Utah Securities Commission
August 14th 2013
Room 403 – 9:00 AM
Agenda

	Welcome & Call to Order	Erik Christiansen
Tab 1	**Approval of May 30th, 2013 Minutes**	Erik Christiansen
	Director's Report Update on Budget Schedule for future Commission Meetings	Keith Woodwell
	Section Reports	
	a. **Licensing & Compliance Section**	Ken Barton
	b. **Corporate Finance Section**	Benjamin Johnson
	c. **Enforcement Section**	Dave Hermansen
	Investor Education Update	Karen McMullin
Tab 2	**Education and Training Fund Report**	Benjamin Johnson
Tab 3	**Grant Request: Working in Support of Education, Inc.**	Keith Woodwell
	Wayne Brown Institute	
	Ever Fi	
	Jump Start : Financial Smarts for Utah Students	
	Consideration and Approval of Proposed Orders	
Tab 4	**Benjamin D. Larsen**	Ken Barton
Tab 5	**Fourth Dimension Financial Group** **Richard Clark Johnson III**	Dave Hermansen
Tab 6	**Bradley Garth Green**	Dave Hermansen
Tab 7	**Blue Sovereign, LLC;** **Cartlan, LLC;** **Brett Jason Cobb**	Dave Hermansen
Tab 8	**Jeffrey Steven Hall** **J & K Lending, Inc.**	Dave Hermansen
Tab 9	**Colt Technologies, LLC** **Tali James Haleua**	Dave Hermansen
Tab 10	**David Rodney Crosby**	Dave Hermansen

In compliance with the Americans with Disabilities Act, individuals needing special accommodations (including auxiliary communicative aids and services) during this meeting should notify Maria Skedros, ADA Coordinator, Division of Securities, P O Box 146760, 160 E 300 S, Salt Lake City, Utah 84114-6711, Phone (801) 530-6436, at least three working days prior to the meeting.

Utah Securities Commission
Meeting Minutes
May 30, 2013

Division of Securities Staff Present
Keith Woodwell, Division Director
Ken Barton, Licensing and Compliance Director
Dave Hermansen, Enforcement Director
Benjamin Johnson, Corporate Finance Director
Karen McMullin, Investor Education Coordinator
Maria Skedros, Commission Secretary
Chip Lyons, Securities Analyst
Ann Skaggs, Securities Analyst
Brandon Henrie, Securities Examiner
Tara Pincock, Law Clerk
Kristi Wilkinson, Securities Investigator
Heidie George, Securities Examiner
Adam Sweet, Securities Investigator
Nadene Adams, Administrative Assistant
Sheila Thomas, Securities Examiner

Other State of Utah Employees:
Francine Giani, Executive Director, Department of Commerce
Jennie Jonsson, Administrative Law Judge, Department of Commerce
Paul Amann, Assistant Attorney General
Tom Brady, Deputy Director, Department of Commerce
Jennifer Bolton, Public Information Officer, Department of Commerce
Laura Polacheck, AARP Utah

Commissioners Present
David Russon, Investment Management Consultants
Gary Cornia, Brigham Young University
Tim Bangerter, Bangerter Financial Group
Erik Christiansen, Parsons Behle& Latimer
Brent Baker, Clyde Snow & Sessions

Commissioners Absent
None

Public Present:
Sam Bell, attorney for Jared Brent Muir
Jalyn Peterson, attorney for Jared Brent Muir

Oath of Office: Administrative Law Judge Jennie Jonsson administered the Oath of Office to Commissioners David Russon and Gary Cornia.

Minutes: At 9:05 am, the meeting was called to order and Commissioner Christiansen made the motion to approve the minutes from the March 28th, 2013 Commission meeting. Commissioner Tim Bangerter seconded the motion; and the motion was approved unanimously.

Oral Argument for the Division's Motion for Default Judgment Against Jared Brent Muir: Administrative Law Judge Jennie Jonsson, Division's Counsel Paul Amann, Opposing Counsel Jalyn Peterson & Sam Bell.

Action: The Commission heard oral arguments from counsel for the Division and counsel for Mr. Muir on both the Division's motion to strike the affidavit of Jared Brent Muir and the Division's motion for Default Order against Jared Brent Muir. Judge Jonsson also addressed the Commission regarding the status of the case and the pending motions. The Commission decided to take the motions under advisement and issue a written decision at a later date.

Joshua Dyches & Dymond Capital- Recommended Order on Default-Conference Call: Mr. Dyches represented himself and participated in oral arguments on the Division Motion for Entry of Default Judgment via telephone. This case has previously been heard by the Commission when a Proposed Stipulation and Consent Order was presented to Commission at the May 2012 Securities Commission Meeting. The Proposed Stipulation and Consent Order was rejected by the Commission in May 2012 due to an inadequate fine amount. Following that meeting, the Division filed an Order to Show Cause in December 2012. Ms. Skaggs explained that Mr. Dyches has had three opportunities to respond to the allegations against him in the Order to Show Cause, and with repeated warnings of the potential consequences, Mr. Dyches has failed to respond. Mr. Dyches addressed the Commission regarding the reasons he had not filed any response to the Order to Show Cause. Commissioner Christiansen questioned Mr. Dyches regarding his efforts to hire an attorney to represent him in this matter. Commissioner Christiansen asked the other Commissioners if they were prepared to rule on the Motion for Default.

Action: Commissioner Baker made a motion to approve the proposed default order and Commissioner Cornia seconded the motion. The motion passed unanimously.

Director's Report: Director Woodwell thanked Commissioner Polacheck for her nine years of service on the Commission and its predecessor, the Securities Advisory Board. Director Woodwell reported that the Securities Investor Education, Training and Enforcement Fund had a balance of $294,000 as of May 4th, 2013. The trend continues to be slightly negative but it appears to have leveled. Division staffing: The Division has a new law clerk: Tara Pincock, who previously worked as a clerk in the local SEC office, she recently graduated from the U of U law school. Mr. Paul Amann is the Division's new Assistant Attorney General. Securities Investigator Nadia Bowman will be leaving the Division in July to pursue a Ph. D. in economics. The Division will be hiring a new investigator in the upcoming weeks. Meeting Schedules: The Securities Commission Meeting scheduled for July 25th will be postponed to August 14th & 15th, due to holidays and conflicting schedules. Future Commission Meetings are scheduled for September

26th 2013, and December 5th, 2013. General Financial Literacy Task Force: A bill that passed during the last Legislative Session created the General Financial Literacy Task Force. The purpose of this task force is to look at the requirements we currently have in the Utah high school curriculum for a one semester financial literacy course and make recommendation on any necessary changes. The Division has supported other programs within the school system and with other nonprofit organizations to provide support to the schools financial literacy efforts. Director Woodwell will be participating on the task force and will keep the Commission informed of its progress.

Licensing & Compliance Section Report: Ken Barton reported that in April and May the Licensing & Compliance Section initiated eighteen new audits. There were seven new investment Adviser Firm Audits, five For Cause Audits, follow-up on complaints and six routine Compliance Field Audits. Year to date, this section has originated forty-seven new audits and there are six administrative actions in progress. Four actions have settlement agreements pending before the Commission, one action is in settlement negotiations, and one action is Stayed pending a criminal referral. There are five criminal actions in progress, three cases where criminal charges have been filed, one case pending the Attorney Generals office's decision to file charges, and one case is scheduled to be screened criminally with Weber County District Attorney. April 1st was the deadline for all state covered investment advisers operating on a December 31st fiscal year end to file their required annual amendments. The new rules and state covered advisers are due to the Dodd-Frank regulations that became effective in July 2012. Because of this, many advisers needed the Division's assistance to comply with the changes. The Division sent a total of 111 letters to Investment Adviser firms doing business in Utah that either failed to timely file or filed incomplete annual amendments. Thirteen firms filing annual amendments had material changes to their operations requiring the Division's review.

Corporate Finance Section Report: Benjamin Johnson reported that filing totals for this year compared to last year are fairly flat. There has been a reduction of 1% of total filings. Rule 506 offerings and mutual funds are essentially flat. During the recent NASAA Spring Conference, which Director Woodwell attended, NASAA has retained a firm to assist them to create the new electronic Rule 506 Notice Filings systems. Utah has informed this firm that we want to be a part of the beta testing process so we can familiarize ourselves with the changes.

Enforcement Section Report: Dave Hermansen reported that there are thirty-three active investigations that include other State and Federal agencies. There are twenty-three criminal cases that are in various stages with various prosecutors throughout the State, most of those have charges already filed. There are 12 unassigned cases. In the last two months, enforcement section cases have resulted in two criminal filings. The first is Maverick Mining/ Mark Bowman/Manley Logan. The second is CEMA Group/Michael Hansen/Kenneth Day. In the last two months the section has referred cases for screening on five other cases in Wasatch County and Salt Lake County.

Investor Education Report: Karen McMullin reported that the Division participated in eighteen Investor Education events in April and May of 2013. This was an all-time high number of events in a two-month period. The audiences were diverse, ranging from university students, Rotary and Kiwanis Club members, AARP members, caregivers of the elderly, insurance and financial professionals, seniors in downtown Salt Lake City and Southern Utah, high school students and expo attendees.

For June, July and August there are presently twelve events scheduled including events with new partners such as the Utah Elementary and Secondary School Principals Associations and Bear Lake Raspberry days' festival. The Division has scheduled events with continuing partners such as AARP, Division of Aging and Adult Services and Division of Indian Affairs. Events for the Fall of 2013 are being scheduled including six large expos and two conferences in 2014.

There has been a lot of discussion about annuities, a regulatory responsibility the Division shares with the Department of Insurance. This has resulted in creating a brochure for use at events explaining how an annuity works and the Division's role in the regulation of such products.

The response to the new expo display continues to be extremely positive. It stands out as a place to stop and learn. The display helps to define the Division as a State agency and generally, people are willing to stop and ask questions, take the survey and learn more about the Division.

The Investor Education Survey, found on the Division's website, has been an incredible addition to our ability to educate the public in a short period of time at events. Currently, the Division is in the process of analyzing the results of approximately 409 surveys. The Division has collected 142 email addresses and is currently compiling the first edition of the Investor Education newsletter titled "Investor News".

Education and Training Fund Report: Benjamin Johnson reported that the investor education section has requested additional resources for upcoming presentations. Mr. Johnson and Director Woodwell reviewed the line items in the report with the Commission.

Action: Commissioner Bangerter made a motion to approve the proposed expenditures and Commissioner Russon seconded the motion. The motion passed unanimously.

Consideration and Approval of Proposed Orders:

Conestoga Settlement Trust, Conestoga Settlement Services, LLC, Michael C. McDermott, Walter C. Young, Creative Wealth Designs, LLC, Dayspring Financial, LLC, and Michael Woods**:** Ken Barton reported that Conestoga Settlement Trust was an issuer of life settlement private placement offerings. There had been sales of Conestoga's offering in Utah in August 2010. Three Conestoga Settlement Trust sales in Utah totaled $255,000.00. A 20% commission, totaling $51,000.00 was paid on the transaction. The commissions were not fully disclosed in the offering documents at the time of the solicitation and sale. **Walter Young**, the agent selling the Conestoga offering was not securities licensed in Utah or any other state. Other issuer agents, **Michael McDermott** and **Michael Woods**, received a portion of the commissions however were not aware the entities and agents were not properly licensed at the time of the solicitation and sale. The violations include: 1) Omissions of material facts with the offer and sale by the Issuer (Conestoga Settlement Trust), Issuer Manager (Conestoga

Settlement Services), Mr. McDermott, the issuer agent, Mr. Young, the issuer's sales agent and Creative Wealth Designs, Young's firm. 2) Issuer Agents McDermott, Young, Woods and acting broker-dealers firms Creative Wealth Design and Dayspring Financial engaged in unlicensed activities. 3) The issuer Conestoga Settlement Trust and the issuer's manager Conestoga Settlement Services also engaged in unlicensed activities.

The Stipulation & Consent order includes that the Utah investors will be given the right to rescind all transactions; the $51,000.00 in commissions will be disgorged back to the issuing trust, Conestoga Settlement Trust, Conestoga Settlement Services, and Mr. McDermott will jointing and severally pay a $20,000.00 fine to the Division, and Mr. Young and Creative Wealth will jointly and severally pay a $5,000.00 fine to the Division.

Commissioner Christiansen recused himself for reasons of familiarity with the case. Commissioner Brent Baker made a motion to approve the proposed order and Commissioner David Russon seconded the motion. The motion passed unanimously.

Markham L. Caldwell: Ken Barton reported that **Mr. Markham L. Caldwell** is a licensed Insurance Agent in the State of Utah. From 1997 to 2002, Mr. Caldwell was licensed in securities with a broker-dealer firm. In 2002, Mr. Caldwell's employer, a broker-dealer firm, terminated him for engaging in private securities transactions without the firm's approval. Mr. Caldwell was charged with a third degree felony for the sale of unregistered securities. The criminal charges were dismissed as part of a Plea in Abeyance agreement. Administratively, Mr. Caldwell was fined and suspended by the Utah Securities Division.

The Division found that Mr. Caldwell was also an insurance agent with Horizon Financial Insurance Group, Inc., an entity owned by Mr. Dee Randall. Mr. Randall and other entities at Horizon Financial have Stayed Administrative Action for securities fraud with the Division pending a criminal action.

Mr. Caldwell referred one insurance client and his beneficiaries to Mr. Randall for the purchase of private placement securities in the form of "Horizon Notes". Mr. Caldwell received compensation for the "notes" sale.

The Division concludes Mr. Caldwell was not licensed to sell securities such as the "Horizon Notes", and Mr. Caldwell is in violation for operating as an unlicensed agent.

The Division asks for the Securities Commission to approve the following sanctions: 1) Mr. Caldwell disgorges $7,000.00 in commissions received to the Randall/Horizon bankruptcy trustee to repay investors; 2) Mr. Caldwell pays a $5,000.00 fine to the Division of Securities and 3) Mr. Caldwell agrees to not seek a securities license in the State of Utah in the future.

Commissioner Christiansen recused himself from consideration of this case due to his law firm being involved and his personal knowledge of the details in this case. Commissioner Brent Baker made the motion to approve the proposed order and Commissioner David Russon seconded the motion. The motion passed unanimously.

Scott Steinmetz: Ken Barton reported that **Mr. Scott Steinmetz** is a licensed insurance agent in Utah, and has never been licensed in securities.

The Division found that Mr. Steinmetz was an insurance agent with Horizon Financial Insurance Group, Inc., an entity owned by Mr. Dee Randall. Mr. Randall and other entities at Horizon Financial have Stayed Administrative Action for securities fraud with the Division pending a criminal action.

From 2005 to 2009 Mr. Steinmetz referred eleven (11) insurance clients to Mr. Randall for the purchase of private placement securities in the form of "Horizon Notes" totaling $517,000.00. Mr. Steinmetz received approximately $6,600.00 in compensation for sale of the "notes".

The Division concludes Mr. Steinmetz was not licensed to sell securities such as the "Horizon Notes", and Mr. Steinmetz is in violation for operating as an unlicensed agent.

The Division asks for the Securities Commission to approve the following sanctions: 1) Mr. Steinmetz disgorges $6,600.00 in commissions received to the Randall/Horizon bankruptcy trustee to repay investors and 2) Mr. Steinmetz pays a $3,000.00 fine to the Division. A proposed payment plan for Mr. Steinmetz will be a $5,000.00 fine to be paid within 30 days of the Order's approval then the remaining $1,600.00 in disgorged commissions and $3,000.00 fine can be paid out over 24 payments ($191.66/month=$4,599.84).

Commissioner Christiansen recused himself from consideration of this case due to his law firm being involved and his personal knowledge of the details in this case. Commissioner David Russon made the motion to approve the proposed order and Commissioner Brent Baker seconded the motion. The motion passed unanimously.

Jeffrey Kahn: Ken Barton reported that in 2008 **Mr. Jeffery Kahn** was an investment adviser representative for RJR Investment Services, as a federally covered investment adviser. As a result of the new Dodd-Frank regulations, RJR was switched from a federally covered adviser to a state covered adviser in August of 2012.

During the Divisions review of RJR's investment adviser application, it was discovered that Mr. Kahn had never been licensed as an investment adviser representative. In addition, the audit uncovered that Mr. Kahn had attempted to negotiate a referral fee agreement, compensating himself as an individual, without the approval of RJR's other principals. Mr. Kahn acted as an unlicensed advisor, and engaged in an act, practice or course of business which operates or would operate fraudulently.

The Division submits the following sanctions for the Securities Commission to approve 1) Kahn admits to the unlicensed activity, neither admits or denies the Division's other conclusions and 2) Mr. Kahn pay a $7,000.00 fine to the Division.

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

Profitable Solution, Executive Capital Funding, LLC, PS1 Group, LLC, Timothy V. Provost, LH Solutions: Dave Hermansen reported in December of 2011 a Notice Of Agency Action was sent to the Respondent and his attorney Mr. Bautista. The Respondent did respond and participated in a scheduling conference. However, nothing came of the conference. At that time a hearing date was established. On March 19, 2013, counsel for the Division of Securities filed a motion requesting a new date for a scheduling conference. On March 22, 2013, the matter was reassigned to the current presiding officer. On March 26th, the presiding officer sent an email to Mr. Bautista asking if he would be available to participate in an April 9, 2013 initial hearing. Mr. Bautista did not respond. On March 29th, 2013 a scheduling order was placed setting an initial hearing for April 9th, 2013 and stating that failure to attend would constitute grounds for entry of a Default Order against the Respondent. The scheduling order was sent to the Respondent and his lawyer, and neither responded or made an appearance.

On April 9th, 2013 the presiding officer conducted the hearing; neither Mr. Provost nor his counsel appeared. The presiding officer called Mr. Bautista and left a voice message and invited him to call by the end of the day to inform the presiding officer of any circumstances relative to his client's inability to participate in these proceedings. No response was returned. Therefore, the Division is asking for a Default Order is granted in this case.

In connection with the offer and sale of securities, the Respondent directly or indirectly made false statements, and failed to disclose material information. The Respondent employed and compensated agents who were not properly licensed at the time they sold securities and were not registered in the state of Utah.

The Division submits the following sanctions for the Securities Commission to approve: 1) the Respondent is to cease and desist from engaging in any further conduct in violation of the Utah Code. 2) Pay a fine of $2,472,923.00 to the Utah Division of Securities with any restitution paid to investors serving to offset the administrative fine on a dollar to dollar basis.

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

Daniel G. Maynard: Dave Hermansen reported that **Mr. Maynard** was the subject of an investigation conducted by the Utah County Attorney's Office into allegations that he violated certain provisions of the Utah Uniform Securities Act. The Division issued an Order to Show Cause against Mr. Maynard on December 12, 2012. Criminal charges were also filed against Mr. Maynard. The Respondent has entered in a Stipulation and Consent Order with the Division. The Respondent admits the Division's findings and conclusions and consent to the sanctions being imposed by the Division. The Respondent agrees to the imposition of a cease and desist order, agrees to be barred from the securities industry, to cooperate with the Division in any future investigations, and agrees to pay restitution as ordered in the criminal case, which is $30,000.00.

Commissioner Brent Baker made the motion to approve the proposed order and Commissioner Gary Cornia seconded the motion. The motion passed unanimously.

Intelicloud Holdings Inc., Intelicloud Holdings Inc., Jeffrey Friederichs: Recommended Default Order: Ann Skaggs reported that the Respondents failed to provide the Division with a complete and accurate notice filing regarding their offer and sale of a federal covered security. The Respondents actions are grounds for sanction under the Utah Code. The Respondents have failed to respond, participate, to make appearances and have not filed responses to the Division's petition and Order to Show Cause. Therefore, the Division recommends that the Commission enter a Default Order against the Respondents.

The Division submits the following sanctions for the Securities Commission to approve: 1) Suspend the offer and sale of a federal covered security. 2) The Respondents should cease and desist from engaging in any further conduct in violation of the code 3) requiring Intelicloud Holdings, Inc. to pay a fine of $1,000.00 to the Division and 4) requiring Respondent Friederichs to pay a fine of $1,000.00 to the Division. Upon entering the default order, the Utah Securities' Commission will dismiss any further proceedings in this case.

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

Greenfolders/ Michael Shaun Kirby: Dave Hermansen reported that the Respondents were the subject of an investigation conducted by the Division of Securities for allegations that they violated certain provisions of the Utah Uniform Securities Act. The Division issued an Order to Show Cause against the Respondents on January 3, 2013. The Division filed an Amended Order to Show Cause on March 27th, 2013, which supersedes the Order to Show Cause that was filed in January. The Respondents agree to settle this matter with the Division by way of a Stipulation and Consent Order. The Order will fully resolve all claims the Division has against the Respondents.

The Respondents offered and sold stock, which is a security, to an investor and collected a total of $375,000.00. The Respondents made material omissions in connection with the offer and sale of securities to the investor.

The Division submits the following sanctions for the Securities Commission to approve: 1) The Respondent agrees to the imposition of a cease and desist order, prohibiting them from any conduct that violates the Act. 2) The Respondents agree not to seek licensure, or engage in any activities that would require licensure, in the securities industry, in the state of Utah. 3) The Division imposes a fine of $17,500.00, with at least $8,750.00 due and payable within 10 days of entry of this order. The remaining balance will be paid in equal monthly payments over a two-year period. There is an ongoing civil suit where the investor is seeking restitution. The investor does currently hold stock within the company.

Commissioner Gary Cornia made the motion to approve the proposed order and Commissioner Brent Baker seconded the motion. The motion passed unanimously.

<u>Closure of Meeting to Deliberate:</u> The Commission temporarily closed the meeting to deliberate the Division's Motion for Default-Jared Brent Muir. There was a motion by

Commissioner Russon to close the meeting in order to discuss the character of the Respondent, Commissioner Cornia seconded the motion. It was unanimously approved by the Commission.

The meeting was reopened by Commissioner Christiansen after deliberations were made.

Commissioner Baker made a motion to adjourn the meeting and Commissioner Bangerter seconded the motion. The motion was unanimously approved by the Commission.

Next Meeting: August 14, 2013

Approved: ______________________________

Erik Christiansen, Chairman

Date: 8/14/13

Utah Division of Securities
Education Fund Expenditure Request
4th Qtr. FY 2013
Expenses as of June 30, 2013

Description	Prior Approved Balances 05/30/13	Amounts Spent By Division To 06/30/13	Remaining Balances 06/30/13	Requests For Commission Authorization 08/14/13	Total Approved Balances As of 8/14/13
Public Investor Education					
Stock Market Game	0.00	0.00	0.00	15,000.00	15,000.00
AAA Fair Credit	0.00	0.00	0.00	0.00	0.00
Jump Start Coalition	0.00	0.00	0.00	5,000.00	5,000.00
AARP Grant	0.00	0.00	0.00	0.00	0.00
Westminster College	0.00	0.00	0.00	0.00	0.00
Utah State University	0.00	0.00	0.00	0.00	0.00
Junior Achievement	0.00	0.00	0.00	0.00	0.00
Pamphlets, Books, etc.	3,750.00	1,547.98	2,202.02	0.00	2,202.02
TV/Radio Spots	0.00	0.00	0.00	0.00	0.00
Utah Securities Assoc.	0.00	0.00	0.00	15,000 0.00	15,000 0.00
WISE Financial	0.00	0.00	0.00	~~20,000.00~~	~~20,000.00~~
Miscellaneous / Presentations	3,750.00	-1,134.00	4,884.00	0.00	4,884.00
SUB TOTAL	$7,500.00	$413.98	$7,086.02	$40,000.00	$47,086.02
Industry Education					
Mountain West Capital Network	2,500.00	2,500.00	0.00	0.00	0.00
Wayne Brown Institute	0.00	0.00	0.00	20,000.00	20,000.00
Pamphlets, Books, etc.	0.00	0.00	0.00	0.00	0.00
Industry Outreach	0.00	0.00	0.00	0.00	0.00
Miscellaneous / Presentations	1,000.00	0.00	1,000.00	0.00	1,000.00
SUB TOTAL	$3,500.00	$2,500.00	$1,000.00	$20,000.00	$21,000.00
Investigation & Litigation					
Enforcement Investigation & Litigatior	30,000.00	7,999.58	22,000.42	7,999.58	30,000.00
Licensing Investigation & Litigation	30,000.00	3,878.82	26,121.18	3,878.82	30,000.00
Registration Examination Expense	5,000.00	108.33	4,891.67	108.33	5,000.00
Expert Witnesses	20,000.00	0.00	20,000.00	0.00	20,000.00
Training	5,000.00	291.32	4,708.68	291.32	5,000.00
Computers	2,376.62	0.00	2,376.62	0.00	2,376.62
Software	801.45	0.00	801.45	0.00	801.45
Cellular Charges	3,000.00	1,957.47	1,042.53	1,957.47	3,000.00
Office Equipment & Supplies	6,000.00	4,039.68	1,960.32	4,039.68	6,000.00
Subscriptions & Publications	2,000.00	1,326.00	674.00	1,326.00	2,000.00
Remodel and Furniture	11,128.83	3,954.00	7,174.83	0.00	7,174.83
Enforcement Database Maintenance	7,000.00	0.00	7,000.00	0.00	7,000.00
Employees/Law Clerk/Transcriptionist	25,000.00	9,233.95	15,766.05	9,233.95	25,000.00
SUB TOTAL	$147,306.90	$32,789.15	$114,517.75	$28,835.15	$143,352.90
GRAND TOTAL	**$158,306.90**	**$35,703.13**	**$122,603.77**	**$88,835.15**	**$211,438.92**

Education Fund Balance as of 8/03/2013: **$293,520.77**

Approval:

Division Director — Date 8/13/13

Commission Chair — Date 8/13/13

Executive Director — Date 8/13/13

STATE OF UTAH
DEPARTMENT OF COMMERCE
DIVISION OF SECURITIES

Application for Grant from the Securities Investor Education and Training Fund

Applicant	**Working in Support of Education, Inc.**
Amount Requested	**$20,000**
Date	**August 3rd, 2013**

Working in Support of Education, Inc. (w!se) ("Applicant") hereby requests a grant from the Utah Division of Securities ("Division") in the amount of $ 20,000.00 to be paid from the Securities Investor Education and Training Fund, created by Utah Code Ann. §61-1-18.7 ("Fund"). Applicant's charitable or educational mission is **to improve the lives of young people through programs that develop financial literacy and readiness for college and the workforce. Our initiatives, built on five pillars – relevancy, real world experiences, strong partnerships, volunteerism and assessment, reach low-to moderate income communities nationally.**

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

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

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

Applicant's activities include the following programs which meet above statutory purposes of the Fund: **The grant money will be used to fund, in collaboration with the Utah State Office of Education,**

the delivery of w!se's Financial Literacy Certification Program and Test in Utah high schools to support the mandatory course on personal finance. Schools participating in this program teach a course on personal finance and then administer W!SE's national standardized Certification Test. Students passing the Test become Certified Financially Literate, earning W!SE's CFL™. Through the program, schools receive the curriculum and other instructional resources to support instruction. A core component of the program is on investing, one of the statutory purposes of the Fund. Through the program, students learn about and are tested on the purpose and value of long term investing, the difference between saving and investing, alternative investment strategies, especially the strategy of diversification, the array of available investment products across the asset spectrum, the risk and return tradeoff, the pricing of assets, sources of investment income, the role of the securities regulatory bodies and the role and the structure of primary and secondary markets. They learn about the providers of investor services, the advantages and disadvantages of using each type of provider (e.g. discount versus full service brokerage) and the process for establishing investment accounts. They are also taught about how to build wealth for retirement through defined contribution and other investment vehicles.

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

The point of contact for Applicant is:

Name: David J. Anderson

Title: Executive Vice President

Address: 227 East 56th Street (suite 201), New York, NY 10022

Phone No.: (212) 421-2700

Email: danderson@wise-ny.org

Recipient's tax identification number is: 13-4024627

Applicant

Dated: 8/3/13

Instructions for "Application for Grant from the Securities Investor Education and Training Fund"

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

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

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

Application to the State of Utah Department of Commerce Division of Securities for a Grant from the Securities Investor Education and Training Fund

Background about W!SE

Since 1998, Working in Support of Education (w!se), a leading educational not-for-profit, has transformed the lives of young Americans and at risk adults, many from low-to-moderate income communities, by offering programs that overcome two educational needs: financial literacy and preparedness for college and the workforce. Our initiatives are built on five pillars – relevancy, real world experiences, strong partnerships, volunteerism and assessment. w!se is governed by a 14 member Board; led by Phyllis Frankfort, President and CEO and supported by a dedicated and passionate ten person staff and more than 500 volunteers.

At the heart of w!se's program offerings is a family of financial literacy initiatives. The award winning Financial Literacy Certification program equips young people with the personal finance knowledge and skills that will enable them to live a life of financial wellbeing; the Certification in Personal Finance gives educators an opportunity to strengthen their credentials to teach personal finance; and MoneyW!SE-DV provides a pathway for survivors of domestic violence to become financially independent. These initiatives differ in scope and target audience served, but all share a common thread – an end of program standardized assessment of personal financial knowledge and a certification for those who master the subject matter.

Our programs support teachers of economics, social sciences, business, finance, math and consumer science and an equally balanced mix of male and female students aged 14-18 in 9^{th}-12^{th} grades. We target diverse, economically disadvantaged young people in low to middle income communities. Our financial literacy programs also support Spanish speaking students, immigrants and their families, students with special needs including the blind, young people in correctional institutions and survivors of domestic violence.

The Financial Literacy Certification Program

We are seeking a grant from the Division of Securities to support our **Financial Literacy Certification Program.** w!se launched this groundbreaking program in 2003 to address the chronic lack of financial literacy among young people. 72% of Americans aged 18-24 have checking accounts and spend approximately $211 billion annually. Yet, this high level of financial activity is not matched by equivalent levels of financial education - less than 10 percent of high school students take any course on money management before they graduate. Unsurprisingly, young adults in the 18-24 age groups are those who most frequently file for personal bankruptcy. The Financial Literacy Certification program tackles this issue by helping high school students to graduate with the knowledge and skills that are critical to a life of financial wellbeing. Through the program, teachers receive professional development together with the curriculum and instructional resources they need to teach a course on personal finance. They then measure student knowledge by administering w!se's nationally standardized Financial Literacy Certification Test. Students who pass the Test become Certified Financially Literate™ a credential demonstrating a mastery of the subject matter.

Since its launch in New York City, the program has grown at an average annual rate of 41% and is now offered in 30 states nationally. It has helped improve the financial literacy of high school students in thousands of classrooms a year, demonstrated by an average annual passing rate of 75% on the

Certification Test, and earned w!se several awards including the US Treasury Department's coveted John H. Sherman Award for Excellence in Financial Education. The program is also recognized by the Departments of Education in several states, becoming integral to personal finance instruction in them.

Through the program, students gain considerable knowledge about investing. They study the purpose and value of long term investing, the difference between saving and investing, alternative investment strategies, especially the strategy of diversification, the array of available investment products across the asset spectrum, the risk and return tradeoff, the pricing of assets, sources of investment income, the role of the securities regulatory bodies and the role and the structure of primary and secondary markets. They learn about the providers of investor services, the advantages and disadvantages of using each type of provider (e.g. discount versus full service brokerage) and the process for establishing investment accounts. They are also taught about how to build wealth for retirement through defined contribution and other investment vehicles.

Our Financial Education Program in Utah

In 2008, the State Office of Education asked w!se to deliver our Financial Literacy Certification Program and Test in a sample of Utah's public high schools selected by the State Office to support the mandatory high school course on personal finance. With generous funding from GE Capital Retail Bank since that year and the Division of Securities since 2010, w!se has offered this program in more than 30 high schools across the state. Teachers receive webinar based professional development; a curriculum outline aligned to national and Utah's state standards; a directory of website resources; a pre-test; access to online practice tests and the Financial Literacy Certification Test. Students passing the test become Certified Financially Literate and earn a CFL from w!se. Teachers and schools also earn recognition based on student performance on the Test.

The Program has had a significant impact in developing the financial literacy of Utah students before they graduate. Cumulatively, 25,410 students have taken our Certification Test since 2008 of which 20,250 (79.7%) have passed (a passing rate that comfortably exceeds the national average of 75%), enabling them to become Certified Financially Literate.

The Division of Securities Grant in 2011-12

In 2012-13, the program experienced a surge in growth. A total of 7,078 students from 30 schools took our Certification Test an increase of 36% in the number of students reached over the previous year. Student performance on the Test was also very good. 5,695 or 80% of the students who took the Test passed, 3% higher than the national average; the average student score on the Test was 75% also higher than the 73.7% national average. Students performed uniformly well in each of the topical areas assessed on the Test (see table 1 below), in particular in the topics relating to investing and insurance, traditionally topics where they have struggled.

Table 1: W!se Financial Literacy Certification Test Results in Utah – 2012-2013

	Total	Money	Banking	Credit	Ins/Inv*
Questions Answered Correctly	75%	74%	73%	79%	75%

* Ins/Inv = Insurance and Investing

The Division of Securities grant supported program delivery at schools in the Box Elder, Tooele, Juab, Logan, Iron and Jordan school districts and helped us reach 2,210 students of which 1,930 became Certified Financially Literate. These program results were achieved in line with the budgeted grant of $15,000 (see Appendix A). During the year, we hosted six webinars for teachers nationally, including teachers at the Utah schools funded by the grant. Three of the grant funded schools earned our coveted Blue Star award, based on student performance on our Test. These schools were honored at our annual MoneyPOWER conference and each received our Blue Star banner.

Our Request for a New Grant in 2012-13

The State Office of Education would like w!se to continue offering the Financial Literacy Certification Program in the state and we are hopeful that the program will continue to grow in the upcoming school year as it did in 2012-13. We are, therefore, respectfully requesting a new one year $20,000 grant from the Division of Securities to support program delivery in 2013-14. For schools funded by the grant we will:

a) *Provide instructional support* – the schools will receive W!SE's detailed personal finance curriculum aligned to national and state of Utah standards, a resource directory containing recommended lesson plans and other instructional materials, and access to our online data base of practice tests to help students prepare for our Certification Test.
b) *Build teacher capacity* – teachers will be invited to attend our monthly professional development webinars, our annual MoneyPOWER Conference for Financial Literacy and use our financial literacy blog, "w!se Ideas for the Classroom."
c) *Measure student growth and achievement* – teachers can administer our optional Financial Literacy Pretest to benchmark students' financial knowledge prior to instruction and will administer our Financial Literacy Certification Test to measure students' knowledge after instruction
d) *Certify students* who pass the Certification Test – we will score the Pretest and Certification Test, award w!se's Certified Financially Literate (CFL™) credential to students who pass the Certification Test and deliver the CFL™ certificates to students
e) *Evaluate Impact* – we will analyze scores from the Pretest and Certification Test and report the results to the schools and the Division of Securities
f) *Recognize students, teachers and schools* for student performance on the Certification Test – a school providing personal finance instruction to the majority of their students on a grade level and having 75% or more of these students passing the Test will become Blue Star Schools; teachers in whose class 90% of students pass the Test will become Gold Star Teachers; students who score 95% or higher on the Test will be honored at our Scholars' Reception. Additionally, in 2013, w!se created the annual "100 Best w!se High Schools Teaching Personal Finance" ranking – the first of its kind in the country to recognize excellence in personal finance instruction. The schools funded by the grant will be eligible for consideration in 2013-14.

Expected Outcomes

The grant will enable us to offer our Financial Literacy Certification program in 15 schools and reach another 2,200 students. We will use a variety of metrics to measure program impact:

a) Quality of Professional Development: Using teacher surveys, we measure the impact of training after each webinar. As the measure of success, we expect 80% or more of teachers to rate the topics covered and the quality of the training as "excellent" or "very good."
b) Improvement between Pretest and Certification Test scores: We can compare students' baseline knowledge of personal finance prior to instruction using our optional Pretest with Certification

Test results. As the measure of success, we expect a statistically significant improvement of 15-20% between students' Pretest and Certification Test scores.

c) Test Scores: The level of student knowledge is measured using Certification Test scores at the end of the fall and spring semesters. As the measure of success, we expect at least 75% of students to pass the Certification Test.
d) Depth of Student Knowledge: Using the percent of questions answered correctly on our Certification Test, we measure the depth of student knowledge on key topic areas assessed. As the measure of success, we expect students to answer 73% of test questions correctly.
e) Teacher Feedback and Surveys: A teacher survey at the end of the school year is administered to measure the level of teacher satisfaction with the program. As the measure of success, we expect 80%+ teachers rate the program as "excellent" or "very good."

How the Grant Monies will be Spent

A budget for the grant is presented below. Funds will be used to support outreach to schools and to provide each participating school with a curriculum; a directory of instructional resources; practice tests and the Certification Test. Funds will also be used to support the evaluation and assessment of student financial capability through the scoring and analysis of Certification Tests, the reporting of test scores to schools and the recognition of students, teachers and schools.

Table 1: Budget for Requested Grant in 2013-14

PERSONNEL	ACTIVITY	COST
Project Team	Director and Admin (Salaries and Benefits)	4,000
Subtotal		**4,000**
PROGRAM DELIVERY		
Professional Development	Organizing/hosting Webinars; updating blog	900
Recruitment of Schools	One trip to Utah to visit schools	1,600
Test Development	Creating new tests (spring and fall)	3,600
Test Scoring	Scoring of pretest and Tests (paper and online)	3,200
Evaluation/Outcome Assessment	Psychometric analysis and reporting of scores	1,500
Printing and Copying of Materials	Instructions/Pretests/Tests/Test Answer sheets	400
Awards/Recognition	Banners, certificates and medals	200
Curriculum Support	Instructional Materials	700
Online Practice Testing	Cost of hosting website of practice tests	500
Sub-total		**12,600**
OTHER PROGRAM EXPENSES		
Telecommunications	Tel/Fax/Internet	1000
Postage/Copying/Office Supplies	Materials, Training, Communications	400
Sub-total		**1,400**
INDIRECT EXPENSES		
Indirect	Rent, Insurance, Accounting, Utilities	2,000
Sub-total		**2,000**
Total Budget		**$20,000**

Appendix A: Expenditure report for 2012-2013 Grant

The table below presents the budget for the requested grant in 2012-13, the budget that was granted and the monies spent from the awarded grant. As the table shows, all the grant monies were spent during the school year with the exception of the travel expense which was approximately $500 below budget.

PERSONNEL	ACTIVITY	REQUEST	GRANTED	SPENT
Project Team	Salaries and Benefits	2,500	2,500	2,500
Subtotal		**2,500**	**2,500**	**2,500**
PROGRAM DELIVERY				
Professional Development	Organizing/hosting Webinars and blogs	700	700	700
Recruitment of Schools	Trip to Utah to visit DOE and schools	2,000	2,000	1,500
Test Development	Creating new tests (spring and fall)	3,500	3,500	3,500
Test Scoring	Cost of Test Administration	2,200	2,200	2,200
Evaluation/Outcome Assessment	Scoring of Tests	1,200	1,200	1,200
Printing and Copying of Materials	Test Instructions/Tests/Test Answer sheets	300	300	300
Awards/Recognition	Banners, certificates and medals	200	200	200
Curriculum Support	Cost of hosting website of practice tests	500	500	500
Online Practice Testing	Instructional materials	300	300	300
Sub-total		**10,900**	**10,900**	**10,700**
OTHER PROGRAM EXPENSES				
Telecommunications	Tel/Fax/Internet	250	250	250
Postage/Copying/Office Supplies	Materials, Training, Communications, Events	250	250	250
Sub-total		**500**	**500**	**500**
INDIRECT EXPENSES				
Indirect	Rent, Insurance, Accounting, Audit and Utilities	1,100	1,100	1,100
Sub-total		**1,100**	**1,100**	**1,100**
Total Budget		**$15,000**	**$15,000**	**$14,500**

w!se | Financial Literacy CERTIFICATION

THE 2013-2014 FINANCIAL LITERACY CERTIFICATION PROGRAM

Register today! The w!se Financial Literacy Certification Program provides instructional resources, technical assistance, and assessment tools. Students who pass our national standardized Financial Literacy Certification Test (online or paper-based) earn a widely recognized CFL (Certified Financially Literate™). Schools and teachers earn recognition too! The Program, in high schools nationally, reaches more than 60,000 students a year. For more information, contact David Anderson danderson@wise-ny.org or Andrea Campbell acampbell@wise-ny.org or at 212-980-5054 or at 212-421-2700.

Participating Schools Receive:

Materials and Resources	***Teacher's Guide***	A detailed curriculum outline of topics to be covered as part of instruction in personal finance.
	Directory of Resources	Useful online lesson plans and materials gathered from around the country for use in and out of the classroom.
	News Forum	Our financial literacy blog – w!se Ideas for the Classroom (www. wiseideasfortheclassroom.com) – posts news stories and topical articles about personal finance
	Online Practice Tests	Participating schools are provided with a login ID and password to access practice tests on www.moneypower.org to help prepare students for the Financial Literacy Certification Test.
Assessment	***w!se Financial Literacy Certification Pre-Test***	The pre-test provides an opportunity for schools to benchmark students' understanding of personal finance topics.
	w!se Financial Literacy Certification Test	Participating schools administer the w!se standardized Financial Literacy Certification Test to measure students' knowledge of personal finance. Students who pass this national test become Certified Financially Literate™ indicating that he/she has met current national standards for knowledge of personal finance.
	Psychometric Reporting & Analysis	Tests are administered by teachers and scored by w!se. School specific information, including scores with an analysis of performance outcomes, is reported only to the designated contact at each participating school.
Recognition	***Student Certification***	Students who pass the Financial Literacy Certification Test become Certified Financially Literate™ and receive a certificate.
	Blue Star School	A school must achieve a 75% passing rate on our Test and have EITHER a majority of students on a given grade level take the test OR have the students who took it achieve an average score of 80% or higher.
	Gold Star Teacher	Teachers in whose class 90% of students pass the Test become Gold Star Teachers.
Professional Development	***MoneyPOWER Conference and webinars***	Teachers are invited to our national MoneyPOWER Conference for Financial Literacy held annually. Orientations, webinars and technical assistance are provided throughout the year.

The Financial Literacy Certification Program is supported by leading U.S. institutions including The McGraw-Hill Companies, The Allstate Foundation, Citi Foundation, The JPMorgan Chase Foundation, Bloomberg, Wells Fargo Foundation, GE Capital Retail Bank, The NYSE Euronext Foundation, Inc., The Utah Division of Securities, M&T Charitable Foundation, the New York City Council, kasina and Signature Bank.

THE UNIVERSITY OF IOWA

COLLEGE OF EDUCATION

340C Lindquist Center South
Iowa City, IA 52242-1529

Phone 319-335-5409
Fax 319-335-6038
Email liz-hollingworth@uiowa.edu

January 29, 2009

To Whom It May Concern:

I am writing this letter of support for the **Financial Literacy Certification Testing Program.**

I am an Assistant Professor at the University of Iowa in the College of Education with a PhD in Education. I have been an educator for over 15 years, teaching and researching in K-12 schools. Since 2002, I have been associated with the Iowa Testing Programs as a scholar in school curriculum, assessment, and educational policy. My expertise is in the analysis of curriculum and assessment.

After an examination of the test materials and psychometric reports from the past 7 years, the following conclusions can be made:

- The **Financial Literacy Certification Program** curriculum is well-developed and aligned with the **Financial Literacy Certification Test** (*FLCT*). Score reports are conveniently broken down according to the test blueprint to facilitate analysis by classroom teachers.
- The *FLCT* provides teachers with multiple forms of the test each year, a benefit that allows for pre- and post- testing to measure student learning over time.
- It is clear from the survey data and from letters of support from participating schools that the program has had a significant effect on student financial literacy education. Not only are students learning the content, but they are also demonstrating that their personal financial habits have changed as a result of their education. Without question, this is the most significant finding of the annual reports.
- The Financial Literacy curriculum is teacher-friendly and well-supported by professional development opportunities. The program itself is designed in such a way that high school teachers would have great flexibility in integrating the program into the regular curriculum. It is clear that the curriculum was designed by professionals with expertise in financial literacy education, and the content is developmentally targeted to high school learners.

There is a solid alignment between the Financial Literacy Curriculum and the *FLCT*. This alignment assures that valid assumptions can be made about student learning from the scores on the test. In other words, after a teacher has used the curriculum about Banks and Banking, for instance, the student scores on those items categorized as Banks and Banking can be reasonably assumed to represent student learning in that area. The *FLCT* is designed to be used either at the beginning of the semester to provide teachers with a barometer for what students already know or as an end-of-course test to assess student mastery of the subject after it has been taught.

Student achievement on the *FLCT* is reported as aggregated percents at the building and the teacher levels. Because the test can be given at the end of the school year, teachers can use the score reports to not only monitor student learning for the current year's class, but also adjust their teaching for next year. In this way, the test results can be used to check effectiveness of instruction in specific facets of the financial literacy. The use of percents correct in the subscore areas of the test blueprint allow educators to see the strengths and weaknesses of student performance and adjust instruction accordingly.

Technical Quality

The items on the *FLCT* are written by highly qualified experts in the field of personal finance. Once a test is built based on the blueprint by the three lead writers, the test items are reviewed by teams of professionals in the financial services industry, economists, teachers of economics and/or of business, lay adults, financial educators and Certified Financial Planners. Tests are also reviewed by teachers and students not participating in the program. After all reviews, the test is professionally edited.

Because anchor items are used across forms, decisions about student proficiency can be made regardless of the form administered.

Performance on the FLCT is reported by class and by school. Future forms of the test should also include individual student reports so that students and parents can see the strengths and weaknesses of the student's personal financial literacy. This would have the added benefit of helping to make parents aware of the program. Individual student reports for both the pre- and post- tests would allow for students to feel more connected with the curriculum and the goals of the program as well.

In addition, every effort should be made for the end-of-course score reports to come to the teachers before the end of the school year so that the teachers have sufficient time to discuss the results with individual students.

Another unique feature of the **Financial Literacy Certification Test** is the use of a survey to gather data about the personal finance habits of test takers. Students are asked to respond to 14 survey questions about their use of a bank account, how they save money, credit card usage, and other behaviors that would demonstrate that the students are applying what they are learning in the classroom to their lives outside of school. Not only is this kind of information valuable to the classroom teacher, it is also useful to researchers interested in analyzing the financial behaviors of high school students. Since demographic data are collected on the test takers (i.e. ethnicity, free-reduced lunch status, etc.), changes in behavior in high schoolers within and between target groups can be measured.

Summary of the Benefits of the Financial Literacy Certification Program

The **Financial Literacy Certification Program** is a high quality test of financial literacy available to American high school teachers that brings together the following combination of features:

- **Multiple forms** of a valid and reliable test available for use in the fall and the spring for measuring growth over time
- **Teacher support** in the form of a prepared curriculum and professional development
- **Score reports** that allow educators to make informed decisions about what students know and are able to do in the field of personal finance
- Test items developed by **experts** in the field of financial literacy with years of experience in both education and finance
- A **survey** to track changes in student personal finance behaviors
- The **financial backing** of major corporations and foundations
- A **Blue Star Certification Program** to recognize schools where students are successfully completing the program and applying personal finance skills to their lives

I would be happy to answer any questions about this letter.

Sincerely,

Liz Hollingworth

Liz Hollingworth
Assistant Professor
University of Iowa
College of Education

STATE OF UTAH
DEPARTMENT OF COMMERCE
DIVISION OF SECURITIES

Application for Grant from the Securities Investor Education and Training Fund

Applicant	**Wayne Brown Institute**
Amount Requested	**$20,000**
Date	**June 7, 2013**

Wayne Brown Institute ("Applicant") hereby requests a grant from the Utah Division of Securities ("Division") in the amount of $ 20,000 to be paid from the Securities Investor Education and Training Fund, created by Utah Code Ann. §61-1-18.7 ("Fund"). Applicant's charitable or educational mission is:

The Wayne Brown Institute's mission is to improve the human condition through entrepreneurship for the purpose of creating new wealth, jobs, and tax base. WBI was the first organization of its kind to accomplish this by transferring knowledge, experience, contacts and capital from the world's leading business and financial organizations to promising companies, the essence of commercialization.

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

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

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

Applicant's activities include the following programs which meet above statutory purposes of the Fund:

The Institute educates entrepreneurs/companies through mentor-based training in the art and science of becoming attractive, viable investments, the essence of commercialization. To date, the Institute's over 350 Utah alumni companies have raised over $7.5 Billion in financial transactions. According to a recent study, in 2008 WBI Utah Alumni companies posted $1.3 billion in sales, employed 6,600 Utahns directly and over 15,000 indirectly, generating almost $50 million a year in State taxes. Each year, Institute mentors (some 200) donate between 5,000 - 10,000 hours, allowing the Institute to provide nearly 1% of the venture quality deal flow in the U.S. This has been accomplished through establishing value-added relationships between entrepreneurs, capital providers, and key professionals who specialize in equity capital-backed businesses. Hundreds of WBI education-based offerings have allowed entrepreneurs to commercialize their business by *successfully* presenting their opportunity to investors.

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

The point of contact for Applicant is:

Name: Bradley B. Bertoch

Title: President

Address: 201 South Main Street #800

Phone No.: 801-598-4651

Email: bbertoch@venturecapital.org

Recipient's tax identification number is: 94-2920519

Bradley B. Bertoch

Applicant

Dated: June 7, 2013

Instructions for "Application for Grant from the Securities Investor Education and Training Fund"

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

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

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

Help WBI Launch the Next Generation of Entrepreneurs

In 2011 We asked:

- Help Us Launch 375 Companies
  - Help Them Raise $600M in Capital
    - Help Them Create 50,000 Jobs Over the Next 5 Years

WBI Management

The Wayne Brown Institute's leadership is unique in that its direction is governed by a board of highly successful investors.


