions and cases as follows:

- 29 cases are being screened by prosecutors which represents 41 individuals.
- Attorney General's office has 13 cases. Attorney General's office.
- Department of Justice (DOJ) has 15 cases.
- Davis County, Salt Lake County and Cache County each have a case (3 total).
- Jersey sentencings with take place at the end of October 2020 and November 2020.
- Denise Rust has entered a guilty plea and will serve her sentence in February 2021.

Investor Education | Karen McMullin

Ms. McMullin began the Investor Education report by providing an update for events, which have either been canceled, postponed, or rescheduled due to the COVID-19 pandemic and social distancing restrictions. The events are as follows:

- AARP sponsored 2 events (canceled due to the current nature of the pandemic)
- Utah Retirement Systems (URS) sponsored 4 events (canceled due to the current nature of the pandemic).
- The Financial Planning Association invited the Division of Securities to speak at their (virtual) annual Symposium. The Symposium consisted of industry professionals throughout the State of Utah and provided an opportunity to update licensees on compliance standards and best practices.
- The Director of a Salt Lake County Senior Center contacted the Division for assistance with a drive-by lunch event for the seniors in the community. Division prepared 30 packets of Investor Education material, complete with pens and a Department of Commerce expo bag.
- The Utah Financial Empowerment Coalition is sponsoring a virtual conference: "Women in the Money," the Division will be hosting. The conference is scheduled for October 9, 2020, for more information visit www.womeninthemoney.org.
- Dixie State University's (DSU's) Women's Resource Center is hosting an online seminar: "Women & Money: Earn, Save and Invest." Florence Bacabac, Director and Professor with DSU's Resource Center, requested a presentation from the Division. The online seminar is scheduled for Wednesday, November 4, 2020.

Licensing and Registration | Bryan Cowley

Mr. Cowley began the Licensing and Registration report by discussing how continuity of the Registered Investment Advisors (RIAs), application process was successfully maintained after COVID-19. Mr. Cowley explained how the priority is to encourage "would-be" licensees to consult with an attorney, then to contact the Division of Securities for assistance with regulatory matters, as needed. Mr. Cowley concluded his report by describing the federal requirements and regulations and compared them to the state requirements and regulations.



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EDUCATION FUND EXPENDITURE REQUEST

9:41 AM

Bryan Cowley

Commissioner Lyle White made a motion to approve the request and Commissioner Peggy Hunt seconded the motion.

✓ The Commission approved the Education Fund Expenditure Request unanimously.

CONSIDERATION AND APPROVAL OF PROPOSED ORDERS

9:50 AM

In the matter of: Todd Seeholzer | SD-20-0031

Stipulation and Consent Order | Presenter: Chip Lyons

Mr. Seeholzer agreed to the Proposed Order and under this Order, Mr. Seeholzer neither admits nor denies the Division's Findings and Conclusions. Mr. Seeholzer agrees to cease and desist from violating the Act and comply with the requirements of the Act in all future business in the State. Mr. Seeholzer 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. Mr. Seeholzer agrees to pay the Division a total fine of \$110,000 pursuant to Utah Code Ann. §61-1-20, consideration of the factors set forth in Utah Code Ann. §61-1-31, and pursuant to the terms set forth in paragraph 75 of the Proposed Order.

Commissioner White made a motion to approve the Order and Commissioner Hunt seconded the motion.

✓ The Commission unanimously approved the Order.

In the matter of: Ship Group Inc and Thomas R. Sanford | SD-20-0010 and SD-20-0012

Stipulation and Consent Order | Presenter: Francswai Grayson

Mr. Sanford and Ship Group agreed to the Proposed Order and under this Order, Mr. Sanford and Ship Group neither admit or denies the Division's Findings and Conclusions. Mr. Sanford and Ship Group agree to cease and desist from violating the Act and comply with the requirements of the Act in all future business in the State. Mr. Sanford and Ship Group 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. Mr. Sanford and Ship Group agree to pay the Division a total fine of \$80,000 within six months of the Commission's approval of the Order: pursuant to Utah Code Ann. §61-1-20, consideration of the factors set forth in Utah Code Ann. §61-1-31, and pursuant the terms set forth in paragraph 64 of the Proposed Order.

Commissioner White made a motion to approve the Order and Commissioner Cochran seconded the motion.

✓ The Commission unanimously approved the Order.

In the matter of: Blake D. Young | SD-20-0009

Stipulation and Consent Order | Presenter: Francswai Grayson

Mr. Young agreed to the Proposed Order and under this Order, Mr. Young neither admits nor denies the Division's Findings and Conclusions. Mr. Young agrees to cease and desist from violating the Act and comply with the requirements of the Act in all future business in the State. Mr. Young 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. Mr. Young agrees to pay the Division a total fine



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of \$105,000: pursuant to Utah Code Ann. §61-1-20, consideration of the factors set forth in Utah Code Ann. §61-1-31, and pursuant the terms set forth in paragraph 49 of the Proposed Order.

Commissioner Hunt made a motion to approve the Order and Commissioner Cochran seconded the motion.

✓ With discussion from Commissioner Hunt and Commissioner White, the Commission unanimously approved the Order.

In the matter of: Paul N. Jensen | SD-20-0008

Stipulation and Consent Order | Presenter: Francswai Grayson

Mr. Jensen agreed to the Proposed Order and under this Order, Mr. Jensen neither admits nor denies the Division's Findings and Conclusions. Mr. Jensen agrees to cease and desist from violating the Act and comply with the requirements of the Act in all future business in the State. Mr. Jensen 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. Mr. Jensen agrees to pay the Division a total fine of \$26,500 pursuant to Utah Code Ann. §61-1-20 and the terms set forth in paragraph 49 of the Proposed Order.

Commissioner White made a motion to approve the Order and Commissioner Ricks seconded the motion.

✓ With discussion from Commissioner White, the Commission unanimously approved the Order.

MOTION TO ADJOURN

10:19 AM

Chairman Cornia, called for a motion to adjourn the meeting. Commissioner Hunt made the motion and Commissioner Cochran seconded the motion.

✓ The Commission unanimously voted to adjourn the meeting.

The next scheduled Securities Commission meeting is on, January 7, 2021.

APPROVED: _____

GARY CORNIA, CHAIR