Brad Bertoch
CEO


Bob Gottdener
WBI Angels


Richard Shanaman
Eagle Bay Advisors


Elliot Parks
Hamilton Bio Ventures


Debra Beresini
Chairman


David Rudd
Ballard Spahr


Ted Stanley
ZARS


Ron Bell


Lynn Butterfeild
Coldwell Banker

Unique Experience

The Wayne Brown Institute's leadership provides extensive Industry experience

Current and past Utah WBI board members co-founded:

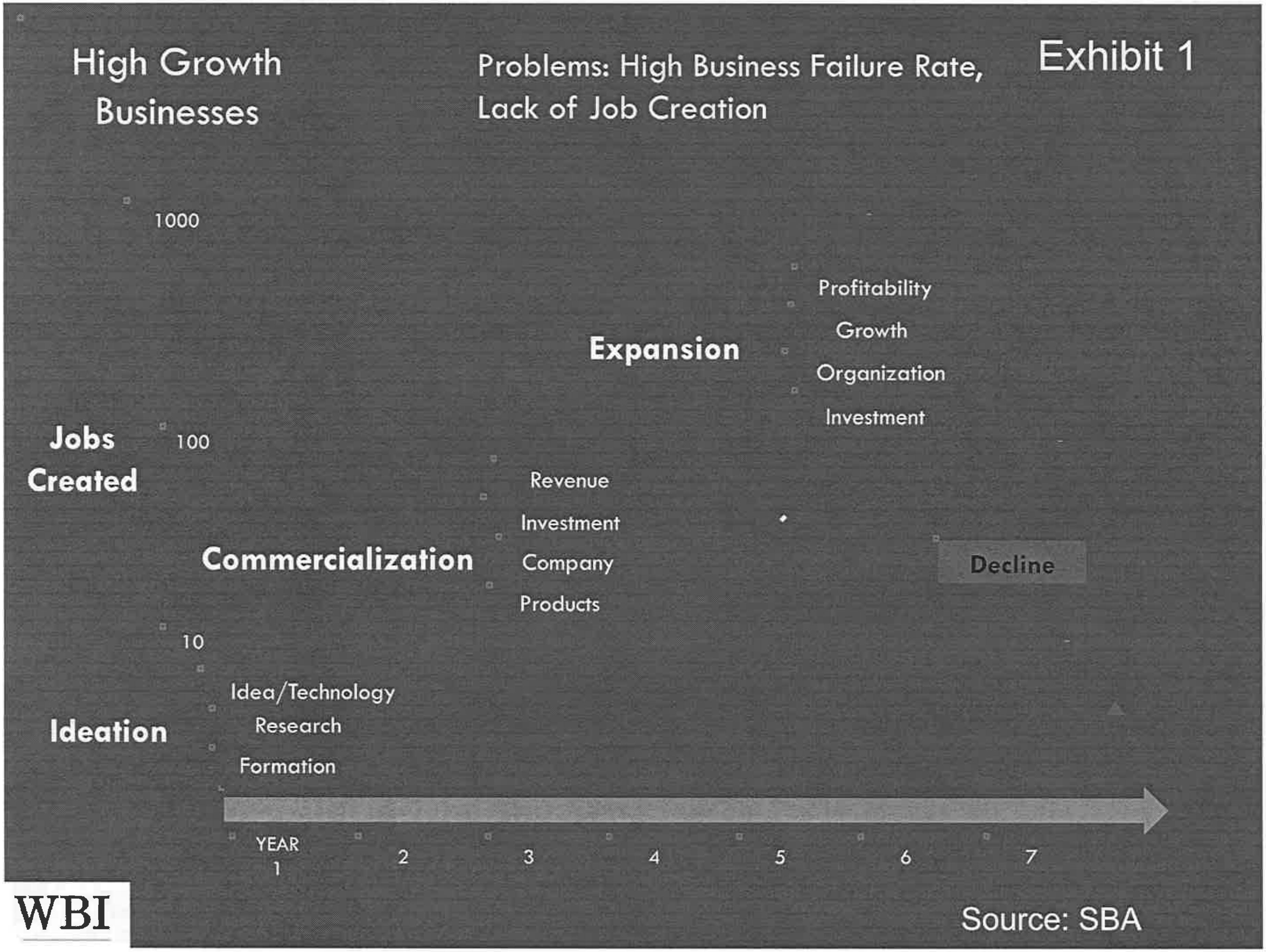
- UV Partners (Pelion partners), Salt Lake City Angels, Park City Angels, WBI Angels, the Salt Lake Life Science Angels, the MountainWest Capital Network, National Business Incubation Association. (NBIA), Anesta Corp, ZARS.......

Current Board members held top investment/commercialization position with:

- Silicon Valley Bank, International Venture Fund, Scripps, Johnson & Johnson, American Stores, Unisys, LSI Logic, Ventana, Hamilton BioVentures, Technology Funding, Alex. Brown, Duetsche Bank.......

WBI Board members worked closely with Zions Bank in the creation of its venture debt initiative, and refocused Salt Lake County's Revolving Loan Fund from a $1MM fund into a highly successful $7MM venture debt fund.

WBI


High Growth Businesses
Problems: High Business Failure Rate, Lack of Job Creation
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100
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10
Idea/Technology
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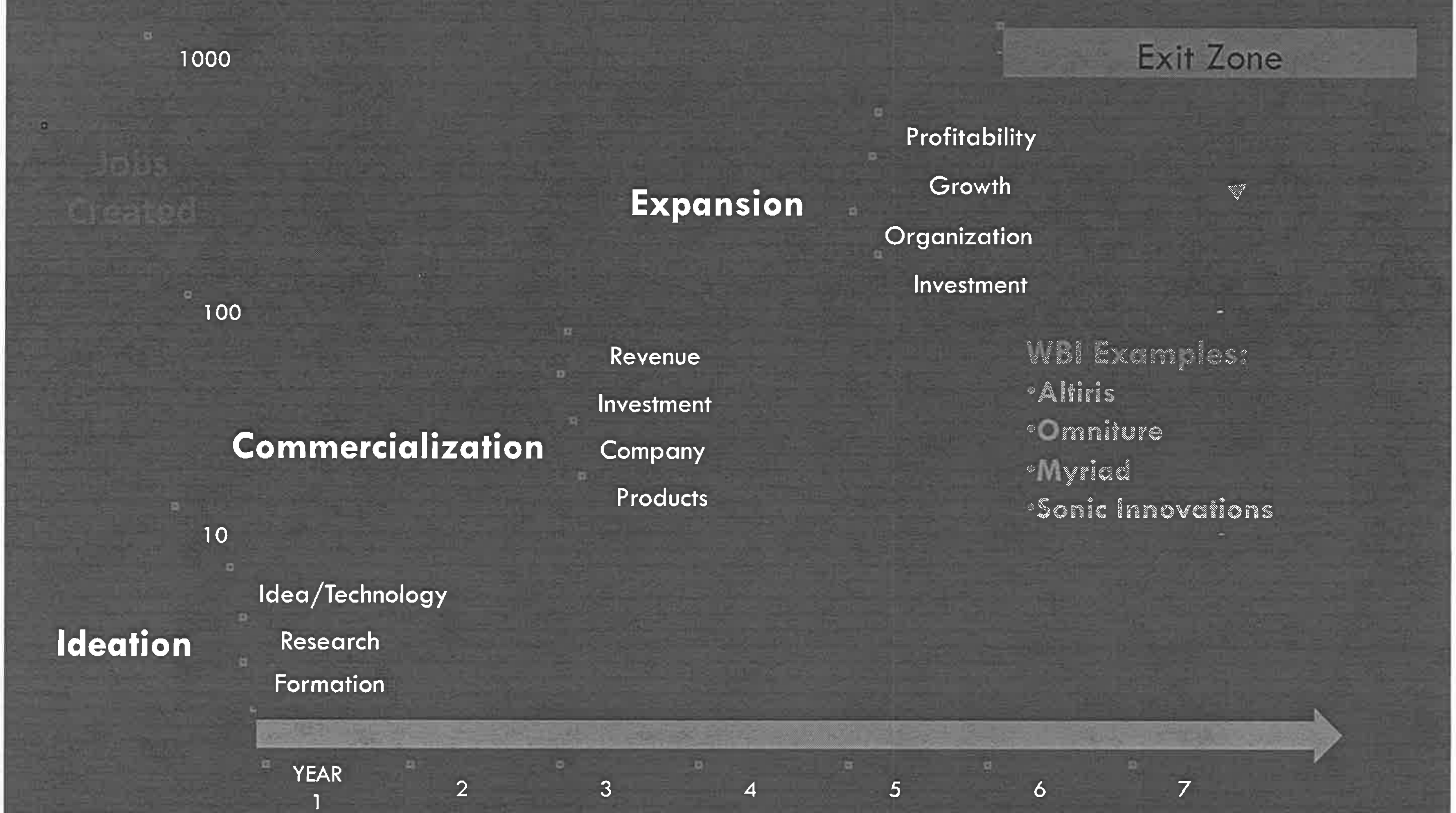
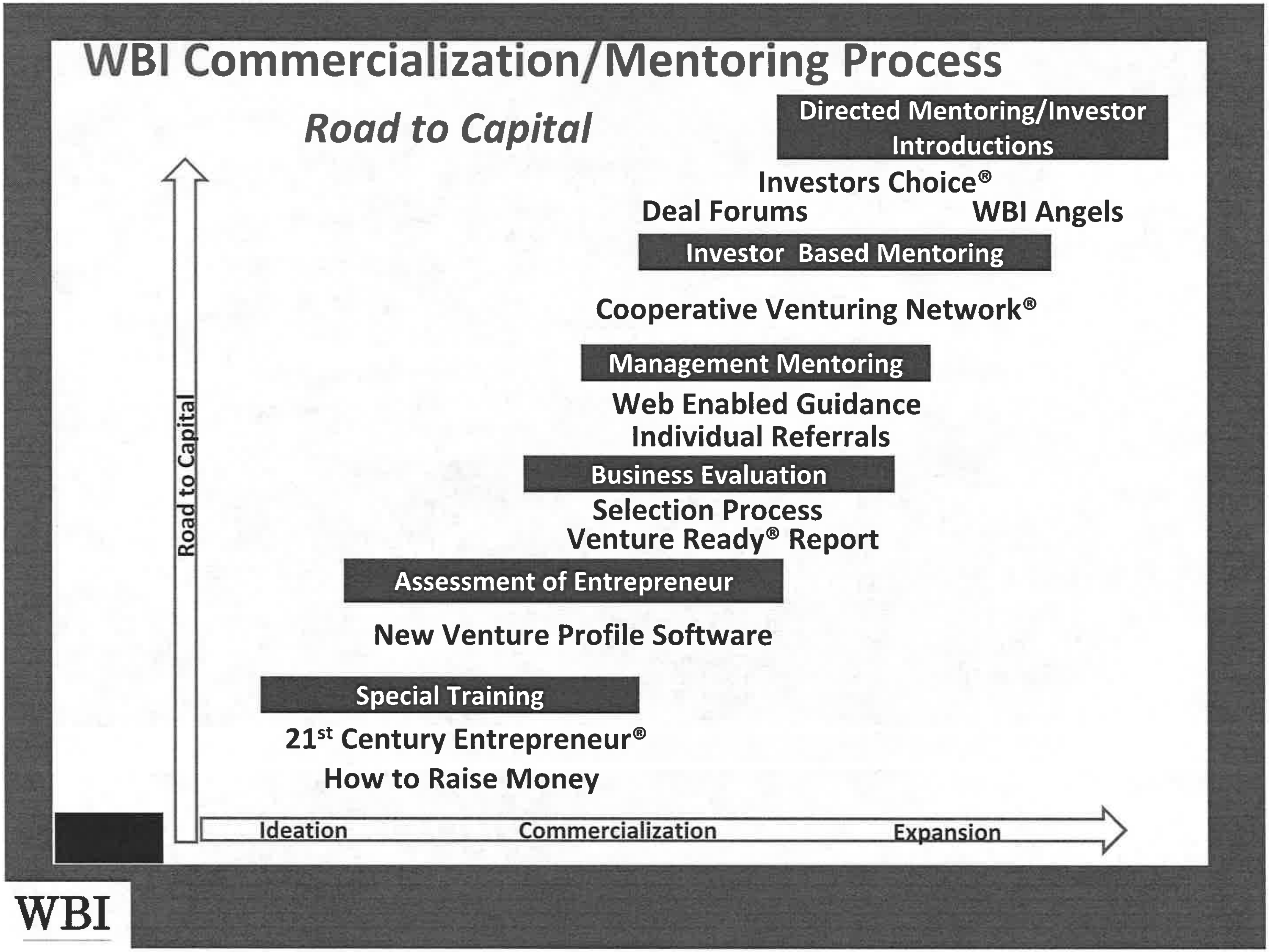
Source: SBA

WBI's Commercialization Focus
- 80% are Still in Business After 10 Years

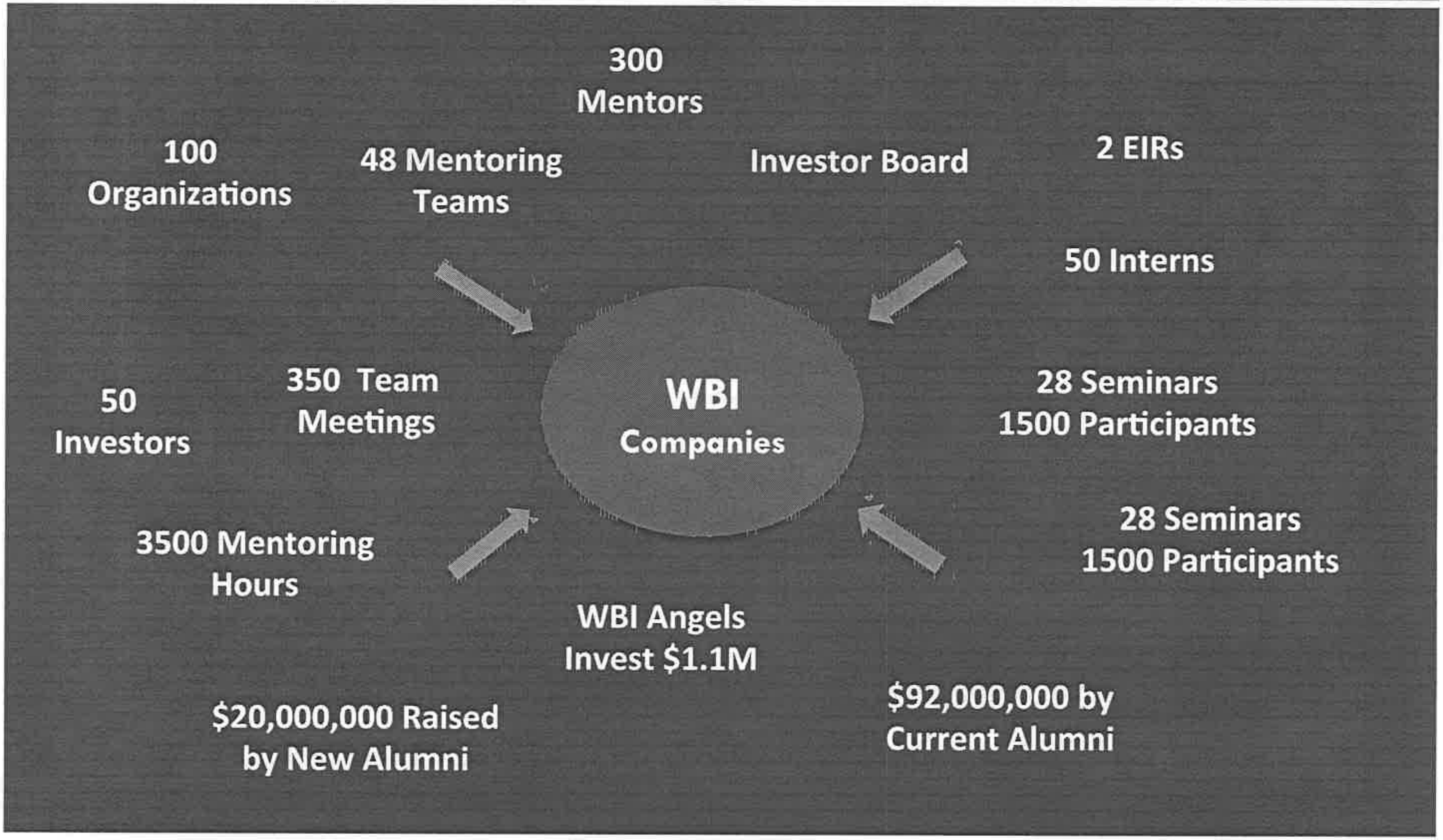


WBI

SOURCE: An Analysis of Companies Participating in Venture Capital Conferences Sponsored by the Wayne Brown Institute from 1984-2008 – Jan Crispin, Crispin & Associates, 2009


WBI Commercialization/Mentoring Process
Road to Capital
Directed Mentoring/Investor Introductions
Investors Choice®
Deal Forums
WBI Angels
Investor Based Mentoring
Cooperative Venturing Network®
Management Mentoring
Web Enabled Guidance
Individual Referrals
Business Evaluation
Selection Process
Venture Ready® Report
Assessment of Entrepreneur
New Venture Profile Software
Special Training
21st Century Entrepreneur®
How to Raise Money
Road to Capital
Ideation
Commercialization
Expansion
WBI

Commercialization Program Results- 2011



Our Success

Since 1983, Utah WBI alumni companies have:

- Raised over $7.5 billion in financial transactions

Transactions Create Jobs, Taxes

2008 – 2012

38,000 Jobs Direct/Indirect Supported

Total Number of Alumni Companies: 101

IPOs: $100M

Acquisitions: $4.2 Billion+

Angel/Venture Capital: $565M

The Cooperative Venturing Network®

The Power of Directed Mentoring

Zions Bank
Ballard Spahr LLP
ZARS
Professional Recruiters
Oakley Networks
Next Level Equity
Excel Management Systems
Broadcast International
Governor's Office of Economic Development
Westminster College
Tanner LLC
USTAR
Manufacturers Extension Partnership
Utah State University
Advanced CFO Solutions
Utah Technology Council
Coldwell Banker
MountainWest Capital Network
Diversified Insurance Brokers
Wasatch Economic Development
Ernst & Young
Holland & Hart
Morgan Stanley Bank
Jones Waldo
Contango Advisors
Lone Peak Productions
Stoel Rives
Mesa Verde Ventures

Utah Dept. of Commerce/Securities
White Dot Solutions
Dorsey Whitney
Sage Forensic Accounting
PricewaterhouseCoopers
RR Donnelley
Comerica
Silicon Valley Bank
Matchbin
Sonic Innovations
Myriad Genetics
AdvancedMD
Energy Solutions
ConsultNet
Winmark Capital
SV Life Sciences
Canopy Venture Partners
EsNet
R5Ventures
Innoventures
IVF/invencor
Allegis Capital
Psilos Group
Camden Partners
Greycroft Ventures
Crescendo Ventures
Deutsche Bank
Halo Fund
Tomorrow Ventures

Eagle Bay Advisors
UPS Strategic Enterprise Fund
Hamilton BioVentures
JCP Partners
Epic Ventures
Peninsula Equity
Renewable Tech Ventures
Upstart Life Sciences Capital
Dominion Ventures
Kickstart
Peterson Partners
Aster Capital
Highway 12 Ventures
Olympus Angels
Park City Angels
Salt Lake Life Science Angels
Utah Angels
Dixie Angels
Venture Blue
Intel Capital
Micron Ventures
Mercado Partners
Island Park Investments
Dolphin Capital
Sorenson Ventures
Tullis Dickerson
Signal Peak Ventures
Pelion Partners
Creamer Investments

Why WBI & Its Companies Succeed

The Wayne Brown Institute's 30 years of success is attributable to several unique factors:

- A Scalable, Proven, Results Oriented Mentoring Process
- An Extensive Local, and National Mentoring Network
- Technology Agnosticism
- Proven Proprietary Tools & Training Curriculum that Identifies Success Factors within Companies
- Credibility in the Private Sector
- Independent Validation of Results
- A Pipeline of Deals that Raise Capital
- 15-20 Years of Robust, Successful, and Profitable Deals
- Board Members, with World Class Venturing Expertise and Willing to Share It.

These factors allow the WBI to help new ventures proceed rapidly through the commercialization process

WBI

Help WBI Launch the Next Generation of Entrepreneurs

Today help Us finish:

- Help Us Launch the remaining 280 Companies
  - Help Them Raise $330M in Capital
    - Help Them Create 29,000 Jobs Over the Next 3 Years

The 29th Annual Investors Choice® Venture Capital Conference

WAYNE BROWN INSTITUTE

INVESTORS CHOICE

February 7, 2013
Zermatt Resort & Spa
Midway, utah

Growing Connections Capital and Community

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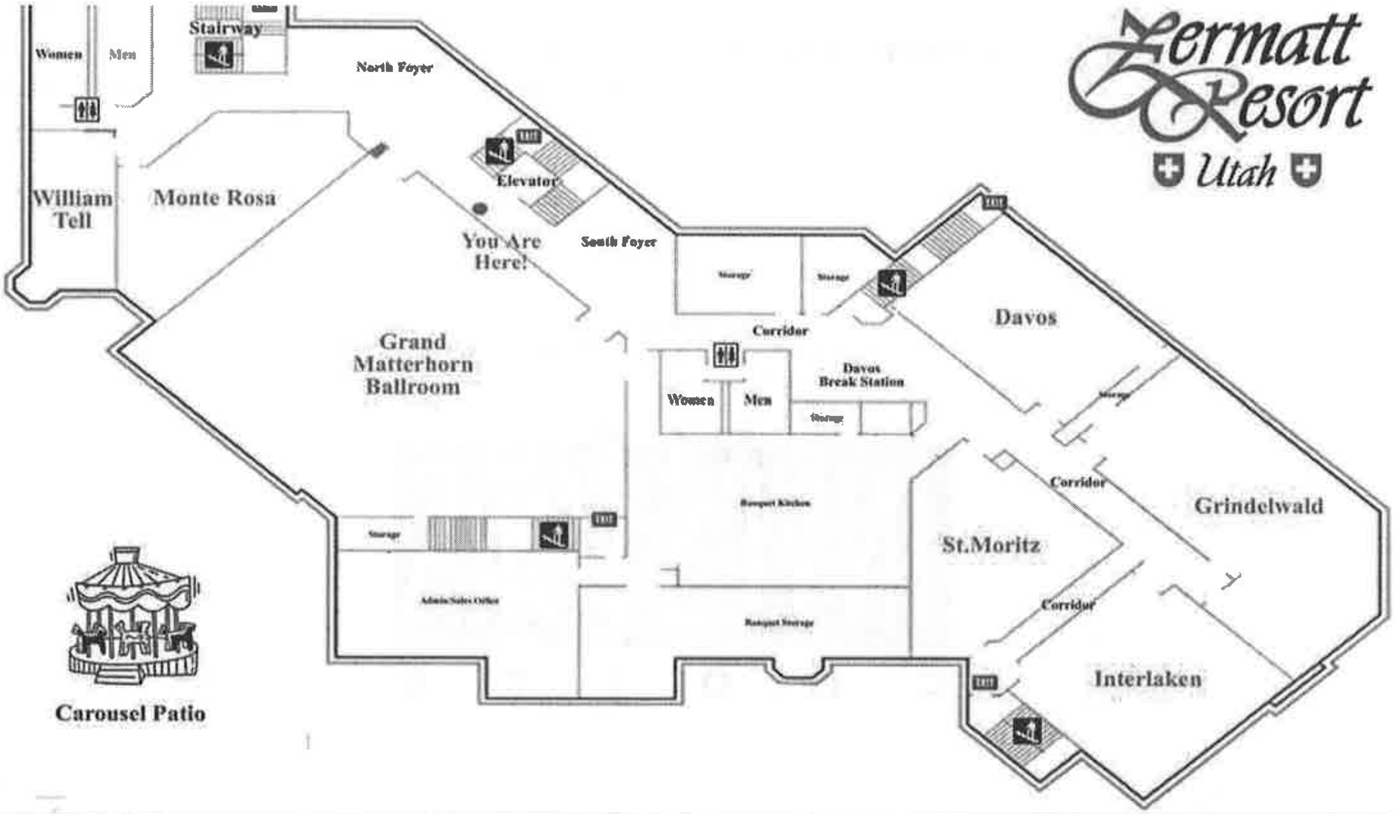
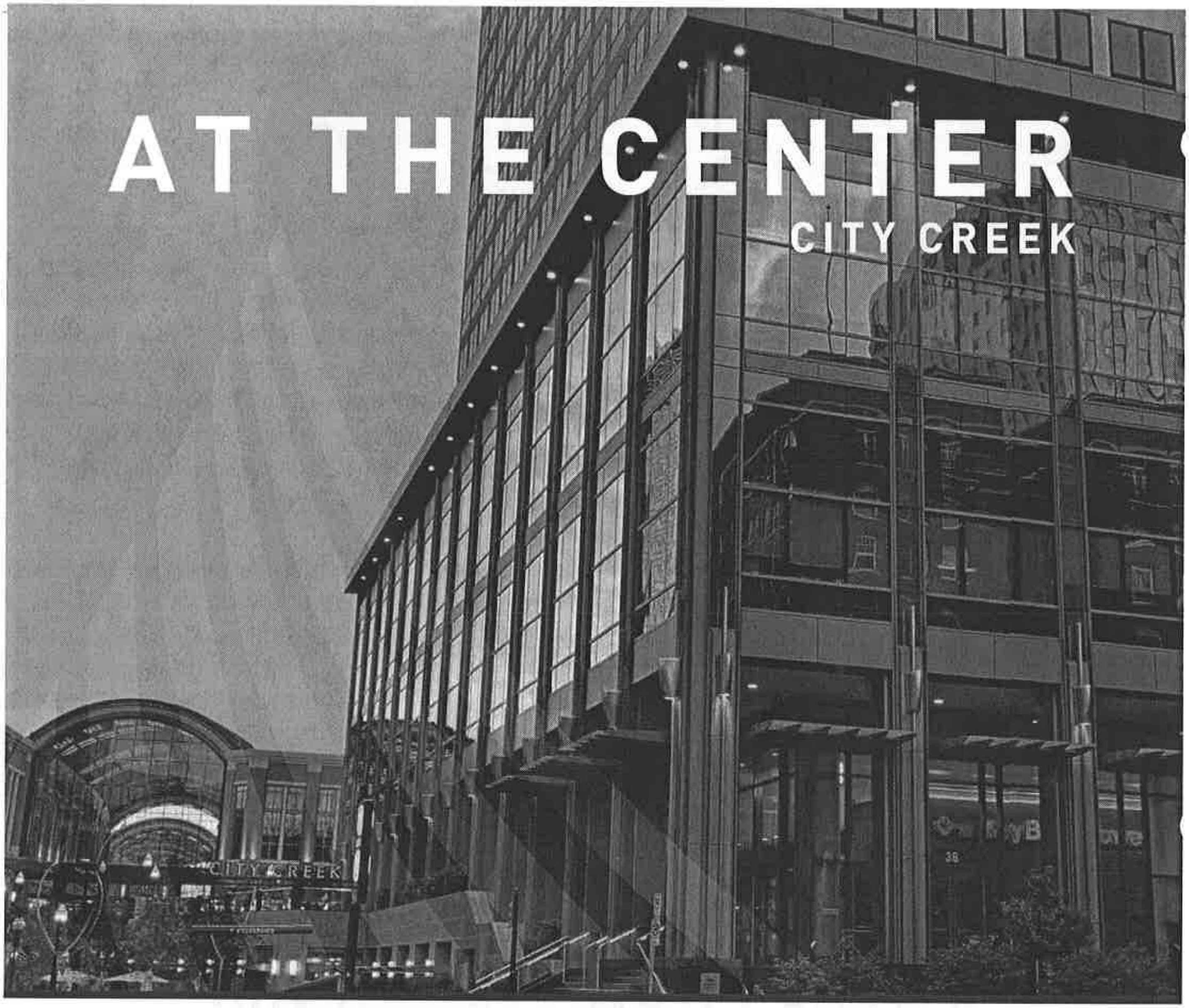


Matterhorn Conference Center 2nd Floor


AT THE CENTER
CITY CREEK

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WAYNE BROWN INSTITUTE
INVESTORS
CHOICE

The Power of Cooperative Venturing®

Founded in 1983, Wayne Brown Institute is the country's most successful non-profit (501-C-3) venture accelerator. It's Charitable and Educational mission is to build successful entrepreneurs by providing them with specific knowledge, experience, mentoring and contacts from the venture capital community. The results are impressive growth in Jobs, New Wealth and Tax Base across all economic strata. For example in the year 2008, WBI Alumni companies in Utah created $1.3 billion in revenues, employed directly and indirectly over 15,000, and generated over $49 million in state taxes. *Since then WBI Alumni companies have raised an additional $450+ million in venture and angel capital and have been involved in over $3.5 billion in other financial transactions.*

This is accomplished through the Cooperative Venturing® Educational Process, a commercialization program exclusive to Wayne Brown Institute. It is an ongoing, emerging network of professionals, investors, and entrepreneurs that help early-stage companies develop and implement a strategy for success. Companies receive valuable investor-based feedback, set benchmarks and milestones, understand the requirements of due diligence, create fund raising presentations, present to accredited investors, and hopefully go on to raise equity capital. Emerging growth companies seeking venture capital typically have a one-in-one-thousand chance of raising money. Companies participating in the Cooperative Venturing® Educational Process increase their chance of raising capital to seventy percent (70%). In fact, Utah participating companies have gone on to raise over USD $7.5 billion in financial transactions, with an astonishing 80%+ still in business after 10 years.

Venturing is typically described using such familiar terms as: Innovation, Hard Work, Vision, Talent, Opportunity, and Rewards. The Cooperative Venturing™ Educational Process is much more. It is all of the above, but applied in a highly effective systematic approach based on proprietary knowledge, expertise and technology. Tried and proven over twenty-nine years, this model combines solid performance from emerging-growth companies, the professionals that serve them, and the investors that provide financial resources.

How to Raise Money
21st Century Entrepreneur®
The Entrepreneur Profile
Venture Ready® Report
The Deal Forum
Investors Choice®
WBI Angels
Entrepreneur in Residence

29th Annual Investors Choice® Venture Capital Conference

What is Investors Choice®? Over 3000+ volunteer hours, 115+ mentoring sessions, 125+ venture mentors, and 13 venture capitalists focused on creating 20 presentations to capture investor interest.

Welcome to the 2013 Investors Choice® Venture Capital Conference!

The goal of this event is to provide opportunities for companies to participate in the venture capital process. Today, 20 domestic companies will make their pitch to an audience of 200+ investors and equity capital providers and interested parties.

As the most successful not-for-profit venture accelerator, Wayne Brown Institute has, for the past twenty-nine years, been dedicated to the development of programs and processes that help entrepreneurs develop their businesses into viable, rapid-growth companies. The companies you see today are the result of a strict selection and mentoring process. Beginning in January 2012, over 600 deals were screened by members of WBI's Deal Flow Committee. Thirty-five (35) were passed on to the Selection Committee, after extensive review, analysis and debate, 20 survived. They have been evaluated by your peers and represent what they consider to be investment opportunities worthy of your consideration.

We especially wish to thank the Sponsors of this conference, along with our distinguished panel of Venture Capital experts, and our Mentors. Their involvement, enthusiasm and expertise, is critical in attracting venture investors, banks, lending institutions, corporations and private investors.

We appreciate your attendance and hope your experience at the 29th Annual Investors Choice® Venture Capital Conference will be rewarding. If you require assistance or have any questions concerning the Conference, please see Jaime at the registration desk.

Most sincerely,

Bradley B. Bertoch

Bradley B. Bertoch
President

WBI
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The Secret of Technology Commercialization

It's About Market Pull,
Not Technology Push

It's About Building Market Momentum For Your Deal!

You Can't Build Market Share Without Money and You Can't Get Money Without Investor Momentum. WBI's Commercialization Program Helps You Identify and Build That Momentum.

Improve Your Chances of Success, Have Your Deal Reviewed By WBI's Venture Funding Team.

http://www.waynebrowninstitute.org/venture-funding-program/

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A Great Business

Requires Great People Making Great Decisions Using Really Great Tools!

HyperSphere Graphics™

WBI is implementing the use of a powerful, proven multivariate analysis tool called **HyperSphere Graphics™** (HSG) that displays the data and correlation between all evaluation variables, and compares client data to prior experiences with related business ventures in the same industrial sector, all in a ***single three-dimensional graphic***!

Perform Various Analyses

HSG uses standard spreadsheet data input, provides full 3D rotation of all attribute and case data, and generates detailed statistical, analytical and critical consultative insights. Attribute and case data can be selectively displayed, enabling performance and other analytical studies. WBI has 20+ years of comparative HSG industry sector data.

Make Better Decisions

Making great decisions about where & how much emphasis to give each development activity, strategy and option to reach a desired target position is **significantly easier** using HSG. WBI can help clients build a much more *precise plan for increasing the strength of their individual business opportunity*, and provide prospective funders with comparative data to previous ventures—successful or not—in a given sector, using WBI's proprietary databases.

WestCAMP Inc. is very pleased to be working very closely with the Wayne Brown Institute by providing a new 3D multivariate data analysis tool to enhance WBI's world class expertise in assisting new business ventures to make really ***great decisions*** about their **viability** and **fundability**.

To learn more about HSG and how it might be able to help your business or company be more successful, please contact Dave Sorensen, Exec. Director of WestCAMP at 801-637-8824 or at dsorensen@westcampinc.org

WestCAMP WestCAMP WestCAMP

Tracking Progress

HSG enables a business to *track its progress* over time as it enhances its attributes and increases various advantages. Being able to show this progress to potential investors is a unique feature of the HSG tool and helps **increase investor confidence** in the business management team.

HSG provides *significant insight* into what needs to be done and how to do it to increase investor interest.

"WBI is adding the HSG analysis capability to its well-established venture evaluation process so it can significantly increase the value of information it provides back to each client. As funding for new business development becomes more selective, using better tools for decision-making is imperative." *–Brad Bertoch*

See Relationships

WBI clients will still be able see the collective scores regarding each of the various critical attributes of their proposed venture, just as they have in the past. But now they will also be able to **see** more info about the *real relevance and contributive impact of each of the development variables* as they work on strengthening their business strategies for solid funding and growth.

PROGRAM OF EVENTS

TIME	EVENT	LOCATION
8:00-8:45 am	Late Registration- Continental Breakfast	Matterhorn Foyer Davos Foyer
8:45-9:00 am	Welcome/Announcements	Interlaken & Grindelwald
9:00-12:00 pm	Company Presentations	Interlaken & Grindelwald
9:00-4:00 pm	One-On-One Company Meetings	Davos & St. Moritz
12:00-1:30 pm	LUNCHEON Keynote Speaker: Christopher W. Kersey Camden Partners	Matterhorn Ballroom
2:00-3:00 pm	Panel Discussion: -Strategy at any Stage	Grindelwald
	Panel Discussion: -Funding in Today's Environment	Interlaken
3:00-4:00 pm	Panel Discussion -Crowdfunding : Can it help companies raise money?	Grindelwald

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INVESTORS CHOICE

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Are *YOU*...

The 21ST CENTURY ENTREPRENEUR®

The next generation of entrepreneurs need to be faster, better, and compete harder for funding.

Learn directly from investors, top entrepreneurs and venture professionals.

WBI offers exclusive specialised workshops in:

- ***Are You Ready to Raise Capital?***
- ***Writing a Business Plan that Raises Capital***
- ***Understanding the Terms of Term-Sheets***
- ***How to Get a Term-Sheet***

Next event:

APRIL 2013

http://www.venturecapital.org/vc-events-21st-century-entrepreneur

***"An organization's ability to learn, and translate that learning into action rapidly, is the ultimate competitive advantage."*-Jack Welch**

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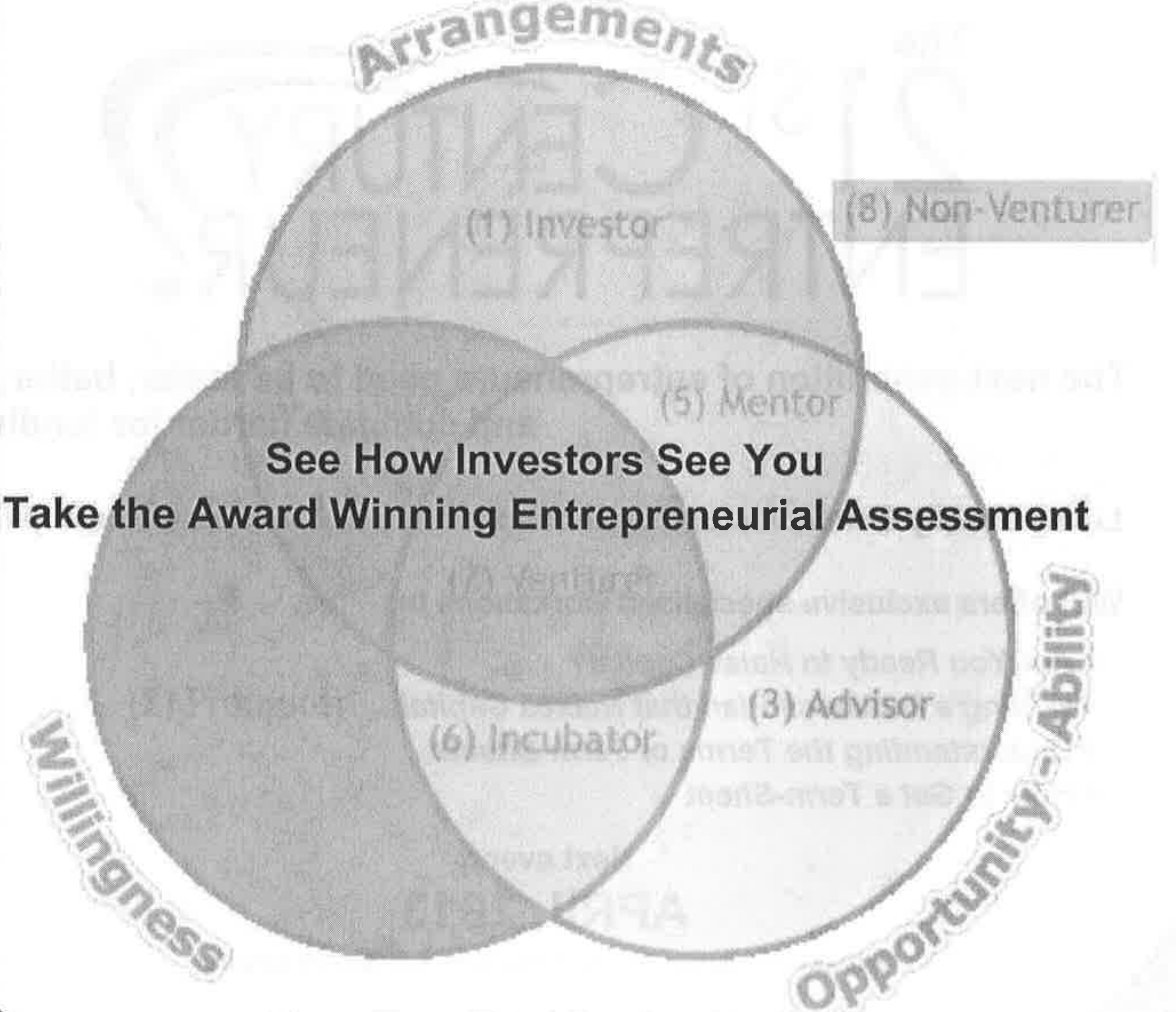
90% of Entrepreneurs are First Timers

Are You Up To The Challenge?



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2013 Investors Choice• Venture Capital Conference

FEBRUARY 7, 2013

Presenting Company
Schedule of Presentations

TIME	TRACK I *INTERLAKEN*	TRACK II *GRINDELWALD*
9:00 a.m. – 9:10 a.m.	e-Sens	Social Good Network
9:15 a.m. – 9:25 a.m.	GeoStrut	Monnit
9:30 a.m. – 9:40 a.m.	Cost Comp Solutions	InfoSiftr
9:45 a.m. – 9:55 a.m.	Qualifyr	Insight
10:00 a.m. – 10:10 a.m.	MyLine	Arellia
10:15 a.m. – 10:25 a.m.	PhotoPharmics	FlowPay
10:30 a.m. – 10:40 a.m.	BREAK	BREAK
10:45 a.m. – 10:55 a.m.	Knudra Diagnostics	ShareFuse
11:00 a.m. – 11:10 a.m.	Sword Diagnostics	RawData
11:15 a.m. – 11:25 a.m.	KeyVive Health	Affinity Amp
11:30 a.m. – 11:40 a.m.	Catheter Connections	ContactPoint

PANEL OF VENTURE CAPITAL EXPERTS

John Bennion, Prior to joining Sorenson Capital's Performance Group, Mr. Bennion served as President and CEO of the Utah Athletic Foundation, the legacy organization of the 2002 Olympic Winter Games. He previously served as Managing Director of Games Services, responsible for ticketing, accommodations, food & beverage, press operations, broadcast administration, retail operations, and visitor information services. Prior to the 2002 Olympics, he co-founded and led two successful technology start-up companies in Utah. He previously worked at Bain & Company in Boston and Menlo Park as a consultant and manager.

John Bennion, Sorenson Capital, 3400 N. Ashton Boulevard, Suite 400 Lehi, UT 84043, 801-407-8420, jbennion@sorensoncap.com

Debra Guerin Beresini's goals are to help companies grow into sustainable, scalable businesses and help lending institutions realize the substantial business opportunities in the emerging growth company market. In 1997, she co-founded *invencor, inc.*, and has since served as its CEO. *invencor* manages both debt and equity funds and consults with entrepreneurial management teams and lending institutions that focus on emerging growth companies. Beresini presently sits on the boards of AGIS Networks, San Ramon, California; Hawaii Biotech, Honolulu, Hawai'i and HIBEAM, a Hawai'i-based business accelerator. She is a member of the advisory board of the Pacific Asian Center for Entrepreneurship for the University of Hawai'i and is chair of the Board of Trustees for the Wayne Brown Institute, an educational nonprofit focused on mentoring entrepreneurs.

Debra Guerin Beresini, invencor, 1685 Los Carneros Ave., Napa, CA 94559, 415-531-5003, debra@invencor.com

Brad Bertoch, serves as President of the Wayne Brown Institute—a nonprofit, nationally recognized, entrepreneurship organization. He is a leader in equity backed business development, capital formation, and technology commercialization and entrepreneurship. Under his direction, companies participating in an Institute venture conference have raised over $2 billion in private equity and created or retained over 40,000 high tech jobs throughout the United States. Brad is a member of Olympus, Park City and Salt Lake Life Sciences Angel and WBI Angels groups and was a venture partner with Hamilton Bio-Ventures Fund II. He is currently a fellow of the Foundation for Enterprise Development, and co-founder and current board member of the MountainWest Capital Network.

Brad Bertoch, Wayne Brown Institute, PO Box 2135 Salt Lake City, UT 84110, 801-595-1141, bbertoch@venturecapital.org

Bob Gottdener has more than 38 years of investment experience during which he has participated in 14 IPOs. He graduated from the University of Illinois and earned a certificate from the Securities Industry association at the Wharton Business School. Bob specializes in working with high growth companies who have gone public, or have the potential to go public, as part of the Corporate Executive Services Group DB Alex. Brown. He is a member of Wayne Brown Institute's Board of Directors, Executive Committee, Cooperative Venturing Network and acts as a mentor for early stage companies

Bob Gottdener, bob@gottdenerdesigns.com

PANEL OF VENTURE CAPITAL EXPERTS

Andrew Laver is a Co-founder and the Managing Director of Salt Lake Life Science Angels (www.SLLSA.com), an angel group focused on seed stage medical investments. Mr. Laver is also the Founder of APL Capital Advisors (www.APLcapital.com), a Salt Lake City-based boutique investment bank providing capital raising and merger & acquisition advisory services to early-stage and middle-market companies. Prior to founding APL Capital, Mr. Laver gained investment and transactional experience in the venture capital and private equity industries.

Andrew Laver, APL Capital, 236 South Main Street, Salt Lake City, UT 84101, 801- 810-4050, alaver@wdco.com

Kevin Learned, Boise Angel Alliance, has extensive experience as an entrepreneur, academic, manager and angel investor. Trained as a CPA, he was the co-founder of Learned-Mahn, a Boise software company that supplied its software nationwide to the banking and hospital industries. The company was the first successful Idaho software company and successfully exited in 1994. He has been an active angel investor, is a founding member of the Boise Angel Alliance, an investor in and administrator of its two angel funds, and a partner in Loon Creek Capital Group, which assists communities in creating angel funds. He was Vice President of RAIN Source Capital in St. Paul, MN. RAIN Source helped to create more than 20 community-based angel funds.

Kevin Learned, Boise Angel Alliance, 2407 Parkside Dr., Boise, ID 83712, (208) 989-7164, kelearned@gmail.com

Michael K. Lee is the Co-Founder and Managing Director at Dominion Ventures, Inc. He co-founded the firm in 1985 and his investment focus has been in financial services, information/business services and clean technology. Previously, Mr. Lee served as the Director of Operations for Equity Financial Group where he was responsible for managing their $100 million venture portfolio. He is a current Board Member at NextPage, Inc. He was also the Co-Founder of Kreos Capital, formerly European Venture Partners. He is an Independent Director of Composite Technology Corporation, since January 21, 2009.

Mike Lee, Dominion Ventures, Inc. 1646 N. California Blvd. Walnut Creek, CA 94596, 925-280-6300, mlee@dominion.com

Taft Price has been instrumental in the dramatic growth of several successful companies. He has extensive experience in mergers & acquisitions, venture capital, investment analysis and corporate finance. Early in his career, Taft was a co-founder and president of Oakley Networks, Inc. and was a vice president of Richter & Co. and Cerberus Partners, LP, an investment banking boutique and hedge fund specializing in distressed securities. Taft has served as a member of the Board of Harvest Food, Inc. and oversaw a major restructuring and divestiture plan for the company. While in graduate school, Taft worked as a managing consultant for a not-for-profit firm that helped minority-owned small businesses in the New York Metropolitan area.

Taft Price, Dominion Venture Management, 1646 N. California Blvd., #300, Walnut Creek, CA 94546, 925-280-6300
tprice@dominion.com

WAYNE BROWN INSTITUTE INVESTORS CHOICE

PANEL OF VENTURE CAPITAL EXPERTS

Richard Shanaman, Eagle Bay Advisors, has held officer positions at Citibank, Bank of California, Prudential Financial Services and was CFO and Vice Chairman of American Stores Company. He was a founding General Partner of Pelion Ventures formerly Utah Ventures. He has held directorships in Utah companies such as American Stores, Ceramatec, Zevex International, Prudential Financial Services, TruVision, and Sendside Networks. He is currently a director of Domain Surgical, Morgan Stanley Bank, NA, and a Trustee of the Wayne Brown Institute. A member of the WBI and Salt lake Angels, Dick has made investments in Domain Surgical, TruVision, TruHearing, Sendside Networks, Pelion Ventures, and Zevex International.

Richard Shanaman, Eagle Bay Advisors, Inc., Salt Lake City, 801-971-1803, dick@sendside.net

Adam Slovik in an active investor in various areas focusing on high-tech. He recently stepped down as President of RemedyMD, a healthcare software company he is an investor in. In 1993, Slovik co-founded TenFold Corporation, a provider of applications development and infrastructure technologies, where he held numerous senior management roles helping TenFold to a successful IPO and a $1B+ market cap. Slovik conceived of and created the Universal Application™, TenFold's patented flagship platform that enables business analysts to rapidly build and deploy applications. Prior to TenFold, Slovik was a founding member of Oracle's Applications Division and served in various technical, architectural and product management roles. Slovik is a frequent lecturer on entrepreneurship, management, strategies and tactics for growing companies.

Adam Slovik, Angel Investor, 415-323-3179, adam.slovik@gmail.com

Dr. Theodore (Ted) Stanley has been associated with the Department of Anesthesiology at the University of Utah for more than 40 years (since 1967). Dr. Stanley is recognized as an international expert in intravenous anesthesia, opioid analgesics, drug delivery systems, human and wildlife immobilization techniques, and, has been a visiting professor of anesthesiology to almost every academic department (and numerous non-academic departments throughout the United States and most of North and South America, Europe, and the Orient). In the past 25 years, Ted Stanley has become a "serial entrepreneur" and has founded or co-founded eight life-science companies, one transportation company and three research and educational foundations. Ted currently sits on the Board's of eight life-science companies and is Chairman of three of these Boards: ZARS, NAPE, and NEUROADJUVANTS.

Ted Stanley, Salt Lake Life Science Angels, 1142 W 2320 S #A, Salt Lake City UT 84119, 801-518-5046, theodore.stanley@hsc.utah.edu

PANEL OF VENTURE CAPITAL EXPERTS

Todd Stevens, Managing Director, RenewableTech Ventures. Mr. Stevens is the founder and former Managing Director of Wasatch Venture Fund, now EPIC Ventures. During the past 16 years, Mr. Stevens has raised six venture funds focused on early stage technology companies with commitments totaling over $250 million. He announced Renewable Tech Ventures that will focus on renewable energy and clean technology companies in the Rocky Mountain region of the US and Canada. Prior to founding Wasatch Venture Fund, Mr. Stevens was a development and finance executive in the independent power/cogeneration industry. He has developed over 300 MW of cogeneration and renwable energy and has financed over $400 million.

Todd Stevens, RenewableTech Ventures, 136 East South Temple, Suite 925, Salt Lake City, UT 84111, 801-363-1700, todd@renewablevc.com

Brandon Tidwell is a founding managing director at Signal Peak Ventures and has an extensive background working with early-stage technology companies. Prior to Signal Peak, Brandon was a managing director at Canopy Ventures. Brandon has counseled numerous entrepreneurs throughout the company building process. Having invested in and advised numerous companies on the path from start-up to successful exit, Brandon brings a broad base of start-up experience to bear on behalf of Signal Peak's portfolio companies.

Brandon Tidwell, Signal Peak Ventures, 2795 E. Cottonwood Pkwy. Suite #360 Salt Lake City, UT 84121 801.942.8999, brandon@signalpeakvc.com

Hal Widlansky joined the Radiate team in February 2011 as CEO of Matchbin, where he guided the company through its acquisition of NAVTEQ's Traffic.com and subsequent transformation into Radiate Media. Prior to this, Hal also served from 2008 to 2010 on Matchbin's Board of Directors. Before joining Matchbin and Radiate, Hal served as CEO of Mangia Technologies, a mobile technology company, CEO of SonoMetric Health, a medical software company, Global Director of SonoSite Ultrasound's cardiology unit and Director of Media Partnerships at Citysearch, the leading online city guide network.

Hal Widlansky, Radiate Media, 90 South 400 West, Salt Lake City, UT 84101, 801-214-2800, hal.widlansky@matchbin.com

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Innovation in Entrepreneurship

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Please contact Debra Guerin Beresini at 415-531-5003 to learn how we can help you.

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Wayne Brown Institute

Jaime Callister
Volunteer
Wayne Brown Institue

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University of Utah
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Danny Barber
Westminster college
MBA

Britton Broderick
Virginia

Heather Cashmore
Westminster college
Business Management

Jesse Jensen
Westminster College
MBA in Technology Commercialization

Scott Kellner
Westminster College
Finance

Dave Marqaudt

Paul McAllister
Westminster College
MBA of Technology Management

Ross McIlwaine
Westminster College
Finance

Davidson Oliveira
BYU
Finance

Cole Pederson
University of Utah
Entrepreneurship

Mike Sears
Boston University School of Law

Kris Steadman
Westminster College
MBA

Jeff Theodosopoulos
University of Utah
Business

Cami Thorum
Westminster college
MBA

Rodrigo Varallo
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Matt Zitting
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EXCLUSIVE CONFERENCE SKI DAY & RACE
February 8, 2013, 9:00 a.m. – 4:00 p.m.
Deer Valley Resort
2550 Deer Valley Dr.
Park City UT

Never raced? That's OK, it's not that kind of race! From snowplow to slalom, this is fun for everyone.

Participation in the race is optional, you can cheer from the sidelines or continue with your day of skiing. If you choose to participate in the race, Deer Valley requests that you sign a release of liability form.

Plan to arrive at Deer Valley between 9:00 - 9:30 a.m. on February 8 for a day of exceptional skiing and a private lunch. Meet Brad near the ticket booth at the Snow Park Lodge to pick up your day pass.

The race begins at 10:00 at the race hill, just outside of the Silver Lake Lodge.

After the race a buffet lunch has been arranged at the mid-mountain Silver Lake Lodge in the Mariposa. The lunch buffet will be served at 12:00. This room will be available for our group's use until 1:30 p.m.

Those requiring transportation to Deer Valley from Zermatt should be in the hotel lobby at 8:30 a.m. If you have your own transportation, the Deer Valley gondola is 10 minutes from the hotel via US 40.

If you have any questions, see Jaime at the registration desk.

See you on the slopes!

BRAD

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DISCLAIMER

1. Neither this announcement nor the conference constitutes an offer to sell or the solicitation of an offer to purchase securities.

2. Neither the Wayne Brown Institute (WBI), nor any organization, group or individual acting in connection with Investors Choice® Venture Capital Conference make any representation as to the reliability of the information provided by the participating companies or their representatives.

3. If any investment in a participating company occurs as a direct or indirect result of the Forum, it will be solely on the initiative of the investor without participation by or transaction-related compensation to WBI or its agents. WBI may be paid compensation by participation companies, but such compensation is solely in connection with participation in the Forum and in unrelated to any third party investment in such companies.

4. Investors Choice® Venture Capital Conference serves merely as a vehicle to allow interested persons to view the ideas and activities of numerous companies and to learn about types of businesses being developed.

5. Investments in a company presenting at the Forum will involve a high degree of risk. Investors must perform their own due diligence and seek legal and other professional counsel prior to reaching any investment decisions. WBI makes no warranty or representation as to any participating company as an investment opportunity.

6. WBI is not a broker, dealer or investment advisor. WBI has not evaluated nor endorsed the merits of any presentation made at the conference.

7. Investors must conduct their own investigation of facts submitted by the presenting companies, solicit such information form the presenting companies as needed to make an informed decision and negotiate the terms of their own investment, if any, without any participation by WBI or any agent of WBI.

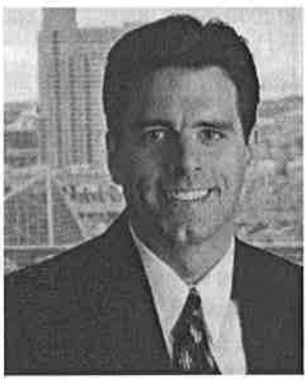
SPECIAL EDITION

HRM
HOW TO RAISE MONEY

Special Edition - February 2013

12:00 PM - 1:30 PM Luncheon - Key Note Speaker: Christopher W. Kersey, Camden Partners

Dr. Kersey will speak on: "What happens in healthcare overseas doesn't stay overseas: How international healthcare trends will affect America's largest industry."



Christopher W. Kersey serves as a Managing Member of Camden Partners of Baltimore, Maryland, where he focuses on private equity investments in the health care and life science industries. Founded in 1995, Camden Partners is one of the largest growth equity and investment management funds in the United States with more than $700 million under management.

Dr. Kersey serves on the board of directors of Essence Group Holdings Corporation, LipoScience Inc., Medivance Inc., MinSec Corrections Corporation, PatientSafe Solutions Inc., Santa Rosa Consulting Inc. and Webmedx Inc. Dr. Kersey's previous portfolio companies include MedServe Inc. (acquired by Stericycle Corporation, NASDAQ: SRCL), AlgoRx Pharmaceuticals Inc. (acquired by Anesiva Corporation, NASDAQ: ANSV), ComView Medical Systems (acquired by ElectroMed Corporation), MacroGenics Inc., Pet DRx Corporation (acquired by VCA Antech Inc., NASDAQ: WOOF), Rejuvenon Corporation (acquired by Helsinn Healthcare S.A.), Targacept Corporation (NASDAQ: TRGT) and Xeotron Corporation (acquired by Life Technologies Corporation, NASDAQ: LIFE).

Dr. Kersey serves on the board of trustees of Johns Hopkins Medicine and the board of trustees of The Johns Hopkins Hospital. Dr. Kersey serves on the board of directors of The Johns Hopkins Hospital Endowment Fund, and he is the Chairman of the Board of Johns Hopkins Medicine International, the global development arm of Johns Hopkins Medicine with hospital management and clinical education services in the Middle East, North America, South America, Europe and Asia.

Dr. Kersey's international experience includes work with Sumitomo Biosciences in Japan and the World Bank in the former Soviet Union (the Republic of Georgia) as well as research fellowships focusing on the National Health Service in the United Kingdom and Sweden-based Telefon LM AB Ericsson's market entry into China.

A Phi Beta Kappa, Truman Scholar and Presidential Scholar graduate of Stanford University, Dr. Kersey graduated *summa cum laude* as the class of 1996 valedictorian at the Emory University School of Medicine. In 1996, Dr. Kersey attained the distinction of becoming one of the first individuals in history to be accepted in the same year into the residency program of Harvard Medical School as well as Harvard Law School and Harvard Business School, where he later graduated as the class of 1998 Walter Fellow as one of the school's first medical doctors.

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2:00 – 3:00 Strategy – Why every company at every stage needs a strategic plan

Debra Guerin Beresini, Moderator. In 1997, Debra co-founded *invencor, inc.*, and has since served as its CEO. *invencor* manages both debt and equity funds and consults with entrepreneurial management teams and lending institutions that focus on emerging growth companies. Beresini presently sits on the boards of AGIS Networks, San Ramon, California; Hawaii Biotech, Honolulu, Hawai'i and HIBEAM, a Hawai'i-based business accelerator.

John Bennion, Prior to joining Sorenson Capital's Performance Group, John served as President and CEO of the Utah Athletic Foundation, the legacy organization of the 2002 Olympic Winter Games. He previously served as Managing Director of Games Services, responsible for ticketing, accommodations, food & beverage, press operations, broadcast administration, retail operations, and visitor information services. Prior to the 2002 Olympics, he co-founded and led two successful technology start-up companies in Utah. He previously worked at Bain & Company as a consultant and manager.

Adam Slovik in an active investor. He recently stepped down as President of RemedyMD, a healthcare software company he is an investor in. In 1993, Slovik co-founded TenFold Corporation, a provider of applications development and infrastructure technologies, where he held numerous senior management roles helping TenFold to a successful IPO and a $1B+ market cap. Slovik conceived of and created the Universal Application™, TenFold's patented flagship platform that enables business analysts to rapidly build and deploy applications.

Kevin Learned, Boise Angel Alliance, has extensive experience as an entrepreneur, academic, manager and angel investor. Trained as a CPA, he was the co-founder of Learned-Mahn, a Boise software company that supplied its software nationwide to the banking and hospital industries. The company was the first successful Idaho software company and successfully exited in 1994. He has been an active angel investor, is a founding member of the Boise Angel Alliance, an investor in and administrator of its two angel funds, and a partner in Loon Creek Capital Group, which assists communities in creating angel funds. He was Vice President of RAIN Source Capital in St. Paul, MN. RAIN Source helped to create more than 20 community-based angel funds

2:00 – 3:00 pm What is Getting Funded in today's environment and why?

Phillip H. Grimm, Moderator, is a leader and mentor with more than 30 years of success guiding both large and growth-oriented companies. Today he focuses on developing early stage or growth oriented businesses through the delicate challenges associated with gaining product recognition and acceptance, building industry leading management teams, organizing financial instruments to support business growth and negotiating key relationships and contracts. He also remains actively engaged in the angel investing community and currently is the Executive Director for SLC Angels.

Wayne Cantwell joined Crescendo Ventures in early 2003. Prior to this he served as President and CEO of Soisic SA and President and CEO of inSilicon Corporation where he led the company through a very successful IPO. Prior to inSilicon, Wayne was responsible for overseeing Phoenix Technologies' worldwide sales and field operations. Wayne has extensive international experience, having run operations in Japan, Taiwan, Korea, France and England.

Kent Madsen is a Managing Director of EPIC Venture Fund, and has been a venture capitalist investing in seed and early-stage technology companies for more than a decade. Previously Kent was a Managing Director of Wasatch Venture Fund a firm with four funds, approximately $200 million under management, and investments in 70 companies. While at Wasatch, Kent also served as CEO of MACC Private Equities and its wholly owned subsidiary MorAmerica Capital, one of the nation's oldest and most well-known late-stage SBIC companies.

Matt Marsh, Sorenson Capital, Prior to joining Sorenson Capital in 2011, Matt was an Associate Director with the Global Technology Group of UBS Investment Bank in San Francisco, California. At UBS, Mr. Marsh provided financial advisory services focused on mergers and acquisitions, initial public offerings and other equity-based transactions, leveraged transactions and general corporate strategy for some of the most prominent firms in their respective technology verticals, including Internet, Software, Digital Media, Telecommunications Equipment and Clean Technology.

Dusty Wunderlich currently serves as a Principal of DCA Capital Partners, a Private Equity fund focused on providing buyout, growth and restructuring capital to middle-market companies in underserved communities across the Western U.S. In addition to his role at DCA, Mr. Wunderlich maintains oversight of Optimum Strategy Group, a business consulting, financing and outsourcing firm headquartered in Nevada.

3:00 – 4:00 pm Crowdfunding: Can it Help Companies Raise Money?

Devin D. Thorpe, Moderator, thinks he is the luckiest person alive. After being "let go" from the best job he'd ever had—as the Chief Financial Officer of the multinational food and beverage company MonaVie—he and his wife ended up living in China for a year where he wrote Your Mark On The World and embarked on the career he'd always wanted yet hadn't dared dream. Now, as an author, a popular guest speaker and Forbes contributor, Devin is devoted full time to championing social good.

Chris Anderson, Ballard Spahr, has an extensive background in venture capital transactions for emerging-growth companies. He assists business clients in dealing with the many commercial issues they need to address as they progress through the growth cycle. He works with high-technology and biotech companies, as well as businesses in more traditional industries.

Candace Klein is the founder and CEO of two successful startup companies: Bad Girl Ventures, a highly localized micro-finance organization (501c3) focused on educating and financing woman-owned startup companies in a local geographic region, and SoMoLend, a new technology platform that connects business borrowers seeking loans with lenders looking to make a return on investment.

DJ Paul is a co-founder and Chief Strategy Officer of crowdfunder.com. Mr. Paul began his professional career as a sovereign and high-yield bond portfolio manager at Banque Paribas in London and CenTrust Bank in Miami. He then moved to New York City working for Cowan & Co. as a Mortgage-Backed Securities salesman. Prior to joining the crowdfunder team, D.J. was an award winning film and television producer, having produced over a dozen independent films and television shows.

Richard Swart, Grow America/CFIRA is an international award-winning Ph.D. in Information Systems who left academia to become an entrepreneur. He is the founder of Utah's largest ongoing networking and training event for entrepreneurs and one of the fastest growing meetups in the United States, the Entrepreneurs Circle. He helped organize the CrowdFunding Professional Association and currently serves on the executive and governance committees.

Keith Woodwell is the Director of the Utah Division of Securities, the state agency responsible for licensing and regulating broker-dealers, investment advisers, and their agents and representatives in the state. Keith graduated magna cum laude from BYU Law School in 1995 and began his career practicing in the areas of securities law and commercial litigation at the law firms of Kesler & Rust and Brent R. Armstrong Law Offices in Salt Lake City.

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SWORD DIAGNOSTICS

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Affinity Amp Inc

http://gust.com/c/affinity_amp

Affinity Amp helps organizations leverage mobile engagement to build community and inspire action through their key relationships

Business Summary: AffinityAMP offers a cloud-based SaaS platform that enables businesses to engage their key business relationships via customized mobile applications that;
- Employ modular tools of engagement that engage customers, employees, partners, distribution channels, suppliers, and marketplaces
- Support all popular mobile device platforms
- Connect apps organically with B2B, B2C, and social networks
- Measure and optimize results

Product/Services: A cloud-based SaaS provider that enables organizations to engage and strengthen key relationships through mobile devices. We create a custom app experience using our cloud-based modular platform by configuring engagement points that serve the needs of the relationship. We publish native apps for all leading mobile platforms and provide content management and engagement tools that inspire, measure and reward action.

Customer problem: Businesses need to connect with their ecosystem of relationships that have gone mobile but they face several barriers. We remove cost, technology, and complexity barriers that enable marketing organizations and independent business to close the gap with their mobile audience.

Target market: We focus on clients with a high need to connect with their audience via mobile and are connected to a large ecosystem of independent businesses. By targeting connection-rich B2B ecosystems we believe that we can create self sustaining growth by streamlining network growth.

Management: Proven management team - Seven startups with five successful exits
Brian Sevy - CEO, 20 yrs product innovation, from Intel to 3 mobile software companies. Leading authority on mobile apps.
Aaron Madsen - Director Client Platforms, cloud-based solution architect
Tom Loutzenheiser - Chairman, 25 years in tech, grown two companies to profits and mergers.

Company Profile:
URL: http://www.affinityamp.com
Industry: Software
Employees: 7
Founded: 2011-01-04

Contact:
Brian Sevy
brian@affinityamp.com

Financial Information (USD):
Company Stage: Full Product Ready
Previous Capital: $996,000
Monthly Net Burn: $42,000
Capital Seeking: $1,000,000

Management:
Brian Sevy, CEO
Aaron Madsen, Director, Engineering
Tom Loutzenheiser, Chairman

Advisors:
Lawyer: Paul Boyd - Stoel Rives

Investors:
Multiple Accredited Investors
Angel Funds

Location:
300 W Main St. Suite 200
Boise, ID, 83440
US

Customers: We target mobile ecosystems that connect, Suppliers, distributors, advisors and marketing partners with independent businesses, and consumers. We are currently working in the following beachhead market segments: Health, Wellness, and Active Lifestyle; Beauty Services; Travel and Leisure; Product distribution networks, Local Media, Creative and Marketing Agencies, and Industry Associations. We have 25 active SaaS clients in these segments.

Sales/Marketing strategy: 1. Develop partnerships with organizations at the hub of large ecosystems of independent businesses 2. Sell customized app services to connect partners with their downstream ecosystem 3. Reach a large market of independent businesses through partners. 4. Fuel organic growth through business and social networks.

Business model: Setup fee for configuring custom mobile apps and integrating content sources. Recurring SaaS fees for launched apps. Revenue share on partner sales of media connections and SaaS services.

Competitors: Custom development options that are expensive, inflexible and slow to market. Fragmented marketing and relationship management tools that don't provide a simple, unified, and mobile optimized solutions for independent businesses.

Competitive advantage: Cloud-based modular platform enables dramatic cost savings, faster time to market, real-time flexibility, and the ability to interconnect published and virtual apps together into business ecosystems. Modular architecture enables Affinity Amp to span multiple segments with a growing library of engagement modules . Automated customization for partners enables revenue scalability within segments.

Arellia

http://gust.com/c/arellia

Arellia protects enterprise Windows systems from advanced security threats with endpoint security software.

Business Summary: Arellia helps you lower operational costs and decrease risk through solutions that enable desktop and server lock down, improve privileged account security, and achieve compliance remediation. Arellia solutions address projects to remove end users from the administrators group, secure administrator accounts and groups, whitelist applications, and automate compliance assessment and remediation.

Product/Services: Arellia sells enterprise security software that protect Windows systems from advanced security threats. Customers are able to mitigate risk, reduce operational cost, and achieve compliance to security regulations. Arellia products are proven and being used by many large customers including the Blackstone Group, BP, Cisco, ESPN, IRS, TSA.

Customer problem: Antivirus software is no longer sufficient to address today's threats. With increasing complex software viruses, hackers, and malicious employees, businesses are looking at advanced security controls to protect their information. Arellia provides advanced security solutions to mitigate these risks.

Target market: Arellia targets the corporate endpoint security market which is forecast at $2.9 Billion in 2012 growing to $3.5 Billion in 2016 according to Gartner, leading technology analyst firm.

Management: Arellia's CEO, Michael Sainsbury, was the original architect and VP of software architecture for the Altiris platform and solutions which are used by nearly 20,000 customers globally. Michael manages Arellia engineering. Stephen Brown has spent 12 years in computer security doing engineering and product management at Altiris and Symantec where he managed multiple partner relationships. Stephen manages sales, marketing, and operations at Arellia.

Customers: Arellia targets large organizations with at least 1,000+ Windows desktops and\or servers. Key market segments include government, finance, healthcare, and other highly regulated industries.

Arellia

Company Profile:
URL: http://www.arellia.com
Industry: Software
Employees: 6
Founded: 2009-09-14

Contact:
Stephen Brown
sbrown@arellia.com

Financial Information (USD):
Company Stage: USD 1M in Trailing 12 Month Revenue
Previous Capital: $1,000,000
Monthly Net Burn: $85,000
Pre-money Valuation: $2,500,000
Capital Seeking: $500,000

Management:
Michael Sainsbury, CEO
Stephen Brown, President

Advisors:
Accountant: Squire and Company

Investors:
Funded by CEO

Location:
765 East 340 South Suite 105
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US

Sales/Marketing strategy: Current customer acquisition is through a non-exclusive reseller relationship with Symantec. Moving forward, Arellia plans to establish direct relationships with key software distributors and resellers focused on endpoint security. Maintaining customers is through regular updates to software and ongoing support and engagement to ensure customer success.

Business model: Current revenue stream is 100% through our reseller relationship with Symantec which pays 50% on new license revenue and 65% on maintenance renewals. Moving forward, additional revenue streams will come through distributor and reseller relationships where Arellia will receive 70% or better on new license and maintenance sales. As our technology matures and customer base grows, we expect an acquisition by a larger security vendor.

Competitors: Current primary competitors include Avecto, BeyondTrust, Bit9, and Viewfinity all of which are privately held companies. These competitors are self or externally funded with growth at 140-350% year over year growth in 2010. Each one has different alliances with larger software vendors and sells direct. Some of the larger security vendors (McAfee and Symantec) have some similar capabilities with Arellia, but are lacking in many areas.

Competitive advantage: Arellia has established a customer base with many large, well-known companies including Cisco, IRS, ESPN, Blackstone Group, TSA, BP. Arellia's solution is proven within our existing customer base, our engineering team has previous success in building the Altiris products, and we have a reputation for excellent customer service.

Catheter Connections, Inc.

One Line Pitch: Medical device solution for IV catheter related bloodstream infections, the most deadly, costly, and preventable hospital acquired infection.

Business Summary: CCI makes the patent protected DualCap System, which protects hospital patients from deadly IV infections. Hospitals seek device solutions as infections cost billions and there is no insurance reimbursement. Clinical data show the DualCap System reduces infection rates, saving money and lives. Our revenue is from device sales to hospitals, to be augmented by partnerships with OEMs bundling DualCap into kits. In the future, we will sell services like patient safety programs. Our exit strategy is a sale to a major medical device manufacturer, after revenues increase and market share gains peak with available resources.

Management: Executive Chairman is device veteran, former Group President of CR Bard. COO ran SHPI, sold to Bard, 30 years regulatory, engineering & manufacturing. CEO has 30 years medical device IP expertise and start-up experience. Product Dev. VP has over 30 years of bringing first of kind products to market. CFO was instrumental in sale of SHPI. CBO has marketing and business development expertise in infusion devices and VP Sales has 27 years of device experience.

Customer Problem: Abysmal care of IV lines causes infections — we fix that. Standard practice is to swab the luer access valve (LAV) attached to the patient's IV, but 31% of nurses don't, and even if they do, it's inadequate. DualCap replaces swabbing and ALSO disinfects the IV tubing end, which has been overlooked as a vector of deadly infections. Our products eliminate: swabbing, infections, unreimbursed cost of ~$47K/infection, and variability of care among nurses, thus saving lives and minimizing liability.

Product/Services: DualCap helps stop IV related bloodstream infections by preventing microbes from entering the IV catheter. Each cap contains alcohol—one disinfects luer access valves (LAV); the other disinfects IV tubing ends. DualCap is easy to use, inexpensive, and color coded for compliance auditing. DualCap is the first FDA cleared and only patent protected device to disinfect BOTH IV tubing ends and catheter access sites. We have the IP franchise on male luer disinfection and are developing a strategic IP portfolio (6 US patents, 2 foreign).

Target Market: 25M US hospital patients have IVs; 90% get an infusion. Our target market is capping all IV connectors (LAV and male luers) used in hospitals, alternate care & home infusion. Initial target is central venous catheters used in ICUs; secondary market is all acute care IV catheters; third is IV and catheter kits. The annual market opportunity is over $500M US; ROW $500M. The market is nascent, giving DualCap the opportunity to become the standard of care.

Sales/Marketing Strategy: Clinical differentiation by leveraging our superiority of innovative IP and clinical data showing the need to disinfect LAVs & male luers. We maintain our customers by superior product and service, infection control and cost reduction. Today, we have 50+ specialty reps focused on U.S. ICUs and hospitals and in the future private label sales to major manufacturers will penetrate hospital, alternative care and medical kit markets. We are also deploying specialty distributors in Europe and China.

Competitor Advantage: All competitors focus on protecting only the LAV (Hospira, Excelsior, Ivera); without male luer disinfection these are incomplete solutions. Other infection prevention options include compliance campaigns (i.e. swabbing education) which are costly, unsustainable and have not been effective. Non-cap options include catheters and LAVs coated with antimicrobials (Arrow, Cook, Baxter) and have significant limitations. Our products can be used with non-cap options. While one competitor is copying our male luer technology, its product is inferior and infringes our patents.

CATHETER CONNECTIONS

Company Profile:
URL:
http://www.catheterconnections.com
Industry: Medical Devices and Equipment
Employees: 10
Founded: Jun-02-2008

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Location:
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United States

Financial Information (USD):
Company Stage: $0 - $500K in Trailing 12 Mo. Revenue
Previous Capital: 6,500,000
Monthly Net Burn: 170,000
Pre-money Valuation: 8,750,000
Capital Seeking: $744K of $2M bridge

Management:
Guy Jordan, PhD., Executive Chairman
Donald Solomon, PhD., COO and Co-founder
Vicki Farrar, Esq., CEO, Director and Co-founder
David Green, CFO
Charity Williams, Esq., CBO
Perry Borch, VP of Sales
Robert Hitchcock, VP of Product Dev.

Advisors:
Lawyer: Mathew Romney, Kunzler Law Group
Accountant: Tanner & Company

Investors:
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Salt Lake Angels, Palo Alto Life Science Angels, Olympus Angels
Sand Hill Angels, Peterson Ventures, Individuals (domestic & int'l)

Comp Cost Solution

http://gust.com/c/comp_cost_solution

A patented, Web based solution to assess/manage/decrease the risk in Workers' Compensation claims so employers achieve higher productivity.

Comp Cost Solutions
Manage your Motions | Stay in the Game

Company Profile:
URL: http://compcostsolution.com
Industry: Internet / Web Services

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Financial Information (USD):
Company Stage: Full Product Ready
Previous Capital: $1,500,000
Monthly Net Burn: $30,000
Capital Seeking: $2,500,000

Management:
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Barry Thomas, Exe Chairman & Director of Org Development
Juan Benites, Chief Operations Advisor
Richard Kruckeberg, Chief Medical Officer, Manager
Paul Daly, Chief Technical Officer
Sitaram Iyengar, Director of Operations
Rob Dill, Co-Director of Business Development
Pat Hoon, Co-Director of Business Development
Mike Allen, Co-Director of Business Development

Advisors:
Lawyer: Gerald Jenkins- Chicago,IL
Accountant: Robert Rifkin- Chicago, IL

Location:
100 Professional Plaza
Mattoon, IL,
US

Business Summary: CompCost Solutions currently the only Solution provider that is: web-based, scalable for large numbers of users; HIPAA-compliant; assesses employee MSDs; focuses on prevention of MSDs; built to include employee incentives to use; and provides management with a real time view of aggregated MSD risk. Patent translates key MSD-related clinical insights into the algorithms.

Product/Services: A web based solution to assess/ manage/decrease the risk of workers' compensation claims enabling employers to achieve higher productivity with significant cost savings. Employees access a cloud based, 24/7 available, HIPAA compliant program to address their muscle/joint "concerns". Employers use a dashboard to view aggregate summary of "concerns" by shift, job type, etc for analysis/action.

Customer problem: Cost of Worker's Comp is over $200 billion per year. Estimates of 60%-75% of musculoskeletal disorders go unreported. These cost the employer a minimum of $300-$600 per case in retraining/employee replacement costs.

Target market: Our go-to-market strategies are three distribution channels: 1.Sales via insurance carriers and brokers/ risk management advisers/ PPO's / Third party Administrators. 2.Direct sales to self-insured private & public employers. 3.Consumer direct sales via CCS Web site .

Management: Willem Drost JD, CEO, Barry Thomas, Executive Chairman & Dir. Organizational Development . Juan Benites, Chief Operations Advisors. Richard Kruckeberg, Chief Medical Officer. Paul Daly, Chief Technical Officer. Sitaram Iyengar, Director of Operations.

Customers: Channel partnerships currently include:Insurance carriers/ brokers (MECC, Allstate, Marsh, Willis, Aon, Gallagher, Colonial, regional brokers), Risk Advisers (David Corp, Precare, Strategic Health, Reed Group), PPO's (Prime Health),Third Party Administrators (RISA). Approximately $5.7 million sales first year growing to $80 million in year 5.

Sales/Marketing strategy: Primary sales via channel partners in insurance, risk mngt & healthcare segments who leverage existing client base for quickly access to millions of users by (re)selling program as a risk management/cost reduction/ employee productivity tool. Self-insured employers can use program for preventive initiatives to reduce costs/improve employee productivity. Pay-as-you-go business concept major selling point.

Business model: Web based, subscription fee business model, generating predictable revenue stream. Highly scalability cloud computing platform drives high Gross Margins (avg. 60%), while ease/low cost of deployment ($3 PEPM) and significant cost savings ($30 PEPM) present high ROI for users. Validated via pilot test and a variety of industry studies.

Competitors: Competition online do not provide predictive information ,real time information, be multi-site analysis or provide employee incentivizations. Our patent #829096.

Financials* (USD)	2013	2014	2015	2016	2017
Revenues	5,700,000	13,200,000	45,300,000	51,800,000	87,400,000
Expenditures	5,300,000	10,500,000	31,200,000	35,700,000	58,000,000
Net	400,000	2,700,000	14,100,000	16,100,000	29,400,000

ContactPoint

One Line Pitch: ContactPoint's award-winning SaaS, **LogMyCalls**, processes thousands of business calls each day to automate activities that dramatically improve marketing and sales.

Business Summary: What Google does for web data, we do for phone data. Our award-winning SaaS, LogMyCalls, extracts call analytics from every customer phone conversation and triggers automated marketing actions based upon the keywords, phrases and emotions our call analytics engine 'hears.' LogMyCalls scores leads, manages marketing ROI, provides real-time marketing data and even triggers instant CRM actions. LogMyCalls marries big data and phone calls.

Management: The executive team brings experience ranging from Senior Vice President of Sony, to management at Apple, Stream International and Focus Enhancements. Jason Wells, the CEO holds an MBA from Wharton and has directed mobile strategy at Sony and Handango. The other executives have been immersed in SaaS, telephony and emerging technology for more than 15 years. They are sought after speakers, presenters, and writers in marketing and tech spaces.

Customer Problem: Marketers spend billions each year on CRM and web analytics. They spend $68B each year on phone calls. But, stunningly, when the phone rings there is a massive 'black hole' of data. Mobile marketing is driving mass amounts of phone calls to businesses, however, there are no analytics associated with those calls. Marketers simply have no way to track, extract, and analyze the data within customer phone calls. The 420 billion spoken words businesses hear each day on the phone (Gartner) are not being leveraged.

Products/Services: ContactPoint released LogMyCalls in May 2012. It is the next generation of intelligent call tracking and call analytics. It enables marketers to instantaneously and automatically use call data for remarketing, mobile marketing, upselling, lead scoring, optimizing future marketing spend and even real-time action like keyword bidding. LogMyCalls is a SaaS with proprietary algorithms running our world-class call analytics engine.

Target Market: The market for call analytics is being driven by growth in marketing automation, CRM, call analytics and, of course, mobile marketing. This is a $2B opportunity at 3% penetration (and growing). Mobile marketing spend alone will increase 10-fold in the next 6 years (eMarketer), increasing the addressable marketing dramatically. Roughly proportional increases in automation CRM and call analytics demand are also projected.

Customers: LogMyCalls currently has over 360 paying customers in the U.S. and Canada. Major clients include Parker-Hannifin, Tire Kingdom (parent of Big O Tire), Kaiser Permanente, VMWare, Tropicana Hotel & Casino, Snap-On Tools and Goodyear. LogMyCalls is currently adding 50+ customers per month.

Sales/Marketing Strategy: Large enterprises are sold to directly. SMBs are accessed through their marketing firms (SEO, PPC, lead gen). These firms integrate LogMyCalls into their product offers and resell LogMyCalls to their clients. The sign up process is self-service and is scaling nicely.

Business Model: Current data already provides a positive ROI of $2,066 for every customer acquired. The pricing model charges for volume of numbers, minutes and analytics data. The current MRR/client is $413.

ContactPoint

Competitive Advantage: LogMyCalls provides specific features markets love like DNI, Google Analytics and CRM integration. No other call tracking solution offers features as robust as these. Additionally, our UI/UX has won several awards and is winning us clients. Further, the competition does not gather call analytics or provide automated triggers. Most critically, the competition does not use speech recognition technology to gather data from calls. Combining world-class speech recognition technology with proprietary algorithms allows deep analysis, automation and integrations.

Financials*	2012	2013	2014	2015	2016
Revenues	$1,3856	$3,525	$9,331	$26,970	$72,250
Expenditures		$4,625	$11,251	$20,740	$40,330
Net		-$1,100	-$1,920	$6,230	$31,920

* In Thousands (000)

Company Profile
URL: http://www.contactpoint.com
Industry: Internet / Web Services
Product: LogMyCalls
Employees: 27
Founded: 2010

Contact
Jason Wells
jason@ContactPoint.com

Location
1664 S Dixie Drive
Ste. H-107
St. George, UT
United States

Financial Information
Company Stage: $1.5 M in Trailing 12 M
Previous Capital: $4,250,000
Monthly Net Burn Rate: $80,000
Capital Seeking: $6,000,000

Management
Jason Wells, CEO
Jeremiah Wilson, President and Founder
Carlton van Putten, VP Mktg. and Sales
John Collier, VP Technology

Advisors
Attorney: Durham Jones, Pinegar

Investors
Prescott Investors

Key Economic Model Indicators
Annual Recur. Rev/Client: $5,300
CAC: $1,862
Gross Margin: 80%
Churn (monthly): 1.6%

e-SENS, Inc.

http://gust.com/c/e_sens_inc

Solid-state chemical sensing instruments that enable accurate and quantitative results in 1/10th the time required by current products.

Business Summary: e-SENS' analytical instruments enable users to accurately and quantitatively measure a panel of up to 18 chemicals in a single 5 minute test which would otherwise require multiple tests and 10 times the effort with current products.

Product/Services: The analytical instrument, a consumable chemical sensor and calibrants.

Customer problem: In many applications, chemical sensing is performed repetitively. Yet current methods are labor-intensive, prone to error and require consumables for each analyte. The e-SENS product reduces labor cost by 10 times or more by measuring up to 18 analytes in the time it takes to measure 1 analyte with current products.

Target market: The panel of analytes than can be sensed with the e-SENS product are well-suited to potable water including the food and beverage and municipal water markets. e-SENS estimates the annual worldwide market for instrumentation and consumables to be $2.9B in food and beverage and $4.5B in municipal water. In both markets, e-SENS will focus on facilities engaged in high-frequency and multi-parameter chemical testing.

Management: e-SENS is led by a well-balanced team of experienced professionals. Dr. Brown, CEO, is the inventor of the core technology and has founded 4 start-up companies in his career. Dr. McCorquodale, President & COO, has experience in both small and large companies. He founded a semiconductor company that was acquired and served as GM in the new business. Mr. Thatcher, VP Sales, comes with over 28 years of experience in the chemical supplier business.

Customers: In the food and beverage market, e-SENS is focused on large facilities where municipal water is the source and end-products are remineralized. Here, tests are conducted regularly to ensure source quality and end-product recipe. In the municipal water market, e-SENS is focused on facilities employing chloramination, which is common where surface water is the source. Both markets are growing at over 4% annually.

e-sens

Company Profile:
URL: http://www.e-sens.com
Industry: Electronics / Instrumentation
Employees: 5
Founded: 2012-06-25

Contact:
Michael Shannon McCorquodale
michael@e-sens.com

Financial Information (USD):
Company Stage: Product In Development
Previous Capital: $540,000
Monthly Net Burn: $50,000
Pre-money Valuation: $5,000,000
Capital Seeking: $2,500,000

Management:
Richard Brown, CEO
Michael McCorquodale, President & COO
Thomas Thatcher, VP Sales & Business Development

Advisors:
Lawyer: Mark Albert, Perkins-Coie, LLC
Accountant: Jill Salter, Advanced CFO Solutions

Investors:
Angels and Grants

Location:
615 Arapeen Dr. Suite 302E
Salt Lake City, UT,
US

Sales/Marketing strategy: Initial sales efforts will be direct and targeted at large bottling facilities and municipal water treatment facilities which have already been identified. Additionally, a representative network will be established to promote the product across domestic and international geographical regions. e-SENS will also establish private label partnerships with environmental services companies.

Business model: The e-SENS business is analogous to an inkjet printer business. Revenue originates from sales of instruments and recurring sales of consumables including the sensors and cartridges for calibration.

Competitors: Various products and companies compete with the e-SENS including Hach, ThermoFisher, Hana Instruments and Extech Instruments. Of these, Hach is the largest with approximately $650MM in annual sales. Hach is widely considered to be industry standard in potable water. Yet Hach, and others, engage in very little R&D. Their current products are based on legacy technology. e-SENS challenge will be accelerating adoption of its new technology.

Competitive advantage: e-SENS has a worldwide exclusive license to five issued US patents covering the solid-state chemical sensor technology. Further, the enabling technology is based on over 30 years of research and over $30MM of previous investment.

Financials* (USD)	2012	2013	2014	2015	2016	2017
Revenues	0	0	1,021,000	6,661,000	18,706,000	38,982,000
Expenditures	370,000	1,970,000	3,887,000	6,451,000	11,785,000	18,262,000
Net	-370,000	-1,970,000	-2,866,000	210,000	6,921,000	20,720,000

FlowPay Corporation

One Line Pitch: We are reinventing charitable giving for the 21st century with a mobile payment service to non-profits with an integrated accounting system

Business Summary: We are a mobile payment technology company with a suite of products. Our mobile payment application is one of the first to do an actual financial transaction without sending or transmitting any financial data. We also have under development our own proprietary Check Conversion application. All of these are tied into our tracking, reporting software back office application. Our payment platform is hosted in the cloud.

Management: Management has already successfully built and sold one payment company and has successfully been part of previous venture backed companies.

Customer Problem: The current electronic payment system was designed with the focus on retail. As the monetary system becomes increasingly digital, religious institutions and other non-profits have been ignored and as a result have failed to integrate these technologies into their giving processes. Today, the debit card is replacing the check. Those under 30 do not use checks and carry little to no cash. New regulatory and privacy laws are increasing costs.

Product/Services: FlowPay™ provides electronic and mobile payment services to non-profits focusing on the religious sector which receives $135 billion annually our banking system is moving to an all-electronic system checks/cash are used less and less and those under 30 do not use either this has brought change to this long stable mature market. With increased regulations and new privacy laws this market has not prepared for this change, we solve this problem.

Target Market: Our initial target market is the religious sector which accounts for $135 billion of the total $290 billion that tax exempt groups receive each year. 100 million people attend a religious service once a month and there are over 380,000 locations.

Customers: Our initial target customers are churches, schools, and other religious organizations. We rolled out our product in July 2012. In our first six months we have enrolled 40 churches and two school in addition we are in talks with several major denominations to establish endorsements, we have already received out first national endorsement.

Sales/Marketing Strategy: Sales/Marketing Strategy: Endorsements - The Untied Covenant Churches of Christ have endorsed our product for their 1,00 churches and we are seeking endorsements from the governing bodies of several other major denominations. We will exhibit and provide major sponsorships at all major conferences. We are developing programs for outside independent sales representatives and ISO.

Business Model: We receive a 2 percent fee on every dollar processed through our system.

Competitors: There are many companies that provide On-line Giving services and others who offer expensive kiosks but because of the price point this precludes many such churches from benefiting from electronic giving. This is a highly lucrative market and more churches are now adapting to technology there are many players some large, some small there a few public traded companies most only offer online services a few are now venturing into mobile giving.

Competitive Advantage: We have the first working mobile giving app and our app does not transmit any financial data which for now gives us an edge but others will begin to do the same. What makes us different is that we are developing a staff of ordained pastors, no pornography no retail merchants.

Financials (USD)	2012	2013	2014	2015	2016
Revenues	7,000	554,000	2,905,000	6,166,000	10,305,000
Expenditures	1,300,000	1,273,000	2,335,000	2,913,000	3,489,000
Net	-1,293,000	-719,000	570,000	3,253,000	6,816,000

Company Profile:
URL: http://www.flowpaycorp.com Industry: Financial Services Employees: 5
Founded: Jan-01-2008

Contact: Wayne Steiger wayne@flowpaycorp.com 720-425-3244
Location:221 W. 9th street Suite 300
Wilmington, DE 19801

Financial Information (USD): Company Stage: Full Product Ready Previous Capital raised: 1,700,000
Monthly Net Burn: 35,000 Capital Seeking: 3,000,000

Management:
R. Wayne Steiger, Founder/President James Jones, COO

Lawyer: Saul Ewing LLP
Accountant: Zimny & Associates CPA

GeoStrut

http://gust.com/c/geostrut

GeoStrut provides affordable carbon fiber telecom towers and utility poles engineered for peak strength to weight performance.

Business Summary: GeoStrut has developed a unique carbon fiber lattice-structure and proprietary technology to mass produce carbon fiber towers and poles. The GeoStrut design is a new entrant and a disruptive differentiator in the cell and wireless internet tower industry. For decades this industry has been largely a commodity business. GeoStrut's carbon fiber design achieves the strength and durability of steel at 80 percent less weight and 20 percent less cost.

Product/Services: GeoStrut has developed a unique carbon fiber lattice structure and manufacturing technology that achieves the strength and durability of steel tower alternatives at 80-90 percent less weight and 20 percent less overall cost. Its non-corrosive, non-rusting towers are easy to install and transport to remote locations, and have lower maintenance costs than alternatives.

Customer problem: As emerging markets begin expanding their market penetration of cellular, internet, and mobile services, they have a significant need for additional tower structures that are cost effective and particularly easy to construct in rural and densely populated locations. Traditional tower structures are expensive and bulky with time-consuming installation processes.

Target market: GeoStrut's carbon fiber structures have immense applications in the communications, automotive, aerospace, marine, and construction industries. The communications market has been identified as an attractive initial target with $472B spent globally on telecommunication equipment in 2012, and a 6.9 percent CAGR.

Management: GeoStrut's management team combines more than 90 years of experience in the carbon fiber industry. ACTR engineers and technicians work at the cutting edge of their various sciences and the team's education includes two PHD and three Masters Degrees. Business management experience includes projects in the US, Europe, Asia, and Latin America.

Company Profile:
URL: http://www.geostrut.net
Industry: Clean Technology
Employees: 20
Founded: 2004-12-20

Contact:
Brad Nielson
bnielson@geostrut.net

Financial Information (USD):
Company Stage: Full Product Ready
Monthly Net Burn: $160,000
Capital Seeking: $5,000,000

Management:
Craig Barker, Chief Executive Officer
Bradley Nielson, Chief Financial Officer / Chief Operating Officer

Advisors:
Lawyer: Kirton McConkie
Accountant: Squire & Company

Investors:
Renewable Tech Ventures

Location:
1374 West 200 South
Lindon, UT,
US

Sales/Marketing strategy: GeoStrut has significant opportunities to expand throughout the domestic market both through representative agencies and direct sales. In addition, GeoStrut will seek to work with some of the largest US manufacturers and operators to develop its market opportunities. The majority of its international sales will come through the joint ventures it is organizing.

Business model: In addition to direct product sales, GeoStrut will form international joint ventures. In addition to equity participation in the JVs, GeoStrut will receive license fees and royalties from these partnerships.

Competitors: Valmont and Rohn are the two largest manufacturers of steel towers available in the US. The GeoStrut solution represents a disruptive technology in a market dominated by steel solutions.

Competitive advantage: Key to GeoStrut's success has been its ability to efficiently mass produce carbon fiber lattice-structures after others have tried without success. This achievement has produced two patents and now has five pending patents. GeoStrut is the only carbon fiber manufacturer in the world with this ability at this time. Other key advantages versus steel include up to 90% lighter weight, low environmental impact with a lower overal cap-ex requirement.

Financials* (USD)	2012	2013	2014
Revenues	100,000	3,500,000	43,100,000
Expenditures	2,600,000	6,300,000	27,800,000
Net	-2,500,000	-2,800,000	15,300,000

InfoSiftr

http://gust.com/c/infosiftr

With its patented technology, InfoSiftr overcomes the data overload problem by filtering online sources better than any other solution.

Business Summary: InfoSiftr is an information aggregator and personal filtering service that easily and effectively filters large amounts of online data, saving time and money. It helps knowledge workers automatically review their online sources in real time to find the relevant information they need.

Product/Services: InfoSiftr is a SaaS solution that collects data from many sources into one assembly point and filters it based on user defined keywords. This information is delivered to the user's chosen devices - computer, smartphone, or tablet. Users can segment their results into categories, receive timely alerts on new actionable data, and quickly pivot on those changes.

Customer problem: Fourteen million knowledge workers have too much data to sift from blogs, news sites, and social media. They spend 1 to 3 hours per day sifting this overload. InfoSiftr's opportunity is to reduce the annual $115 billion of lost productivity, which will grow to $330 billion in the next 5 years, affecting 40 million workers.

Customers: InfoSiftr targets these 14 million knowledge workers from IT and software personnel, entrepreneurs, self-employed persons, marketing and sales personnel, bloggers, freelancers, investors, and financial workers. In addition, InfoSiftr is useful in any industry where access to information is constantly changing, is key to success, and is a tool to avoid threats.

Sales/Marketing strategy: InfoSiftr will inform businesses on how to solve the data overload problem through PR firms. Social media and banner ads will reinforce the brand. InfoSiftr will use direct and channel sales programs, and will distribute its solution to as many app stores as are feasible. To aid viral marketing, InfoSiftr's freemium users can upgrade their service by referring others. InfoSiftr has completed its first two enterprise sales.

Business model: InfoSiftr will be an online subscription service, and will use a freemium model to provide a free service while charging a premium for advanced features. Focus groups have indicated that $100 per year or $10 per month would be an acceptable price. InfoSiftr will offer an enterprise level service to allow group collaboration and user management. InfoSiftr is considering additional revenue sources such as keyword analytics and a marketplace.

InfoSiftr

Company Profile:
URL: http://www.infosiftr.com
Industry: Internet / Web Services
Employees: 6
Founded: 2011-02-25

Contact:
Justin Steele
justin@infosiftr.com

Financial Information (USD):
Company Stage: Prototype Ready
Previous Capital: $70,000
Monthly Net Burn: $11,000
Pre-money Valuation: $2,500,000
Capital Seeking: $750,000

Management:
Justin Steele, Founder/Chairman/CEO
Richard Kemmer, Board Member/CFO
Russ Ross, Board Member/CTO
Scott Nelson, Board Advisor
Judi Dohn, Co-Founder/Board Member
Martin Snytsheuvel, Co-Founder/Board Member

Advisors:
Lawyer: Joshua E. Little - Durham Jones & Pinegar
Accountant: N/A

Investors:
Ann Schlitt
Richard Kemmer

Location:
1071 E 100 South, Suite C1
St George, UT, 84770
US

Competitors: InfoSiftr's competition addresses the overload problem by limiting data using push methods in two ways: artificial intelligence and social graphing. AI has a limited understanding of human speech and changing interests, and social graphing is not comprehensive and produces false results. Using mass categorization and profiling, competitors focus on how each person is the same, but InfoSiftr uses pull methods to focus on each person's preferences.

Competitive advantage: InfoSiftr enables mass customization using its flexible, patented web ontology to match content to user-defined filters. This allows each user to control his unique profile, producing custom and trusted outputs. Further, InfoSiftr refines the filtering process with its contextual search to access content unavailable to its competitors. InfoSiftr's system memory utilization provides improved results faster at an expected 20% lower operation cost.

Financials* (USD)	2013	2014	2015	2016	2017
Revenues	664,364	6,006,082	22,824,074	48,722,496	71,586,946
Expenditures	1,191,159	5,979,420	18,687,386	36,380,247	50,233,828
Net	-526,795	26,662	4,136,688	12,342,249	21,353,118

**Financial model/growth assumptions based on historic data from other software companies.*

Insight

http://gust.com/c/insightnetworks

Insight provides the tools to monitor critical wired and wireless devices from the "outside in" and measure the "true customer experience"

Business Summary: INSIGHT is a "value" spin-off of the patented and "fully-baked" CONXX network management architecture used by over 80 communities to manage their carrier grade data networks. Built on the Carrier Communication Observer (CCO), INSIGHT provides a choice of a full-service, cloud-based, network management framework from carrier to simple observation networks that their network is working as promised.

Product/Services: We have a complete proactive solution for the problem. We choose to significantly reduce the network downtime to prevent loss of revenues AND improve the customer experience. Our solution integrates the hardware, known as the PUCK and is coupled with patented monitoring software. The hardware replicates the customer experience and the software collects data and reports on the status for historical and analytical trends.

Customer problem: A serious problem for cellular, WiFi and network operators is determining if their customers can access their network and how well it is working. Network management today consists of "pinging" a device to see if it responds and report its SNMP datasets. When network radios and devices fail or are partially operational it creates expensive havoc for operators and great inconvenience to their customers. INSIGHT elegantly solves this vexing issue

Target market: The Insight market is huge: Corporations lose $26.5 billion per year in lost revenue due to system downtime. Other Markets include WiFi hotspots, Hotels, Cellular networks, Public Safety, and Education. Any single market vertical will launch the product. Insight solves a recurring problem. We'll focus withWiFi manufacturers to deploy and market the concept through OEM and licensing arrangements.

Management: The Insight management team has successfully marketed and built large scale networks since founded as a technology transfer entity in 2004. The Insight team will include current managers, technologists and developers with external marketing teams dedicated to the targeted market verticals.

Company Profile:
URL: http://www.conxx.net
Industry: Telecommunications
Employees: 10
Founded: 2004-09-01

Contact:
Brent Mortensen
todd.tanner@conxx.net

Financial Information (USD):
Company Stage: Prototype Ready
Previous Capital: $850,000
Monthly Net Burn: $10,000
Pre-money Valuation: $3,000,000
Capital Seeking: $1,000,000

Management:
Brent Mortensen, President
Jeffrey Blank, CTO
Paul Henriod, Advisor

Advisors:
Lawyer: Earl Tanner Jr, Tanner & Tanner

Investors:
Paul Henriod, Theodore (Ted) Stern, Todd Tanner, David Kartchner

Location:
2818 S Redwood Rd
Salt Lake City, UT,
US

Customers: Existing equipment manufacturers sell across many network verticals. We see a mix of customers including all major wireless vendors through their equipment and service vendors, corporate networks, dedicated services providers and hardware suppliers. This will include integration into existing network management tools.

Sales/Marketing strategy: Insight will be marketed using existing and expanded strategic relationships with manufactures and distributors in our pre-defined markets. There will be evangelizing, joint product demonstrations (OEM channel) at trade events, web and print media advertising. The majority of expense will be travel, presentations and proof of concept deployments to defined partners.

Business model: Initial revenue will be generated after product testing by the major market verticals and their equipment and service suppliers. Initial orders will be for "proof of concept" test beds and OEM licensing. Once the test deployments are successful we expect long roll out periods due to the market sizes and segmentation.

Competitors: Managing network devices is critical for most operators. Response time is critical when the network management says your network is working and the customer says it's not. The Insight solution is simple and elegant and tracks the customer experience. Intellectual property protection in combination with an aggressive marketing campaign is necessary to be first to market.

Competitive advantage: Be first to market. Wide industry appeal over a variety of verticals. We are finalizing our hardware provisional patent application and will be filed prior to the Investors Choice 2013 conference. Additionally, the software is covered in the existing 43 claims contained in US Patent No: 7,720,050. INSIGHT has existing relationships with many of the potential acquirers.

KeyVive Health
http://gust.com/c/keyvive

KeyVive is a health and technology company that provides diabetes prevention programs to reverse Type 2 Diabetes & Pre-Diabetes.

Business Summary: KV offers Diabetes Prevention Programs to 100M who have pre-diabetes/diabetes & 7.7M people/yr who will be diagnosed. Disease-related costs are expected to surpass $.5T (2020). With a medically-based, lifestyle-intervention program (clinically-verified over 10 yrs by the CDC), KV has replicated the protocol on a scalable, affordable basis using superior technology. Insurance reimbursement via the Affordable Health Care Act begins in 2014.

Product/Services: KV's Diabetes Prevention Program is a subscriber service delivered on HealthfulDiabetes.com. It is available directly to consumers on-line or through healthcare partners as a white-labelled product. AffordableDiabetes.com and KathySmith.com sites offer complimentary programs and products that provide on-going customer engagement and revenues from subscribed programs and e-commerce sources, weight-loss,diabetes shakes, fitness equipment & more.

Customer problem: Duofold. The Healthcare community seeks a cost-effective system to engage, educate, and help individuals affected by the diabetes epidemic. According to United Healthcare, by 2020, one half of the U.S. population will have diabetes or pre-diabetes with costs exceeding $500 billion. The customer requires easy solutions with everyday tools.

Target market: All people with diabetes & pre-diabetes. Roll-out strategy centered on communicating with women, 40-65, which represents the family nucleus of healthcare decision making.

Management: David Greenholtz, CEO. founder of Interwest Financial & several other successful businesses. His mission is to eliminate diabetes, a disease that afflicts several of his loved ones. Business partner, Kathy Smith, is a fitness icon. Steve Lerner, CTO is former VP of Global IT for Celgene. Board includes nationally prominant health advocates & diabetes physicians.

Customers: 100M people are currently afflicted with diabetes/pre-diabetes. 7.7M per annual increase. By 2020 half of all Americans will be affected.

KeyViveHealth
diabetes prevention programs

Company Profile:
URL: http://www.keyvive.com
Industry: Healthcare Services
Employees: 6
Founded: 2009-11-21

Contact:
David Greenholtz
dgreenholtz@keyvive.com

Financial Information (USD):
Company Stage: USD 500K in Trailing 12 Month Revenue
Previous Capital: $1,000,000
Monthly Net Burn: $25,000
Pre-money Valuation: $2,950,000
Capital Seeking: $1,000,000

Management:
David Greenholtz, President
Kathy Smith, C.F.O. Chief Fitness Officer
Steve Lerner, CTO

Advisors:
Lawyer: Carl Duncan, Esq.
cduncan@cnduncanlaw.com
Accountant: Reed Chase, Tanner LLC

Investors:
Current Investors (8) with several seed round investors and angel investor from NJ Jumpstart group

Location:
1776 Park Ave #4-508
Park City, Utah, 84060
US

Sales/Marketing strategy: KV will generate program & product awareness with the influence of Kathy Smith to the target market in its e-Marketing programs. White-labelled programs will be sold by a direct salesforce to hospitals, corps. and wellness centers. Tangential opportunities for patient management & insurance compliance are earmarked.

Business model: Multiple revenue streams with recurring revenue. Combination of insurance-covered programs, subscription based programs & e-commerce sales. Additional growth will be achieved through white-labeled programs with medical and healthcare partners.

Competitors: The competition in this space is fragmented. Those that address diabetes-related problems are limited by focusing typically on one health-related concern. Currently no competitor offers a comprehensive, accessible, cost-effective solution that can scale.

Competitive advantage: Early-entrant. Integrated digital properties with diversified revenue streams. Vast content assets. Specialized IP. CDC endorsed protocol. Market white-labelled product with robust insurance processing, HIPAA/security and compliance.

Financials* (USD)	2012	2013	2014	2015	2016	2017
Revenues	190,000	2,910,000	9,420,000	22,300,000	43,300,000	81,000,000
Expenditures	440,000	2,830,000	5,650,000	11,740,000	16,825,000	25,500,000
Net	-250,000	80,000	3,770,000	10,560,000	26,475,000	55,500,000

**Our forecasting uses 2013 as "Year One" which is based on a post funding timeline.*

Knudra Diagnostics

http://gust.com/c/knudra_diagnostics

Costly medicines. Toxic environment. Knudra lessens the burden with EkaTox, whole animal toxicity at the affordable price of a lab test.

Business Summary: Knudra leverages core capacity in a licensed bioengineering technology to create EkaTox, a revolutionary toxicology diagnostic platform. Sample toxicity is discovered faster, at a lower cost, and with a greater depth of knowledge. Industrial toxicologists, pharmaceutical companies, cosmetics and nutraceuticals will worry less about toxic liability in their products.

Product/Services: EkaTox product is delivered in both kit and services. Product family detects oxidative stress (OxiStress), genotoxicity (GeniStress), metabolic toxicity activation (XenoStress), and endocrine disruptors (EndoStress).

Customer problem: $2 B to developing a drug. Blockbuster drug age is ending. Personalized medicine on rise. Firms must reduce costs in drug development. Current toxicology tools too slow and inaccurate for use early in development pipeline. Better toxicology tools are needed.

Target market: Toxicity testing is a growing service component of drug development. The tests applied early in drug development ("early tox") are valued at $2.7 B (BCCresearch.com).

Management: CEO Dr. Chris Hopkins leads the company with MBA and PhD skills. CFO Don Lundbom's experienced finance controls drive profitability. CSO Dr. Trisha Brock, is Harvard-trained PhD skilled in nematode biology and manipulation. CTO Dr. Jonathan Baker provides wise IP council.

Customers: Key movers in the toxicology testing market are Contract Research Organizations (CROs), which act as outsourcing partners to Pharma industry. At CROs, toxicology testing is the fastest growing segment of their $4.9 billion preclinical revenue.

Sales/Marketing strategy: Pharma sale team hired to drive contracts and kit volume. EkaTox reaches new clients with targeted messaging and vendor presence at scientific meetings. Indirect sales are cultivated through partnership with established service providers (Covance, Charles River and AssayDepot).

Knudra DIAGNOSTICS

Company Profile:
URL: http://www.knudra.com
Industry: Biotechnology
Employees: 3
Founded: 2009-10-21

Contact:
Chris Hopkins
info@knudradiagnostics.com

Financial Information (USD):
Company Stage: Prototype Ready
Previous Capital: $345,000
Monthly Net Burn: $20,000
Pre-money Valuation: $4,000,000
Capital Seeking: $2,100,000

Management:
Chris Hopkins, CEO
Trisha Brock, CSO
Jonathan Baker, CTO
Don Lundbom, CFO
Gary Mather, Business Advisor
Jeff Nelson, Business Advisor

Advisors:
Lawyer: Ken Horton at Kirton McConkie
Accountant: Ken Keeley at Canyon View Accounting

Location:
2500 S. State St
Salt Lake City, UT, 84115
US

Business model: Service platform drives large contracts for toxicology testing. Kits provide market familiarity and first use exposure. The EkaTox toxicology testing platform serves Pharma directly and their support industry, the contract research organization.

Competitors: EkaTox competes against contract research organization (Covance, Charles River, Gentronix, CeToxLab, Endofins, + 172 more) for toxicology analysis service to pharmaceutical and chemical industry. EkaTox platform also competes against suppliers of toxicology test kits (Qiagen, EMD, GE life sciences).

Competitive advantage: EkaTox is a superior toxicology diagnostic. Provides the accuracy of animal toxicology testing at the price and speed of a lab test.

Financials* (USD)	2012	2013	2014	2015	2016	2017
Revenues	149,000	750,000	1,440,000	9,900,000	28,200,000	52,500,000
Expenditures	149,000	1,330,000	2,990,000	7,050,000	15,000,000	24,300,000
Net	0	-580,000	-1,550,000	2,850,000	13,200,000	28,200,000

**Capital sought accelerates sales and marketing, provides a well-equipped technical labor force, and funds intelectual property acquisition.*

MyLine Golf, Inc.

Business Summary: We offer a family of golf course 3-D applications. Our first product is a "Killer-App" in the new product category of pocket caddie. MyLine™ pocket caddy helps golfer reduce total putts by up to 20%. We will launch version 1.0 in May 2013.

Customer Problem: Every golfer struggles with green reading: For non-professional play, green reading produces these problems: un-aided reading slows play; personal caddies are expensive; training aids are time-consuming and cumbersome; and greens remain unforgiving.

Product/Services: MyLine pocket caddie overcomes these challenges: MyLine is very affordable; MyLine is intuitive and requires no training or practice; MyLine is fast; MyLine is universally accurate: every green, every time; MyLine is available before, during and after play; and MyLine shows break and speed.

Target Market & Customers: MyLine helps all golfers: beginners, occasional, frequent and avid golfers. The National Golf Foundation estimates that there are 25.77 million golfers in the US who play a total of 127M rounds on about 16K courses. With 80 courses scanned in year-one, we expect to sell to 0.5% of this market in the first year. We seek year-one revenue of $200,000, moving to $10M in year-five.

Sales/Marketing Strategy: Initially we will sell directly to courses; their golfers will join MyLine and get the App form smart phone stores.

Business Model/Sources of Revenue: MyLine will pursue synergistic revenue streams including (for example): Sponsored courses, advertising, subscription, user fees, course maintenance and design, training, broadcasting and wagering. During year-one we will scan 80 courses for down-loading by our golfers. These courses will include municipal, private and destination courses within the US.

Competitors: GolfLogix provides GPS based distance to a daily set pin and fly-over animation. The Garmin Approach G6™ is a handheld device and wrist-watch offer range from fairways based on GPS, and hazard data. The hand-held also offers a pin drag and drop feature but this is not based on specific scanned data. Aim Point is doing some real-time line generation in tournament broadcast, and offers golfer training and sophisticated putting app. Golf Putt Reader™, by Connect Infinity, requires a great deal of user interface, in order to generate helpful information. All of these technologies are similar to the first MyLine product but the MyLine pocket caddy is more precise and more user friendly. Personal caddies and course maps are other solutions to the challenge of accurate putting.

Competitive Advantage: We will have "first mover" advantage in the new field of pocket caddy. We have secured access to cheap, reliable 3-D maps of greens for our courses. Our innovative synthesis of technology, mathematics and a simplified interface makes MyLine a user friendly, effective and affordable tool.

MY LINE™

Company profile:

Industry: Electronic Instruments & Sports
Employees: 2
Founded: 07/2012

Contact:

James U. Jensen
265 East 100 South, Suite 265
Salt Lake City, Utah 84111
jjensen@clearwaterlg.com
w 801-364-3426
c 801-243-1754

Financial Information:

Funding Stage: Product in Late-stage Development
Previous Capital Investment: $100,000
Capital Seeking-Series A round: $400,000

Management:

James U. Jensen, CEO
Rebecca Maw, Business Manager

Advisors:

Lawyer: Frank Compagni
Physicist: James Wells
Process Engineer: Paul Israelsen
Scanning Expert: Bob Vashisth
App Developer: James Burris
Software Developer: Brandon Baker

Enthusiasm:

Lanny Nielson (at TruGolf): "I'm intrigued by this product and I can think of many people who will find this product very useful."

Monnit Corp. Executive Summary

BUSINESS SUMMARY

Monnit is a leading provider of wireless sensors to commercial and light industrial businesses. The company has 32 different sensor types available for monitoring various environmental, structural or conditional aspects of a business. The sensors communicate to an online portal where users can set up alerts to be notified by text message or email when a pre-determined threshold is met. www.monnit.com

TARGET CUSTOMER

Monnit targets direct SMB customers and OEM partners which rebrand the Monnit products and service vertical markets. Specific partners target the restaurant, data center and Sr. Citizen, (In Home Aging), markets. Recently, Monnit has partnered with Verizon to target broader SMB and Enterprise markets.

PRODUCT/TECHNOLOGY DESCRIPTION

Monnit has a broad and deep line of wireless sensors, gateways and monitoring software which are a) low cost, b) easy to set up and use and c) able to address dozens of unique monitoring needs. All Monnit products are based on a single FCC approved electronic component which allows for a "build one, deliver many" model which ensures compatibility and economies of scale in production.

PROPRIETARY ADVANTAGE/SUSTAINABLE COMPETITIVE ADVANTAGE

Monnit's single platform design creates immediate advantages over other sensor systems due to the economy of scale associated with building one board and being able to fulfill over 32 sensors types off of the one board.Monnit is pursuing a patent in RF shielding that reduces the cost of our sensor by 15% over competitor's designs.

VALUATION

Pre-round $8.4M, post round $12M.

CURRENT AND FORECAST REVENUES (000'S)

	2010	2011	2012	2013	2014	2015
Revenues	50	261	690	5500	18000	35000
Cost of Goods	25	120	220	1850	6000	11000
Expenses	450	480	520	4650	13500	20000
Profit (loss)	(425)	(339)	(50)	(1000)	(1500)	4000

MANAGEMENT TEAM

Founder/CEO: Brad Walters is the CEO/Founder of Monnit Corporation as well as the Managing Director of EarlyRun Ventures, L.L.C

Exec. V.P. - Nick Mecham is the company's executive vice president. He is responsible for sales, support and channel development. Prior to Monnit, Nick was a founder and Sr. Vice President of MaxStream where he led MaxStream's sales and business development.

PhotoPharmics, Inc.

One Line Pitch: PhotoPharmics offers a breakthrough medical treatment which stops the progression of Parkinson's. We restore health and mobility and extend lives.

Business Summary: Photopharmics provides specialized phototherapy which allows dopamine to be assimilated by Parkinson's patients. A number of trials, including a 4-year, 130 patient study, demonstrate dramatic symptomatic improvement and continued improvement over the long term. This has never been seen in PD treatment. Patients use the device each evening for approx 1 hour. The treatment is non-invasive, easy to tolerate, and has no long-term side effects.

Management: We've done this before.

Kent Savage, MBA – President. President & CEO of Apollo Light Systems, Inc. Grew Apollo from $500K to $10M and sold to Philips Electronics. Kent assembled the management team, developed industry-leading technologies, and secured a strong IP portfolio.

Dan Adams – CSO. Senior Application Scientist for Philips. Dan lead Philips FDA trials, chronobiology research, professional marketing strategies, and KOL relationships.

Customer Problem: PD Patients are faced with rapidly declining health and untimely death. Their life-savings are erased as they are placed on an expensive mix of motor, insomnia, depression, etc, medications. In desperation, many patients submit themselves to risky, invasive treatments such as brain surgery. They eventually are placed in long-term care and hospice. Our therapy restores mobility, reduces medications, and eliminates the need for surgery.

Product/Services: PhotoPharmics offers the only treatment that halts Parkinson's disease. Improvement is seen in motor symptoms, depression, and insomnia. Our specialized phototherapy blocks antagonizing neurotransmitters. This allows the motor center of the brain to assimilate dopamine again. In a 4-year, 129 patient study, patients improved from baseline to endpoint, and medication was significantly reduced. The therapy is non-invasive and easy to implement.

Target Market: Our market consists of all non-terminal PD sufferers – more than 1.2M in the EU, 1M US, & 6.5M worldwide. By 2030, the market will double due to the aging population. $36B per year is spent in the EU and$24B in the US. Our 1st target market is the EU. We will concentrate on the 1M with non-terminal PD (3+ years) with moderate or worse symptoms, because this is when their dopamine medication is becoming ineffective.

Customers: We are not able to market until we have regulatory clearance. However, PD suffers who hear about the treatment, ask to buy it or to be in a study. In the past few years, over 200 have gone to Melbourne Australia to receive treatment. Our customers include PD patients who have had PD for 5+ years and know that current Rx is not working and without this intervention they will die early. They are willing to pay any price or travel great distances.

PhotoPharmics

Company Profile:
URL: http://www.photopharmics.com **Industry:** Medical Devices and Equipment **Employees:** 3
Founded: Feb-24-2011

Contact:
Kent Savage
kent.savage@photopharmics.com

Location:
6222 West 10480 North
Highland, UT 84003 United States

Financial Information (USD): Company Stage: Prototype Ready **Previous Capital:** 2,000,000 **Monthly Net Burn:** 98,000
Pre-money Valuation: 2,850,000
Capital Seeking: 500,000

Management:
Kent Savage, President
Dan Adams, Chief Science Officer John Hardy, VP, Business Development

Advisors:
Lawyer: Richard Hill & McKay Johnson; Hill, Johnson & Schmutz. IP: Brick Power; Trask Britt
Accountant: Tim Larsen; Squire and Company

Investors:
HDK Holdings: Daniel Adams; Kent Savage; Henry Savage; David Squire,

Dr.John Hardy

Referred By:

Sales/Marketing Strategy: Within 2 years we will receive CE clearance for Europe. Our market launch will be direct to the patients within the clinics where we conduct our trials. Each site has 1,000-1,500 patients. We will develop physician support through PR, journal supplements and ads, medical conference marketing, etc. After insurance clearance we will distribute products through DMEs. By the end of year 3 we will be cash positive, and we will enter the US by year 5.

Business Model: We have a two-pronged business model. 1, Sell our company in 2 yrs. to a large pharma or device company once we have 6-month, double-blind data. Similar acquisitions at 6-month stage (with less promising data) garnished between $78M - 186M. 2, Operate the company an additional 2 yrs.; complete our large, pivotal trial; submit our FDA application; conduct a major market launch; then exit. Parkinson's companies at this stage expect $200 - $300M.

Competitors: No other companies are involved with this therapy. Competitors in the Parkinson's space include pharmaceutical and device companies. Pharmaceuticals offer medications to treat PD symptoms and side effects. They spend hundreds of millions on new medications which offer only minor symptomatic improvements. Device companies offer last-resort, expensive, and invasive surgeries. These surgeries include: deep brain stimulation & stem cell replacement.

Competitive Advantage: No other treatment compares to our efficacy, safety, or ease of use. This is non-invasive and without side effects. We have a method and a device application. We've proven our ability to secure IP. Our IP is the basis of the efficacy and safety claims in our CE & FDA clinical trial protocols. This will block competitors from claiming substantial equivalence with a 510K. Additional barriers include trade secrets developed over 20 yrs of research.

Financials (USD)	2012	2013	2014	2015	2016
Revenues	-	0	0	4,175,000	29,250,000
Expenditures	-	1,175,000	1,125,000	4,925,000	9,550,000
Net	-	-1,175,000	-1,125,000	-750,000	19,700,000

Qualifyr
http://gust.com/c/qualifyr

Matches healthcare professionals with job opportunities.

Business Summary: Qualifyr streamlines the clinical recruiting process, eliminates middlemen, and hands power back to job seekers and providers. Online matching technology allows unrestricted searching, connecting, and hiring based on professional qualifications, personal preferences and interests.

Product/Services: Qualifyr provides a job portal and recruiting tools and resources to match and connect healthcare professionals seeking new career opportunities with vacancies at hospitals and clinics. Our algorithm matches on qualifications and life-style characteristics of the practice setting.

Customer problem: Qualifyr addresses the major pain point for medical service providers: vacancies that result in lost revenues between $100K and $250K per month, per opening. Current solutions are too slow and too expensive.

Target market: Qualifyr targets hospitals, clinics, and small physician practices with job vacancies, and medical professionals looking for new career opportunities. Est. market size: 400,000 placements/year and $1.3B.

Management: Andy Rohrwasser CEO, Ph.D. co-founder of a VC funded start-up; Rob Marsh, COO, Director at Hewlett-Packard, Owner of Logomaker, helpd Logoworkks to a $57M exit; Brett Derricott, CTO, Founder of Agency Fusion, 15 years of web and systems development; Mindy Howa, 12 years in permanent placement, President's Club CHG .

Customers: Total market is $1.3B or 400,000 placements each year. The major customers for our services include large hospital networks and mid-size medical practices. For smaller clients, we offer customized solutions beyond candidate sourcing. With healthcare professionals we focus on early and mid-career candidates, tech-savvy doctors seeking primary and secondary assignments.

qualifyr

Company Profile:
URL: http://www.qualifyr.com
Industry: Healthcare Services
Employees: 0
Founded: 2011-10-01

Contact:
Rob Marsh
rob@qualifyr.com

Financial Information (USD):
Company Stage: Product In Development
Previous Capital: $0
Monthly Net Burn: $0
Capital Seeking: $2,000,000

Management:
Andy Rohrwasser, CEO
Rob Marsh, COO/Marketing
Brett Derricott, CTO
Mindy Howa, VP Recruiting

Location:
Salt Lake City, UT,
US

Sales/Marketing strategy: We focus on healthcare facilities and professionals in parallel. To attract healthcare clients we (a) leverage personal contacts and industry connections and (b) develop partnerships. To recruit professionals we have begun reaching out to training facilities and social aggregators and testing referral reward programs. All approaches are supplemented with analytics-tracking to test effectiveness.

Business model: Qualifyr technologies provides a SaaS recruiting solution and recruiting portal. Qualifyr generates recurring and non-recurring revenues through fee structures for (a) individual postings and (b) subscriptions for unlimited postings for larger clients. For smaller practices, we will offer HR services beyond candidate sourcing. Premier service offerings for professionals complement our revenue streams.

Competitors: Qualifyr disintermediates the traditional recruiting model (permanent placements) and renders the classified model (job boards, online career services) interactive. There are 900+ recruiting firms in this $1.3B industry. Just 20 firms have annual revenues exceeding $50M each, and no competitor owns more than 9% of the total market. The biggest online classified firms generate $2M in sales (2011).

Competitive advantage: Qualifyr disrupts classic recruiting by creating a high touch experience with a high-tech solution. We provide user guided matching beyond technical qualifications and salary information including life-style factors together with full user control, enabling both search parties to control and execute the search process. Qualifyr integrates referral incentives and introduces economies of scale in candidate sourcing.

Financials* (USD)	2013	2014	2015	2016	2017
Revenues	56,000	323,500	1,305,000	6,025,000	23,800,000
Expenditures	488,294	895,969	1,424,113	2,368,188	3,867,338
Net	-432,294	-572,469	-119,113	3,656,812	19,932,662

RawData

http://gust.com/c/rawdata

Deal Room Email: rawdata1@wbi.groups.gust.com

One Line Pitch: Instant market and consumer information, anytime, anywhere and for anybody.

Business Summary: RawData is online, tv, radio, survey, shopper research all happening through a single point. We create mobile phone plans that allow us to construct panels of consumers, independently or for target audiences. These panels provide an ongoing stream of passively collected data and the ability to engage in active and instant targeted conversations. This fast feedback allows companies to speed up prototype cycles to meet market needs.

Management: CEO – Chad Nuesmeyer, Worked with successful companies like Sharp Analytics; CTO – Mark Heaton – Iomega, Microsoft, US Dept. of Energy; Biz Dev. – Tom Eastwood – Former VP Nissan North America Panel Mgmt.; Kody Myers – Back ground in CRM system management

Customer Problem: Businesses and organizations don't have ready access to individual consumers for feedback or information. RawData solves this by providing Relevant Data: 1) Variety & Depth of data points, 2) Passively Collected: GPS, App Usage, Media (tv, radio, pc...), Mobile Browsing... 3) Actively Collected: Surveys, Pictures, Video Input, Phone Interviews... 4) Additionally, our proprietary platform allows us to very quickly to create real time reports.

Product/Services: Instant market and consumer information, anytime, anywhere and for anybody.

Target Market: Our target market is the $15b research industry. Specifically, the $12b+ segment that focuses on consumer research.

Customers: We currently have customers in 3 categories: Broadcasters (radio and tv), Ad Agencies, and Companies. While in our beta market, we have validated the business model by building active users in all three categories.

Sales/Marketing Strategy: Currently work with 'Partner' companies ('Partner' companies that already have audiences greater than 1m and need input from those audiences) to build a research community on a national scale, the low target is 250k consumers using RawData phones. RawData will add value to our 'Partner' by providing them with on-demand research from a population of their own customers. We will then sell the collected data to our core customer base.

Business Model: RECURRING REVENUE: Broadcasters and Ad Agencies pay a monthly fee to access reports & survey our audience of consumers. Detailing the media consumption habits of consumers (both online and offline) as well as the opinions & thoughts. NON-RECURRING REVENUE: We get paid to build panels of consumers for targeted groups ranging from education to financial industries. CONSUMER REVENUE: Consumers also pay a monthly fee to participate in our research.

Competitors: Some of our competitors are also customers of our service: Nielsen, Arbitron, SymphonyIRI, Kantar, Ipsos, Synovate, Westat, GFK, NPD Group...

Competitive Advantage: The barriers to entry from a performance perspective are very low, our low target of 250k consumers is DOUBLE THE SIZE of our closest competitor. Couple that with the fact that our soluion FASTER, CHEAPER, TARGETED, AND INCLUDES A LARGER SAMPLE. Currently, when 25% of our current sales pipe closes we will successfully make our low target of 250k participating consumers. We also have numerous patents filed and in review with the USPTO.

RAW|DATA

Company Profile:
URL: http://www.therawdata.com
Industry: Marketing / Advertising
Employees: 5
Founded: Mar-01-2009

Contact:
Chad Nuesmeyer
chad@therawdata.com

Location:
Salt Lake City, UT 84010
United States

Financial Information (USD):
Company Stage: $500K - $1M in Trailing 12 Mo. Revenue
Previous Capital: 1,400,000
Monthly Net Burn: 70,000
Capital Seeking: 5,000,000

Management:
Kody Myers, Operation
Thomas Eastwood, Bus. Dev.
Mark Heaton, CTO
Chad Nuesmeyer, CEO

Advisors:
Lawyer: GENERAL: Karl Israelsen | PATENT: Sunstein Kann Murphy & Timbers
Accountant: Kent Bowman - Tanner

Investors:
Friends and Family

Referred By:

Financials* (USD)	2012	2013	2014	2015	2016
Revenues	1,200,000	14,000,000	72,000,000	96,000,000	114,000,000
Expenditures	2,300,000	9,000,000	32,000,000	40,000,000	70,000,000
Net	-1,100,000	5,000,000	40,000,000	56,000,000	44,000,000

ShareFuse

http://gust.com/c/sharefuse

We make managing your patents as easy as checking Facebook.

Business Summary: Small to medium sized companies, the IP market majority, have no relevant patent management systems to develop patents or quantify patent portfolio value. ShareFuse is a collaborative patent management system that gives managers the business intelligence they need to make better IP decisions. ShareFuse also provides legal outsourcing with IP firms worldwide.

Product/Services: Focused business Software as a Service (SaaSware) specializing in intellectual property (IP) management. Built on a social and collaborative platform that makes managing IP as easy as checking Facebook, ShareFuse gives managers and investors clear insight into IP filing status, communication and outsourcing with IP attorneys worldwide, and detailed but easy-to-view-and-comprehend reports on IP portfolios.

Customer problem: Organizations simply cannot get a handle on their IP portfolio positions; patent project management is confusing for new innovation protection; there is no cost-benefit analysis for return on patent investment or prosecution. Working with many law firms, managers have little meaningful insight into which legal processes deliver IP value, what those processes cost, and how their IP implementations tactically shape their business strategy. Awful.

Target market: Small to medium sized tech/engineering firms. Overall IP market is $20B+, but initial market limited to what companies spend on patent management systems: $350MM US, $2B worldwide, and growing fast. Low-hanging fruit are small to medium sized companies with no internal IP legal department but perhaps currently using expensive and ill-fitting legacy software products.

ShareFuse

Company Profile:
URL: http://sharefuse.com
Industry: Software
Employees: 4

Contact:
Joe Hilton
joe@sharefuse.com

Financial Information (USD):
Company Stage: Prototype Ready
Monthly Net Burn: $3,000
Capital Seeking: $400,000

Management:
Joe Hilton, CEO
Pramod Kumar, Lead Developer
Leon Przbyla, IP Sales

Investors:
30k self-funded, ~20k more still in bank

Location:
Provo, UT,
US

Management: CEO - Joe Hilton; Masters in IT Project Management (AIU), MBA (BYU), platform designer, coder (PHP, MySQL, Javascript, Jquery), sales. Lead Developer - Pramod Kumar; PHP, MySQL, Jquery, JSON/AJAX. IP Sales - Leon "Pryz" Przbyla; Record-breaking sales in industry and at BYU Tech Transfer Office, also brings an IP sales rolodex.

Customers: Senior managers or executives at small to medium sized tech/engineering firms. Customers share common pain points: 1) fear of losing control of IP situations and failing for boss/shareholders, 2) confusion with what attorneys are doing and why it costs so much. Forrester shows collaborative apps, like ShareFuse, as fastest growing customer need.

Sales/Marketing strategy: Immediate leads from direct contact and PPC campaigns. 80 customers needed for self-sufficiency. Additional leads via hosting roundtables at tech conferences and building referral base. Long sales cycles (6-12 months), but very high retention. ShareFuse provides incoming customers with safe parallel data transfer (ETL).

Business model: Recurring revenue subscriptions at $15 per month per patent (with volume discounts to $12/month). Non-recurring upsells: 10% fee for any outsourced work performed by ShareFuse contracted providers (outsourcing).

Competitors: Incumbents are Anaqua and CPA Global. Both companies provide legacy services with overall poor customer experience and no adaptability. Neither company is capable of supporting small to medium sized businesses effectively without revamping legacy platforms. Other competitors are mostly startups that do not provide legal outsourcing relationships. Landscape is highly acquisitive and currently attracting investment, so new entrants are expected.

Competitive advantage: ShareFuse is the only company using a social and collaborative platform to translate technical IP data into useful business intelligence and workflow. Existing providers are legacy software companies that cannot easily update their platforms. Other new providers lack experience with IP portfolios and legal outsourcing services.

Financials* (USD)	2012	2013	2014	2015	2016
Revenues	0	0	1,300,000	9,000,000	23,100,000
Expenditures	30,000	400,000	1,100,000	4,700,000	6,300,000
Net	-30,000	-400,000	200,000	4,300,000	16,800,000

Social Good Network

One Line Pitch: Our innovative online fundraising platform uses proprietary technology to dramatically increase donations for nonprofits.

Business Summary: Social Good Network develops innovative online fundraising solutions. Our Better Donate Button™ transforms online fundraising with a transactional video web app. Our web community is a free fundraising platform that enables individuals to donate, advocate, and shop on behalf of nonprofits. Our Good Score™ measures influence and rewards acts of donating, advocating, shopping, and volunteering.

Management: CEO Russ Stoddard has deep domain experience with nonprofits and marketing. He founded brand agency Oliver Russell in 1991, along with three other companies and four nonprofits. Chief Innovator Antonia Chappell is a seasoned senior executive of disruptive technology startups. including TiVo, Novint, and Ads.com. She was also a co-founder of Inscape, an HBO-Warner Music joint venture.

Customer Problem: Nonprofits are navigating a paradigm shift from traditional fundraising to online. To this point they have used static donate buttons for fundraising on their sites. Research indicates that as much as 50% of online donors do not complete the donation process because static donate buttons are uninspiring, poorly implemented, provide a bad user experience, and redirect away from the nonprofit site to complete transaction.

Product/Services: A free online fundraising platform for nonprofits. Our products include the patent-pending Better Donate Button™ for direct online donations; web community (socialgoodnetwork.com) for shopping, advocating, and donating on behalf of nonprofits; and our Good Score™ influence and rewards measurement for socially good actions such as online shopping, advocating, sharing, and volunteering.

Target Market: Our primary market is nonprofits. There are 1.6 million nonprofit organizations in the U.S. that raise nearly $300 billion annually. Less than 10% of that market is currently online, though online donations are growing at 16% annually. As Millennials and Gen Xers mature into the marketplace, growth to online will accelerate.

Company Profile:
URL: http://www.socialgoodnetwork.com
Industry: Internet / Web Services
Employees: 6
Founded: Aug-03-2011
Contact:
Russ Stoddard
russ@socialgoodnetwork.com
Location:
217 S. 11th St
Boise, ID
United States

Financial Information (USD):
Company Stage: Full Product Ready
Previous Capital: 374,000
Monthly Net Burn: 30,000
Pre-money Valuation:
Capital Seeking: 1,500,000

Management:
Russ Stoddard, Chief Do-Gooder & Co-Founder
Antonia Chappell, Chief Innovator & Co-Founder

Advisors:
Lawyer: Kris Ormseth, Stoel Rives
Accountant: Rachel Pulliam, Pulliam & Associates

Investors:
Boise Angel Fund
Treasure Valley Angel Fund
Frontier Angel Fund

Referred By:

Customers: Our target customers for the Better Donate Button™ are likely executive directors, marketing directors, or development directors at small to medium-sized nonprofit organizations.

Sales/Marketing Strategy: We employ vertical marketing to organizations with national networks -- such as the YMCA -- where we have demonstrated real-world success and can use testimonial marketing. We use our web community, social media, and PR to develop relationships with individual nonprofits (500+) and then market directly to these prospects as well.

Business Model: Our Better Donate Button™ generates a transaction fee of 3-4%. When someone shops retailers via our web community site, we receive an average of 5% of the purchase price via affiliate fees from retailers. We also will receive revenue from brands and fundraisers who use our tools, data and analytics.

Competitors: The marketplace for online direct donations is fragmented. We believe our main competitors are Pay Pal, Network for Good, and Razoo. None offer video, our online community platform, or our Good Score™.

Competitive Advantage: We use innovation to protect our IP. Our brand-name and patent-pending Better Donation Button™ is the only online donation system to employ video. Our Good Score™ rewards and cause web community also differentiate us.

Financials (USD)	2012	2013	2014	2015	2016
Revenues	34,997	288,456	2,510,525	13,965,542	30,735,403
Expenditures	176,308	1,121,168	3,204,447	10,758,610	19,373,272
Net	-141,311	-832,712	-693,922	3,206,932	11,362,131

Sword Diagnostics

http://gust.com/c/sword_diagnostics

Sword's ultra-sensitive detection technology for the Drug and Diagnostic ecosystem reduces the time and cost to detect diseases earlier.

Business Summary: Sword makes early disease detection and faster drug development possible for Diagnostic and Pharma companies, dramatically enhancing performance of their Gold Standard antibody based tests.

Product/Services: Sensitive detection chemistry kits directly replacing detection technology in Gold Standard immunoassay tests in use today, providing a performance increase of up to 20X.

Customer problem: Diagnostics and Pharma companies strive to detect and treat disease earlier. This requires special tests that are time consuming and expensive. Sword enhances overall performance of the Gold Standard tests,enabling scientists to develop more sensitive diagnostics. The drug development process also needs sensitive tests at many stages. Sword speeds that process by enabling them to quickly reach their sensitivity requirements.

Target market: Sword's target is the $1B Drug and Diagnostic discovery & development ecosystem that employ the Gold Standard immunoassay test.

Management: Sword's management team all have over 20 years leadership experience in Fortune 500 and early stage companies, including Luminex,, EMD Millipore, Beckman Coulter and Roche. The scientific team is made up of top scientists from Abbott Laboratories with over 20 years of experience.

Customers: Sword is currently working with the development labs of marquis customers in the drug development and diagnostic markets, as well as some of their partners and suppliers. These scientists and suppliers develop tests to discover and develop drugs and diagnostics. These tests are then employed for clinical trials and can potentially become companion diagnostics.

Sales/Marketing strategy: Sword is employing a partnership strategy with the Development Labs in the Drug and Diagnostic discovery and development ecosystem. Sword is leveraging its test development and optimization expertise and partnering with our clients to enhance the performance of their tests with Sword technology. These tests will become standard tests and diagnostics for the Drug and Diagnostic discovery and develop ecosystem.

Company Profile:
URL: http://www.sworddiagnostics.com
Industry: Biotechnology
Employees: 8

Contact:
Rob Donoho
rdonoho@sworddiagnostics.com

Financial Information (USD):
Previous Capital: $9,000,000
Monthly Net Burn: $100,000
Pre-money Valuation: $9,000,000
Capital Seeking: $1,000,000

Management:
David Dingott, President and CEO
Gail Page, Executive Chair
Rob Donoho, VP Bus Dev and COO
Dan Freymeyer, VP Sales
Neal Siegel, Chief Scientist

Advisors:
Lawyer: Mary Beth Kerrigan - Morse, Barnes-Brown, & Pendleton, PC, Waltham, MA
Accountant: Ted Hollander, CPA - Complus Inc., Chicago, IL

Investors:
NJTC Ventures
Keiretsu Forum
Calvert Group

Location:
3440 South Dearborn Street
Chicago, IL, 60616
US

Business model: Sword technology is sold to our partners in the Drug and Diagnostic discovery & development ecosystem as a replacement detection technology to enhance the performance of their tests. Sword will also license the technology to partners who integrate the Sword technology into their testing products.

Competitors: Competitors for detection technology are Mesoscale, Singulex, and Gryos. These competitors require time consuming customized test development and utilize complex and expensive instruments and consumables to operate.

Competitive advantage: Sword's patented chemistry uniquely combines the simplicity and cost effectiveness of today's Gold Standard immunoassay tests with the performance that rivals high end, expensive and complex solutions,

Financials* (USD)	2013	2014	2015	2016	2017
Revenues	2,200	11,800	34,000	64,000	100,000
Expenditures	4,500	9,900	23,000	45,000	66,000
Net	-2,300	1,900	11,000	19,000	34,000

Investor Ready®

Wayne Brown Institute

www.waynebrowninstitute.org
www.venturecapital.org

201 S Main St Suite 800
Salt Lake City, UT 84111
vc.events@venturecapital.org
801-595-1141

Investor Ready®

The DEAL FORUM

Welcome to the March 21st, 2013 Deal Forum

The Deal Forum may be just the ticket to learn the fundraising process and meet members of the local angel community.

The Deal Forum provides access to capital and advice from venture professionals needed to accelerate growth of early-stage companies. Watch the venture process in action, and learn the basics of building a fundraising presentation.
The Venture Funding Process, the first step in preparation for the Deal Forum, will prepare companies to more effectively present themselves to investors. This experience will provide information for the following:

- How to make a positive first impression to the venture community
- Discover what makes a deal attractive and or unattractive to investors
- Increase your relevant networking opportunities
- Experience candid, real-world feedback following the presentations
- Receive a compressed world-class education at a fraction of the cost
- Accelerate your quest for capital

At today's Deal Forum you will see three companies share their opportunity and get invaluable feedback from the local angel community. Now is an opportunity to network with angels, fellow entrepreneurs and members of the business community.

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Phillip Grimm
Steve Grizzell
Melanie Rubocki
Brad Bertoch
Adam Slovik

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WAYNE BROWN INSTITUTE

INVESTORS CHOICE

A SHORT HISTORY OF THE WAYNE BROWN INSTITUTE (WBI)

The Institute's mission is to improve the human condition through entrepreneurship for the purpose of creating new wealth, jobs, and tax base. This is accomplished with Cooperative Venturing educational programs that transfer experience, knowledge, contacts and capital from the world's leading business and financial organizations to promising early-stage, companies. Formed in 1983 as the Utah Innovation Foundation, a 501(c) (3) non-profit educational organization, the Institute was renamed in 1988 in memory of its founder, Dr. Wayne S. Brown. The Institute has become the most efficient, cost effective economic development organization in the country.

Dr. Brown held positions in mechanical engineering and had served as Dean of the College of Engineering at the University of Utah. In addition to his academic postings, he was a founder of Kenway Engineering (HK Systems), TerraTek, NPI (Agridyne Technologies), the Utah Innovation Center (the world's first venture accelerator/incubator) and Utah Ventures (now UV Partners, Utah's first and largest earlier stage venture fund). By virtue of his academic and business background, Dr. Brown was a leading authority in technological innovation and entrepreneurship. Many of the world's science/research parks, innovation centers and incubators have their roots with Dr. Brown. In addition to his many accomplishments, he affected the role of government in innovation and entrepreneurship as the architect with Roland Tibbitts of the national Small Business Innovation Research (SBIR) program, later as head of the State's Science Council he spearheaded legislation to create the Utah Technology Finance Corporation (UTFC), and Utah's Centers of Excellence program.

Today, the Institute continues this legacy by educating early-stage, companies through mentor-based training in the art and science of becoming attractive, viable investments. This is done through establishing value-added relationships between entrepreneurs, capital providers, and key professionals who specialize in equity capital-backed businesses. These education-based offerings allow early-stage, businesses to successfully present their opportunity to investors. To date, the Institute's 700+ alumni companies have raised almost $5 Billion in private capital, and employ over 35,000. Each year, Institute mentors donate over 10,000 hours, allowing the Institute to provide nearly 1% of the venture quality deal flow in the U.S.

The Institute is unique, in that most of its support is from the private sector. Firms such as Zions Bank, Deutsche Banc, Alex, Brown, NASDAQ, Silicon Valley Bank, Ernst & Young, Ballard Spahr, and various venture funds and service providers contribute regularly. Lastly, other organizations such as the, Governor's Office of Economic Development (GOED), Utah State Division of Securities, the Hawaii Strategic Development Corporation, New York Community Investment Corporation, Community Development Venture Capital Alliance, National Association of Seed and Venture Funds (NASVF), and many other technology trade associations have supported the Institute in its mission.

Investor Ready®

WBI Approved

Showcase Companies

VXSuite™

CEO: Roger Blohm (roger.blohm@vxsuite.com)

Mentor Team Lead: Lynn Butterfield (lynn@lynnbutterfield.com)

Mentors:
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Jerry Vance - jerry@advancedcfo.com
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Janice Evans - zjanice.evans@gmail.com
David Marx - marx.david@dorsey.com
Kris Steadman - ksteadman@waynebrowninstitute.com

LVM's VXSuite bundled software suite delivers a managed "SAAS" platform that optimizes the unified communications world for their clients.

terillion

CEO: Jon Black (jblack@terillion.com)

Mentor Team Lead: Lee Stephenson (lstephenson@advancedcfo.com)

Mentors:
Mike Alder - malder@byu.edu
Don Whitehead - donwhiteheadsr@gmail.com
Rod Linton - lintonrj@msn.com
Bob Rock - bob@lonepeakproductions.com
Reed Chase - rchase@tannerco.com

Terillion provides proactive online reputation management solutions for local business

Investor Ready®

AirVend

Co-Founder: Lance Ellsworth (lance.ellsworth@air-vend.com)

Mentor Team Lead: Val Oveson (voveson@wsrp.com)

Mentors:
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Jesse Jensen- jjensen2009@gmail.com

AirVend is breathing new life into the Vending world with cutting edge technology and a truly disruptive business model.

Meet the Investor Panel

Phillip Grimm (phillip.h.grimm@gmail.com) brings 25+ years of proven track record in managing both large scale organizations and emerging businesses. Serving as the Chief Financial Officer and then the General Manager of DOD Electronics, Mr. Grimm was instrumental in growing this high technology consumer electronics business from sub $10 million revenue to more than $50 million in a short three years. After successfully serving in Corporate America at executive levels for almost 15 years with such companies as Motorola, Bomar Instrument, Harman International and Bull HN Information System, Mr. Grimm decided to venture into developing his own portfolio of business ventures and successfully completed acquisitions, business stabilization and growth, culminating in successful exits with high multiple returns over a 10 year period. Some of his prior companies in this area are US Currency Protection Corporation, Global Pursuit Systems, GeoTrax, and Flight Link. Post his M&A business Mr. Grimm served as the CEO for DxNA LLC, a company bringing leading edge technology to the Biomedical field in the area of rapid and portable disease diagnostic solutions. Since 2011, Mr. Grimm has been devoting his time to his consulting services, mentoring emerging businesses and participating in early stage financial investments.

Bradley Bertoch (BBertoch@venturecapital.org) serves as President of the Wayne Brown Institute—a nonprofit, nationally recognized, entrepreneurship organization. He is a leader in equity backed business development, capital formation, and technology commercialization and entrepreneurship. Under his direction, Utah companies participating in an Institute venture program have raised over $3 billion in private equity and created over 15,000 jobs throughout Utah. Brad is a member of Olympus, Park City, and Salt Lake Life Sciences Angel groups and founder of WBI Angels, and was a venture partner with Hamilton Bio-Ventures Fund II. He is currently a fellow of the Foundation for Enterprise Development, co-founder and current board member of the MountainWest Capital Network, and serves on the Boards of the Utah's Business Resource Centers and the Salt Lake County and Mountainlands Revolving Loan Funds. He is an Honors graduate of the University of Utah, and holds an MBA from Northwestern University's Kellogg School of Management.

Steve Grizzell is a 20-year veteran in entrepreneurship, finance, innovation and economic development. His experience began in the mid-1980s when he consulted for the World Bank and U.S. Agency for International Development. To date, Steve has been directly responsible for more than 200 transactions, the majority involving technology-based companies. He maintains regular communication with some of the more significant companies in which he has invested, which provides a wealth of experience on matters such as fund raising, board formation and personnel recruitment.

Adam Slovik (adam@double-eagle-ventures.com) is an active investor in various areas focusing on high-tech. With over 20 years of experience in high-tech and growing companies, he takes a hand-on role with his investments occasionally a full-time position. He recently stepped down as President of RemedyMD, a healthcare software company he is an investor in. In 1993, Slovik co-founded TenFold Corporation, a provider of applications development and infrastructure technologies, where he held numerous senior management roles helping TenFold to a successful IPO and a $1B+ market cap. Slovik conceived of and created the Universal Application™, TenFold's patented flagship platform that enables business analysts to rapidly build and deploy applications. Prior to TenFold, Slovik was a founding member of Oracle's Applications Division and served in various technical, architectural and product management roles. Slovik is a frequent lecturer on entrepreneurship, management, strategies and tactics for growing companies.

Melanie Rubocki () is the Perkin Coie Firmwide Vice Chair of the Emerging Companies practice and Head of the Business group for the Boise Office. With a foundation in finance and entrepreneurial studies from the Wharton School of Business, Melanie brings a business sensibility and reasonableness to her client relations and any negotiated transaction. She represents business clients through their entire life cycle, from startup formation to exit. Her approach to the client relationship is proactive, rather than reactionary - she endeavors to help clients avoid legal pitfalls and traps for the unwary.

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The Wayne Brown Institute's 2013 Calendar of Upcoming Events

April- May 2013

Tuesday, April 16: **How to Raise Money** – Salt Lake City (3:30 p.m. – 5:30 p.m.)
Jones Waldo. 170 S Main St #1500 Salt Lake City, UT 84101

Tuesday, April 23: **21st Century Entrepreneur®** – Salt Lake City (3:30 p.m. – 5:30 p.m.) Ballard Spahr, 201 S. Main Street, 4th Floor, SLC (Solitude Room)

Wednesday, May 29: **How to Raise Money** – Provo (3:30 p.m. – 5:30 p.m.)
Zions Bank Financial Center Rock Canyon Room 8th floor, 180 North University Avenue, Provo, UT

(For a complete listing of seminars and conferences, please visit www.venturecapital.org.)

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AirVend

One Line Pitch: AirVend is breathing new life into the Vending world with cutting edge technology and a truly disruptive business model.

Business Summary: AirVend is a distributed POS hardware and SaaS solution for disruption in the $119 Billion dollar Unattended Retail Industry. The wirelessly connected platform offers inventory control, mobile payment, and advertising. AirVend started shipping product in November, 2012.

Management: Chad Francis is the Technologist and founder of AirVend. He brings a wealth of experience starting with years of enterprise-level software development and recently as founder of a customer development shop. Lance Ellsworth comes to AirVend with a special skill set surrounding business development for start-ups -something especially crucial to AirVend's success. David Loveland is a serial entrepreneur with experience in marketing, operations.

Customer Problem: Vending operators are missing out on sales and are burdened with heavy operating costs because of a lack of technology. The consumer experience is bad as machines don't accept cashless payment and they're often out of order or low on inventory. Because over 95% of machines are unconnected, Operators don't know when machines are having issues or low on inventory, so they visit them on an arbitrary schedule -taking their entire inventory around.

Product/Services: AirVend 7 is a wirelessly connected, Android-based touchscreen device for vending machine that provides nutritional information for each of the products, credit card payment, and sends live line-item detail to the cloud for Vending Operators to manage their machines. We currently have a 7" Retrofit device that installs to existing machines. We're currently developing a 5" Retrofit and a 7" integrated OEM version.

Target Market: Our overall market is Unattended Retail totaling about $119B/year in transaction volume. We're focused on Vending as our beachhead which is about $45B/year in transaction volume.

AirVend

Company Profile:
URL: http://www.air-vend.com
Industry: Software
Employees: 7
Founded: Apr-01-2012

Contact:
David Loveland
david@davidloveland.com

Location:
202 E Center ST
Provo, UT 84606
United States

Financial Information (USD):
Company Stage: Full Product Ready
Previous Capital: 200,000
Monthly Net Burn: 25,000
Pre-money Valuation: 3,500,000
Capital Seeking: 500,000

Management:
Chad Francis, Founder/Technology Development
Lance Ellsworth, Co-founder/Sales & Business Dev
David Loveland, Co-founder/Marketing & Operations
Peter Skalla, CFO

Advisors:
Lawyer: Jared Richards, Bennett Tueller Johnson & Deere
Accountant: Jeff Heath, Heath & Jaynes, LLC

Investors:
King 7 Investments

Referred By:

Customers: We segment our customers by OEM and retrofit. We approach manufacturers building new machines with an integrated, OEM strategy. We target the top 5 manufacturers. The Vending Operator market for a Retrofit solution is made up of a several enterprises, hundreds of large firms, and tens of thousands of very small businesses.

Sales/Marketing Strategy: We'll start by focusing on OEM partnerships for our integrated device, which will give us instant distribution and help us develop our technology. We'll also be employing direct sales methods to reach out to operators directly. Trade shows will play a key role in our lead generation as well. Each of the larger accounts will have an account manager dedicated to ensuring the customer is happy and experiencing a powerful ROI.

Business Model: Our goal is to drive our hardware cost down to Free as we gain enough adoption to make all our revenue on on-going services. But currently we break-even on hardware, and charge 5% of all cashless transactions that go through the machine we're providing service for. In addition, we'll make a cut of advertising revenue and loyalty/coupons.

Competitors: Vendscreen, an operator turned technology company to provide touchscreens to the market. They offer a 5” retrofit unit for $295 and charge Operators a percentage of all their sales. MIND is another screen provider, but they currently only offer nutritional information with no payment options. Other than one exception, manufacturers seem to be deciding whether to go at it on their own or partner with a technology company such as ours.

Competitive Advantage: Two things differentiate AirVend: 1. Our business model is driving the cost of technology to Operators down with new revenue sources. 2. Our technical execution. Industry players try to develop new technology with old, traditional methods, they waste loads of money and their timelines are years, not months.. While we apply lean methods and recruit (contract if necessary) specialized skill sets to execute product development quickly and cheaply.

Financials (USD)	2012	2013	2014	2015	2016
Revenues	-	3,741,670	25,325,826	54,071,613	87,103,554
Expenditures	-	4,285,818	23,776,360	46,597,844	70,110,322
Net	-	-544,148	1,549,466	7,473,769	16,993,232

LVM, Inc.

One Line Pitch: LVM's VXSuite bundled software suite delivers a managed "SAAS" platform that optimizes the unified communications world for our clients.

Business Summary: In 2012, LVM launched the VXSuite by adding VXMobile, VXPulse and VXRecord to its core technology, VXTracker. The VXSuite is the key communication analytics platform for many US companies. These modules create a one-stop shopping experience for corporate customers wanting to improve the ROI and "Quality of Experience" with their voice and data systems. Key customers include Microsoft, Limited Co, Coventry HC, BAE, Leatherman, NetGear and the NBA.

Management: The LVM team features over 70 years of experience in the "Communication Analytics" space. The key members of the team include Roger Blohm (President), Kerry Shih (Chief Architect), Barry Papenfuss (CFO), and Michael Brown (VP-Operations). This team has expertise in managing growth opportunities with entities such as Directpointe, Sento, Americom, Deloitte, and Encover and with raising venture capital and running profitable technology ventures.

Customer Problem: A typical company deploys six types of communications devices and runs five different communications software systems, most of which do not collaborate. Adding to this, in the next 3 years there will be a 30% increase in the 120 million Smartphones and over 60 million tablets accessing the internet and corporate data networks. VXSuite is one of the first "SAAS" based managed solutions to manage all these in a single dashboard.

Product/Services: The VXSuite "SAAS" platform optimizes peformance of a communication network including VOIP, mobile networks, instant messaging, web-based conferencing. The core products in the suite include VXTracker (call accounting and reporting), VXPulse (remote monitoring, network visibility and compliance), VXMobile (mobile phone usage analysis and reporting), and VXRecord (call recording of both VOIP and Mobile and storage with search capabilities).

Target Market: An Aberdeen study showed America's corporations are demanding a highly improved communication environment and are committing $16B/yr to address this. This study estimates these soft costs to a typical company at $117 per phone. Our top 3 vertical markets include healthcare, technology and government/defense. In these 3 verticals there are over 20 million employees which gives us a more than $2 billion addressable market in our "suite spot."

Customers: LVM has nearly 400 customers. Our solution has a 92% renewal rate with customers, most of whom get to a full ROI within 6 months of deployment of the VXSuite. The average annual spend per customer is over $3,000. Some of our largest customers include BAE, Discovery, Univ. of Utah, NetGear, In-N-Out Burger, Tenet, Bonneville Communications, Covenant Healthcare, Apria, Coventry, Access Data, BD Medical, Becton Dickinson and Air Terminal Gifts.

Sales/Marketing Strategy: LVM's goes to market through its dealer "channel partners." This channel currently consists of 30 national and regional dealers across America with the expectation in the next six months of adding the first of Microsoft's nearly 167,000 dealers to this mix. To energize this channel, LVM has a team of Dealer Managers that work with these dealers to get their customers using the VXSuite. Key dealers include

VXSuite

Company Profile:
URL: http://vxsuite.com
Industry: Software
Employees: 11
Founded: Jul-01-2012

Contact:
Barry Papenfuss
barry.papenfuss@vxsuite.com

Location:
45 E Sego Lily Dr #200
Sandy, UT 84107
Sandy, UT 84070
United States

Financial Information (USD):
Company Stage: $500K - $1M in Trailing 12 Mo. Revenue
Previous Capital: 1,850,000
Monthly Net Burn: 40,000
Pre-money Valuation: 6,394,000
Capital Seeking: 750,000

Management:
Roger Blohm, CEO
Barry Papenfuss, CFO

Advisors:
Lawyer: Kevin Timken of Kruse Landa
Accountant: Reed Chase of Tanner & Co.

Investors:
Ron Richter
Pat Richter

Referred By:

Continuant, Carousel & Connections.

Business Model: The VXSuite software platform is sold as both an "on premises" managed solution as well as through a "SaaS" arrangement where customers pay a small monthly fee for access to the VXSuite. VXSuite´s modular approach allows dealers and their customers to address the communication issues most pressing to them, and it allows customers to effectively manage their communication devices one step at a time or at whatever pace their budget and needs allow.

Competitors: There is no single competitor who offers a full suite of communication analytics products similar to VXSuite. Although the individual product modules do have competition, these players typically lack a solid "dashboard" view of the network for management. Our competitors also struggle to "speak" with all communication hardware types (i.e Cisco, Avaya, Shoretel, etc.) which is a key reason some of our customers have selected the VXSuite.

Competitive Advantage: The "secret sauce" for VXSuite is its modular offering (which other companies haven't replicated) and our ability to speak to all key hardware manufacturers. The VXSuite is also easy and inexpensive to integrate with use of a micro-appliance (less than $200) that gives us the ability to aggregate all communication data from a clients network. Customers also love our "cloud-based" structure that gives management a "single pane of glass" dashboard.

Financials (USD)	2012	2013	2014	2015	2016
Revenues	1,355,000	3,613,000	6,685,000	11,364,000	18,182,000
Expenditures	1,482,000	2,375,000	4,056,000	6,217,000	9,264,000
Net	-127,000	1,238,000	2,629,000	5,147,000	8,918,000

Terillion

One Line Pitch: Proactive online reputation management solutions for local business

Business Summary: Terillion helps businesses promote and protect their online reputations using software sold on a monthly subscription basis, in some cases bundled with a hardware component. Our approach is unique in that we seek to proactively promote a business online by collecting, verifying, and publishing customer reviews and engaging the consumer with social media options onsite at the place of business.

Management: Terillion has an experienced management team that has spent a majority of their collective careers in the technology space. Jon Black, founder and CEO, has been a serial entrepreneur with successful exits from his previous three startup companies. Mark Pocock, CFO, has held leadership positions in software, including Wavelink and Microsoft, most recently leading Wavelink to a successful exit through its acquisition by LANDesk in 2012.

Customer Problem: Consumers increasingly rely on online research and reviews to influence their offline purchasing decisions. According to a 2011 Forrester study, over $1 Trillion in offline sales are "web-influenced." However, online reputations often don't represent businesses fairly. Online reputation management is very important to local businesses, but most businesses don't have the time or the expertise to effectively manage their online reputations.

Product/Services: We provide online reputation management packages. Some of our products include: REPPROTECT - Reputation management tool that monitors and analyzes a company's online presence. REVIEWSTAND - Onsite customer review collection via iPad kiosks. Includes capture of handwritten reviews which are distributed online to various sites, including social media. QUICKRATE - Mobile customer review collection tool - uses NFC, QR codes, and SMS/text.

terillion®

Company Profile:
URL: http://www.terillion.com
Industry: Software
Employees: 7
Founded: Jun-30-2011

Contact:
Mark Pocock
mpocock@terillion.com

Location:
175 W. Canyon Crest Road #100
Alpine, UT 84004
United States

Financial Information (USD):
Company Stage: Full Product Ready
Previous Capital: 1,150,000
Monthly Net Burn: 60,000
Pre-money Valuation:
Capital Seeking: 2,000,000

Management:
Mark Pocock, CFO
Brent Jacobsen, CTO
Jon Black, CEO
Preston Andrew, VP Sales

Advisors:
Lawyer: Kirton McConkie
Accountant: Lunsford Peck

Investors:
Frank McAllister, CEO Stillwater Mining

Referred By:
Gary Jackson, Silicon Valley Bank

Target Market: Our target market is primarily local businesses. There are over 27 million local businesses in the US today - 16 million with a brick-and-mortar/retail presence. According to a 2012 BIA/Kelsey study, SMB spending on reputation management was $1.6B in 2011, and is projected to increase to $3B in 2013 and $5B in 2015.

Customers: Our target demographic is SMBs that primarily have a fixed location. Industries that compete on "soft metrics" like customer service are our bread and butter. We plan to initially focus on a few select vertical markets: healthcare, auto sales/service, and real estate. Our solutions can provide value to virtually all consumer-facing businesses, but we want to focus our initial efforts on industries where we already have experience and traction.

Sales/Marketing Strategy: We plan to use marketing to drive lead generation through a variety of channels: pay-per-click campaigns, content marketing, PR, SEO, email campaigns, and other advertising. We plan to spend a majority of our sales resources employing a direct sales force - including both inside and outside sales agents - but will also develop a network of committed resellers in the online marketing space to strengthen our sales reach.

Business Model: We use a Software-as-a-Service subscription model as our primary business model. Our revenue comes from different reputation management subscription package levels. We are primarily selling software services, but do see a need in the near future for hardware to be included as part of the subscription in some cases. The subscription price covers the use of the software, a patent-pending review verification, review distribution, and support.

Competitors: In the online reputation management space, the bigger players include Reputation.com, Reputation Changer, and Reputation Advocate. In the review collection space, there are Reviewboost.com, Demand Force, and some DIY review collection options (e.g. using emails, flyers, customer solicitation, etc.) Currently, there are no other companies employing digital onsite review collection tools as part of their reputation management offerings.

Competitive Advantage: We take a proactive approach to online reputation management. Rather than trying to hide negative content, our services help SMBs increase the amount of positive content online. Our handwritten customer reviews are given higher credibility than other reviews, and also drive higher engagement - and higher click-through-rates. Our patent-pending review verification process also adds credibility. Terillion reviews are trusted over the competition.

Financials (USD)	2012	2013	2014	2015	2016
Revenues	89,000	1,042,000	8,500,000	17,750,000	-
Expenditures	1,113,000	2,883,000	9,240,000	15,830,000	-
Net	-1,024,000	-1,841,000	-740,000	1,920,000	-

21st Century Entrepreneur: Term Sheets

April 23rd, 2013

Salt Lake City, UT

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SAMPLE SUMMARY

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Sample, Inc.
P.O. Box 2135
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(801) 595-1141
http://www.sample.com

Contact:
Bubba Bristo
CEO
(801) 595-1141
bubba@sample.com

STAGE
Revenue Stage. The company was incorporated in June 2003 and has developed and is shipping product.

SUMMARY
SAMPLE provides software solutions, wireless handheld computers, and services that streamline order management processes between manufacturers, distributors, or retailers and their customers. The company's Samplesize® and its application software and services support Customer Relationship Management (CRM) Systems or Supply Chain Management (SCM) systems.

TARGET CUSTOMER
The company targets 1.3 million food service outlets in the United States through food service distributors and the franchisors, but not typically the individual restaurant. Although the individual store will use it, the franchisor or the distributor will likely pay for the service on behalf of the location.

CUSTOMER MOTIVATION (PAIN PROPOSITION)
The Company's principal product, Samplesize® is used by organizations to increase employee productivity, improve the accuracy of orders, reduce the cost of customer service operations, and enhance revenue generation activities.

PRODUCT/TECHNOLOGY DESCRIPTION
The Company provides a comprehensive order management solution including a handheld computer (the Samplesize®), application software, and database services that can automate and streamline the following tasks: updating inventory counts, developing an order, transmitting orders electronically to the distributor(s) via the Company's data center, acknowledging the order to the initiator, receiving the order into the recipients' inventory, initiating an electronic payment for the order.

Samplesize® the proprietary handheld computer uses embedded technology and operates with LINUX O.S.

PROPRIETARY ADVANTAGE/SUSTAINABLE COMPETITIVE ADVANTAGE
The Samplesize® unit is specifically designed for ease of use including an ergonomic design and no physical buttons. The user enters all inputs by a simple finger touch to the display/touch screen. The Company has developed multilingual application software that can be specifically tailored to each user.

The Company has developed database infrastructures to coordinate all information needed to support the services offered including the ability to process over 30,000 orders an hour.

Patents are in place for both hardware and software; the International PCT patent is granted, and USA approval is pending.

The SAMPLE system can be implemented remotely, minimizing time and expense.

REGULATORY ISSUES
SAMPLE's products comply with all FCC requirements.

REVENUE MODEL
SAMPLE continues to own the individual Samplesize® units and licenses them to the customer for a monthly fee. Other user fees are based on how extensively the customer uses the system to process multiple orders. This revenue model allows development of multiple revenue streams for each Samplesize® at a user site.

SALES CHANNELS
SAMPLE will sell products and services through a direct sales force. Initial sales efforts of the web interface and SAMPLE device will be focused on three primary target markets – large food service distributors, small and medium sized franchise restaurant companies, and restaurant service providers.

RECENT SUCCESS STORIES
Bristo Food Service, Inc. uses the system to manage orders from many of its 500 restaurant customers.

STRATEGIC PARTNERS
Vitel Technologies, manufacturing partner.

KEY COMPETITORS AND DIFFERENTIATORS
Competitors include companies active in the CRM and SCM segments of the application software market. These include major publicly held companies such as Siebel Systems, i2 Technologies, Manugistics, and Manhattan Associates. Additional smaller privately held companies such as Instill Corporation, Novex, RapidOrder, and Order-Stream are also actively developing and marketing competing products in the food service industry.

A large number of companies are competing for the use of handheld devices in the restaurant dining room, but few are competing for the restaurant back office. Those offering back-office order management generally are focused on the Internet to transmit orders which SAMPLE feels has problems in the restaurant industry in that many restaurants do not yet have Internet access in their offices.

METRICS
Full-time equivalent employees and contractors: 6
Patents: 6
Customers: 10
Installed units: 5,000

INVESTMENT CAPITAL – USE OF FUNDS/MILESTONES
Founders, officers and a limited number of private investors have invested approximately $1,200,000. Currently seeking $1.6 million to fund customer expansion and achieve profitability.

LEAD INVESTORS
Investors include Sidney Bristo, founder of SD6 Food Service International & Bristo Foods.

VALUATION
Initial: $1.5 million.
Current round: $3.5 million

CURRENT AND FORECAST REVENUES (000'S)

	Last Year	This Year	Year 2	Year 3	Year 4	Year 5
Revenues	800	1400	5000	10000	25000	50000
Cost of Goods	200	350	1250	2500	6125	12250
Expenses	1200	2000	4000	7000	15000	28000
Profit (loss)	(600)	(950)	(250)	500	3825	10750

MANAGEMENT TEAM
CEO, COO: Sidney "Bubba" Bristo, has fifteen years experience in the food service industry, ranging from sale representative to owner of a food distributorship with companies such as IGA, Flemming Foods, PF Chang. Sid brings to SAMPLE both knowledge of, and contacts in the food service industry. His last firm Bristo Foods was sold for $50 million to Kellogg's.

V.P. Client Services: Arvin Sloan has worked as an independent contractor in the computer field as well as for scientific and business organizations. He was Customer Project Manager for Altiris Software, a Princeton New Jersey based software programming firm, where he managed the development requirements and specifications for sophisticated engineering systems, as well as the installation, training, and client support.

V.P. R&D: Michael Vaughn has co-written a PDP-11 interpreter and real-time speech recognition software as well as software configuring testing suites for Point Of Sale systems. Before joining SAMPLE Brad was employed at Partner Software to assist in the development of a Field Design package written in Java. He holds five patents.

CFO: Thomas Sark, prior to SAMPLE he was CFO for 5 years at Altiris Sofware. While there Altiris raise over $20 million in venture capital and went public on NASDAQ (ALIA). He over saw ALIA's expansion from $5 million to $1120 million in sales.

ADVISORS
Legal: XYZ Big Time Legal, LLP
Patent Counsel: The Firm VC's Recommend, LLP
Accounting: Legitimate Accounts, LLP
Marketing: PR & Ad Biz, Inc.
Banking: Banker's Bank

This sample document is the work product of a national coalition of attorneys who specialize in venture capital financings, working under the auspices of the NVCA. This document is intended to serve as a starting point only, and should be tailored to meet your specific requirements. This document should not be construed as legal advice for any particular facts or circumstances. Note that this sample document presents an array of (often mutually exclusive) options with respect to particular deal provisions.

TERM SHEET

Preliminary Note

This term sheet maps to the NVCA Model Documents, and for convenience the provisions are grouped according to the particular Model Document in which they may be found. Although this term sheet is perhaps somewhat longer than a "typical" VC Term Sheet, the aim is to provide a level of detail that makes the term sheet useful as both a road map for the document drafters and as a reference source for the business people to quickly find deal terms without the necessity of having to consult the legal documents (assuming of course there have been no changes to the material deal terms prior to execution of the final documents).

TERM SHEET
FOR SERIES A PREFERRED STOCK FINANCING OF
[*INSERT COMPANY NAME*], INC.
[____ __, 20__]

This Term Sheet summarizes the principal terms of the Series A Preferred Stock Financing of [___________], Inc., a [Delaware] corporation (the "**Company**"). In consideration of the time and expense devoted and to be devoted by the Investors with respect to this investment, the No Shop/Confidentiality [and Counsel and Expenses] provisions of this Term Sheet shall be binding obligations of the Company whether or not the financing is consummated. No other legally binding obligations will be created until definitive agreements are executed and delivered by all parties. This Term Sheet is not a commitment to invest, and is conditioned on the completion of due diligence, legal review and documentation that is satisfactory to the Investors. This Term Sheet shall be governed in all respects by the laws of the [State of Delaware].

Offering Terms

Closing Date:	As soon as practicable following the Company's acceptance of this Term Sheet and satisfaction of the Conditions to Closing (the "**Closing**"). [*provide for multiple closings if applicable*]
Investors:	Investor No. 1: [_______] shares ([__]%), $[_________] Investor No. 2: [_______] shares ([__]%), $[_________] [as well other investors mutually agreed upon by Investors and the Company]
Amount Raised:	$[________], [including $[________] from the conversion of principal [and interest] on bridge notes].[1]
Price Per Share:	$[________] per share (based on the capitalization of the Company set forth below) (the "**Original Purchase Price**").
Pre-Money Valuation:	The Original Purchase Price is based upon a fully-diluted pre-money valuation of $[_____] and a fully-diluted post-money valuation of $[______] (including an employee pool representing [__]% of the fully-diluted post-money capitalization).
Capitalization:	The Company's capital structure before and after the Closing is set forth on Exhibit A.

[1] Modify this provision to account for staged investments or investments dependent on the achievement of milestones by the Company.

CHARTER[2]

Dividends:	[*Alternative 1:* Dividends will be paid on the Series A Preferred on an as-converted basis when, as, and if paid on the Common Stock] [*Alternative 2:* The Series A Preferred will carry an annual [__]% cumulative dividend [payable upon a liquidation or redemption]. For any other dividends or distributions, participation with Common Stock on an as-converted basis.] [3] [*Alternative 3*: Non-cumulative dividends will be paid on the Series A Preferred in an amount equal to $[_____] per share of Series A Preferred when and if declared by the Board.]
Liquidation Preference:	In the event of any liquidation, dissolution or winding up of the Company, the proceeds shall be paid as follows: [*Alternative 1 (non-participating Preferred Stock)*: First pay [one] times the Original Purchase Price [plus accrued dividends] [plus declared and unpaid dividends] on each share of Series A Preferred. The balance of any proceeds shall be distributed pro rata to holders of Common Stock.] [*Alternative 2 (full participating Preferred Stock)*: First pay [one] times the Original Purchase Price [plus accrued dividends] [plus declared and unpaid dividends] on each share of Series A Preferred. Thereafter, the Series A Preferred participates with the Common Stock pro rata on an as-converted basis.] [*Alternative 3 (cap on Preferred Stock participation rights)*: First pay [one] times the Original Purchase Price [plus accrued dividends] [plus declared and unpaid dividends] on each share of Series A Preferred. Thereafter, Series A Preferred participates with Common Stock pro rata on an as-converted basis until the holders of Series A Preferred receive an aggregate of [_____] times the Original Purchase Price (including the amount paid pursuant to the preceding sentence).] A merger or consolidation (other than one in which stockholders of

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2 The Charter (Certificate of Incorporation) is a public document, filed with the Secretary of State of the state in which the company is incorporated, that establishes all of the rights, preferences, privileges and restrictions of the Preferred Stock.

3 In some cases, accrued and unpaid dividends are payable on conversion as well as upon a liquidation event. Most typically, however, dividends are not paid if the preferred is converted. Another alternative is to give the Company the option to pay accrued and unpaid dividends in cash or in common shares valued at fair market value. The latter are referred to as "PIK" (payment-in-kind) dividends.

the Company own a majority by voting power of the outstanding shares of the surviving or acquiring corporation) and a sale, lease, transfer, exclusive license or other disposition of all or substantially all of the assets of the Company will be treated as a liquidation event (a "**Deemed Liquidation Event**"), thereby triggering payment of the liquidation preferences described above [unless the holders of [___]% of the Series A Preferred elect otherwise]. [The Investors' entitlement to their liquidation preference shall not be abrogated or diminished in the event part of the consideration is subject to escrow in connection with a Deemed Liquidation Event.][4]

Voting Rights:

The Series A Preferred shall vote together with the Common Stock on an as-converted basis, and not as a separate class, except (i) [so long as [*insert fixed number, or %, or "any"*] shares of Series A Preferred are outstanding,] the Series A Preferred as a class shall be entitled to elect [_______] [(_)] members of the Board (the "**Series A Directors**"), and (ii) as required by law. The Company's Certificate of Incorporation will provide that the number of authorized shares of Common Stock may be increased or decreased with the approval of a majority of the Preferred and Common Stock, voting together as a single class, and without a separate class vote by the Common Stock.[5]

Protective Provisions:

[So long as [*insert fixed number, or %, or "any"*] shares of Series A Preferred are outstanding,] in addition to any other vote or approval required under the Company's Charter or By-laws, the Company will not, without the written consent of the holders of at least [__]% of the Company's Series A Preferred, either directly or by amendment, merger, consolidation, or otherwise:

(i) liquidate, dissolve or wind-up the affairs of the Company, or effect any merger or consolidation or any other Deemed Liquidation Event; (ii) amend, alter, or repeal any provision of the Certificate of Incorporation or Bylaws [in a manner adverse to the Series A Preferred];[6] (iii) create or authorize the creation of or issue any other security convertible into or exercisable for any equity security, having rights, preferences or privileges senior to or on parity with the Series A Preferred, or increase the

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4 See Subsection 2.3.4 of the Model Certificate of Incorporation and the detailed explanation in related footnote 25.

5 For corporations incorporated in California, one cannot "opt out" of the statutory requirement of a separate class vote by Common Stockholders to authorize shares of Common Stock. The purpose of this provision is to "opt out" of DGL 242(b)(2).

6 Note that as a matter of background law, Section 242(b)(2) of the Delaware General Corporation Law provides that if any proposed charter amendment would adversely alter the rights, preferences and powers of one series of Preferred Stock, but not similarly adversely alter the entire class of all Preferred Stock, then the holders of that series are entitled to a separate series vote on the amendment.

authorized number of shares of Series A Preferred; (iv) purchase or redeem or pay any dividend on any capital stock prior to the Series A Preferred, [other than stock repurchased from former employees or consultants in connection with the cessation of their employment/services, at the lower of fair market value or cost;] [other than as approved by the Board, including the approval of [_____] Series A Director(s)]; or (v) create or authorize the creation of any debt security [if the Company's aggregate indebtedness would exceed $[____][other than equipment leases or bank lines of credit][unless such debt security has received the prior approval of the Board of Directors, including the approval of [________] Series A Director(s)]; (vi) create or hold capital stock in any subsidiary that is not a wholly-owned subsidiary or dispose of any subsidiary stock or all or substantially all of any subsidiary assets; [or (vii) increase or decrease the size of the Board of Directors].[7]

Optional Conversion:	The Series A Preferred initially converts 1:1 to Common Stock at any time at option of holder, subject to adjustments for stock dividends, splits, combinations and similar events and as described below under "Anti-dilution Provisions."
Anti-dilution Provisions:	In the event that the Company issues additional securities at a purchase price less than the current Series A Preferred conversion price, such conversion price shall be adjusted in accordance with the following formula:

[*Alternative 1:* "Typical" weighted average:

$$CP_2 = CP_1 * (A+B) / (A+C)$$

CP_2 = Series A Conversion Price in effect immediately after new issue

CP_1 = Series A Conversion Price in effect immediately prior to new issue

A = Number of shares of Common Stock deemed to be outstanding immediately prior to new issue (includes all shares of outstanding common stock, all shares of outstanding preferred stock on an as-converted basis, and all outstanding options on an as-exercised basis; and does not include any convertible securities converting into this round of financing)[8]

B = Aggregate consideration received by the Corporation

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[7] The board size provision may also be addressed in the Voting Agreement; see Section 1.1 of the Model Voting Agreement.

[8] The "broadest" base would include shares reserved in the option pool.

with respect to the new issue divided by CP_1

C = Number of shares of stock issued in the subject transaction]

[*Alternative 2:* Full-ratchet – the conversion price will be reduced to the price at which the new shares are issued.]

[*Alternative 3*: No price-based anti-dilution protection.]

The following issuances shall not trigger anti-dilution adjustment:[9]

(i) securities issuable upon conversion of any of the Series A Preferred, or as a dividend or distribution on the Series A Preferred; (ii) securities issued upon the conversion of any debenture, warrant, option, or other convertible security; (iii) Common Stock issuable upon a stock split, stock dividend, or any subdivision of shares of Common Stock; and (iv) shares of Common Stock (or options to purchase such shares of Common Stock) issued or issuable to employees or directors of, or consultants to, the Company pursuant to any plan approved by the Company's Board of Directors [including at least [_______] Series A Director(s)].

Mandatory Conversion:

Each share of Series A Preferred will automatically be converted into Common Stock at the then applicable conversion rate in the event of the closing of a [firm commitment] underwritten public offering with a price of [___] times the Original Purchase Price (subject to adjustments for stock dividends, splits, combinations and similar events) and [net/gross] proceeds to the Company of not less than $[_______] (a "**QPO**"), or (ii) upon the written consent of the holders of [__]% of the Series A Preferred.[10]

[Pay-to-Play:

[Unless the holders of [__]% of the Series A elect otherwise,] on any subsequent [down] round all [Major] Investors are required to purchase their pro rata share of the securities set aside by the Board for purchase by the [Major] Investors. All shares of Series A Preferred [11] of any [Major] Investor failing to do so will automatically [lose anti-dilution rights] [lose right to participate in future rounds] [convert to Common Stock and lose the right to a

9 Note that additional exclusions are frequently negotiated, such as issuances in connection with equipment leasing and commercial borrowing. See Subsections 4.4.1(d)(v)-(viii) of the Model Certificate of Incorporation for additional exclusions.

10 The per share test ensures that the investor achieves a significant return on investment before the Company can go public. Also consider allowing a non-QPO to become a QPO if an adjustment is made to the Conversion Price for the benefit of the investor, so that the investor does not have the power to block a public offering.

11 Alternatively, this provision could apply on a proportionate basis (e.g., if Investor plays for ½ of pro rata share, receives ½ of anti-dilution adjustment).

Board seat if applicable].[12]

Redemption Rights:[13]

Unless prohibited by Delaware law governing distributions to stockholders, the Series A Preferred shall be redeemable at the option of holders of at least [__]% of the Series A Preferred commencing any time after [________] at a price equal to the Original Purchase Price [plus all accrued but unpaid dividends]. Redemption shall occur in three equal annual portions. Upon a redemption request from the holders of the required percentage of the Series A Preferred, all Series A Preferred shares shall be redeemed [(except for any Series A holders who affirmatively opt-out)].[14]

STOCK PURCHASE AGREEMENT

Representations and Warranties:

Standard representations and warranties by the Company. [Representations and warranties by Founders regarding [technology ownership, etc.].[15]

Conditions to Closing:

Standard conditions to Closing, which shall include, among other things, satisfactory completion of financial and legal due diligence, qualification of the shares under applicable Blue Sky laws, the filing of a Certificate of Incorporation establishing the rights and

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[12] If the punishment for failure to participate is losing some but not all rights of the Preferred (e.g., anything other than a forced conversion to common), the Certificate of Incorporation will need to have so-called "blank check preferred" provisions at least to the extent necessary to enable the Board to issue a "shadow" class of preferred with diminished rights in the event an investor fails to participate. Because these provisions flow through the charter, an alternative Model Certificate of Incorporation with "pay-to-play lite" provisions (e.g., shadow Preferred) has been posted. As a drafting matter, it is far easier to simply have (some or all of) the preferred convert to common.

[13] Redemption rights allow Investors to force the Company to redeem their shares at cost (and sometimes investors may also request a small guaranteed rate of return, in the form of a dividend). In practice, redemption rights are not often used; however, they do provide a form of exit and some possible leverage over the Company. While it is possible that the right to receive dividends on redemption could give rise to a Code Section 305 "deemed dividend" problem, many tax practitioners take the view that if the liquidation preference provisions in the Charter are drafted to provide that, on conversion, the holder receives the greater of its liquidation preference or its as-converted amount (as provided in the Model Certificate of Incorporation), then there is no Section 305 issue.

[14] Due to statutory restrictions, the Company may not be legally permitted to redeem in the very circumstances where investors most want it (the so-called "sideways situation"). Accordingly, and particulary in light of the Delaware Chancery Court's ruling in *Thoughtworks* (see discussion in Model Charter), investors may seek enforcement provisions to give their redemption rights more teeth - - e.g., the redemption amount shall be paid in the form of a one-year note to each unredeemed holder of Series A Preferred, and the holders of a majority of the Series A Preferred shall be entitled to elect a majority of the Company's Board of Directors until such amounts are paid in full.

[15] Founders' representations are controversial and may elicit significant resistance as they are found in a minority of venture deals. They are more likely to appear if Founders are receiving liquidity from the transaction, or if there is heightened concern over intellectual property (e.g., the Company is a spin-out from an academic institution or the Founder was formerly with another company whose business could be deemed competitive with the Company), or in international deals. Founders' representations are even less common in subsequent rounds, where risk is viewed as significantly diminished and fairly shared by the investors, rather than being disproportionately borne by the Founders. A sample set of Founders Representations is attached as an Addendum at the end of the Model Stock Purchase Agreement.

preferences of the Series A Preferred, and an opinion of counsel to the Company.

Counsel and Expenses: [Investor/Company] counsel to draft closing documents. Company to pay all legal and administrative costs of the financing [at Closing], including reasonable fees (not to exceed $[_____])and expenses of Investor counsel[, unless the transaction is not completed because the Investors withdraw their commitment without cause].[16]

Company Counsel: [____________________
____
____________________]

Investor Counsel: [________________________
____
________________________]

INVESTORS' RIGHTS AGREEMENT

Registration Rights:

Registrable Securities: All shares of Common Stock issuable upon conversion of the Series A Preferred [and [any other Common Stock held by the Investors] will be deemed "**Registrable Securities.**"[17]

Demand Registration: Upon earliest of (i) [three-five] years after the Closing; or (ii) [six] months[18] following an initial public offering ("**IPO**"), persons holding [__]% of the Registrable Securities may request [one][two] (consummated) registrations by the Company of their shares. The aggregate offering price for such registration may not be less than $[5-15] million. A registration will count for this purpose only if (i) all Registrable Securities requested to be registered are registered and (ii) it is closed, or withdrawn at the request of the Investors (other than as a result of a material adverse change to the Company).

Registration on Form S-3: The holders of [10-30]% of the Registrable Securities will have the right to require the Company to register on Form S-3, if available for use by the Company, Registrable Securities for an aggregate

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16 The bracketed text should be deleted if this section is not designated in the introductory paragraph as one of the sections that is binding upon the Company regardless of whether the financing is consummated.

17 Note that Founders/management sometimes also seek limited registration rights.

18 The Company will want the percentage to be high enough so that a significant portion of the investor base is behind the demand. Companies will typically resist allowing a single investor to cause a registration. Experienced investors will want to ensure that less experienced investors do not have the right to cause a demand registration. In some cases, different series of Preferred Stock may request the right for that series to initiate a certain number of demand registrations. Companies will typically resist this due to the cost and diversion of management resources when multiple constituencies have this right.

	offering price of at least $[1-5 million]. There will be no limit on the aggregate number of such Form S-3 registrations, provided that there are no more than [two] per year.
Piggyback Registration:	The holders of Registrable Securities will be entitled to "piggyback" registration rights on all registration statements of the Company, subject to the right, however, of the Company and its underwriters to reduce the number of shares proposed to be registered to a minimum of [20-30]% on a pro rata basis and to complete reduction on an IPO at the underwriter's discretion. In all events, the shares to be registered by holders of Registrable Securities will be reduced only after all other stockholders' shares are reduced.
Expenses:	The registration expenses (exclusive of stock transfer taxes, underwriting discounts and commissions will be borne by the Company. The Company will also pay the reasonable fees and expenses[, not to exceed $______,] of one special counsel to represent all the participating stockholders.
Lock-up:	Investors shall agree in connection with the IPO, if requested by the managing underwriter, not to sell or transfer any shares of Common Stock of the Company [(including/excluding shares acquired in or following the IPO)] for a period of up to 180 days [plus up to an additional 18 days to the extent necessary to comply with applicable regulatory requirements][19] following the IPO (provided all directors and officers of the Company [and [1 – 5]% stockholders] agree to the same lock-up). [Such lock-up agreement shall provide that any discretionary waiver or termination of the restrictions of such agreements by the Company or representatives of the underwriters shall apply to Investors, pro rata, based on the number of shares held.
Termination:	Upon a Deemed Liquidation Event~~;~~ [and/or] when all shares of an Investor are eligible to be sold without restriction under Rule 144 [and/or] the [____] anniversary of the IPO.
	No future registration rights may be granted without consent of the holders of a [majority] of the Registrable Securities unless subordinate to the Investor's rights.
Management and Information Rights:	A Management Rights letter from the Company, in a form reasonably acceptable to the Investors, will be delivered prior to Closing to each Investor that requests one.[20]

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19 See commentary in footnotes 23 and 24 of the Model Investors' Rights Agreement regarding possible extensions of lock-up period.

20 See commentary in introduction to Model Managements Rights Letter, explaining purpose of such letter.

Any [Major] Investor [(who is not a competitor)] will be granted access to Company facilities and personnel during normal business hours and with reasonable advance notification. The Company will deliver to such Major Investor (i) annual, quarterly, [and monthly] financial statements, and other information as determined by the Board; (ii) thirty days prior to the end of each fiscal year, a comprehensive operating budget forecasting the Company's revenues, expenses, and cash position on a month-to-month basis for the upcoming fiscal year[; and (iii) promptly following the end of each quarter an up-to-date capitalization table. A "Major Investor" means any Investor who purchases at least $[______] of Series A Preferred.

Right to Participate Pro Rata in Future Rounds:

All [Major] Investors shall have a pro rata right, based on their percentage equity ownership in the Company (assuming the conversion of all outstanding Preferred Stock into Common Stock and the exercise of all options outstanding under the Company's stock plans), to participate in subsequent issuances of equity securities of the Company (excluding those issuances listed at the end of the "Anti-dilution Provisions" section of this Term Sheet. In addition, should any [Major] Investor choose not to purchase its full pro rata share, the remaining [Major] Investors shall have the right to purchase the remaining pro rata shares.

Matters Requiring Investor Director Approval:

[So long as the holders of Series A Preferred are entitled to elect a Series A Director, the Company will not, without Board approval, which approval must include the affirmative vote of [one/both] of the Series A Director(s):

(i) make any loan or advance to, or own any stock or other securities of, any subsidiary or other corporation, partnership, or other entity unless it is wholly owned by the Company; (ii) make any loan or advance to any person, including, any employee or director, except advances and similar expenditures in the ordinary course of business or under the terms of a employee stock or option plan approved by the Board of Directors; (iii) guarantee~~,~~ any indebtedness except for trade accounts of the Company or any subsidiary arising in the ordinary course of business; (iv) make any investment inconsistent with any investment policy approved by the Board; (v) incur any aggregate indebtedness in excess of $[_____] that is not already included in a Board-approved budget, other than trade credit incurred in the ordinary course of business; (vi) enter into or be a party to any transaction with any director, officer or employee of the Company or any "associate" (as defined in Rule 12b-2 promulgated under the Exchange Act) of any such person [except transactions resulting in payments to or by the Company in an amount less than $[60,000] per year], [or transactions made in the ordinary course of business and pursuant to reasonable requirements of the Company's business and upon fair and reasonable terms that are approved by a majority of the Board of Directors];[21] (vii) hire, fire, or change the compensation of the executive officers, including approving any option grants; (viii) change the principal business of the Company, enter new lines of business, or exit the current line of business; (ix) sell, assign, license, pledge or encumber material technology or intellectual property, other than licenses granted in the ordinary course of business; or (x) enter into any corporate strategic relationship involving the payment contribution or assignment by the Company or to the Company of assets greater than [$100,000.00].

Non-Competition and Non-Solicitation Agreements:[22]	Each Founder and key employee will enter into a [one] year non-competition and non-solicitation agreement in a form reasonably acceptable to the Investors.
Non-Disclosure and Developments Agreement:	Each current and former Founder, employee and consultant will enter into a non-disclosure and proprietary rights assignment agreement in a form reasonably acceptable to the Investors.
Board Matters:	[Each Board Committee shall include at least one Series A Director.] The Board of Directors shall meet at least [monthly][quarterly], unless otherwise agreed by a vote of the majority of Directors. The Company will bind D&O insurance with a carrier and in an amount satisfactory to the Board of Directors. Company to enter into Indemnification Agreement with each Series A Director [and affiliated funds] in form acceptable to such director. In the event the Company merges with another entity and is not the surviving corporation, or transfers all of its assets, proper provisions shall be made so that successors of the Company assume the Company's obligations with respect to indemnification of Directors.

21 Note that Section 402 of the Sarbanes-Oxley Act of 2003 would require repayment of any loans in full prior to the Company filing a registration statement for an IPO.

22 Note that non-compete restrictions (other than in connection with the sale of a business) are prohibited in California, and may not be enforceable in other jurisdictions, as well. In addition, some investors do not require such agreements for fear that employees will request additional consideration in exchange for signing a Non-Compete/Non-Solicit (and indeed the agreement may arguably be invalid absent such additional consideration - - although having an employee sign a non-compete contemporaneous with hiring constitutes adequate consideration in jurisdictions where non-competes are generally enforceable). Others take the view that it should be up to the Board on a case-by-case basis to determine whether any particular key employee is required to sign such an agreement. Non-competes typically have a one year duration, although state law may permit up to two years.

Employee Stock Options:	All employee options to vest as follows: [25% after one year, with remaining vesting monthly over next 36 months]. [Immediately prior to the Series A Preferred Stock investment, [______] shares will be added to the option pool creating an unallocated option pool of [________] shares.]
Key Person Insurance:	Company to acquire life insurance on Founders [*name each Founder*] in an amount satisfactory to the Board. Proceeds payable to the Company.

RIGHT OF FIRST REFUSAL/CO-SALE AGREEMENT

Right of first Refusal/ Right of Co-Sale (Take-me-Along):	Company first and Investors second (to the extent assigned by the Board of Directors,) will have a right of first refusal with respect to any shares of capital stock of the Company proposed to be transferred by Founders [and future employees holding greater than [1]% of Company Common Stock (assuming conversion of Preferred Stock and whether then held or subject to the exercise of options)], with a right of oversubscription for Investors of shares unsubscribed by the other Investors. Before any such person may sell Common Stock, he will give the Investors an opportunity to participate in such sale on a basis proportionate to the amount of securities held by the seller and those held by the participating Investors.[23]

VOTING AGREEMENT

Board of Directors:	At the initial Closing, the Board shall consist of [______] members comprised of (i) [*Name*] as [the representative designated by [____], as the lead Investor, (ii) [*Name*] as the representative designated by the remaining Investors, (iii) [*Name*] as the representative designated by the Founders, (iv) the person then serving as the Chief Executive Officer of the Company, and (v) [___] person(s) who are not employed by the Company and who are mutually acceptable [to the Founders and Investors][to the other directors].
[*DragAlong:*	Holders of Preferred Stock and the Founders [and all future holders of greater than [1]% of Common Stock (assuming conversion of Preferred Stock and whether then held or subject to the exercise of options)] shall be required to enter into an agreement with the Investors that provides that such stockholders will vote their shares in favor of a Deemed Liquidation Event or transaction in which 50% or more of the voting power of the Company is transferred and which is approved by [the Board of Directors] [and the holders of

23 Certain exceptions are typically negotiated, e.g., estate planning or *de minimis* transfers. Investors may also seek ROFR rights with respect to transfers by investors, in order to be able to have some control over the composition of the investor group.

____% of the outstanding shares of Preferred Stock, on an as-converted basis (the "**Electing Holders**")], so long as the liability of each stockholder in such transaction is several (and not joint) and does not exceed the stockholder's pro rata portion of any claim and the consideration to be paid to the stockholders in such transaction will be allocated as if the consideration were the proceeds to be distributed to the Company's stockholders in a liquidation under the Company's then-current Certificate of Incorporation.][24]

[*Sale Rights:*	Upon written notice to the Company from the Electing Holders, the Company shall initiate a process intended to result in a sale of the Company.][25]

OTHER MATTERS

Founders' Stock:	All Founders to own stock outright subject to Company right to buyback at cost. Buyback right for [__]% for first [12 months] after Closing; thereafter, right lapses in equal [monthly] increments over following [__] months.
[*Existing Preferred Stock:*[26]	The terms set forth above for the Series [_] Preferred Stock are subject to a review of the rights, preferences and restrictions for the existing Preferred Stock. Any changes necessary to conform the existing Preferred Stock to this term sheet will be made at the Closing.]
No Shop/Confidentiality:	The Company agrees to work in good faith expeditiously towards a closing. The Company and the Founders agree that they will not, for a period of [______] weeks from the date these terms are accepted, take any action to solicit, initiate, encourage or assist the submission of any proposal, negotiation or offer from any person or entity other than the Investors relating to the sale or issuance, of any of the capital stock of the Company [or the acquisition, sale, lease, license or other disposition of the Company or any material part of the stock or assets of the Company] and shall notify the Investors promptly of any inquiries by any third parties in regards to the foregoing. [In the event that the Company breaches this no-shop obligation and, prior to [________], closes any of the above-referenced transactions [without providing the Investors the opportunity to invest on the same terms as the other parties to such transaction], then the Company shall pay to the Investors $[_______] upon the closing of any such transaction as liquidated

24 See Subsection 3.3 of the Model Voting Agreement for a more detailed list o f conditions that must be satisfied in order for the drag-along to be invoked.

25 See Addendum to Model Voting Agreement

26 Necessary only if this is a later round of financing, and not the initial Series A round.

	damages.][27] The Company will not disclose the terms of this Term Sheet to any person other than officers, members of the Board of Directors and the Company's accountants and attorneys and other potential Investors acceptable to [_________], as lead Investor, without the written consent of the Investors.
Expiration:	This Term Sheet expires on [_______ __, 20__] if not accepted by the Company by that date.

EXECUTED THIS [__] DAY OF [_________],20[___].

[SIGNATURE BLOCKS]

[27] It is unusual to provide for such "break-up" fees in connection with a venture capital financing, but might be something to consider where there is a substantial possibility the Company may be sold prior to consummation of the financing (e.g., a later stage deal).

EXHIBIT A

Pre and Post-Financing Capitalization

	Pre-Financing		Post-Financing	
Security	# of Shares	%	# of Shares	%
Common – Founders				
Common – Employee Stock Pool				
Issued				
Unissued				
[Common – Warrants]				
Series A Preferred				
Total				

Silicon Valley Venture Capital Survey
Fourth Quarter 2012

Barry Kramer and Michael Patrick

Fenwick
FENWICK & WEST LLP

Background

We analyzed the terms of venture financings for 116 companies headquartered in Silicon Valley that reported raising money in the fourth quarter of 2012.

Overview of Fenwick & West Results

- Up rounds exceeded down rounds in 4Q12, 71% to 8%, with 21% of rounds flat. This was an improvement over 3Q12, when 61% of rounds were up, 17% were down and 22% flat, and was evidence that those companies that are getting funded are receiving strong valuations.
- The Fenwick & West Venture Capital Barometer™ showed an average price increase of 85% in 4Q12, a slight increase from 78% in 3Q12. Series B rounds continued to be the strongest rounds.
- The median price increase of financings in 4Q12 was 41%, an increase over 23% in 3Q12. There were four financings (three software, one hardware) that were up over 400% in 4Q12.
- The results by industry are set forth below. In general software, and to a lesser extent internet/digital media, continued to be the strongest industries, with hardware solid and life science showing significant improvement, and cleantech lagging significantly.
- The percentage of Series A rounds declined significantly, to 12% of all deals.
- Further evidence of the strong valuation environment for those companies that are successful at raising money is that the use of senior and multiple liquidation preferences have both declined significantly over the past year.

Overview of Other Industry Data

In 2012, we generally saw a weaker venture environment than 2011, especially during the last half of the year. Venture investing and acquisitions of venture backed companies both declined compared to 2011, and while IPOs and fundraising were both up, this was primarily a result of a strong first half of the year. Some other trends were:

- Venture fundraising continues to trail venture investing, although the gap closed fairly significantly in 2012.
- The amount of money raised by venture funds continues to be concentrated in a relatively small number of large funds.
- Enterprise facing IT businesses appear to have attracted increased interest in 2012, while consumer facing IT businesses (e.g., internet/digital media) appear to be a bit less attractive.
- Cleantech and to a lesser extent life science continue to be weak, although they appear to be attracting more corporate interest.

- Accelerators and seed financings continue to be strong, but Series A (post seed) financings were often difficult to obtain.
- Although venture capitalists believe that liquidity events will improve in 2013, they believe that obtaining venture financing will be more difficult than in 2012, and that venture fundraising will continue to be concentrated in fewer funds.

With Nasdaq up 16% in 2012 and continuing to increase in 2013, providing public companies more valuable "currency" to make acquisitions, and with many corporations holding substantial cash reserves and public company investors appearing to be more amenable to taking risk, there is good reason to believe that liquidity options for venture backed companies will improve in 2013.

- **Venture Capital Investment.**

  Dow Jones VentureSource ("VentureSource") reported that venture capitalists (including corporation affiliated venture groups) invested $6.6 billion in 733 deals in the U.S. in 4Q12, a 4.6% decrease in dollars and a 10.6% decrease in deals from the $6.9 billion invested in 820 deals in 3Q12 (as reported in October 2012). For all of 2012 venture capitalists invested $29.7 billion in 3363 deals, a 9% decrease in dollars but a 5% increase in deals compared to 2011, when venture capitalists invested $32.6 billion in 3209 deals (as reported in January 2012). In 4Q12 51% of U.S. venture investment went to companies based in California.

  The PWC/NVCA MoneyTree™ Report based on data from Thomson Reuters (the "MoneyTree Report") reported similar results. Venture investment in 4Q12 decreased 2% in dollars from 3Q12, with investment of $6.4 billion in 968 deals compared to investment of $6.5 billion in 890 deals in 3Q12 (as reported in October 2012). For all of 2012 venture capitalists invested $26.5 billion in 3698 deals, a 7% decrease in dollars from 2011, when $28.4 billion was invested in 3673 deals (as reported in January 2012).

  The MoneyTree Report also reported that the strongest industry segment was software, where investment increased by 10% in 2012 over 2011. Life science was weak, with biotech investing down 15% and medical device investing down 13%, and with life science first time financings at their lowest level since 1995. Cleantech was down 28% and even internet investing was down 5% when compared to 2011, although 2012 was the second best year for internet investing since 2001.

  Despite the weakness in life science generally, digital health investing is strong, with Rock Health reporting a 45% increase from 2011 to 2012.

- **IPO Activity.**

  Dow Jones reported that 8 U.S. venture-backed companies went public in 4Q12 and raised $1.2 billion, a decrease from the 10 IPOs in 3Q12, but an increase from the $0.8 billion raised in the 3Q12 IPOs. In all of 2012, 50 U.S. venture-backed companies went public, a 10% increase from the 45 IPOs in 2011, thanks to a strong first half of 2012. The 2012 IPOs raised a total of $11.2 billion, the most since 2000, primarily due to the $6.6 billion Facebook IPO, compared to $5.4 billion raised in 2011 IPOs.

  Thomson/NVCA reported similar results for 4Q12 and 2012. Five of the eight 4Q12 IPOs were in the IT sector, and seven of the eight were based in the U.S., with the eighth from China.

- **Merger & Acquisition Activity.**

  Dow Jones reported that acquisitions (including buyouts) of U.S. venture-backed companies in 4Q12 totaled $9.3 billion in 113 transactions, a 28% decline in dollars but a 14% increase in deals from the $13 billion paid in 99 transactions in 3Q12 (as reported in October 2012). For all of 2012 there were 433 acquisitions for $40.3 billion, a 9% decrease in transactions and a 16% decrease in dollars from the 477 acquisitions for $47.8 billion in 2011 (as reported in January 2012).

  Thomson Reuters and the NVCA ("Thomson/NVCA") reported 95 venture-backed acquisitions in 4Q12, a 1% decrease from the 96 reported in 3Q12, and 435 acquisitions in all of 2012, a 1% increase from the 429 reported in 2011 (as reported in January 2011).

- **Venture Capital Fundraising.**

  Dow Jones reported that 154 U.S. venture capital funds raised $20.3 billion in 2012, a 14% increase in funds and a 25% increase in dollars from the 135 funds that raised $16.2 billion in 2011 (as reported in January 2012). Eleven funds accounted for $11.3 billion of the $20.3 billion raised. (Russ Garland, Venture Wire, January 7, 2013)

  Thomson/NVCA reported that 42 U.S. venture funds raised $3.3 billion in 4Q12, a 20% decrease in funds and a 34% decrease in dollars from the 53 funds that raised $5.0 billion in 3Q12 (as reported in October 2012). For all of 2012, 182 funds raised $20.6 billion, an 8% increase in funds and a 13% increase in dollars from the 169 funds that raised $18.2 billion in 2011 (as reported in January 2012).

  The number of members of the NVCA has declined from 470 in 2008 to 401 currently, a likely indication of the shrinking number of venture firms. (Russ Garland, VentureWire, January 28, 2013)

- **Corporate Investing.**

  As investments and fundraising by venture capitalists has had difficulties, corporate venture investing has fared better. According to the MoneyTree Report, the percentage of financings that included a corporate investor increased to 15.2% in 2012, the third straight year of increase and the highest percentage since the 2008 recession.

  Notably, corporate investors tended to focus more on the industries that are currently least favored by venture capitalists, participating in 20.5% of cleantech financings and 19.5% of biotech financings.

  And corporate investors did not limit themselves to traditional venture investments. For example, GE (Healthymagination), Nike and Samsung have each announced the creation of, or other significant involvement in, a start up accelerator, Rock Health has reported that Merck is a leading funder of digital health startups and GlaxoSmithKline and Monsanto have each taken actions to increase their focus on venture capital.

- **Angels and Accelerators.**

  There continues to be concern that the angel/accelerator environment has become frothy. CB Insights reported 1749 seed financing rounds in 2012, compared with just 472 in 2009, while Series A rounds grew much more slowly, from 418 in 2009 to 692 in 2012, indicating that there will likely be a lot of seed funded companies that won't obtain Series A investment. While this is not necessarily bad, as there is value to making small bets on a lot of high risk opportunities, at some point the odds get too high.

Notably, Y Combinator announced in 4Q12 that the amount of money loaned to each of its companies would be reduced from $150,000 to $80,000, and that the size of its class would also be reduced. And Polaris Venture Partners has indicated that it is significantly scaling back its "Dogpatch Labs" incubator. However we do not see a trend yet here, as accelerators like TechStars and 500 Startups are not reducing their size. (Lizette Chapman, VentureWire, December 20, 2012).

- **Venture Capital Returns.**

Cambridge Associates reported that the value of its venture capital index increased by 0.64% in 3Q12 (4Q12 information has not been publicly released) compared to a 6.17% increase for Nasdaq. The venture capital index substantially lagged Nasdaq for the 12-month period ended September 30, 2012, 7.69% to 29%, and for the ten-year period 6.07% to 10.27%. The Cambridge Associates venture index is net of fees, expenses and carried interest. These type of results are, of course, a significant part of the reason why venture fundraising has been difficult.

- **Venture Capital Sentiment.**

The Silicon Valley Venture Capitalists Confidence Index® by Professor Mark Cannice at the University of San Francisco reported that the confidence level of Silicon Valley venture capitalists was 3.63 on a 5 point scale in 4Q12, a slight increase from the 3.53 reported for 3Q12.

According to the VentureView survey of venture capitalists conducted by the NVCA and VentureSource in November/December 2012, venture capitalists predictions for 2013 (compared to 2012) were:

Venture Investment	47% decrease	27% increase	26% flat
Number of IPOs	40% increase	32% decrease	25% flat
Mergers & Acquisitions	62% increase	10% decrease	25% flat
Venture Fundraising	51% increase	49% decrease	(most who thought fundraising would increase thought there would be fewer funds)
Valuations	38% decrease	32% increase	30% flat

Business IT, healthcare IT and consumer IT were projected as strong industries, with cleantech, medical devices and biopharma expected to lag.

Series A (post seed) was seen by far as the most difficult fundraising round, with 45% of venture capitalists selecting it as likely to be the most difficult round.

Sixty-five percent of venture capitalists thought that deal term sheets would become more favorable to investors in 2013.

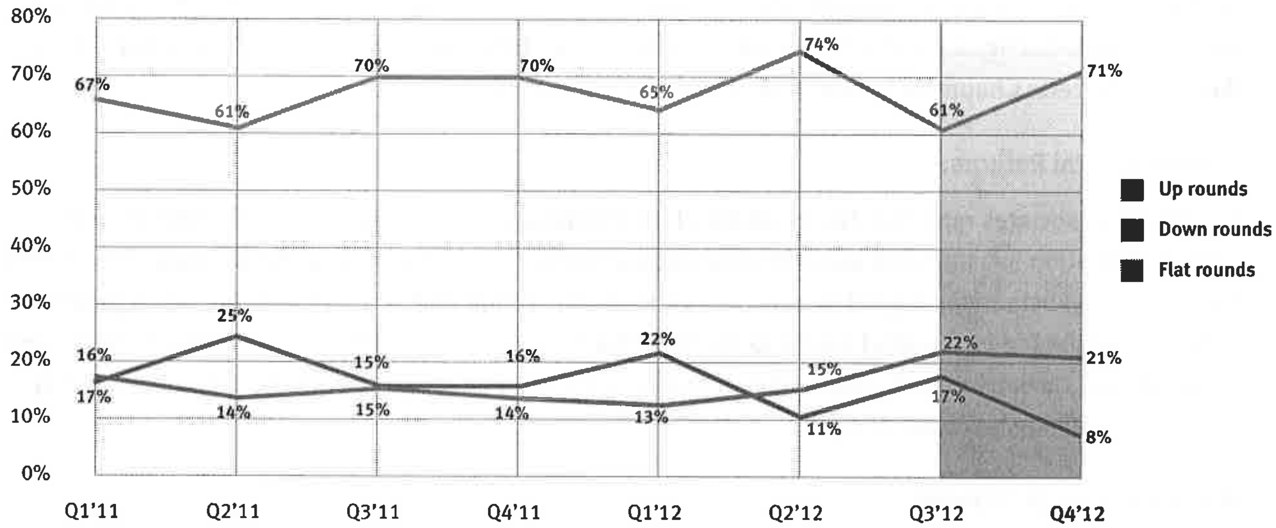
Seventy-three percent of venture capitalists thought that limited partner agreements would be more favorable to limited partners in 2013.

- **Nasdaq.**

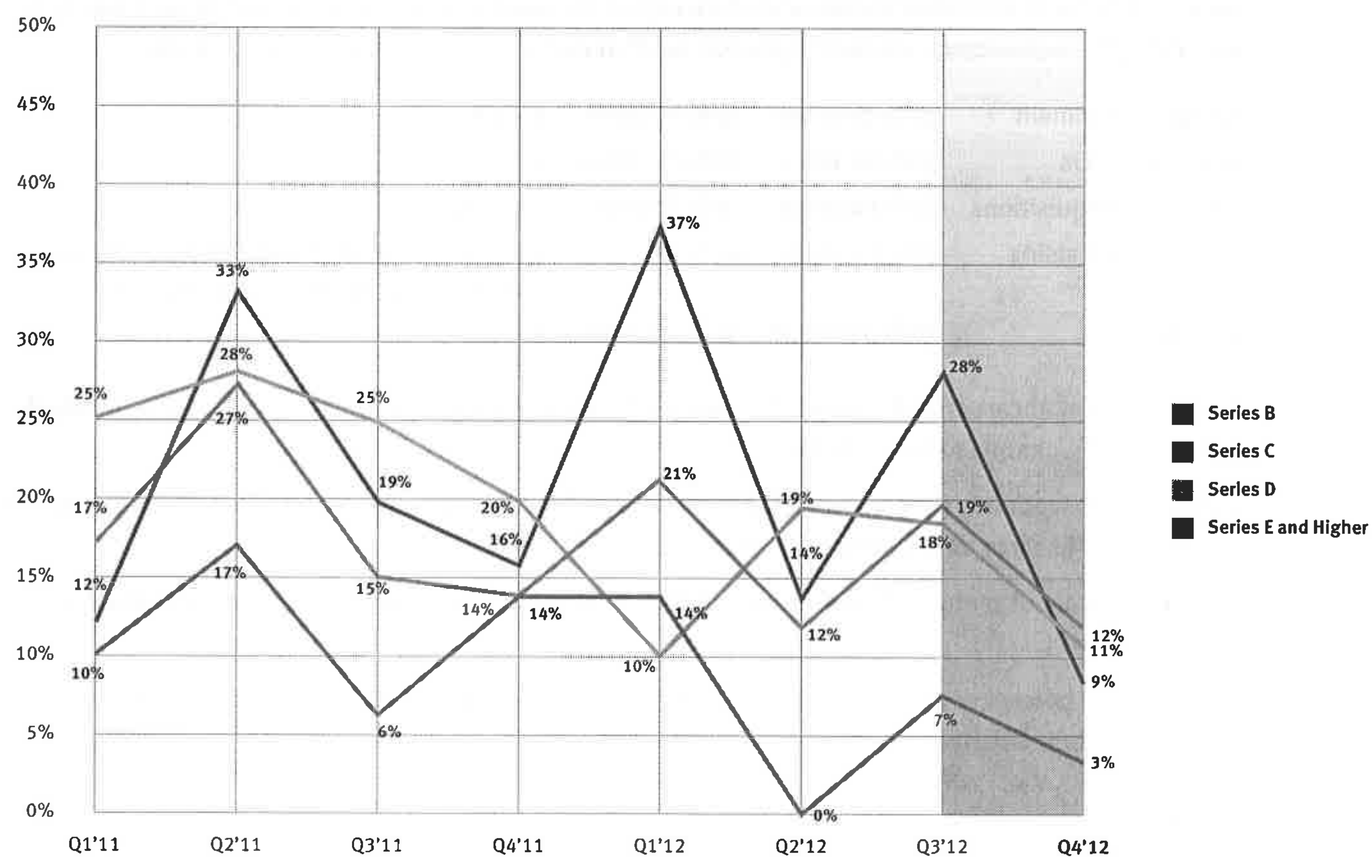
Nasdaq decreased 1.0% in 4Q12, and has increased 3.3% in 1Q13 through February 13, 2013.

Fenwick & West Data on Valuation

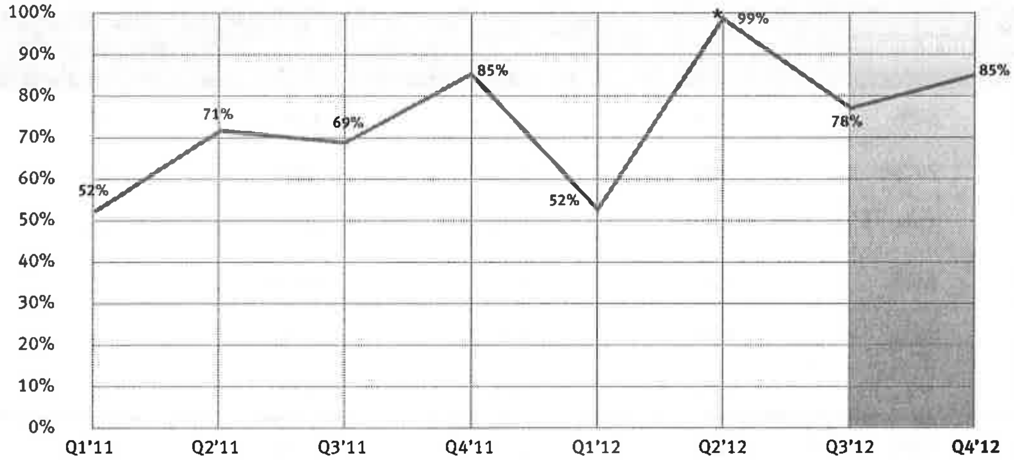
PRICE CHANGE—The direction of price changes for companies receiving financing in a quarter, compared to their prior round of financing.



The percentage of down rounds by series were as follows:

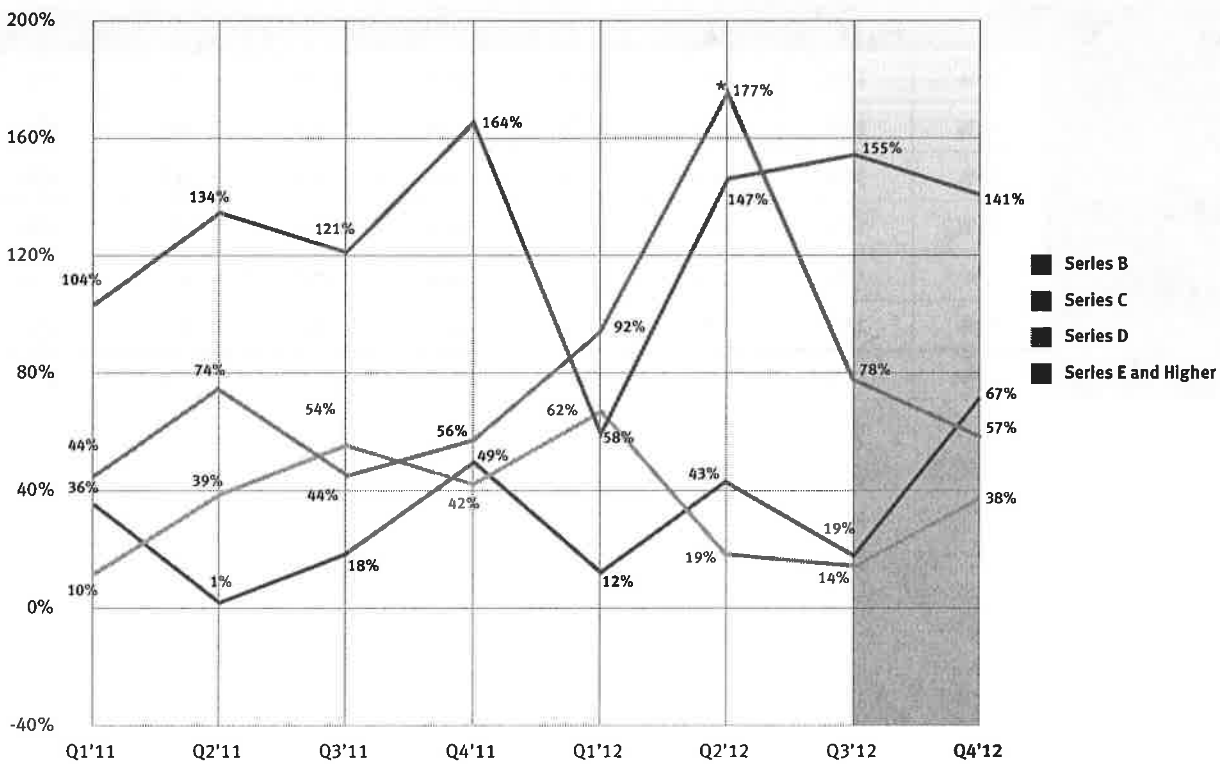


THE FENWICK & WEST VENTURE CAPITAL BAROMETER™ (MAGNITUDE OF PRICE CHANGE)—Set forth below is the average percentage change between the price per share at which companies raised funds in a quarter, compared to the price per share at which such companies raised funds in their prior round of financing. In calculating the average, all rounds (up, down and flat) are included, and results are not weighted for the amount raised in a financing.



*One software company had a 1460% up round and one internet/digital media company had a 1190% up round in 2Q12. If these were excluded the Barometer result for 2Q12 would have been 70%.

The Barometer results by series are as follows:



*Please note that the two above mentioned software and internet/digital media companies with greater than 10x up rounds in 2Q12 were both Series C rounds. If these were excluded the Barometer result for Series C rounds in 2Q12 would have been 72%.

RESULTS BY INDUSTRY FOR CURRENT QUARTER—The table below sets forth the direction of price changes, Barometer results and number of financings for companies receiving financing in 4Q12, compared to their previous round, by industry group. Companies receiving Series A financings are excluded as they have no previous rounds to compare.

Industry	Up Rounds	Down Rounds	Flat Rounds	Barometer	Number of Financings
Software	82%	5%	13%	+128%	45
Hardware	77%	8%	15%	+64%	13
Life Science	57%	10%	33%	+30%	21
Internet/Digital Media	65%	12%	23%	+85%	17
Cleantech	33%	17%	50%	-2%	6
Other	0%	0%	0%	0%	0
Total all Industries	**71%**	**8%**	**21%**	**85%**	**102**

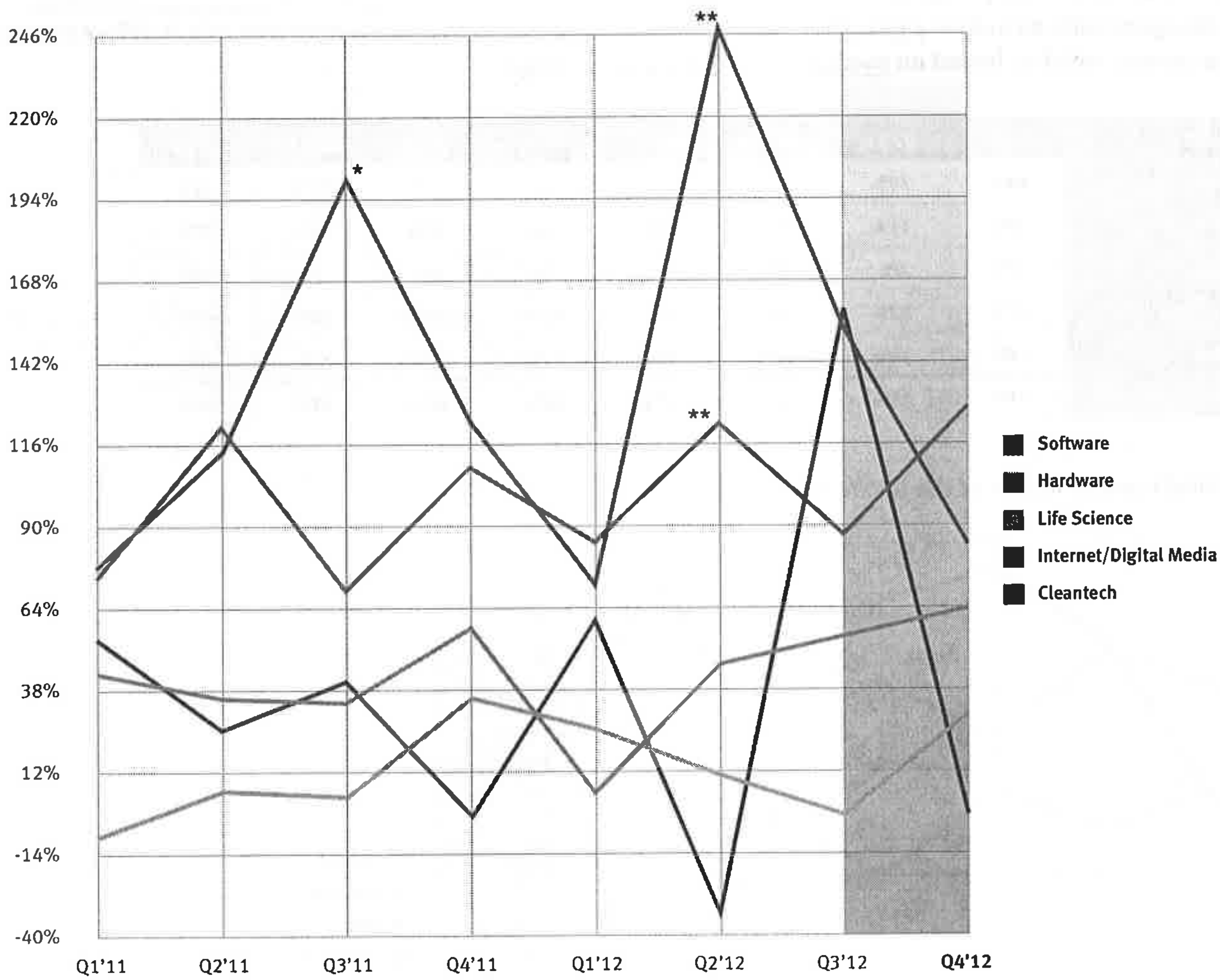
DOWN ROUND RESULTS BY INDUSTRY—The table below sets forth the percentage of "down rounds," by industry groups, for each of the past eight quarters.

Down Rounds	Q1'11	Q2'11	Q3'11	Q4'11	Q1'12	Q2'12	Q3'12	Q4'12
Software	14%	14%	14%	11%	14%	8%	11%	5%
Hardware	15%	15%	12%	0%	42%	15%	30%	8%
Life Science	31%	31%	22%	33%	24%	6%	21%	10%
Internet/Digital Media	11%	11%	18%	12%	20%	0%	14%	12%
Cleantech	0%	0%	11%	43%	0%	75%	0%	17%
Other	25%	25%	0%	0%	0%	50%	0%	0%
Total all Industries	**16%**	**16%**	**15%**	**16%**	**22%**	**11%**	**17%**	**8%**

BAROMETER RESULTS BY INDUSTRY —The table below sets forth Barometer results by industry group for each of the last eight quarters.

Barometer	Q1'11	Q2'11	Q3'11	Q4'11	Q1'12	Q2'12	Q3'12	Q4'12
Software	75%	121%	71%	105%	85%	123%**	87%	128%
Hardware	43%	35%	34%	58%	5%	46%	55%	64%
Life Science	-8%	6%	4%	36%	26%	11%	-2%	30%
Internet/Digital Media	77%	115%	201%*	122%	72%	248%**	153%	85%
Cleantech	54%	24%	41%	-3%	61%	-33%	158%	-2%
Total all Industries	52%	71%	69%	85%	52%	99%	78%	85%

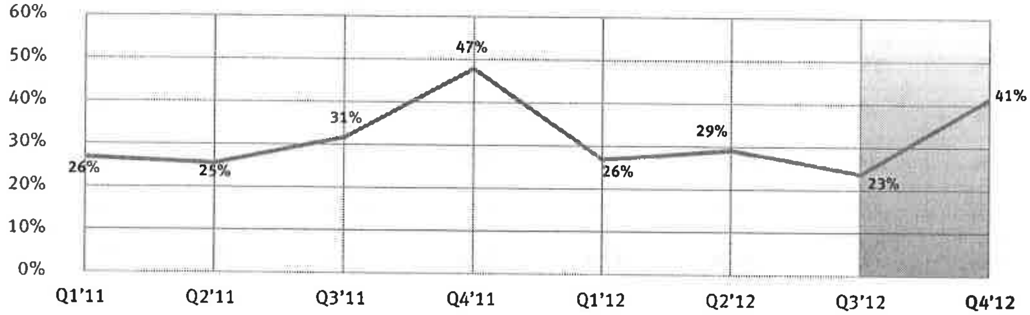
A graphical representation of the above is below.



*One internet/digital media company had a 1500% up round in 3Q11. If this were excluded the Barometer result for the internet/digital media industry in 3Q11 would have been 73%.

**These include the two previously mentioned companies with greater than 10x up rounds in 2Q12. Excluding those two companies, the Barometer result for the software industry would have been 86% and the Barometer result for the internet/digital media industry would have been 176%.

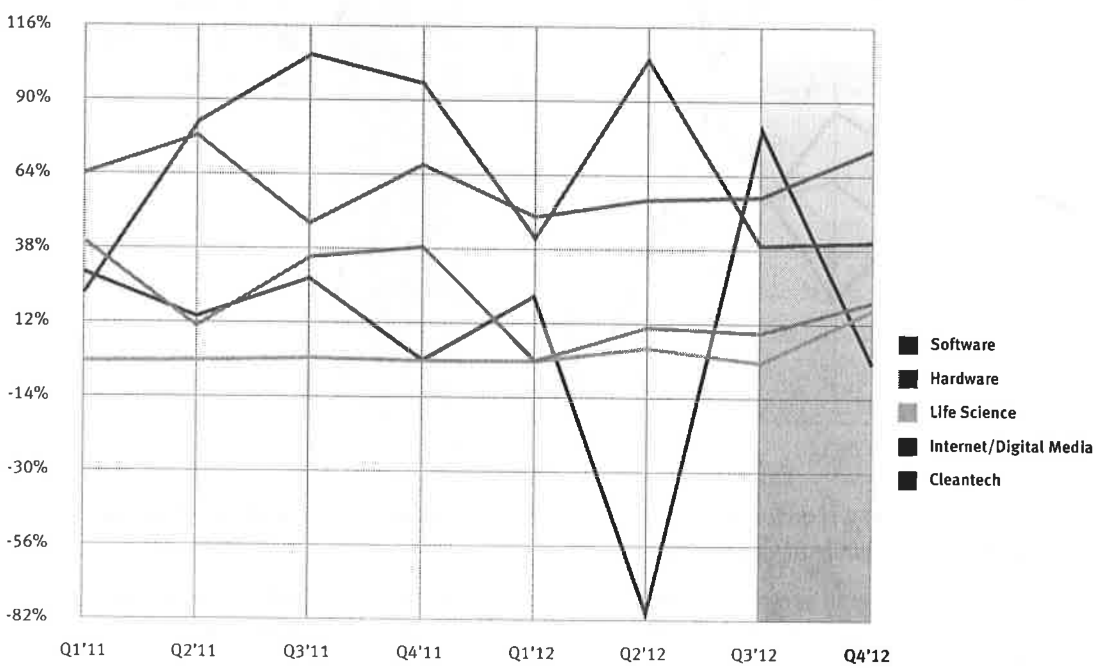
MEDIAN PERCENTAGE PRICE CHANGE—Set forth below is the median percentage change between the price per share at which companies raised funds in a quarter, compared to the price per share at which such companies raised funds in their prior round of financing. In calculating the median, all rounds (up, down and flat) are included, and results are not weighted for the amount raised in the financing. Please note that this is different than the Barometer, which is based on average percentage price change.



MEDIAN PERCENTAGE PRICE CHANGE RESULTS BY INDUSTRY —The table below sets forth the median percentage price change results by industry group for each of the last eight quarters. Please note that this is different than the Barometer, which is based on average percentage price change.

Barometer	Q1'11	Q2'11	Q3'11	Q4'11	Q1'12	Q2'12	Q3'12	Q4'12
Software	64%	78%	46%	67%	50%	56%	57%	74%
Hardware	39%	11%	35%	38%	0%	11%	10%	20%
Life Science	0%	0%	1%	0%	0%	5%	0%	17%
Internet/Digital Media	21%	82%	105%	96%	41%	105%	39%	41%
Cleantech	28%	14%	27%	0%	21%	-82%	79%	0%
Total all Industries	26%	25%	31%	47%	26%	29%	23%	41%

A graphical representation of the above is below.

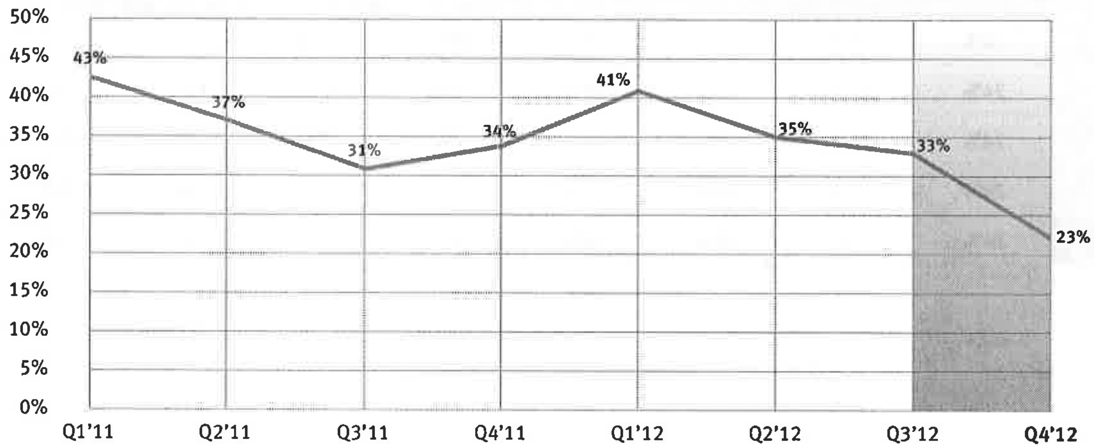


FINANCING ROUND — This quarter's financings broke down by series according to the chart below.

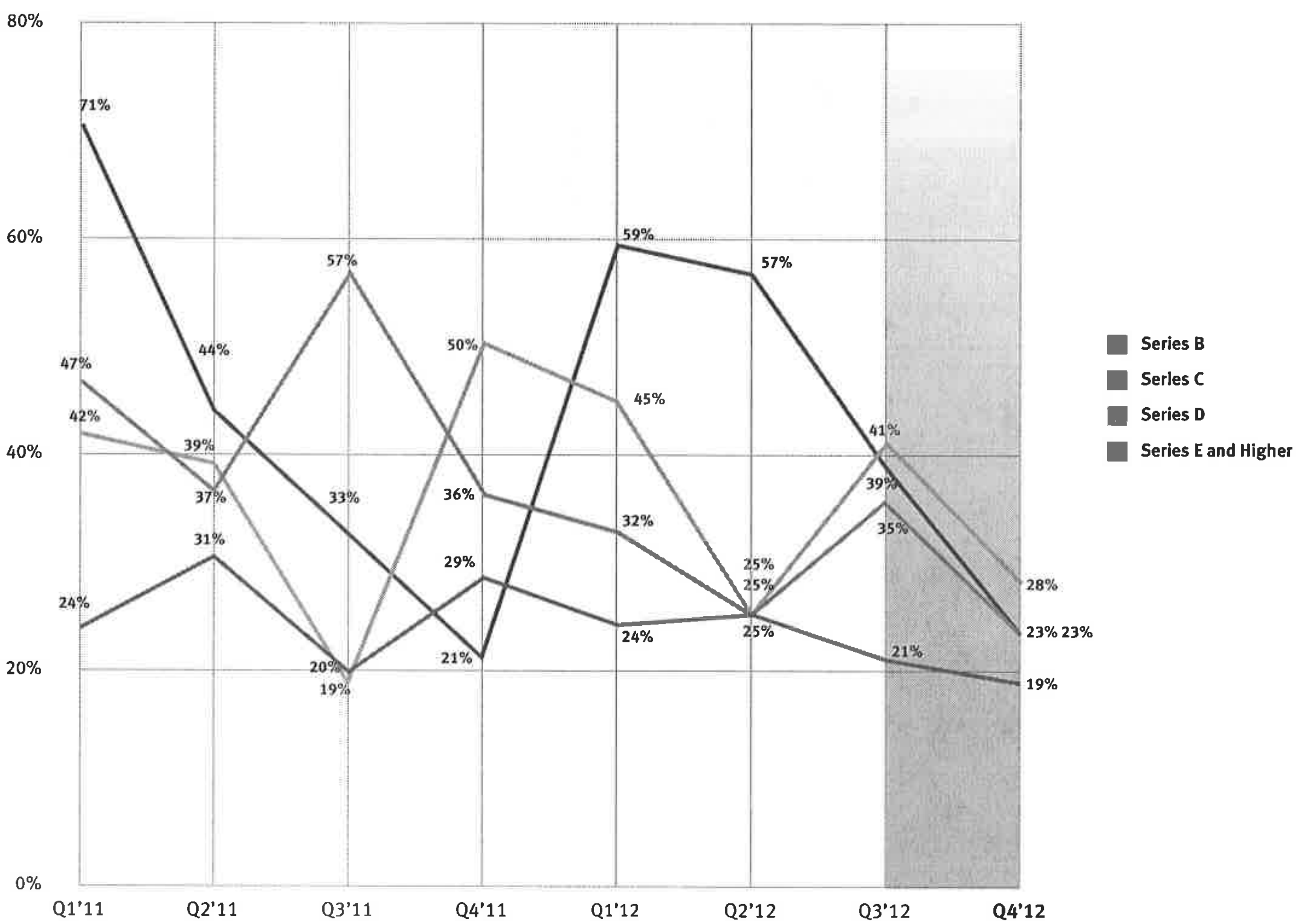
Series	Q1'11	Q2'11	Q3'11	Q4'11	Q1'12	Q2'12	Q3'12	Q4'12
Series A	18%	19%	18%	24%	24%	24%	24%	12%
Series B	24%	25%	31%	24%	18%	17%	24%	31%
Series C	24%	26%	19%	19%	17%	21%	22%	22%
Series D	20%	15%	14%	17%	17%	14%	15%	16%
Series E and Higher	14%	15%	18%	16%	24%	24%	15%	19%

Fenwick & West Data on Legal Terms

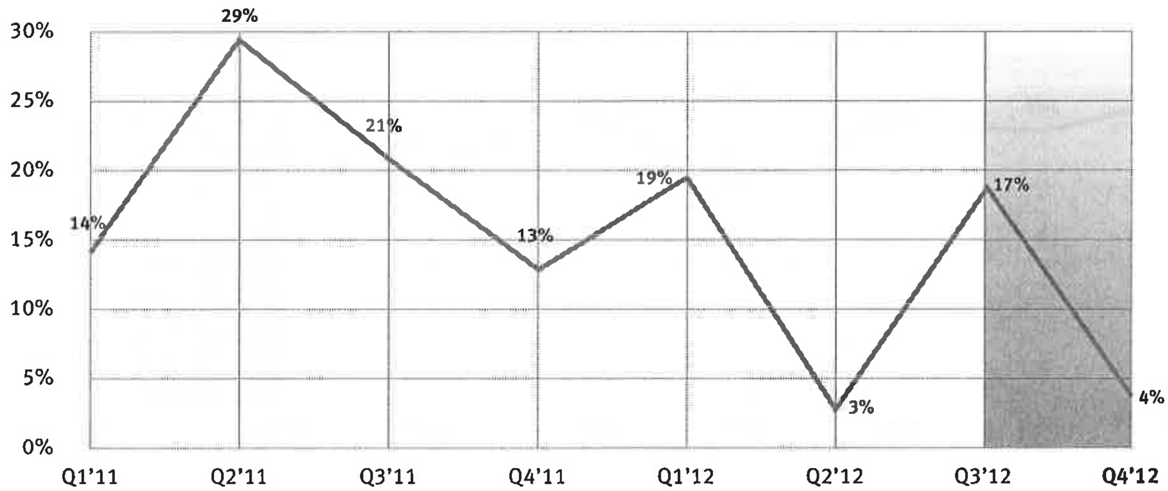
LIQUIDATION PREFERENCE—Senior liquidation preferences were used in the following percentages of financings.



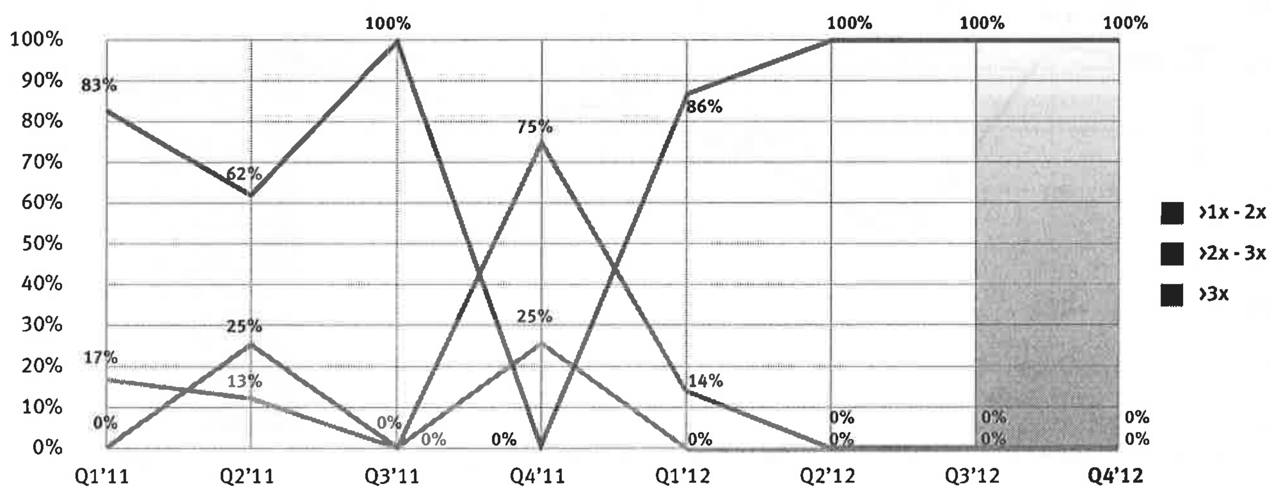
The percentage of senior liquidation preference by series was as follows:



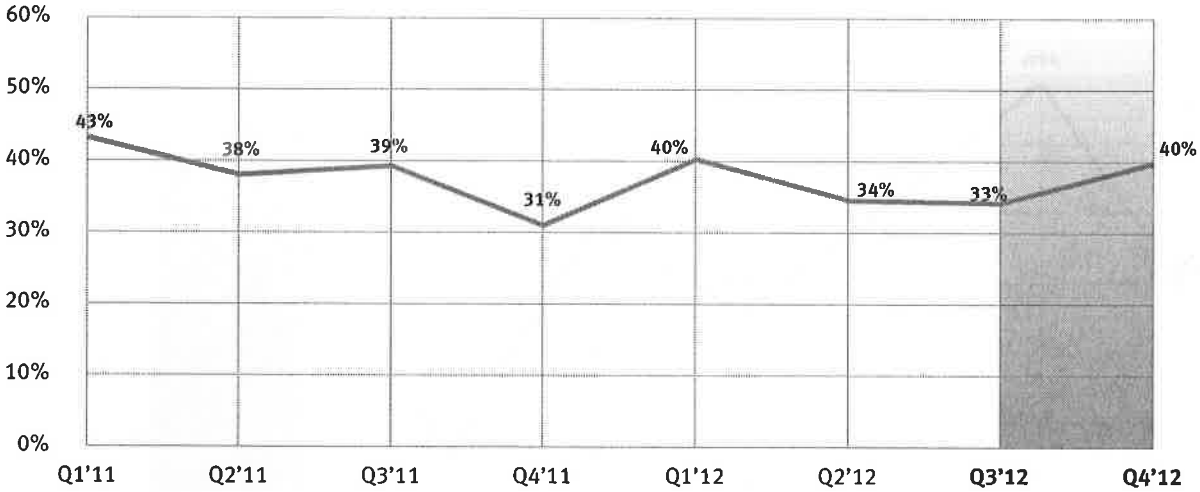
MULTIPLE LIQUIDATION PREFERENCES—The percentage of senior liquidation preferences that were multiple liquidation preferences were as follows:



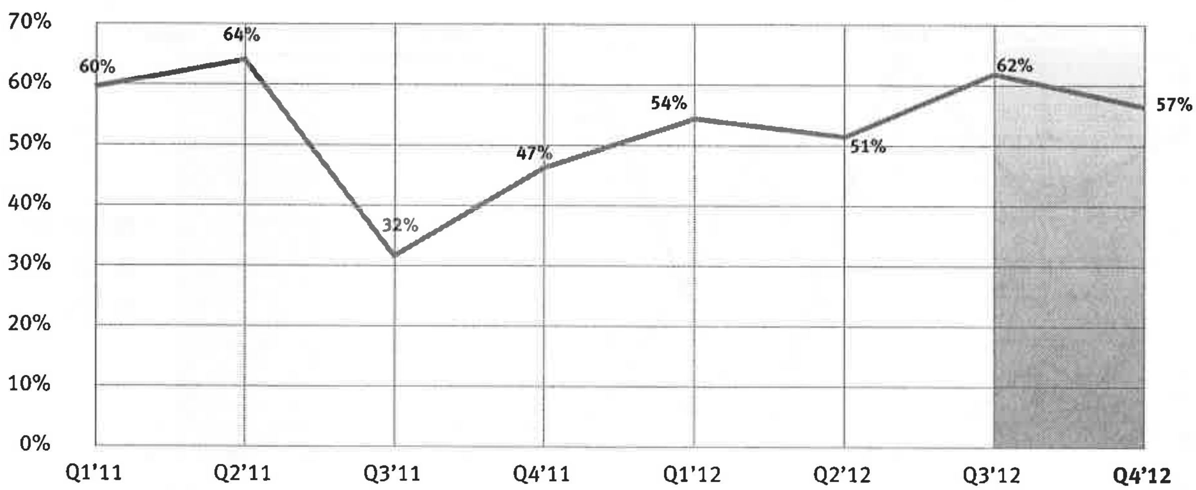
Of the senior liquidation preferences that were a multiple preference, the ranges of the multiples broke down as follows:



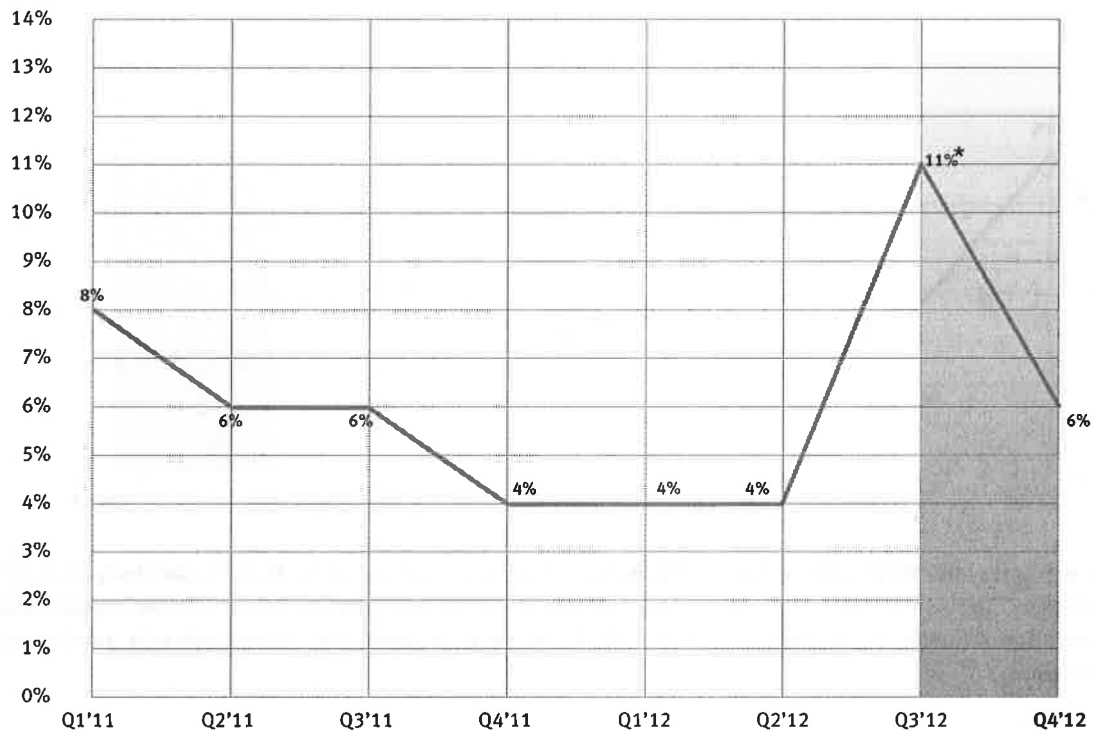
PARTICIPATION IN LIQUIDATION — The percentages of financings that provided for participation were as follows:



Of the financings that had participation, the percentages that were not capped were as follows:

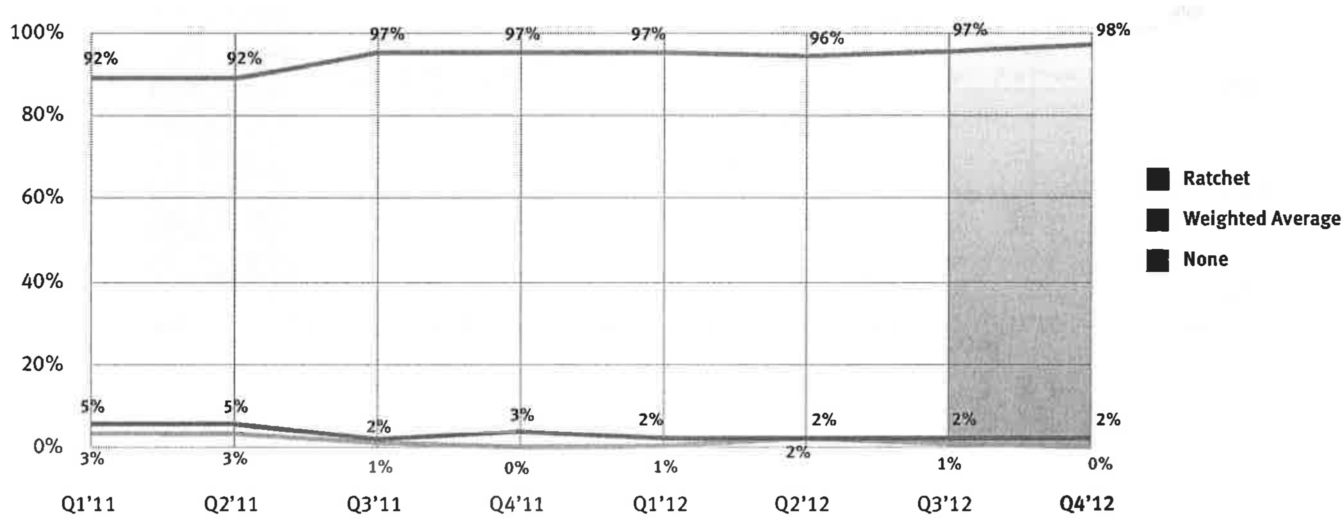


CUMULATIVE DIVIDENDS – Cumulative dividends were provided for in the following percentages of financings:

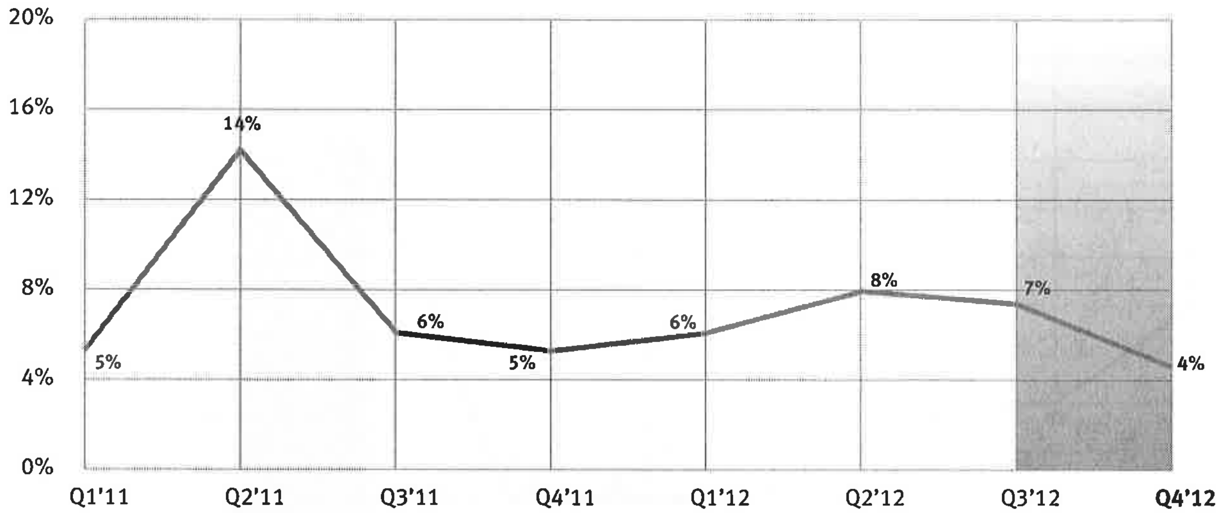


* Note that the use of cumulative dividends increased noticeably in 3Q12. We note that 46% of the financings using cumulative dividends were in the life science industry, and that 38% of the financings (and 33% of the life science financings) using cumulative dividends did not provide for a participating liquidation preference, suggesting that in those financings' cumulative dividends were used as a substitute for participating liquidation preference.

ANTIDILUTION PROVISIONS –The uses of antidilution provisions in the financings were as follows:

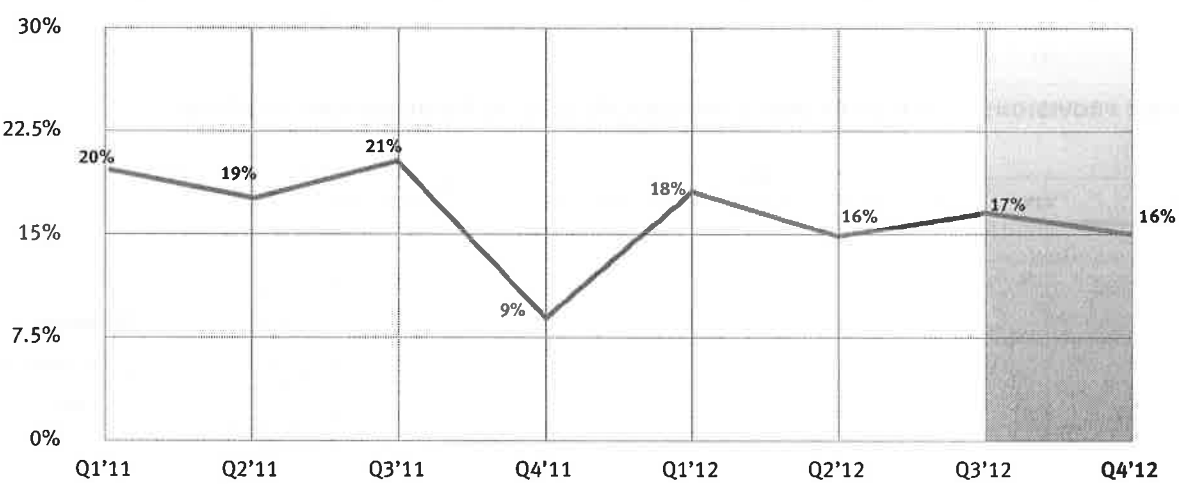


PAY-TO-PLAY PROVISIONS – The percentages of financings having pay-to-play provisions were as follows:

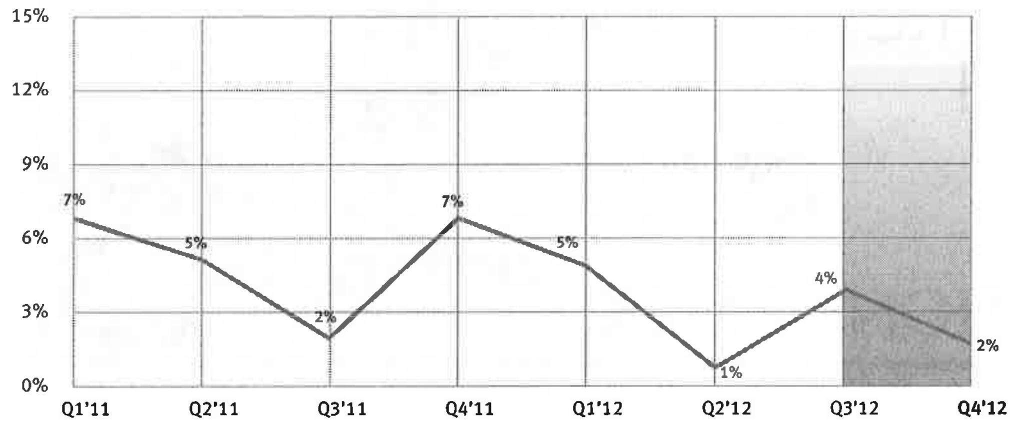


Note that anecdotal evidence indicates that companies are increasingly using contractual "pull up" provisions instead of charter based "pay to play" provisions. These two types of provisions have similar economic effect but are implemented differently. The above information includes some, but likely not all, pull up provisions, and accordingly may understate the use of these provisions.

REDEMPTION – The percentages of financings providing for mandatory redemption or redemption at the option of the investor were as follows:



CORPORATE REORGANIZATIONS – The percentages of post-Series A financings involving a corporate reorganization (i.e. reverse splits or conversion of shares into another series or classes of shares) were as follows:



- **Notes on Methodology.**

  When interpreting the Barometer results please bear in mind that the results reflect the average price increase of companies raising money in a given quarter compared to their prior round of financing, which was in general 12 to 18 months prior. Given that venture capitalists (and their investors) generally look for at least a 20% IRR to justify the risk that they are taking, and that by definition we are not taking into account those companies that were unable to raise a new financing (and that likely resulted in a loss to investors), a Barometer increase in the 40% range should be considered normal.

  When comparing current period results to prior period results based on third party data (e.g., amounts invested by venture capitalists, amount of M&A proceeds, etc.), we use the prior period results initially published by the third party for the period, not the results that have been updated with additional information over time, to provide better comparability with the current period published results. For example, when comparing fourth quarter results to third quarter results, we use the initially published third quarter results, typically provided in October, not the updated results that are typically provided in January. Such situations are set forth in our report with a parenthetical as to the date the information was initially reported.

- **Disclaimer.**

  The preparation of the information contained herein involves assumptions, compilations and analysis, and there can be no assurance that the information provided herein is error-free. Neither Fenwick & West LLP nor any of its partners, associates, staff or agents shall have any liability for any information contained herein, including any errors or incompleteness. The contents of this report are not intended, and should not be considered, as legal advice or opinion.

- **Contact/Sign Up Information**

  For additional information about this report please contact Barry Kramer at 650-335-7278; bkramer@fenwick.com or Michael Patrick at 650-335-7273; mpatrick@fenwick.com at Fenwick & West.

  To be placed on an email list for future editions of this survey please visit fenwick.com/vcsurvey and go to the sign-up link at the bottom of the page.

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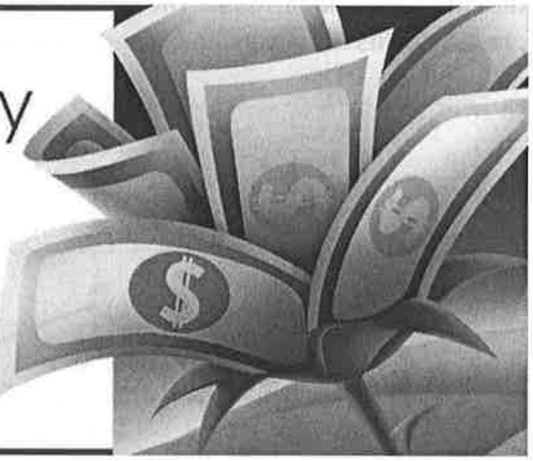

How to Raise Money – Provo, UT – March 19, 2013

Raising money for a new or growing business is hard work! This seminar tackles the tough issues of raising money in Utah, and features venture professionals in an anything goes Q&A session. This seminar will introduce you to, and educate you on:

- The importance of business plans in raising money
- Assessing your entrepreneurial readiness
- Basic business structure
- Raising money legally
- Sources of capital are right for you
- Understanding the 5 F's, Angels, and Venture Capitalists
- What makes a deal attractive to an investor

Later, the presenters will answer questions from the audience. You'll even learn about a free internet tool that can help your business grow and add credibility to your company.

Presenters Include:

Bradley Bertoch (BBertoch@venturecapital.org) serves as President of the Wayne Brown Institute—a nonprofit, nationally recognized, entrepreneurship organization. He is a leader in equity backed business development, capital formation, and technology commercialization and entrepreneurship. Under his direction, Utah companies participating in an Institute venture program have raised over $3 billion in private equity and created over 15,000 jobs throughout Utah. Brad is a member of Olympus, Park City, and Salt Lake Life Sciences Angel groups and founder of WBI Angels, and was a venture partner with Hamilton Bio-Ventures Fund II. He is currently a fellow of the Foundation for Enterprise Development, co-founder and current board member of the MountainWest Capital Network, and serves on the Boards of the Utah's Business Resource Centers and the Salt Lake County and Mountainlands Revolving Loan Funds. He is an Honors graduate of the University of Utah, and holds an MBA from Northwestern University's Kellogg School of Management.

Ronald S. Poelman has more than 30 years of experience in counseling companies, both in Utah and the Silicon Valley. He has been rated as one of the leading "Corporate/M&A" attorneys in Utah by Chambers USA. He was also listed in editions of "The Best Lawyers in America," "Super Lawyers", and Utah Business Magazine's Legal Elite. Ron is a senior partner at Jones Waldo and heads its Corporate/Securities Practice Group.His practice focuses on corporate, contractual, and securities work for both private and public companies, with an emphasis on technology companies. He is experienced in corporate organizations, stock compensation plans, venture capital and other private financings, technology licensing, mergers and acquisitions, and joint ventures. He is also experienced in all aspects of SEC compliance, including public offerings, on-going reporting, and corporate governance. In addition to his legal work, Ron has been a long-time member of the board of directors of the USANA Health Sciences, Inc., a successful, international network marketing company. He is also the Chairman and past President of the Utah Chapter of the National Association of Corporate Directors.

John E. Richards is currently an associate professor of entrepreneurship at Brigham Young University in Provo, Utah where he also serves as associate director of the Rollins Center for Entrepreneurship & Technology. He is managing partner of UtahAngels. He co-founded BoomStartup, a tech accelerator in Utah, and also founded the Utah Student 25. He is CEO and co-founder of MatchMate, Inc. John is a frequent speaker and mentor. Previously, he was president of a publishing company in Seattle, Washington and later started a company that led to the IPO of InfoSpace, Inc. and a multi-billion-dollar valuation. John and his family reside in Provo, Utah.

Chris Bryant has been a part in founding three companies, two of which successfully raised capital. He has pitched to wealthy individuals, angel groups, VC firms, and strategic investors from big business. Six months ago, he joined BYU in their Technology Transfer Office, where he helps oversee a portfolio of around 30 startups and monetizes university technologies. Chris also works with the Salt City Angels and as a mentor with USTAR.

A SHORT HISTORY OF THE WAYNE BROWN INSTITUTE (WBI)

The Institute's mission is to improve the human condition through entrepreneurship for the purpose of creating new wealth, jobs, and tax base. This is accomplished with Cooperative Venturing educational programs that transfer experience, knowledge, contacts and capital from the world's leading business and financial organizations to promising early-stage, companies. Formed in 1983 as the Utah Innovation Foundation, a 501(c) (3) non-profit educational organization, the Institute was renamed in 1988 in memory of its founder, Dr. Wayne S. Brown. The Institute has become the most efficient, cost effective economic development organization in the country.

Dr. Brown held positions in mechanical engineering and had served as Dean of the College of Engineering at the University of Utah. In addition to his academic postings, he was a founder of Kenway Engineering (HK Systems), TerraTek, NPI (Agridyne Technologies), the Utah Innovation Center (the world's first venture accelerator/incubator) and Utah Ventures (now UV Partners, Utah's first and largest earlier stage venture fund). By virtue of his academic and business background, Dr. Brown was a leading authority in technological innovation and entrepreneurship. Many of the world's science/research parks, innovation centers and incubators have their roots with Dr. Brown. In addition to his many accomplishments, he affected the role of government in innovation and entrepreneurship as the architect with Roland Tibbitts of the national Small Business Innovation Research (SBIR) program, later as head of the State's Science Council he spearheaded legislation to create the Utah Technology Finance Corporation (UTFC), and Utah's Centers of Excellence program.

Today, the Institute continues this legacy by educating early-stage, companies through mentor-based training in the art and science of becoming attractive, viable investments. This is done through establishing value-added relationships between entrepreneurs, capital providers, and key professionals who specialize in equity capital-backed businesses. These education-based offerings allow early-stage, businesses to successfully present their opportunity to investors. To date, the Institute's 700^{+} alumni companies have raised almost $5 Billion in private capital, and employ over 35,000. Each year, Institute mentors donate over 10,000 hours, allowing the Institute to provide nearly 1% of the venture quality deal flow in the U.S.

The Institute is unique, in that most of its support is from the private sector. Firms such as Zions Bank, Deutsche Banc, Alex, Brown, NASDAQ, Silicon Valley Bank, Ernst & Young, Ballard Spahr, and various venture funds and service providers contribute regularly. Lastly, other organizations such as the, Governor's Office of Economic Development (GOED), Utah State Division of Securities, the Hawaii Strategic Development Corporation, New York Community Investment Corporation, Community Development Venture Capital Alliance, National Association of Seed and Venture Funds (NASVF), and many other technology trade associations have supported the Institute in its mission.

The Wayne Brown Institute's 2011 Calendar of Upcoming Events

April- May 2013

Thursday, Mar 21: **The Deal Forum** – Salt Lake City (3:30 p.m. – 5:30 p.m.)
Tanner LLC, Key Bank Building 5th floor 36th S State St. SLC, UT 84111 (Synergy Room)

Tuesday, April 16: **How to Raise Money** – Salt Lake City (3:30 p.m. – 5:30 p.m.)
Jones Waldo. 170 S Main St #1500 Salt Lake City, UT 84101

Tuesday, April 23: **21st Century Entrepreneur®** – Salt Lake City (3:30 p.m. – 5:30 p.m.)
Ballard Spahr, 201 S. Main Street, 4th Floor, SLC (Solitude Room)

(For a complete listing of seminars and conferences, please visit www.venturecapital.org.)

Thank you to our sponsors for making the Wayne Brown Institute a continued success!

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JUMP$TART!
FINANCIAL SMARTS FOR STUDENTS
UTAH COALITION

August 5, 2013

Keith Woodwell
Director
Utah Division of Securities
Box 146760
Salt Lake City, Utah 84114-6760

Dear Keith,

I am following up on our discussion regarding the efforts of the Utah Jump$tart Coalition in promoting financial literacy in Utah.

As you know, the Utah Jump$tart Coalition has been at the forefront of promoting financial literacy among Utah's students. Along with corporate and civic partner organizations, we are working to ensure each graduating high school senior is equipped with the knowledge and skills to make smart financial decisions and contribute to a stronger local, state and national economy. We accomplish these objectives primarily by:

- Enhancing the effectiveness of personal financial education through professional development trainings for K-12 educators. These trainings include our upcoming $tart $mart Teacher Summit on October 11, 2013.

- Promoting responsible fiscal attitudes and behaviors through the Utah Stock Market Game and Utah Jump$tart Scholarship program.

- Raising awareness of the need for personal finance fundamentals among educators, parents and students. These efforts include our volunteer Speakers Bureau, a group of financial professionals who offer their time to speak in classrooms throughout our state.

I have attached a proposal that details our accomplishments in 2012 as well as our objectives for the 2013-2014 school year. Our objectives include providing training to 250 educators during our upcoming $tart $mart Teacher Summit, increasing participation in the Utah Stock Market Game and expanding our outreach efforts among educators and the community.

We have greatly appreciated the support of the Utah Division of Securities and look forward to partnering again in the coming year. If you have any questions regarding our proposal, please call me at 801.414.9981.

Thank you for all that you do to support the Utah Jump$tart Coalition and promote financial literacy education in Utah.

Sincerely,

Anna Tibbitts
Development Director
Utah Jump$tart Coalition

2013 Funding Proposal for
Division of Securities

Organizational Summary

Established in 2000, the Utah Jump$tart Coalition for Personal Financial Literacy (UJ$C) is a statewide, 501(c)3 non-profit organization dedicated to helping youth understand financial concepts and decision making or "financial literacy."

Our mission is to improve the personal financial literacy of kindergarten through college-age youth by providing advocacy, research, standards, and educational resources. We strive to prepare youth for life-long successful financial decision-making.

Last year, we met our mission by:

1. **Enhancing the effectiveness of personal financial education through professional development trainings for K-12 educators.**

   $tart $mart Teacher Summit - Layton, Utah

   - 161 educators attended
   - 86 educators (53%) had never attended the Summit before
   - 98 educators (61%) were from Title I, rural, special needs or alternative schools.

   National CEE Teacher Training - Kansas City, Missouri

   In partnership with the Council for Economic Education, the Utah Jump$tart Coalition sponsored four teachers from Carbon, San Juan and Emery counties to attend the National Council for Economic Education Teacher Training in Kansas City, Missouri. Each teacher also received lesson materials from the Council for Economic Education to use in their classrooms.

2. **Promoting responsible fiscal attitudes and behaviors**

   Student Scholarships

   In partnership with the Utah Higher Education Assistance Authority, the UJ$C awarded four, $1,000 college scholarships to high school students. Each student demonstrated a sound knowledge of personal finance concepts.

Utah Stock Market Game

Starting with a virtual cash account of $100,000, students strive to create the best-performing portfolio using a live trading simulation. They work together in teams, practicing leadership and learning core academic concepts and skills that can help them succeed in the classroom — and in life.

- 1,502 teams competed
- 4,531 students participated
- 89 schools represented
- Hosted two teacher trainings with 50 participants

With the generous grant from the Division of Securities, we were able to reduce the team fees from $12 per team to $7 per team. We were also able to provide teacher training for the Stock Market Game™ and host an awards banquet for the winning teams.

3. **Raising awareness of the need for personal finance fundamentals**
   The Utah Jump$tart Coalition worked hard to preserve the requirement that financial literacy be integrated into math, social studies and language arts in K-12 classes. In addition, the UJ$C met with education, government and civic leaders to encourage additional funding and support for financial literacy education.

Proposed Project #1 - 2013 $tart $mart Teacher Training

Project History

Since 2001, this annual teacher training has brought together K-12 educators, business leaders and finance experts to empower Utah educators to teach financial literacy to their students. Educators attend breakout sessions about personal finance and receive lessons plans they can use to teach financial literacy.

Objectives

- Enhance the understanding of K-12 educators of personal finance and economics.
- Provide K-12 educators with specific resources to teach personal finance to students.
- Highlight and encourage creative and effective teaching techniques and strategies.
- Demonstrate standard-based approaches to financial literacy and economic education.
- Provide a clear vision of how financial literacy can be incorporated into core subjects such as language arts, social studies and math.

Key Audiences

- K-12 Educators, with at least 50% of attendees from Title I or low-to moderate income schools
- School principals, administrators and curriculum specialists

Estimated Attendance: 300 participants, including at least 250 educators

Registration: Free registration includes breakfast, lunch, lodging for those traveling more than 150 miles, full substitute teacher reimbursement and .5 professional development credit from the Utah State Office of Education. Mileage stipends are offered to teachers traveling from rural areas or Native American reservations.

Project Overview

The 12th Annual $tart $mart Teacher Training that will be held at Thanksgiving Point on October 11, 2013. This statewide teacher training will provide free financial literacy education training to over 250 K-12 educators, with at least 50% of attendees from Title I or low to moderate income schools.

Currently, financial and economic literacy education is mandated in Utah for grades K-12. However, educator training is not funded by the state and the majority of educators are unprepared to teach basic economics and personal finance to their students. Roughly 1% of educators have received basic training in both content and methods. The goal of the $tart $mart Teacher Summit is to provide this critical training to 250 educators in 2013 thus creating access to financial security and literacy to over 7,500 Utah students.

This year, one of our key objectives is to provide this in-depth training to educators and school administrators in Juab, Tooele, Carbon and Sanpete counties. Educators from these areas have expressed interest in attending the upcoming Summit however they remain concerned about the cost and time required to attend.

On average, these educators have over 50% of their students on free and reduced lunch and come from schools that simply cannot afford to sponsor a teacher to attend the Summit. The Utah Jump$tart Coalition is committed to ensuring that monetary constraints do not prevent any teacher from attending and receiving the materials and resources they need to teach personal finance to their students.

We respectfully request a $5,000 grant from the Division of Securities to help us sponsor 25 teachers at this training . Julie Buchholz at GE Capital has pledged to match your donation and sponsor an additional 75 teachers. Your support will allow us to promote the dissemination of quality, standard-based teaching materials in Utah classrooms and help Utah students lay the foundation for a solid financial future.

Measure of Progress

The UJ$C will conduct a pre survey and two post surveys. The pre survey will be conducted during online registration with follow up surveys conducted at the end of training and then six weeks after. These surveys will seek to ascertain the general knowledge and attitudes of attendees towards economics and personal finance and the impact of the training. Surveys will include information about changes in educators attitudes and behaviors regarding personal finance, their ability and confidence in teaching financial and economic literacy to their students, how they have applied what they have learned and general demographic information.

2013 $tart $mart Teacher Summit *Project Budget*				
INCOME	**Cash Required**	**In-Kind**	**Total Budget**	**% of Total**
8 Pillars Financial	-	1,000	1,000	2%
Amanda Dickson	-	1,000	1,000	2%
GE Capital	15,000	-	15,000	36%
Security Service Federal Credit Union	5,000	-	5,000	12%
Utah State Office of Education	-	1,000	1,000	2%
Wells Fargo Bank	2,500		2,500	6%
Submitted Proposals				
America First Credit Union	*5,000*	-	*5,000*	12%
Capmark Bank	*1,000*	-	*1,000*	2%
Daniels Fund	*5,000*	-	*5,000*	12%
Division of Securities	*5,000*	-	*5,000*	12%
WEX Bank	*1,000*	-	*1,000*	2%
Total Grant Proposals	17,000	-	17,000	
TOTAL INCOME	**39,500**	**3,000**	**42,500**	
EXPENSES				
Teacher Expenses				
Advertising	4,500	1,000	5,500	13%
Breakout & Keynote Presenters	-	2,500	2,500	7%
Facility	1,300	-	1,300	3%
Lodging (50 rooms @ $105)[2]	5,250	-	5,250	13%
Materials	1,000	-	1,000	2%
Attendee Meals	7,500	-	7,500	18%
Mileage Stipends (50 @ $150)[1]	7,500	-	7,500	18%
Pre and Post Testing	800	-	800	2%
Prizes & Gifts	750	-	750	2%
Substitutes	5,000	-	5,000	12%
Total Teacher Expenses	**33,600**	**3,500**	**37,100**	
Project Administration				
Administrative Support	3,400	-	3,400	8%
Lodging (5 rooms @ $105)[3]	525	-	525	1%
Travel	200	-	200	1%
Total Administration	**4,125**	-	**4,125**	
TOTAL EXPENSES	**$37,725**	**$3,500**	**$41,225**	

[1] Mileage stipends are provided to educators from rural areas who must travel over 150 miles to attend the training.

[2] Lodging is provided to teachers traveling over 150 miles from their district office.

[3] Lodging for Jumpstart volunteers and training presenters.

Proposed Project #2 - Stock Market Game

Project History
The Stock Market Game (SMG) is a simulation of Wall Street trading that provides a framework for teaching Utah students about the American economic system. The SMG is designed for classroom use to help students understand the stock market, the costs and benefits involved in economic decision making, the sources and uses of capital, and other related economic concepts.

For 10 weeks, during the fall and spring school semesters, students invest a hypothetical $100,000 in common stocks on the New York and American Stock Exchanges and on the Nasdaq market. Students form teams of 3-5 players and work interactively to research stock selections. Teams submit their transactions and receive daily portfolios highlighting their current holdings, brokerage fees, margin interest, and team ranking. At the end of the simulation, the winning teams are recognized with plaques, prizes and award ceremonies. The winning teams are those that have increased the market value of their portfolio by the greatest amount.

Objectives

- Enliven core academic subjects, including math, social studies and language arts.
- Help students learn the importance of saving and investing.
- Help students develop critical thinking, research and decision making skills.

Key Audiences

- Utah students in grades 4 to 12 and their teachers.

Estimated Participation: 4,577 students

Project Overview
During the 2012-2013 school year, there were 4,531 students who participated in the Stock Market Game in Utah. We are working to increase the number by 5% to 4,577 during the 2013-2014 school year.

We are also organizing two teacher trainings, one in September 2013 and the other in March 2014. Over 30 teachers will be given game instructions, free materials, current updates from stock brokers and hands-on computer training. Ideas for including economic concepts throughout the game will also provided. The workshops will be held during a Thursday evening from 5 p.m. to 8 p.m. and on Friday, 8 a.m. to 4 p.m. Lodging, meals, materials, and substitute teacher expense for one day (up to $90 per advisor) are paid.

We respectfully request a $15,000 grant from the Division of Securities to reduce team fees from $12 to $7.

Measure of Progress
The Utah Stock Market Game will increase participation by 5% with specific outreach to students in rural or low to moderate income areas. Outreach will include presentations and information at teacher conferences and trainings, scholarships to reduce team fees to $5 per team and mileage stipends to rural teachers who attend the Stock Market Game educator training.

2013-2014 Stock Market Game ***Project Budget***				
INCOME	**Cash Required**	**In-Kind**	**Total Budget**	**% of Total**
Fidelity	**2,500**	-	**2,500**	5%
Grant Proposals				
Division of Securities	*15,000*	-	*15,000*	29%
Other proposals	*35,000*		*35,000*	69%
Total Grant Proposals	**50,000**	-	**50,000**	
TOTAL INCOME	**52,500**		**52,500**	
EXPENSES				
Teacher Trainings				
Facility	1,500	0	1,500	3%
Lodging	5,100	0	5,100	10%
Materials	1,500	0	1,500	3%
Meals	2,800	0	2,800	6%
Substitute reimbursement	4,500	0	4,500	9%
Trainer expense	1,600	500[1]	2,100	4%
Total Teacher Trainings	**17,000**	**500**	**17,500**	36%
Investwrite				
Awards	**2,100**	**0**	**2,100**	4%
Award Banquet				
Meals	6,500	0	6,500	13%
Printing and materials	730	0	730	1%
Plaques	2,250	0	2,250	5%
Team Trophies	2,520	0	2,520	6%
Total Awards	**12,000**	**0**	**12,000**	24%
National Team Fees				
$5 per team (900 teams, 2x per year)	**9,000**	**0**	**9,000**	18%
Administrative Expenses				
National Symposium	6,800	0	6,800	14%
Schools visits, reporting	600	0	600	1%
Administrative support	1,100	0	1,100	2%
Total Administration	**8,500**	**0**	**8,500**	17%
TOTAL EXPENSES	**$48,600**	**500**	**$49,100**	

[1] Provided by the Utah State Office of Education and Utah Division of Securities.

Proposed Project #3 - General Outreach and Public Awareness

Project History

Since 2008, each Utah graduating high school senior has been required to take a semester long financial literacy course. In 2011, this requirement was expanded and legislation enacted to integrate financial and economic education into grades K-12. The primary objective is to ensure students are prepared to make important financial decisions that could affect their employment, education and financial security.

As part of this effort, the Utah Jump$tart Coalition actively promotes financial literacy education in a variety of ways including:

- **Utah Jump$tart Coalition Speakers Bureau:** Using our website, www.utahjumpstart.org, educators can request personal finance experts to speak in their classrooms on a variety of financial topics. The UJ$C maintains a database of volunteer speakers and helps educators locate a qualified speaker in their area.
- **Financial Literacy Month:** The UJ$C works with corporate and civic partners to raise awareness of financial literacy to the general public through its participation in public awareness campaigns and public events.
- **Resource for Utah Educators and Community Leaders:** The UJ$C serves as point of contact to provide educators with information on professional development trainings, lesson materials and resources. The UJ$C all provides information to state and national leaders on how to effectively promote and implement financial literacy education. As one of only a handful of states with a required financial literacy course, the state of Utah is a leader in teaching students about money. The UJ$C is dedicated to continually improving financial literacy education and promoting best practices.

We respectfully request a $10,000 grant from the Division of Securities to expand our Speakers Bureau, improve our online presence through Facebook and Twitter, expand our outreach efforts through community events and provide overall support to our organization.

Objectives for August 2013-July 2014

- Participate in at least 5 public events including the Southern Utah Educators Conference, Utah Education Association Conference and Financial Literacy Month.
- Expand our list of speakers and provide a 48 hour turn time to respond to teacher requests.
- Create a feedback form to allow educators to review the speakers in our Speakers Bureau.
- Coordinate efforts among nonprofit organizations, corporations and state agencies to maximize the effectiveness of financial literacy awareness during Financial Literacy Month in April 2014.

Key Audiences

- K-12 educators, principals and administrators.
- Students from kindergarten to college.
- Parents, community leaders, nonprofit organizations, corporations and government agencies.

2013-2014 Outreach & Public Awareness *Project Budget*				
INCOME	**Cash Required**	**In-Kind**	**Total Budget**	**% of Total**
Mountain America Credit Union	5,000	-	5,000	24%
Grant Proposals				
Division of Securities	10,000	-	10,000	48%
Utah Jump$tart Coalition Partners		6,000	6,000	28%
TOTAL INCOME	**15,000**		**21,000**	
EXPENSES				
Outreach Events				
Teacher Outreach 2013-2014				
Conference Fees	1,500	0	1,500	7%
Materials	1,000	0	1,000	5%
Staff	500	0	500	2%
Travel	250	0	250	1%
Financial Literacy Month 2014				
Advertising/Materials	5,500	5,500[1]	11,000	53%
Staff	250	500	750	4%
Total Outreach	**9,000**	**6,000**	**15.000**	
Speakers Bureau				
Online Feedback Form	500	0	500	2%
Maintenance/Updating Speaker List	500	0	500	2%
Total Speakers Bureau	**1,000**	**0**	**1,000**	
Administrative/General Operations				
Administrative support (including bookkeeping, website maintenance and overall program management.)	5,000	0	5,000	24%
Total Administration	**5,000**	**0**	**5,000**	
TOTAL EXPENSES	**15,000**	**6,000**	**21,000**	

[1] We anticipate the in-kind contribution of our partners to be at least equal to the funding provided by UJ$C.

Total Requested Grant Amount for 2013- $30,000

Contact Information

Anna Tibbitts
Development Director
P.O. Box 640
West Jordan, Utah 84084
atibbitts@utahjumpstart.org
801.414.9981
www.utahjumpstart.org

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Staff

Anna Tibbitts	atibbitts@utahjumpstart.org	Development Director	Utah Jump$tart Coalition

10:27 AM
08/07/13
Accrual Basis

Utah Jump$tart Coalition
Balance Sheet
As of June 30, 2013

			Jun 30, 13
ASSETS			
Current Assets			
Checking/Savings			
Mountain America Credit Union			
02 · Utah County		0.05	
07 · Money Market		12,465.53	
1 · Primary Savings		34.69	
50 · Business Checking			
50 · Business Checking - Other	43,905.15		
Total 50 · Business Checking		43,905.15	
75 · UCEE			
76 · UCEE Savings Account	93,246.03		
78 · UCEE Checking	27,063.75		
Total 75 · UCEE		120,309.78	
Total Mountain America Credit Union			176,715.20
05 · Petty Cash			500.00
Total Checking/Savings			177,215.20
Accounts Receivable			
11001 · Accounts Receivable			8,932.00
Total Accounts Receivable			8,932.00
Other Current Assets			
12000 · Undeposited Funds			12,105.00
Total Other Current Assets			12,105.00
Total Current Assets			198,252.20
TOTAL ASSETS			**198,252.20**
LIABILITIES & EQUITY			
Equity			
2996 · Temporarily restricted funds			154,959.71
32000 · Unrestricted Net Assets			43,646.78
Net Income			-354.29
Total Equity			198,252.20
TOTAL LIABILITIES & EQUITY			**198,252.20**

Utah Jump$tart Coalition
Profit & Loss
July 2012 through June 2013

	Jul '12 - Jun 13			
Ordinary Income/Expense				
Income				
43300 · Direct Public Grants				
43310 · Corporate and Business Grants			38,494.20	
43330 · Foundation and Trust Grants			21,250.00	
Total 43300 · Direct Public Grants				59,744.20
43400 · Direct Public Support				
43410 · Corporate Contributions			11,250.00	
Total 43400 · Direct Public Support				11,250.00
44500 · Government Grants				
44510 · Agency (Government) Grants			30,000.00	
Total 44500 · Government Grants				30,000.00
45000 · Investments				
45030 · Interest-Savings, Short-term CD			142.33	
Total 45000 · Investments				142.33
47200 · Program Income				
47275 · Summit Program Ads			700.00	
47240 · Program Service Fees			21,600.00	
Total 47200 · Program Income				22,300.00
Total Income				123,436.53
Gross Profit				123,436.53
Expense				
10000 · SUECON				890.33
60000 · Teacher Programs				
60500 · CEE National Conference				
60560 · Materials		178.75		
60550 · Substitutes		65.00		
60540 · CEE Conference Fee		500.00		
60530 · Hotel		2,281.71		
60520 · Food		393.77		
60510 · Travel		2,273.55		
Total 60500 · CEE National Conference			5,692.78	
60300 · Teacher Summit				
60364 · Interpreting Services		1,361.25		
60363 · Teacher Scholarships		1,050.00		
60362 · Testing		1,261.89		
60305 · Administrative Support		3,719.25		
60310 · Travel Expenses		374.48		
60350 · Postcards		5,730.15		
60360 · Teacher Lodging		4,772.03		
60361 · Facility		7,788.70		
60365 · Supplies		2,261.56		
60375 · Prizes		1,034.24		
60376 · Gifts		448.39		
60380 · Teacher Stipends				
60381 · Teacher Substitutes	5,844.68			
60380 · Teacher Stipends - Other	150.00			
Total 60380 · Teacher Stipends		5,994.68		
Total 60300 · Teacher Summit			35,796.62	
Total 60000 · Teacher Programs				41,489.40
60900 · Business Expenses				
60920 · Business Registration Fees			110.00	
60930 · Associations and Memberships			165.00	
Total 60900 · Business Expenses				275.00
62000 · Website				5.00

10:00 AM

08/07/13

Accrual Basis

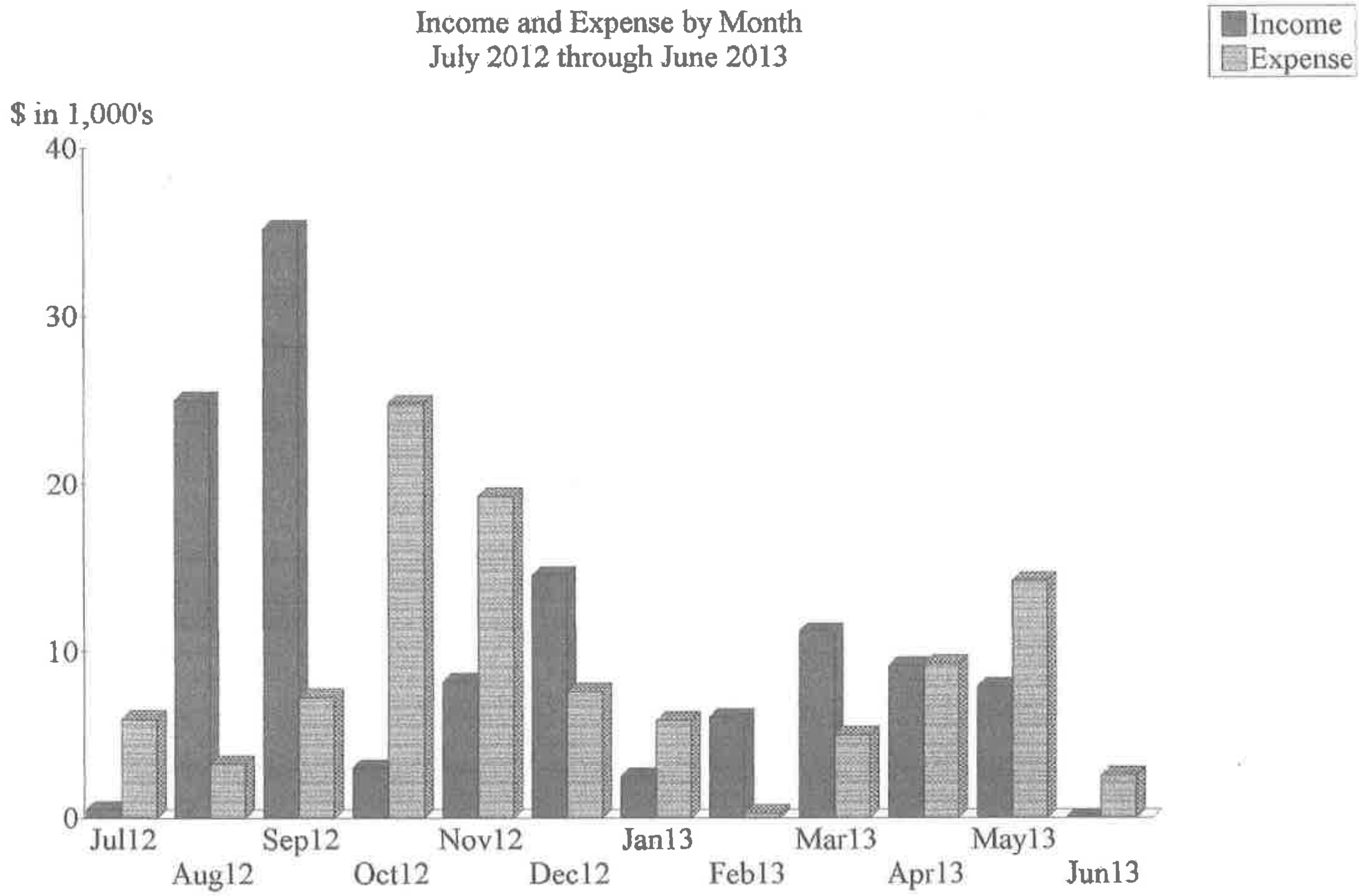
Utah Jump$tart Coalition
Profit & Loss
July 2012 through June 2013

	Jul '12 - Jun 13			
62100 · Contract Services				
62150 · Outside Contract Services			7.03	
62200 · Administrative Support			3,156.00	
Total 62100 · Contract Services				3,163.03
64000 · Finance in the Classroom				
64200 · Administration			558.50	
Total 64000 · Finance in the Classroom				558.50
65000 · Operations				
65020 · Postage, Mailing Service			210.00	
65040 · Supplies			123.93	
65045 · Storage Unit			1,154.91	
Total 65000 · Operations				1,488.84
65100 · Insurance				
65120 · Insurance - Liability, D and O			877.00	
Total 65100 · Insurance				877.00
67000 · Fundraising				132.50
68300 · Travel and Meetings				
68320 · Travel			117.04	
62250 · Contractor Mileage			68.75	
Total 68300 · Travel and Meetings				185.79
90000 · Student Programs				
90025 · Stock Market Game				
90200 · Travel		241.49		
90090 · InvestWrite				
90091 · Prizes	4,227.95			
Total 90090 · InvestWrite		4,227.95		
90070 · Conferences				
90072 · National Training Meeting	4,149.96			
Total 90070 · Conferences		4,149.96		
90080 · FITC Trainings				
90085 · Lodging	101.34			
90084 · Travel	2,032.77			
90083 · Supplies	148.00			
90082 · Training Stipends	4,600.00			
Total 90080 · FITC Trainings		6,882.11		
90020 · SMG Fees		7,695.00		
90030 · Operational Expenses				
90032 · Legal Fees	855.00			
90031 · Postage	100.52			
90030 · Operational Expenses - Other	280.00			
Total 90030 · Operational Expenses		1,235.52		
90040 · SMG Expenses				
90041 · Contractor Fees	866.75			
Total 90040 · SMG Expenses		866.75		
90050 · SMG Training				
90059 · Trainers	1,400.00			
9053 · Meals	1,076.47			
90058 · Sub Reimbursement	2,082.30			
90053 · Meeting Space	10,081.43			
90051 · Supplies	756.31			
90052 · Mileage	177.28			
Total 90050 · SMG Training		15,573.79		

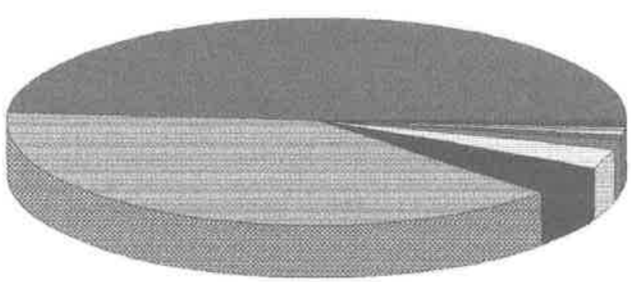
Utah Jump$tart Coalition
Profit & Loss
July 2012 through June 2013

	Jul '12 - Jun 13
90125 · Awards	
90165 · Flowers	24.97
90150 · Substitute Reimbursement	312.93
90160 · Meeting Space	6,150.76
90125 · Awards - Other	2,144.00
Total 90125 · Awards	8,632.66
90025 · Stock Market Game - Other	1,944.00
Total 90025 · Stock Market Game	51,449.23
Total 90000 · Student Programs	51,449.23
90100 · Student Scholarships	
90140 · Travel	26.70
90130 · Materials	217.54
90120 · Administrative Assistant	610.00
90110 · Marketing	216.96
90100 · Student Scholarships - Other	4,000.00
Total 90100 · Student Scholarships	5,071.20
Total Expense	105,585.82
Net Ordinary Income	17,850.71
Net Income	**17,850.71**

Income and Expense by Month
July 2012 through June 2013



Expense Summary
July 2012 through June 2013



90000 · Student Programs	%48.73
60000 · Teacher Programs	39.29
90100 · Student Scholarships	4.80
62100 · Contract Services	3.00
65000 · Operations	1.41
10000 · SUECON	0.84
65100 · Insurance	0.83
64000 · Finance in the Classroom	0.53
60900 · Business Expenses	0.26
68300 · Travel and Meetings	0.18
Other	0.13
Total	$105,585.82

By Account

EverFi™

FINANCIAL LITERACY

FAIRCREDIT
Expanding Financial Capability

UTAH DIVISION OF SECURITIES
Financial Scholars Program
EXPANSION & PRICING OPTIONS
August 2013

Presented By:

Preston Cochrane
President & CEO
AAA Fair Credit Foundation

Rose Poulsen
Utah Schools Manager
EverFi, Inc.

Pricing Options:

On average, the cost per school is between $2,500-$5,000, and access to the adult financial education modules is $25.00 per user. The price per school and per user can be reduced based on scale and length of commitment. There are **50** Utah public schools that have already requested participation in the AAA Fair Credit/EverFi Financial Scholars Program. Below are several options for potential expansion opportunities to help meet the current demand.

OPTION 1: 50 High Schools, 5 Middle Schools, 100 Adults

# Schools/License	Price Per School	Product(s)	Total Cost Per Year
50 High Schools	$1,750	EverFi	$87,500
5 Middle Schools	$0	Vault	$0
100 Adult Licenses	$0	@Work	$0
Total Cost	$1750	EverFi, Vault, @Work	**$87,500**

* This is a significant reduction on the per school and per user cost based on the scale and size of the program. In addition, AAA Fair Credit and EverFi will provide 5 additional middle schools access to the Vault™-Understanding Money Financial Literacy curriculum and 100 licenses for EverFi™@Work-adult financial capability curriculum. The 100 Adult licenses can be distributed to Utah Division of Securities' employees, teachers at participating schools, and at Utah Division of Securities community outreach events.

OPTION 2: 25 HIGH SCHOOLS, 50 Adults

Number of High Schools	Price Per School	Total Cost Per Year
25 High Schools	$2000	**$50,000**
50 Adult Licenses	$0	$0

OPTION 3: 10 HIGH SCHOOLS

Number of High Schools	Price per School	Total Cost Per Year
10 High Schools	$2000	**$20,000**

In addition to the program detailed in the July 2013 Executive Summary, AAA Fair Credit and EverFi's Partner Strategy team has created several new online and offline offerings that will be available to the Utah Division of Securities. We will provide the following additional services to the Utah Division of Securities during the roll out of a major digital innovation initiative that will reach thousands of students and families.

Public Relations

1. **National Financial Literacy Month** – EverFi will provide event planning, professional photography, and public relations support for a major launch event in key markets and community, in conjunction with National Financial Literacy Month (April). This event will showcase the Utah Division of Securities commitment to educating students/adults about the benefits of being a sound financial citizen and consumer.

2. **Press Releases** – EverFi will craft two (2) strategic press releases per year; one announcing the Financial Scholars program across Utah and the other highlighting key data from the program (number of students reached, learning outcomes, changes in student attitudes & behaviors, and other interesting trends).

Digital Services & Reporting

1. **Custom Utah Division of Securities Certification Badge** – EverFi will create a custom Utah Division of Securities certification badge that will be deployed once a student completes the program. The badge will be delivered digitally and will compliment the paper certificate that is issued during the certification ceremony.

2. **Insight Reports on Knowledge Gain and Attitudinal/Behavioral Change –** Throughout the year, EverFi will produce Insight Reports so that Utah Division of Securities can understand the overall impact the program is having in the communities it supports.

3. **Annual Executive Summaries –** A comprehensive report on the program capturing a comprehensive and longitudinal view of the program.

Division of Securities
Utah Department of Commerce
160 East 300 South
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Salt Lake City, UT 84114-6760
Telephone: (801) 530-6600
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**BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH**

IN THE MATTER OF: **DAVID RODNEY CROSBY,** **Respondent.**	**STIPULATION AND CONSENT ORDER** **Docket No. SD-13-0029**

The Utah Division of Securities (the Division), by and through its Director of Enforcement, Dave R. Hermansen, and David Rodney Crosby (Crosby) hereby stipulate and agree as follows:

1. Crosby was the subject of an investigation conducted by the Division into allegations that he violated certain provisions of the Utah Uniform Securities Act, Utah Code Ann. § 61-1-1, *et seq.*, as amended (the Act).
2. In connection with that investigation, the Division issued an Order to Show Cause against Crosby on April 12, 2013, alleging securities fraud and the sale of unregistered securities.
3. Crosby waives any right to a hearing to challenge the Division's evidence and present

evidence on his behalf. Crosby understands that by waiving a hearing, he is waiving the requirement that the Division prove the allegations against him by a preponderance of evidence, waiving his right to confront and cross-examine witnesses who may testify against him, to call witnesses on his own behalf, and any and all rights to appeal the findings, conclusions and sanctions set forth in this Stipulation and Consent Order (Order).

4. Crosby understands that he has a right to be represented by counsel, and he voluntarily and knowingly waives the right to have counsel represent him in this matter.

5. Crosby acknowledges that this Order does not affect any enforcement action that might be brought by a criminal prosecutor or any other local, state, or federal enforcement authority.

6. Crosby admits the jurisdiction of the Division over him and over the subject matter of this action.

I. THE DIVISION'S FINDINGS OF FACT

THE RESPONDENT

7. Crosby was, at all relevant times, a resident of the state of California. At various times between 1980 and 1998, Crosby successfully completed the Series 6, 7, 26, and 63 exams. According to the licensing records included on the Central Registration

Depository (CRD)[1] system, Crosby was licensed as a broker-dealer agent for WMA Securities, Inc. in California from 1994 until 1998.[2] His license with that state terminated for failure to pay the renewal fee. Since that time, Crosby has submitted several applications for licensure in California but withdrew or had such applications purged prior to qualifying for a license. Crosby has not been licensed in the securities industry since 1998 and has never been licensed in the state of Utah.

GENERAL ALLEGATIONS

8. From May 2007 to August 2007, Crosby offered and sold investment contracts to investors, in or from Utah, and collected a total of at least $145,150, of which $96,500 was specifically to be used for investing.

9. Investment contracts are securities under the Act.

10. Crosby made omissions in connection with the offer and sale of securities to the investors identified below.

11. The investors lost $79,363.35 in principal alone.

INVESTOR M.T.

12. In or around early to mid-2007, M.T. met Crosby while attending real estate investment meetings in Utah and California.

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1 CRD is a computerized database maintained by the Financial Industry Regulatory Authority. CRD contains employment, licensing, and disciplinary information on broker-dealers, agents, investment advisers, and investment adviser representatives.

2 Licensing records included on CRD for Crosby date back to 1990. While it appears that Crosby held securities licenses prior to this date, his complete licensing record is not available.

13. M.T.'s friend invited her to attend the meetings, during which Crosby presented an investment in his company, First Legacy Funding Group, Inc. (FLFG).[3]

14. Richard Trefflich (Trefflich), a principal of FLFG, and Tina Cimarusti (Cimarusti), another representative of the company, were sometimes present for the meetings.

15. At the meetings, Crosby explained how FLFG operated. With respect thereto, Crosby made the following statements:

    a. Investing in real estate was a good way to earn money;

    b. Investor money would be pooled together to purchase condos in Ogden, Utah;

    c. FLFG would help investors pull equity out of their homes, through a refinance, to be invested;

    d. If a potential investor had poor credit and could not refinance, a lease option would be used:

        i. The investor would sell his or her house to a FLFG member and use the proceeds to invest in condos;

        ii. The investor would continue to live in his or her home, making payments to FLFG, rather than the bank that owned the mortgage;

        iii. Once the investor's credit improved, he or she would purchase the home

3 FLFG was a California corporation that registered with the California Secretary of State on August 17, 2006. FLFG initially registered with the Utah Division of Corporations on April 19, 2007. As of August 6, 2008, the entity's status changed from active to expired for failure to file a renewal. FLFG registered with the Utah Division of Corporations for a second time on August 18, 2008. That registration expired on December 8, 2009 for again failing to file a renewal. During its existence, Crosby served as FLFG's president. FLFG has never been registered with the Division.

back; and

iv. The fee for this service was $15,000;

e. Investors with good credit could hold title to the condos in their name, while those investors with poor credit would have to wait until their credit improved to hold title;

f. FLFG would find and purchase the condos, perform maintenance, and find and manage tenants;

g. Investors would get monthly interest payments from the rents collected; and

h. Individuals could earn commissions, up to 10% of the amount refinanced, for referring others to FLFG.

16. Crosby also took M.T. and other potential investors to Ogden after the meetings to point out specific condos as the ones FLFG would purchase with investor funds.

17. M.T. was interested in investing, but she had poor credit and did not hold the title to her home.[4]

18. As a result, Crosby decided M.T. should sell her home to Cimarusti under the lease option described above.

19. On August 15, 2007, M.T. received $85,455.43 from the sale of her home.

20. On August 16, 2007, M.T. wired $16,650 to Cimarusti; $15,000 went to Cimarusti as a "fee" for purchasing M.T.'s home, and the remaining $1,650 was used for the appraisal

4 M.T.'s son and brother-in-law held the title to M.T.'s home.

and other paperwork fees. Also on August 16, 2007, M.T. wired $24,000 to FLFG for FLFG's 10% fee and additional charges.

21. On August 18, 2007, M.T. wrote Cimarusti an $8,000 check, which was to protect Cimarusti in case M.T. was unable to cover her mortgage payments.[5]

22. On August 18, 2007, M.T. also provided a $22,000 check, payable to FLFG, to either Crosby or Cimarusti, to go toward the purchase of two condos in Ogden, Utah.

23. M.T. did not receive any disclosure documentation or other memorialization prior to or after her investment.

24. M.T. received five payments of $183.33 from the condos, for a total repayment of $916.65 of her $22,000 investment.[6] M.T.'s total loss was $21,083.35.

INVESTOR S.T.

25. S.T. met Crosby in early to mid-2007 at the Ramada Inn near the Salt Lake City airport. S.T. was attending a real estate investment meeting with a friend, M.M., and Crosby was conducting the meeting.

26. Following the initial meeting, S.T. attended several other real estate investment meetings hosted by Crosby and FLFG.

27. At the meetings, Crosby explained how FLFG operated. With respect thereto, Crosby made the following statements:

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5 When M.T. tried to use that money for credit toward her mortgage payment, Crosby told her that Cimarusti had used it for another investment. In July 2009, Crosby confirmed that the $8,000 was gone.

6 M.T. provided FLFG with an additional $48,650 for "fees" and a deposit. Because M.T. did not consider those amounts to be an investment, they are not included in the total amount invested. In total, M.T. parted with $70,650.

a. Crosby was an LDS bishop and had a lot of experience in real estate investing;

b. Crosby had a business with many customers in Los Angeles;

c. Crosby had helped Cimarusti, a prior investor, make a lot of money;

d. Investor money would be pooled together to purchase condos in Ogden, Utah, and all the investors would become members of a newly formed corporation;

e. Investors would be paid monthly returns from the rents collected; and

f. Investors would not have to be involved in managing or renting the condos because FLFG would handle that.

28. Crosby also took S.T. and other potential investors to see two condos in Ogden and said those were the condos FLFG would purchase with investor funds.

29. Crosby brought mortgage modification paperwork, for "Pick and Pay" loans through World Savings Bank, to some meetings for investors to fill out. S.T. filled out the paperwork through Crosby.

First Investment

30. On August 8, 2007, S.T. wired $5,000 to FLFG.

31. In exchange for the $5,000, S.T. was to receive a fractional interest in one or two condos.[7]

32. S.T. used money from her savings, not her loan modification, to invest with FLFG.

33. S.T. did not receive any disclosure documentation or other memorialization prior to her

7 S.T. does not know if each investment was for a different condo, or if each investment went toward both condos.

investment.

SECOND INVESTMENT

34. On August 23, 2007, at the Ramada Inn by the Salt Lake City airport, S.T. gave Crosby a $9,500 check, payable to FLFG.

35. In exchange for the $9,500, S.T. was to receive a fractional interest in one or two condos.[8]

36. S.T. used money from her savings, not her loan modification, to invest with FLFG.

37. S.T. did not receive any disclosure documentation or other memorialization prior to her investment.

38. In February 2008, after S.T.'s lawyer contacted FLFG for the return of S.T.'s funds, S.T. received a Membership Certificate for 5.882% of Enoch Elite Properties 1 LLC (Enoch Elite Properties),[9] dated February 8, 2008, and bearing what appears to be Trefflich's signature.

39. S.T. had never heard of Enoch Elite Properties until she received the certificate.

40. For both investments, S.T. received payments of $200 per month for approximately one year. Therefore, S.T. has been repaid $2,400 of her $14,500 investment, for a total loss of $12,100.

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8 *Id.*

9 Enoch Elite Properties 1 LLC was a Utah limited liability company that registered with the Utah Division of Corporations on February 8, 2008. As of June 7, 2010, the entity's status changed from active to expired. During its existence, Crosby and Trefflich served as Managers.

INVESTOR N.N.

41. N.N. met Crosby in early to mid-2007 at FLFG meetings in private residences and hotels in Provo and Salt Lake City. N.N. was invited by a friend, M.M., to attend these meetings on real estate investing.

42. At the meetings, Crosby explained how FLFG operated. With respect thereto, Crosby made the following statements:

a. Investing in real estate was a good way to earn money;

b. FLFG would handle everything from finding condos to purchase and tenants, to making necessary repairs, and N.N. and other investors would receive monthly checks from the rents collected;

c. Investor funds would be pooled together to purchase condos in Ogden, Utah;

d. Some investors could hold title to the condos in their names; and

e. A condo could be purchased for $10,000, with a $4,000 down payment.

43. Crosby also took N.N. and other potential investors to a large building in Ogden and said the condos FLFG would purchase with investor funds were inside.

44. Crosby helped N.N. refinance his house through Wachovia Bank.

FIRST INVESTMENT

45. On or about June 13, 2007, Cimarusti went to N.N.'s home in Spanish Fork, Utah and told him to give her a $5,000 check, payable to FLFG, which N.N. did.

46. In exchange for the $5,000, N.N. was to receive a fractional interest in one or two

condos.[10]

47. The investment funds came from equity in N.N.'s primary residence, a fact known to Crosby because he helped N.N. refinance the home to acquire the funds.

48. N.N. did not receive any disclosure documentation or other memorialization prior to or after his investment.

Second Investment

49. On August 13, 2007, after being told that there was an additional $19,000 cost for the investment, Cimarusti returned to N.N.'s home, where he gave her a $19,000 check made payable to FLFG.

50. In exchange for the $19,000, N.N. was to receive a fractional interest in one or two condos.

51. The $19,000 in investment funds also came from equity in N.N.'s primary residence.

52. N.N. did not receive any disclosure documentation or other memorialization prior to or after his investment.

53. For both investments, N.N. received payments of $200 per month for approximately eighteen months. Therefore, N.N. has been repaid $3,600 of his $24,000 investment, for a total loss of $20,400.

Investors S.P and L.P.

54. S.P. and L.P. learned of FLFG and Crosby through a friend, M.M.

---

10 N.N. does not know if each investment was for a different condo, or if each investment went toward both condos.

55. Because S.P. and L.P. do not speak English, they did not meet with Crosby prior to investing. Instead, M.M. attended FLFG meetings and later told S.P. and L.P. what Crosby had said.

56. At the meetings M.M. attended, Crosby explained how FLFG operated. With respect thereto, Crosby made the following statements:

a. Investing in real estate was a good way to earn money;

b. FLFG would handle everything from finding condos and tenants, to making necessary repairs, and investors would receive monthly checks from the rents collected;

c. Investor money would go into a limited liability company, and the limited liability company would purchase condos in Ogden, Utah; and

d. Investors could own three condos for $36,000.

57. S.P. and L.P. decided to refinance their home through FLFG and Wachovia. As a result of the refinance, S.P. and L.P. pulled $51,000 in equity out of their home.

FIRST INVESTMENT

58. On or about May 21, 2007, L.P. gave M.M. a $7,500 check, payable to FLFG, to give to Crosby. In exchange for the $7,500, S.P. and L.P. were to receive a fractional interest in one or three condos.[11]

11 S.P. and L.P. do not know if the first investment was for one condo and the second investment for the other two condos, or if each investment went toward all three condos.

59. The investment funds came from equity in S.P. and L.P.'s primary residence, a fact known to Crosby because he helped S.P and L.P. refinance the home to acquire the funds.

60. S. P. and L.P. did not receive any disclosure documentation or other memorialization prior to their investment.

61. After Crosby received the check, he took M.M., S.P, and L.P. to Ogden. They drove past a large building, and Crosby told S.P. and L.P. that they owned three units inside.

SECOND INVESTMENT

62. On August 13, 2007, about one month after the refinance of L.P. and S.P.'s home was finalized, L.P. and M.M. went to a Wells Fargo branch to invest $28,500 of the equity with FLFG.

63. On that date, L.P. transferred the money into FLFG's account.

64. In exchange for the $28,500, L.P. and S.P. were to increase their fractional interest in the condos.

65. The investment funds again came from equity in S.P. and L.P.'s primary residence, a fact known to Crosby because he helped S.P and L.P. refinance the home to acquire the funds.

66. S. P. and L.P. did not receive any disclosure documentation or other memorialization prior to their investment.

67. In November 2008, S.P. and L.P. received a letter from FLFG, signed by Trefflich, dated November 14, 2008. The letter congratulates S.P. and L.P. and says an enclosed certificate shows their share of ownership of the properties through Enoch Elite

Properties.

68. The Membership Certificate states S.P. and L.P. own 8.824% of Enoch Elite Properties. The certificate is dated February 8, 2008 and appears to bear Trefflich's signature.

69. For both investments, L.P. and S.P. received payments of $365 per month for approximately 24 months, from September 2007 to December 2009. Therefore, S.P. and L.P. have been repaid $10,220 of their $36,000 investment, for a total loss of $25,780.

CAUSES OF ACTION

Securities Fraud under § 61-1-1 of the Act (Investor M.T.)

70. The Division incorporates and re-alleges paragraphs 1 through 69.

71. The investment contract offered and sold by Respondent is a security under § 61-1-13 of the Act.

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

    a. Crosby failed to disclose the address of the condos to be purchased;

    b. Crosby failed to disclose how much money would need to be raised to purchase and maintain a condo and what would happen if FLFG could not raise that amount;

    c. Crosby failed to disclose that he was previously licensed to sell securities in the state of California but was not currently licensed, and he had never been licensed to sell securities in the state of Utah;

d. Crosby failed to disclose that he had several federal and state tax liens from 1997 to 2007, including a California state tax lien for $54,182 filed on November 26, 2003; and

e. Some or all of the information typically provided in an offering circular or prospectus regarding Crosby and FLFG, such as:

   i. Financial statements;

   ii. Risk factors;

   iii. Suitability factors for the investment;

   iv. Business experience and operating history; and

   v. Whether the investment is a registered security or exempt from registration.

Securities Fraud under § 61-1-1 of the Act
(Investor S.T.)

73. The Division incorporates and re-alleges paragraphs 1 through 69.

74. The investment contracts offered and sold by Respondent are securities under § 61-1-13 of the Act.

75. In connection with the offer and sale of securities to investor S.T., Crosby, directly or indirectly, failed to disclose material information, including, but not limited to, the

following, which was necessary in order to make statements made not misleading:

a. Crosby failed to disclose the address of the condos to be purchased;

b. Crosby failed to disclose how much money would need to be raised to purchase and maintain a condo and what would happen if FLFG could not raise that amount;

c. Crosby failed to disclose that S.T.'s investment was actually membership in Enoch Elite Properties;

d. Crosby failed to disclose that he was previously licensed to sell securities in the state of California but was not currently licensed, and he had never been licensed to sell securities in the state of Utah;

e. Crosby failed to disclose that he had several federal and state tax liens from 1997 to 2007, including a California state tax lien for $54,182 filed on November 26, 2003; and

f. Some or all of the information typically provided in an offering circular or prospectus regarding Crosby, FLFG, and Enoch Elite Properties such as:

    i. Financial statements;

    ii. Risk factors;

    iii. Suitability factors for the investment;

    iv. Business experience and operating history; and

    v. Whether the investment is a registered security or exempt from registration.

Securities Fraud under § 61-1-1 of the Act
(Investor N.N.)

76. The Division incorporates and re-alleges paragraphs 1 through 69.

77. The investment contracts offered and sold by Respondent are securities under § 61-1-13 of the Act.

78. In connection with the offer and sale of securities to investor N.N., Crosby, directly or indirectly, failed to disclose material information, including, but not limited to, the following, which was necessary in order to make statements made not misleading:

    a. Crosby failed to disclose the address of the condos to be purchased;

    b. Crosby failed to disclose how much money would need to be raised to purchase and maintain a condo and what would happen if FLFG could not raise that amount;

    c. Crosby failed to disclose that he was previously licensed to sell securities in the state of California but was not currently licensed, and he had never been licensed to sell securities in the state of Utah;

    d. Crosby failed to disclose that he had several federal and state tax liens from 1997 to 2007, including a California state tax lien for $54,182 filed on November 26, 2003; and

    e. Some or all of the information typically provided in an offering circular or prospectus regarding Crosby and FLFG, such as:

i. Financial statements;

ii. Risk factors;

iii. Suitability factors for the investment;

iv. Business experience and operating history; and

v. Whether the investment is a registered security or exempt from registration.

Securities Fraud under § 61-1-1 of the Act
(Investors S.P and L.P.)

79. The Division incorporates and re-alleges paragraphs 1 through 69.

80. The investment contracts offered and sold by Respondent are securities under § 61-1-13 of the Act.

81. In connection with the offer and sale of securities to investors S.P. and L.P., Crosby, directly or indirectly, failed to disclose material information, including, but not limited to, the following, which was necessary in order to make statements made not misleading:

a. Crosby failed to disclose the address of the condos to be purchased;

b. Crosby failed to disclose how much money would need to be raised to purchase and maintain a condo and what would happen if FLFG could not raise that amount;

c. Crosby failed to disclose that S.P and L.P.'s investment was actually membership in Enoch Elite Properties;

d. Crosby failed to disclose that he was previously licensed to sell securities in the state of California but was not currently licensed, and he had never been licensed to sell securities in the state of Utah;

e. Crosby failed to disclose that he had several federal and state tax liens from 1997 to 2007, including a California state tax lien for $54,182 filed on November 26, 2003; and

f. Some or all of the information typically provided in an offering circular or prospectus regarding Crosby, FLFG, and Enoch Elite Properties such as:

   i. Financial statements;

   ii. Risk factors;

   iii. Suitability factors for the investment;

   iv. Business experience and operating history; and

   v. Whether the investment is a registered security or exempt from registration.

Sale of Unregistered Securities under § 61-1-7 of the Act

82. The Division incorporates and re-alleges paragraphs 1 through 69.

83. The investment contracts offered and sold by Respondent are securities under § 61-1-13 of the Act.

84. The securities were offered and sold in this state.

85. The securities were not registered or notice filed under the Act, and Respondent did not file any claim of exemption relating to the securities.

86. Based upon the foregoing, Respondent violated § 61-1-7 of the Act.

II. THE DIVISION'S CONCLUSIONS OF LAW

87. Based on the Division's investigative findings, the Division concludes that:

  a. The investment opportunities offered and sold by Crosby are securities under § 61-1-13 of the Act; and

  b. Crosby violated § 61-1-1(2) of the Act by omitting to state material facts in connection with the offer and sale of securities, disclosure of which was necessary in order to make representations made not misleading.

  c. Crosby violated § 61-1-7 of the Act by selling securities in the state of Utah without prior registration, exemption, or notice filing, in accordance with the provisions of the Act.

III. REMEDIAL ACTIONS/SANCTIONS

88. Crosby neither admits nor denies the Division's findings of fact and conclusions of law but consents to the sanctions below being imposed by the Division.

89. Crosby agrees to the imposition of a cease and desist order, prohibiting him from any conduct that violates the Act.

90. Crosby agrees that he will be barred from (i) associating[12] with any broker-dealer or

[12]"Associating" includes, but is not limited to, acting as an agent of, receiving compensation directly or indirectly from, or engaging in any business on behalf of a broker-dealer, agent, investment adviser, or investment adviser

investment adviser licensed in Utah; (ii) acting as an agent for any issuer soliciting investor funds in Utah; and (iii) from being licensed in any capacity in the securities industry in Utah.

91. Pursuant to § 61-1-20(1)(f) of the Act and in consideration of the guidelines set forth in Utah Administrative Code Rule R164-31-1, the Division imposes a fine of $30,000 against Crosby, to be paid in equal monthly payments of $500 over a five-year period, with the first monthly payment to be due one month from the entry of the Order, and the remaining monthly payments due on the same day of the following months until payment in full. If the Division finds that Crosby materially violates any term of this Order, thirty days after notice and an opportunity to be heard before an administrative officer solely as to the issue of a material violation, Crosby consents to a judgment ordering the unpaid balance of the fine immediately due and payable.

92. Each dollar paid by Crosby to the investors toward restitution shall be credited by the Division toward payment of the fine. Crosby shall send to the Division the cancelled checks for each payment made to the investors.

IV. FINAL RESOLUTION

93. Crosby acknowledges that this Order, upon approval by the Securities Commission, shall be the final compromise and settlement of this matter.

94. Crosby further acknowledges that if the Securities Commission does not accept the terms

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representative licensed in Utah. "Associating" does not include any contact with a broker-dealer, agent, investment adviser, or investment adviser representative licensed in Utah incidental to any personal relationship or business not related to the sale or promotion of securities or the giving of investment advice in the State of Utah.

of the Order, it shall be deemed null and void and without any force or effect whatsoever.

95. Crosby acknowledges that the Order does not affect any civil or arbitration causes of action that third-parties may have against him rising in whole or in part from his actions and that the Order does not affect any criminal causes of action that may arise as a result of his conduct referenced herein.

96. Crosby acknowledges that a violation of this Order is a third degree felony pursuant to § 61-1-21(1)(b) of the Act.

97. The Order constitutes the entire agreement between the parties herein and supersedes and cancels any and all prior negotiations, representations, understandings, or agreements between the parties. There are no verbal agreements which modify, interpret, construe, or otherwise affect the Order in any way. Upon entry of the Order, any further scheduled hearings are canceled.

Utah Division of Securities

Date: __________________

By: __________________
Dave R. Hermansen
Director of Enforcement

Respondent Crosby

Date: June 17, 2013

By: __________________
David Rodney Crosby

Approved:

____
Paul G. Amann
Assistant Attorney General
N.B.

Utah Division of Securities

Date: June 19, 2023

By: ______________________
Dave R. Hermansen
Director of Enforcement

Respondent Crosby

Date: ______________________

By: ______________________
David Rodney Crosby

Approved:

____
Paul G. Amann
Assistant Attorney General
N.B.

ORDER

IT IS HEREBY ORDERED THAT:

1. The Division has made a sufficient showing of Findings of Fact and Conclusions of Law to form a basis for this settlement.

2. Crosby cease and desist from violating the Utah Uniform Securities Act.

3. Crosby is barred from (i) associating with any broker-dealer or investment adviser licensed in Utah; (ii) acting as an agent for any issuer soliciting investor funds in Utah; and (iii) from being licensed in any capacity in the securities industry in Utah.

4. The Division impose a fine of $30,000 against Crosby, offset by restitution payments to the investors.

5. The fine shall be paid in equal monthly payments of $500 over a five-year period, with the first monthly payment to be due one month from the entry of this Order, and the remaining monthly payments due on the same day of the following months until payment in full.

6. If Crosby materially violates any of the terms of this Order, the unpaid balance of the fine amount shall be imposed and become due immediately.

BY THE UTAH SECURITIES COMMISSION:

DATED this 14 day of August, 2013.

Brent Baker	Tim Bangerter
Erik Christiansen	Gary Cornia
David Russon	

Certificate of Mailing

I certify that on the 14th day of August, 2013, I mailed, by regular mail, a true and correct copy of the Stipulation and Consent Order to:

DAVID RODNEY CROSBY
1035 W. BALBOA BLVD.
NEWPORT BEACH, CA 92661

Executive Secretary

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

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

IN THE MATTER OF: **BENJAMIN D. LARSEN, CRD#5785947** **Respondent.**	**STIPULATION AND CONSENT ORDER** **Docket No. SD-13-0016**

The Utah Division of Securities ("Division"), by and through its Director of Enforcement, Dave R. Hermansen and the Respondent, Benjamin D. Larsen ("Respondent" or "Larsen"), CRD#5785947, hereby stipulate and agree as follows:

1. Respondent has been the subject of an investigation by the Division into allegations that he violated the Utah Uniform Securities Act ("Act"), Utah Code Ann. §61-1-1, *et seq.*
2. On or about February 19, 2013, the Division initiated an administrative action against Respondent by filing an Order to Show Cause.
3. Respondent hereby agrees to settle this matter with the Division by way of this Stipulation and Consent Order ("Order"). If entered, the Order will fully resolve all claims the Division has against Respondent pertaining to the Order to Show Cause.
4. Respondent admits that the Division has jurisdiction over him and the subject matter of this action.

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

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

7. Respondent is represented by attorney Paula W. Faerber and is satisfied with the legal representation he has received.

I. FINDINGS OF FACT

8. During the relevant period, Larsen was an insurance agent licensed in Utah.

9. From June 2010 through August 2010, Larsen was licensed in Utah as a broker-dealer agent of Insphere Securities, Inc. ("Insphere"), CRD#136433. From August 2010 through October 31, 2012, Larsen was licensed as a broker-dealer agent of Symetra Investment Services, Inc. ("Symetra"), CRD#19061. He has not been licensed in the securities industry in any capacity since that time.

10. Larsen has taken and passed the FINRA Series 6, Investment Company/Variable Contracts Limited Representative Examination, and Series 63, Uniform Securities Agent State Law Examination.

11. During the period relevant to this action, with the exception of the period between June 2010 and August 2010, Larsen was not licensed to offer or sell any securities products. However, the Series 6 license held by Larsen during that period limited his securities activities to mutual funds and variable annuities. In addition, Larsen's authorized

securities activities were restricted to products reviewed and approved for sale by his broker-dealer, Insphere.

Dee Randall and the Horizon Companies

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

13. Larsen and others sold private placement securities investments in "Horizon Notes" which as used herein collectively refers to promissory notes issued by various companies owned and controlled by Randall. Those companies include, but are not limited to, Horizon Auto Funding, LLC, Independent Commercial Lending, LLC, Horizon Financial Center I, LLC, and Horizon Mortgage and Investment, Inc. (collectively referred to at times as "the Horizon entities").

14. In addition to selling insurance, Randall, through the Horizon entities and Horizon Notes, purported to offer private placement securities investments[2] in commercial and residential property development and rentals, as well as an automobile loan business for individuals with poor credit.

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

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

15. The Horizon entities operated as a Ponzi scheme run by Randall[3] in which investor monies were routinely and freely commingled and transferred among the various Horizon entities. New investor monies were used to pay interest to prior investors, or for personal use, including the payment of sales compensation to agents, including Larsen.

Solicitations and Sales by Larsen

16. Between 2009 and 2010, Larsen solicited a number of his insurance clients to purchase Horizon Notes.

17. The Horizon Notes offered and sold by Larsen are securities under the Act.

18. Larsen sold Horizon Notes to thirteen investors, raising approximately $332,896.

19. None of the notes were sold through a licensed broker-dealer. Instead, Larsen met with potential investors to offer and sell the Horizon Notes and thereafter assisted with the paperwork required to transfer their monies from existing accounts into the Horizon investments. A majority of the monies raised by Larsen came from retirement accounts.

20. Prior to investing, Larsen's investors did not receive audited company financial statements or a Private Placement Memorandum ("PPM") describing the details of the investment.

21. A majority of Larsen's investors only met with Larsen and never met with Randall prior to investing.

22. Larsen and other agents selling the Horizon Notes were compensated for those sales through the insurance agency. Agent compensation usually was calculated as a

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[3]On December 18, 2012, the Division filed an Order to Show Cause against Randall and the Horizon entities, which action is currently pending. For additional information, see: http://securities.utah.gov/dockets/12007901.pdf

percentage of the amount of money invested. For investments under $50,000, compensation was generally 10% of the investment; for investments greater than $50,000, compensation was 7% of the investment.

23. Payments to agents were made by cash or check, or by other means, including credits applied to monies owed by agents to Randall.[4] Most of the payments to Larsen were characterized as "agent allowance" payments through the insurance agency. Some of the payments were also documented in the insurance agency records as a "bonus" or "other expense."

24. In an interview with the Division, Larsen estimated he received compensation for two-thirds of the investors who purchased Horizon Notes, which he believed was equal to 8% to 10% of the invested amount. Larsen estimated the total he received as between $6,000 and $7,000.[5] Based upon the total principal invested by Larsen's investors, $332,896, and compensation formulas used by Randall, it is likely that compensation was higher.

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

<u>Selling Away</u>

26. Despite selling a Horizon Note to one investor and receiving compensation for that sale during the period in which he was a licensed broker-dealer agent of Insphere, Insphere

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

[5]Insurance agency records show that during the period in which the thirteen investors purchased Horizon Notes, Larsen received approximately $21,977 in agent allowance compensation.

was not aware of and had not approved Larsen's activities. Larsen's Form U4[6] failed to disclose his securities activities with Horizon.

Misrepresentations of Material Fact

27. In connection with the offer and sale of Horizon Notes, Larsen misrepresented or omitted material facts to investors, including but not limited to:

a. the investment was "safe," would pay a 9% annual return, was registered with the SEC, the company had been around for 15 years, and the investor could receive money back at any time;

b. the investment was "no risk" and "basically a savings account";

c. the Horizon Notes were "a very sound" investment;

d. the investment was "no to low risk investment" with a "guaranteed" 9% return, that Larsen personally knew the owner and vouched for the company's integrity; and

e. the Horizon investment was "safer than anywhere else," would be a good way to get out of debt, pay 10-15% annual interest, and would be in a real estate investment trust (REIT), but the documents provided by Larsen instead authorized a wire transfer to Horizon Auto Funding, which the investor only found out months later after his monies had already been invested in Horizon Auto Funding.

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[6]The Form U4, Uniform Application for Securities Registration or Transfer, is filed with FINRA and the Division in order for an individual to become licensed as a securities agent in Utah. Form U4 requires the disclosure of all business activities conducted by licensed individuals. It is the agent's responsibility to ensure the form is accurate.

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

Omissions of Material Facts

28. In connection with the offer and sale of Horizon Notes, Larsen failed to disclose material facts to investors, including but not limited to:

a. that he was not licensed to offer or sell securities such as the Horizon Notes;

b. that he was not licensed or qualified to give investment advice;

c. his lack of experience, qualifications, and training to advise investors about financial planning issues, including retirement planning;

d. that, as to one investor during the period in which he was licensed, his broker-dealer, Insphere, had not reviewed or approved his offer and sale of Horizon Notes;

e. that Larsen would be compensated through the insurance agency, which was not a broker-dealer, in violation of securities laws and industry rules; and

f. relevant disclosures about the Horizon entity issuing the notes, including its financial condition and liabilities.

29. Interest payments due to investors under the Horizon Notes began to arrive late in 2009 or 2010, and payments to most investors ceased entirely in 2010.[7]

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[7]Randall declared a personal Chapter 11 bankruptcy on December 20, 2010. Following a September 2011 hearing in which Randall admitted commingling monies among the Horizon entities, a Trustee (the "Trustee") was appointed. The Trustee subsequently filed a Chapter 11 bankruptcy for each of the Horizon entities, all of which were consolidated with the Randall bankruptcy proceeding to be administered by the Trustee as a single bankruptcy estate.

II. CONCLUSIONS OF LAW

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

31. Larsen violated Section 61-1-1(3) of the Act by selling a Horizon Note to an investor while he was a licensed agent of Insphere, without Insphere's knowledge or approval, and receiving compensation for that transaction from an entity other than his employing broker-dealer. Larsen's conduct constitutes an act, practice, or course of business which operated as a fraud upon the investor and his employing broker-dealer, Insphere, and in so doing exposed Insphere to civil liability.

32. Larsen acted as an unlicensed agent in violation of Section 61-1-3(1) of the Act. The only entity through which Larsen was licensed to sell securities was Insphere. As described above, Larsen conducted securities transactions through and was paid compensation by the insurance agency, which was not licensed as a broker-dealer. Moreover, during the brief time he was licensed, Larsen's Series 6 license limited his securities activities to selling mutual funds and variable insurance products through Insphere.

III. REMEDIAL ACTIONS/SANCTIONS

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

34. Respondent represents that the information he has provided to the Division as part of the Division's investigation is accurate and complete.

35. Respondent agrees to cease and desist from violating the Act and to comply with the

requirements of the Act in all future business in this state.

36. Respondent agrees that he will not seek licensure or apply to be licensed by the Division as a broker-dealer agent, investment adviser or investment adviser representative, nor licensing as an agent for any issuer soliciting investor funds, nor licensing in any other capacity in the securities industry in the State of Utah at any time in the future.

37. Respondent agrees to disgorge $7,000 in commissions he received for sale of the Horizon Notes. Within sixty (60) days following entry of the Order, Respondent agrees to pay $3,500 to the Trustee for distribution to investors as part of the bankruptcy estate. Thereafter, Respondent agrees to pay at least $291.66 per month for twelve (12) months to the Trustee until the remaining balance is paid in full.

38. Pursuant to Utah Code Ann. Section 61-1-20, and in consideration of the guidelines set forth in Utah Admin. Code Rule R164-31-1, Respondent shall pay a fine in the amount of $15,000 to the Division. After Respondent has made full disgorgement as described in paragraph 37, and in consideration of Respondent's financial situation and ability to pay, Respondent shall pay $187.50 per month to the Division for a period of four (4) years. At that time, if Respondent has made timely payments and complied with all of the requirements of the Order, the Division may, in its sole discretion, waive the remaining $6,000 of the fine.

39. Respondent agrees that he will provide truthful testimony and cooperation, including production of documents and providing information informally without the necessity of a subpoena or other process, in any state or federal investigation (including investigations conducted by or actions filed by the Trustee) involving Randall, the Horizon entities, and any individuals under investigation as a result of their affiliation with Randall and/or the

Horizon entities. However, this agreement shall not constitute a waiver of Respondent's Fifth Amendment right against self-incrimination.

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

IV. FINAL RESOLUTION

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

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

43. 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.

Dated this 30 day of July, 2013

Dave R. Hermansen
Director of Enforcement
Utah Division of Securities

Dated this 11 day of July, 2013

Benjamin D. Larsen

Approved:

Paul G. Amann
Assistant Attorney General

Approved:

Paula W. Faerber
Counsel for Respondent

ORDER

IT IS HEREBY ORDERED THAT:

1. The Division's Findings and Conclusions, which are neither admitted nor denied by the Respondent, are hereby entered.

2. Respondent shall cease and desist from violating the Act and comply with the requirements of the Act in all future business in this state.

3. Respondent shall not seek licensure or apply to be licensed by the Division as a broker-dealer agent, investment adviser or investment adviser representative, nor licensing as an agent for any issuer soliciting investor funds, nor licensing in any other capacity in the securities industry in the State of Utah at any time in the future.

4. Respondent shall make disgorgement payments according to the schedule set forth in paragraph 37, after which Respondent shall pay the fine as set in paragraph 38. After Respondent has paid $9,000 of the fine, if Respondent has made timely payments and complied with all of the requirements of the Order, the Division may, in its sole discretion, waive the remaining $6,000 of the fine.

5. Respondent shall provide truthful testimony and cooperation, including production of documents and providing information informally without the necessity of a subpoena or other process, in any state or federal investigation (including investigations conducted by or actions filed by the Trustee) involving Randall, the Horizon entities, and any individuals under investigation as a result of their affiliation with Randall and/or the Horizon entities.

BY THE UTAH SECURITIES COMMISSION:

DATED this 14th day of August, 2013

Brent R. Baker

Brent Baker

Tim Bangerter

Erik Christiansen

Gary C. Cornia

Gary Cornia

David A. Russon

Certificate of Mailing

I certify that on the 14th day of August, 2013, I mailed, by certified mail, a true and correct copy of the fully executed Stipulation and Consent Order to:

Paula W. Faerber
KRUSE LANDA MAYCOCK & RICKS, LLC
136 E. South Temple, 21st Floor
Salt Lake City, UT 84111
Counsel for Respondent

Certified Mail # 7007 0220 0001 0065 6873

Maria Lohse
Executive Secretary

7007 0220 0001 0065 6873

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Sent To: Paula W. Faerber
Kruse Landa Maycock & Ricks, LLC
Street, Apt. No.; or PO Box No.: 136 E. South Temple, 21st Floor
City, State, ZIP+4: Salt Lake City, UT 84111

PS Form 3800, August 2006 See Reverse for Instructions

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: **JEFFREY STEVEN HALL** **J&K LENDING, INC.** **Respondents.**	**STIPULATION AND CONSENT ORDER** **Docket No. SD-13-0003** **Docket No. SD-13-0004**

The Utah Division of Securities (the Division), by and through its Director of Enforcement, Dave R. Hermansen, and Jeffrey Steven Hall (Hall) and J&K Lending, Inc. (J&K, and collectively with Hall, Respondents) hereby stipulate and agree as follows:

1. Respondents were the subject of an investigation conducted by the Division into allegations that they violated certain provisions of the Utah Uniform Securities Act, Utah Code Ann. § 61-1-1, *et seq.*, as amended (the Act).
2. In connection with that investigation, the Division issued an Order to Show Cause against Respondents on January 3, 2013, alleging securities fraud.

3. Respondents waive any right to a hearing to challenge the Division's evidence and present evidence on their behalf. Respondents understand that by waiving a hearing, they are waiving the requirement that the Division prove the allegations against them by a preponderance of evidence, waiving their right to confront and cross-examine witnesses who may testify against them, to call witnesses on their own behalf, and any and all rights to appeal the findings, conclusions and sanctions set forth in this Stipulation and Consent Order (Order).

4. Respondents understand that they have a right to be represented by counsel, and they voluntarily and knowingly waive the right to have counsel represent them in this matter.

5. Respondents acknowledge that this Order does not affect any enforcement action that might be brought by a criminal prosecutor or any other local, state, or federal enforcement authority.

6. Respondents admit the jurisdiction of the Division over them and over the subject matter of this action.

I. THE DIVISION'S FINDINGS OF FACT

THE RESPONDENTS

7. Hall was, at all relevant times, a resident of the state of Utah. Hall has never been licensed in the securities industry in any capacity.

8. J&K was a Utah corporation that registered with the Utah Division of Corporations on December 29, 2009. As of March 25, 2013, the entity's status changed from "active" to

"expired" for failure to file a renewal. During its existence, Hall served as president, director, and registered agent of the entity. J&K has never registered with the Division in any capacity.

General Allegations

9. From April 2009 to July 2009, Respondents offered and sold stock to an investor, in or from Utah, and collected a total of $24,000.

10. Stock is a security under the Act.

11. Respondents made material omissions in connection with the offer and sale of a security to the investor identified below.

12. The investor lost $23,000 of her investment funds.

Investor M.D.

13. M.D. initially met Hall when he was her mortgage broker in 2005.

14. In April 2009, M.D. received an email from Hall stating he was selling his brother's stock in Cheyenne Mountain Gaming, Inc. (CMG), a company that was developing a video game based on the television show Stargate.

15. However, by the time M.D. was ready to purchase, Hall's brother was no longer interested in selling his shares. Hall said he did not want to back out of the deal he had reached with M.D., so Hall decided to sell his own shares in CMG to M.D. instead.

16. M.D. agreed to purchase 12,000 shares of Hall's stock at $2 per share, for a total investment of $24,000. With respect thereto, Hall made the following statements:

a. The game was backed by MGM Studios;

b. "The game is amazing and [CMG] will probably have it in stores before Christmas";

c. Hall has "been in contact with the CEO every single day for the last two weeks" as of May 29, 2009;

d. CMG stock is "not as risky" as other investments Hall does;

e. "I'm just giving you the facts on an investment that I have not seen this good since I started";

f. A share price of $2 a share "is an absolutely incredible deal";

g. "Once the game goes to retail, [CMG] only [has] 60 days to go public"; and

h. CMG is "projecting to open at $13" a share.

17. On June 1, 2009, after M.D. decided to invest, M.D. and Hall met in St. George, Utah. M.D. gave Hall a $24,000 check made payable to J&K. On September 8, 2009, in exchange for the $24,000, M.D. received a stock certificate for 12,000 shares of CMG, dated July 11, 2009.

18. M.D. did not receive any disclosure documentation or other memorialization prior to her investment.

19. M.D. has been repaid $1,000 of her $24,000, for a total loss of $23,000.

CAUSES OF ACTION

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

20. The Division incorporates and re-alleges paragraphs 1 through 19.

21. The investment opportunity offered and sold by Respondents is a security under § 61-1-13 of the Act.

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

   a. Why Hall believed CMG stock was "not as risky" as other investments;

   b. Why he believed CMG was "projecting to open at $13" a share;

   c. Information about CMG's Chairman, Gary Whiting, including:

      i. On October 19, 1993, a $71,120 judgment was filed against Whiting;

      ii. On February 25, 1994, Whiting filed for Chapter 7 bankruptcy;

      iii. On October 25, 1994, a $7,110.00 federal tax lien was filed against Whiting;

      iv. On February 1, 2008, a notice of trustee's sale was recorded against Whiting;

      v. On September 11, 2008, a $191,178.59 judgment was filed against Whiting; and

   d. Some or all of the information typically provided in an offering circular or prospectus regarding CMG, such as:

      i. Financial statements;

ii. Risk factors;

iii. Suitability factors for the investment;

iv. Business experience and operating history;

v. Whether the investment is a registered security or exempt from registration; and

vi. Whether Respondents were licensed to sell securities.

II. THE DIVISION'S CONCLUSIONS OF LAW

23. Based on the Division's investigative findings, the Division concludes that:

a. The investment opportunity offered and sold by Respondents is a security under § 61-1-13 of the Act; and

b. Respondents violated § 61-1-1(2) of the Act by omitting to state material facts in connection with the offer and sale of a security, disclosure of which was necessary in order to make representations made not misleading.

III. REMEDIAL ACTIONS/SANCTIONS

24. Respondents neither admit nor deny the Division's findings of fact and conclusions of law but consent to the sanctions below being imposed by the Division.

25. Respondents agree to the imposition of a cease and desist order, prohibiting them from any conduct that violates the Act.

26. Pursuant to § 61-1-20(1)(f) of the Act and in consideration of the guidelines set forth in Utah Administrative Code Rule R164-31-1, the Division imposes a fine of $16,200

against Respondents, to be paid in equal monthly payments of $150 for an eighteen month period, and $500[1] for the remainder, until such fine has been paid in full. The first monthly payment will be due one month from the entry of the Order. The remaining monthly payments will be due on the same day of the following months until payment in full. If the Division finds that Respondents materially violate any term of this Order, thirty days after notice and an opportunity to be heard before an administrative officer solely as to the issue of a material violation, Respondents consent to a judgment ordering the unpaid balance of the fine immediately due and payable.

27. Each dollar paid by Respondents to the investor toward restitution shall be credited by the Division toward payment of the fine. Respondents shall send to the Division the cancelled checks for each payment made to the investor.

IV. FINAL RESOLUTION

28. Respondents acknowledge that this Order, upon approval by the Utah Securities Commission, shall be the final compromise and settlement of this matter.

29. Respondents further acknowledge that if the Utah Securities Commission does not accept the terms of the Order, it shall be deemed null and void and without any force or effect whatsoever.

30. Respondents acknowledge that the Order does not affect any civil or arbitration causes of

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1 In the event Hall is unable to increase his payments to $500 per month within eighteen months from entry of the Order, Hall may approach the Division to discuss the possibility of renegotiating the monthly payment amount. The Division will consider Hall's personal circumstances and ability to repay at that time. If the parties agree to a new payment amount, and the modification is approved by the Utah Securities Commission, that amount shall supersede the $500 monthly payment included in this Order.

action that third parties may have against them rising 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.

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

32. The Order constitutes the entire agreement between the parties herein and supersedes and cancels any and all prior negotiations, representations, understandings, or agreements between the parties. There are no verbal agreements which modify, interpret, construe, or otherwise affect the Order in any way. Upon entry of the Order, any further scheduled hearings are canceled.

Utah Division of Securities

Date: July 23, 2013

By: Dave Hermansen

Dave R. Hermansen
Director of Enforcement

Respondent Hall

Date: ____________________

By: ____________________

Jeffrey Steven Hall, individually and as a principal of J&K Lending, Inc.

Approved:

Paul G. Amann
Assistant Attorney General
N.B.

RECEIVED

AUG 08 2013

Utah Department of Commerce
Division of Securities

Utah Division of Securities	Respondent Hall
Date: ________________	Date: 7-22-13
By: ________________ Dave R. Hermansen Director of Enforcement	By: ________________ Jeffrey Steven Hall, individually and as a principal of J&K Lending, Inc.

Approved:

____
Paul G. Amann
Assistant Attorney General
N.B.

ORDER

IT IS HEREBY ORDERED THAT:

1. The Division has made a sufficient showing of Findings of Fact and Conclusions of Law to form a basis for this settlement.

2. Respondents cease and desist from violating the Utah Uniform Securities Act.

3. The Division impose a fine of $16,200 against Respondents, offset by restitution payments to the investor.

4. The fine shall be paid in equal monthly payments of $150 for a period of eighteen months, after which time the payments shall increase to $500[2] per month until payment in full.

5. The first monthly payment is due one month from the entry of this Order, and the remaining monthly payments are due on the same day of the following months until payment in full.

6. If Crosby materially violates any of the terms of this Order, the unpaid balance of the fine amount shall be imposed and become due immediately.

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2 In the event Hall is unable to increase his payments to $500 per month within eighteen months from entry of the Order, Hall may approach the Division to discuss the possibility of renegotiating the monthly payment amount. The Division will consider Hall's personal circumstances and ability to repay at that time. If the parties agree to a new payment amount, and the modification is approved by the Utah Securities Commission, that amount shall supersede the $500 monthly payment included in this Order.

BY THE UTAH SECURITIES COMMISSION:

DATED this 14 day of August, 2013.

Brent Baker

Tim Bangerter

Erik Christiansen

Gary Cornia

David Russon

Certificate of Mailing

I certify that on the 14th day of August, 2013, I mailed, by regular mail, a true and correct copy of the Stipulation and Consent Order to:

JEFFREY STEVEN HALL
J&K LENDING, INC.
5280 ALPINE DRIVE
SUMMERVILLE, SC 29483

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: **FOURTH DIMENSION FINANCIAL GROUP RICHARD CLARK JOHNSON III** **Respondents.**	**STIPULATION AND CONSENT ORDER** **Docket No. SD-08-0069 Docket No. SD-08-0070**

The Utah Division of Securities (the Division), by and through its Director of Enforcement, Dave R. Hermansen, and Richard Clark Johnson III (Johnson), doing business as (DBA) Fourth Dimension Financial Group (4DFG), hereby stipulate and agree as follows:

1. Johnson and 4DFG (Respondents) were the subject of an investigation conducted by the Division into allegations that they violated certain provisions of the Utah Uniform Securities Act, Utah Code Ann. § 61-1-1, *et seq.*, as amended (the Act).

2. In connection with that investigation, the Division initially issued an Order to Show Cause against Respondents on July 9, 2008, alleging securities fraud. Criminal charges

were also filed against Johnson[1] on June 24, 2008 in connection with the investigation.

3. Respondents waive any right to a hearing to challenge the Division's evidence and present evidence on their behalf. Respondents understand that by waiving a hearing, they are waiving the requirement that the Division prove the allegations against them by a preponderance of evidence, waiving their right to confront and cross-examine witnesses who may testify against them, to call witnesses on their own behalf, and any and all rights to appeal the findings, conclusions and sanctions set forth in this Stipulation and Consent Order.

4. Respondents understand that they have a right to be represented by counsel, and they voluntarily and knowingly waive the right to have counsel represent them in this matter.

5. Respondents acknowledge that this Stipulation and Consent Order does not affect any enforcement action that might be brought, or may have already been brought, by a criminal prosecutor or any other local, state, or federal enforcement authority.

6. Respondents admit the jurisdiction of the Division over them and over the subject matter of this action.

I. THE DIVISION'S FINDINGS OF FACT

THE RESPONDENTS

7. Johnson was a resident of Utah County at all times relevant to this action. Johnson has

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1 *State of Utah v. Richard Clark 111 Johnson [sic],* Case No. 081904764, Third Judicial District Court of Utah (2008). Johnson later pleaded guilty to one count of securities fraud, a class A misdemeanor, on March 21, 2011. Johnson was ordered to pay restitution of $19,400 in connection with the criminal proceeding.

never been licensed in the securities industry in any capacity.

8. 4DFG was a DBA that Johnson and Justin Pehrson initially registered with the Utah Division of Corporations (Corporations) on September 20, 2007. During its existence, Johnson served as the registered agent of 4DFG. As of October 25, 2010, the entity's status with Corporations changed from active to expired.

GENERAL ALLEGATIONS

Investor KK

9. In November 2007, via e-mail, Johnson asked KK if he wanted to participate in a hard money lending deal. At all times relevant to the matters asserted herein, Johnson was in Utah and KK was in Idaho. The majority of their communication took place via e-mail.

10. Johnson told KK the following regarding the investment opportunity:

    a. Johnson's clients came from referrals;

    b. Johnson received interest of 5-7 % per month or higher on hard money lending deals, and Johnson would pass on 3-4 % to KK;

    c. Johnson would use KK's investment to make a loan to a client who was remodeling a home in Alpine, Utah;

    d. The client needed $30,000, Johnson was going to lend him $15,000 to $20,000 of Johnson's own money, and the loan would be secured by a first position lien on the client's property;

e. Johnson had six other investors in various deals; and

f. Johnson paid an attorney $3,000 to draft his promissory notes, and Johnson has not had a title company turn them down.

11. On Friday, December 7, 2007, Johnson sent KK an unsigned promissory note via e-mail that Johnson had purportedly issued to a prior investor (DJ) in September 2007. Johnson told KK he would not be able to prepare KK's note until the following Monday, but it would be similar to DJ's note.

12. In the same December 7, 2007 e-mail, Johnson also said, "we are in a great position if they default (1st position)...to protect our investment, however [the note between Johnson and his client in Alpine] will be a 120 day note." Johnson also told KK that after the 120-day note had matured, Johnson would invest KK's money in another yet-to-be-determined project for the remainder of the 240 days left on KK's note with Johnson.

13. Johnson failed to tell KK, among other things, that Johnson and his wife filed for bankruptcy in June 2007, and that Johnson had several unpaid civil judgments against him.

14. On December 11, 2007, Johnson sent KK, via e-mail, a promissory note and instructed KK to initial all three pages, sign and date it, and send it back to Johnson.

15. The e-mail also contained instructions for KK to wire the money to Johnson's US Bank account and asked that it be done before Friday, so Johnson could wire the funds by 2:00

p.m. on Friday.

16. On December 11, 2007, KK signed the promissory note. Johnson, through 4DFG, promised to pay KK $20,000 plus interest of 36% per year, in monthly payments of $600, starting January 15, 2008 and ending December 15, 2008. The note stated that it was secured by any and all assets owned by 4DFG.

17. On December 14, 2007, KK sent, via wire transfer, $20,000 to 4DFG's bank account at US Bank.

18. Bank records reveal that prior to KK's investment, 4DFG's account balance was approximately $21.00. The bank records also reveal that KK's funds were not loaned to anyone. Instead, Johnson used them to pay for personal expenses.

19. Shortly after KK invested, Johnson started soliciting additional funds from KK.

20. Johnson told KK he wanted to raise a total of $1 million to be used to purchase real estate in North Carolina.

21. While discussing the investment opportunity in North Carolina with Johnson, Johnson told KK that he had not secured KK's December 2007 investment, as promised.

22. KK also noticed that Johnson's story about KK's investment and about the various deals Johnson alleged to be involved in began to change.

23. On December 31, 2007, KK told Johnson, via e-mail, "I haven't liked what I've seen with this program and many things have changed or are different from what I was told

originally to get me to invest… You said you have enough investors with enough money to finance all the deals you take… I need you to assign one of them my note and take me off of it."

24. Johnson responded and asked KK to give Johnson until the end of the week to pay him.

25. On January 5, 2007, Johnson told KK, via e-mail, that if Johnson could find another investor to take over the note, he would, and if not, Johnson would repay the note plus interest by February 10, 2008.

26. In January 2008, KK received one interest payment from Johnson in the amount of $607.

27. KK has received no additional payments of principal or interest from Johnson[2] prior to this action.

CAUSES OF ACTION

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

28. The Division incorporates and re-alleges paragraphs 1 through 27.

29. The promissory notes offered and sold by Respondents to KK are securities under § 61-1-13 of the Act.

30. In connection with the offer and sale of securities to KK, Respondents, directly or indirectly, made false statements, including, but not limited to, the following:

2 On February 26, 2008, KK, through his attorney, sued "Ric" Johnson, doing business as 4DFG, for breach of contract in Fourth Judicial District Court, Case No. 080400587. On May 6, 2008, KK obtained a judgment of $62,550 against Johnson. Johnson was also ordered to pay $19,400 in restitution to K.K. through the criminal action that commenced June 24, 2008 (case 081904764). Johnson has made full restitution, as ordered in that case.

a. KK's investment would be loaned to one of Johnson's clients who was remodeling a home in Alpine, Utah;

b. The investment would be secured by a first position lien on the client's home;

c. The investment matured in 120 days, and Johnson would invest KK's $20,000 in another project for 240 days, after which KK would receive $20,600; and

d. KK would receive interest of 3% per month for one year on his $20,000 investment.

31. In connection with the offer and sale of securities to KK, Respondents, directly or indirectly, failed to disclose material information, including, but not limited to, the following, which was necessary in order to make representations made not misleading:

a. On June 27, 2007, Johnson and his wife filed for bankruptcy;

b. Johnson had several unpaid civil judgments against him;

c. Some or all of the information typically provided in an offering circular or prospectus regarding 4DFG, such as:

i. 4DFG's business and operating history;

ii. Identities of principals in the company along with their experience in this type of business;

iii. Financial statements of the company;

iv. Current capitalization of the issuer;

v. The track record of the company to investors;

vi. Risk factors for investors;

vii. The number of other investors;

viii. The liquidity of the investment;

ix. Discussion of pertinent suitability factors for the investment;

x. Any involvement of the issuer or the principals in certain legal proceedings, including bankruptcy and prior violation of state or federal securities laws;

xi. Any conflicts of interest the issuer, the principals, or the agent may have with regard to the investment;

xii. Whether the investment is a registered security or exempt from registration; and

xiii. Whether the person selling the investment was licensed.

II. THE DIVISION'S CONCLUSIONS OF LAW

32. 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; and

b. Respondents violated § 61-1-1(2) of the Act by making untrue statements of material fact and omitting to state material facts in connection with the offer and sale of securities, disclosure of which was necessary in order to make representations made not misleading.

III. REMEDIAL ACTIONS/SANCTIONS

33. Respondents admit the Division's findings of fact and conclusions of law and consent to the sanctions below being imposed by the Division.

34. Respondents agree to the imposition of a cease and desist order, prohibiting them from any conduct that violates the Act.

35. Johnson agrees that he will be barred from (i) associating[3] with any broker-dealer or investment adviser licensed in Utah; (ii) acting as an agent for any issuer soliciting investor funds in Utah; and (iii) from being licensed in any capacity in the securities industry in Utah.

36. Johnson agrees to pay restitution as ordered in the criminal case, *State of Utah v. Richard Clark III Johnson [sic],* Case No. 081904764, Third Judicial District Court of Utah (2008).[4]

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

4 Johnson made full restitution to investor K.K., in accordance with the terms of his probation (case no. 081904764).

IV. FINAL RESOLUTION

37. Respondents acknowledge that this Stipulation and Consent Order, upon approval by the Securities Commission, shall be the final compromise and settlement of this matter.

38. Respondents further acknowledge that if the Securities Commission does not accept the terms of the Stipulation and Consent Order, it shall be deemed null and void and without any force or effect whatsoever.

39. Respondents acknowledge that the Stipulation and Consent Order does not affect any civil or arbitration causes of action that third parties may have against them, rising in whole or in part from their actions, and that the Stipulation and Consent Order does not affect any criminal causes of action that may arise, or have previously arisen, as a result of the conduct referenced herein.

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

41. The Stipulation and Consent Order constitutes the entire agreement between the parties herein and supersedes and cancels any and all prior negotiations, representations, understandings, or agreements between the parties. There are no verbal agreements which modify, interpret, construe, or otherwise affect the Stipulation and Consent Order in any way. Upon entry of the Order, any further scheduled hearings are canceled.

Utah Division of Securities

Date: July 25, 2013

By: ______________________
Dave R. Hermansen
Director of Enforcement

Respondent Johnson

Date: 7-21-13

By: ______________________
Richard Clark Johnson III,
individually and on behalf of all
Respondents

Approved:

____
Paul G. Amann
Assistant Attorney General
A.K.

ORDER

IT IS HEREBY ORDERED THAT:

1. The Division has made a sufficient showing of Findings of Fact and Conclusions of Law to form a basis for this settlement.
2. Respondents cease and desist from violating the Utah Uniform Securities Act.
3. Johnson is barred from (i) associating with any broker-dealer or investment adviser licensed in Utah; (ii) acting as an agent for any issuer soliciting investor funds in Utah; and (iii) from being licensed in any capacity in the securities industry in Utah.
4. Johnson pay restitution as ordered in the criminal case, *State of Utah v. Richard Clark III Johnson [sic],* Case No. 081904764, Third Judicial District Court of Utah (2008).

BY THE UTAH SECURITIES COMMISSION:

DATED this 14 day of August, 2013.

Brent Baker	Tim Bangerter
Erik Christiansen	Gary Cornia
David Russon	

Certificate of Mailing

I certify that on the 14th day of August, 2013, I mailed, by first-class mail, postage prepaid, a true and correct copy of the Stipulation and Consent Order to:

RICHARD CLARK JOHNSON III
FOURTH DIMENSION FINANCIAL GROUP
10914 W 103rd COURT
WESTMINSTER, CO 80021

[signature]
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: BLUE SOVEREIGN, LLC CARTLAN, LLC BRETT JASON COBB EVAN MCKAY NIELSON **BRADLEY GARTH GREEN,** Respondents.	**STIPULATION AND CONSENT ORDER REGARDING BRADLEY GARTH GREEN** Docket No. SD-08-0080 Docket No. SD-08-0081 Docket No. SD-08-0082 Docket No. SD-08-0083 **Docket No. SD-08-0084**

The Utah Division of Securities (the Division), by and through its Director of Enforcement, Dave R. Hermansen, and Bradley Garth Green (Respondent Green) hereby stipulate and agree as follows:

1. Respondent Green was the subject of an investigation conducted by the Division into allegations that he violated certain provisions of the Utah Uniform Securities Act, Utah

Code Ann. § 61-1-1, *et seq.*, as amended (the Act).

2. In connection with that investigation, the Division initially issued an Order to Show Cause against Respondent Green on August 7, 2008, alleging securities fraud. Criminal charges were also filed against Respondent Green[1] on May 27, 2008 in connection with the investigation.

3. Respondent Green waives any right to a hearing to challenge the Division's evidence and present evidence on his behalf. Respondent Green understands that by waiving a hearing, he is waiving the requirement that the Division prove the allegations against him by a preponderance of evidence, waiving his right to confront and cross-examine witnesses who may testify against him, to call witnesses on his own behalf, and any and all rights to appeal the findings, conclusions and sanctions set forth in this Stipulation and Consent Order.

4. Respondent Green is represented by attorney Marcus Mumford of Mumford Rawson LLC and is satisfied with his representation.

5. Respondent Green acknowledges that this Stipulation and Consent Order does not affect any enforcement action that might be brought by a criminal prosecutor or any other local,

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1 *State of Utah v. Bradley Garth Green,* Case No. 081904013, Third Judicial District Court of Utah (2008). Respondent Green later pleaded guilty to two counts of attempted securities fraud, class A misdemeanors, on October 2, 2009. Respondent Green was ordered to pay a restitution judgment of $65,472.14 in connection with the criminal proceeding.

state, or federal enforcement authority.

6. Respondent Green admits the jurisdiction of the Division over him and over the subject matter of this action.

I. THE DIVISION'S FINDINGS OF FACT

THE RESPONDENTS

7. Blue Sovereign, LLC (Blue Sovereign) was a Utah limited liability company that registered with the Utah Division of Corporations on June 5, 2006. As of October 6, 2009, its status changed from "active" to "expired." During its existence, Brett Jason Cobb (Cobb) served as sole manager of Blue Sovereign.

8. Cartlan, LLC (Cartlan) was a Utah limited liability company that registered with the Utah Division of Corporations on May 25, 2006. As of September 5, 2007, its status changed from "active" to "expired." During its existence, Cobb served as the sole member of Cartlan.

9. Cobb was, at all relevant times, a resident of the state of Utah. Cobb served as manager of Blue Sovereign and member of Cartlan.

10. Evan McKay Nielson (Nielson) was, at all relevant times, a resident of the state of Utah. Nielson acted as an employee and/or agent of Blue Sovereign and Cartlan.

11. Respondent Green was, at all relevant times, a resident of the state of Utah. Respondent

Green acted as an employee and/or agent of Blue Sovereign and Cartlan.

General Allegations

12. Between March 2006 and December 2007, Cobb, Nielson, and Respondent Green, acting on behalf of Blue Sovereign and/or Cartlan (Respondents), participated in various capacities to raise approximately $633,275 in investment funds from at least eight Utah investors. A detailed narrative of the investments made by one of these eight Utah investors is included below.

13. Generally, these investors were offered the opportunity to invest their money in "equity milling" programs, an emerald mine, or Blue Sovereign promissory notes.

14. These investors were told that they would receive monthly interest payments of anywhere from one to five percent per month, depending upon the investor. Most investors received an unsecured promissory note from Blue Sovereign to evidence their investment.

15. Blue Sovereign's "equity milling" programs involved the creation of equity in homes or vehicles, which Blue Sovereign would purportedly invest in various investment opportunities for a profit. Investors were told they could purchase a home or vehicle (financed through a commercial lender) from Blue Sovereign at a significantly higher value than paid by Blue Sovereign, and Blue Sovereign would lease back the home or

vehicle from the investor and rent to someone else at the higher price. Investors were told the lease payments received from Blue Sovereign would not only cover payments due to the financial institutions; they would provide the investors with a profit.

16. The emerald mine was purportedly owned by Cobb's corporation, Fossil Stone Consulting, Inc.

17. Investors received some, but not all, interest and/or lease payments due and received no return of their principal.

Investor NB

18. In mid-January 2007, NB met with Respondent Green, at Respondent Green's office in Draper, Utah, to discuss an investment opportunity.

19. At the meeting, Respondent Green told NB the following:

    a. The company "mills houses";

    b. The company purchases properties and uses equity in the properties to make money by selling those properties to investors / buyers;

    c. The company rents the homes from the investors / buyers for an amount above the buyers' monthly payments, which creates positive cash flow for the investors / buyers; and

    d. The company also "mills" cars and snowmobiles, and purchases emeralds which are cut and sold.

20. NB left the meeting not knowing the name of the company.

21. Approximately one or two weeks after the first meeting with Respondent Green, NB met with Respondent Green a second time at his office. Present at the second meeting were NB, NB's friend JJ, and Respondent Green.

22. At the second meeting, Respondent Green told NB and JJ the same things Respondent Green told NB in the first meeting. Respondent Green added that if Blue Sovereign stopped making payments, the investor would need a "back-up plan." Respondent Green also said Blue Sovereign had millions of dollars in assets and was not going away.

23. Respondent Green failed to tell NB, among other things, that Cobb had an unpaid civil judgment against him by Caldwell Real Estate, LLC for $106,090 in the Third Judicial District Court from November 2005.

24. NB contacted Blue Sovereign and was told to contact a particular lender and ask for "Matt." Matt approved NB for a $1.5 million loan over the telephone.

25. NB called Respondent Green and told Respondent Green to start looking for a property for NB to purchase. Respondent Green, however, failed to find a suitable property for NB.

26. In early February 2007, NB met for a third time at Blue Sovereign, this time with

Respondent Green and Nielson.

27. At the meeting, NB told Nielson that NB and JJ had approximately $66,000 to invest, and NB asked if there was a way they could make 2 to 3% per month with the company.

28. Nielson then asked Cobb to join the meeting. Respondent Green did not participate further but may have been present.

29. Cobb told NB the following:

    a. NB could invest in a promissory note, which would pay interest of 2% per month;

    b. Cobb would waive the minimum investment amount because NB and JJ had been trying to do business with the company; and

    c. NB would have to sign a document entitled "Agreement of Understanding."

30. Nielson told NB the promissory note sale was Cobb's sale, not Nielson's. Nielson said Nielson had a securities license and his role at the company involved securities and investing.

31. At one of the prior meetings with NB, Respondent Green told NB the company had a lot of investors and that Respondent Green and Nielson had invested their own money.

32. Cobb, Nielson, and Respondent Green failed to tell NB, among other things, that Cobb had an unpaid civil judgment against him by Caldwell Real Estate, LLC for $106,090 in the Third Judicial District Court from November 2005; that Nielson and his wife filed for

bankruptcy in 1999; and Nielson had an unpaid civil judgment against him by "Kensington Park" for $43,422 in the Third Judicial District Court from August 2005.

33. On February 23, 2007, NB sent $40,000, via wire transfer, to a local Utah bank per Cobb's assistant's instructions. A few days later JJ invested $26,808 in the same account.

34. After investing, NB received two promissory notes from Blue Sovereign, both of which were signed by Cobb as the Managing Director of Blue Sovereign. One of the notes was for JJ's investment.

35. NB's note was dated February 23, 2007, promised interest of 2% per month ($1,336.30), and matured in one year.

36. NB received just one interest payment of $800 on or about March 20, 2006.

37. On May 17, 2007, NB sent an e-mail to Cobb, asking for the return of NB's and JJ's investments.

38. To date, NB has not received his investment from Cobb and is still owed $40,000 in principal alone.

39. Bank records reveal that some of NB's funds were used by Cobb to pay what appear to be personal expenses.

Causes of Action

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

40. The Division incorporates and re-alleges paragraphs 1 through 39.

41. The investment opportunities offered and sold by Respondent Green are securities under § 61-1-13 of the Act.

42. In connection with the offer of a security (house "milling") to NB, Respondent Green, directly or indirectly, made false statements, including, but not limited to, the following description of the Blue Sovereign business plan:

    a. The company "mills homes" by (1) purchasing homes and selling them to investors for a higher price, and (2) renting the homes back from the investor for an amount above the investor's monthly payment, which creates positive cash flow for the investor;

    b. The company also "mills" cars and snowmobiles;

    c. The company purchases emeralds which are cut and sold; and

    d. The company has millions of dollars in assets and is not going away.

43. In connection with the offer and sale of a security (promissory note) to NB, Respondent Green, directly or indirectly, made false statements, including, but not limited to, the following:

a. Misrepresenting the number of investors in the company.

44. In connection with the offer and sale of securities, Respondent Green, directly or indirectly, failed to disclose material information, including, but not limited to, the following, which was necessary in order to make representations made, in the light of the circumstances under which they were made, not misleading:

a. Cobb had an unpaid civil judgment against him by Caldwell Real Estate, LLC for $106,090 in the Third Judicial District Court from November 2005;

b. Nielson and his wife filed for bankruptcy in 1999;

c. Nielson had an unpaid civil judgment against him by "Kensington Park" for $43,422 in the Third Judicial District Court from August 2005;

d. Some or all of the information typically provided in an offering circular or prospectus regarding Blue Sovereign, Cartlan, and Fossil Stone, such as:

i. Business and operating history;

ii. Identities of principals in the companies, along with their experience in that particular type of business;

iii. Financial statements of the companies;

iv. The market for the products of the companies;

v. The nature of the competition for the products;

vi. Current capitalization of the companies;

vii. The track record of the companies to investors;

viii. Risk factors for investors;

ix. The number of other investors;

x. The disposition of any investments received if the minimum capitalization is not achieved;

xi. The liquidity of the investments;

xii. Discussion of pertinent suitability factors for the investments;

xiii. The proposed use of investment proceeds.

xiv. Any involvement of the companies or the principals in certain legal proceedings, including bankruptcy and prior violation of state or federal securities laws;

xv. Any conflicts of interest the companies, the principals, or the agent may have with regard to the investments;

xvi. Agent commissions or compensation for selling investments;

xvii. Whether the investments are registered securities or exempt from registration; and

xviii. Whether the person(s) selling the investments were licensed.

II. THE DIVISION'S CONCLUSIONS OF LAW

45. Based on the Division's investigative findings, the Division concludes that:

    a. The investment opportunities offered and sold by Respondent Green are securities under § 61-1-13 of the Act; and

    b. Respondent Green violated § 61-1-1(2) of the Act by making untrue statements of material fact and omitting to state material facts in connection with the offer and sale of securities, disclosure of which was necessary in order to make representations made not misleading.

III. REMEDIAL ACTIONS/SANCTIONS

46. Respondent Green admits the Division's findings of fact and conclusions of law and consents to the sanctions below being imposed by the Division.

47. Respondent Green agrees to the imposition of a cease and desist order, prohibiting him from any conduct that violates the Act.

48. Respondent Green agrees that he will be barred from (i) associating[2] with any broker-dealer or investment adviser licensed in Utah; (ii) acting as an agent for any issuer soliciting investor funds in Utah; and (iii) from being licensed in any capacity in the

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

securities industry in Utah.

49. Respondent Green agrees to cooperate with the Division, the state of Utah, and the federal government in any future investigations and/or prosecutions relevant to the matter herein.

50. Respondent Green agrees to pay restitution as ordered in the criminal case, *State of Utah v. Bradley Garth Green,* Case No. 081904013, Third Judicial District Court of Utah (2008).

IV. FINAL RESOLUTION

51. Respondent Green acknowledges that this Stipulation and Consent Order, upon approval by the Securities Commission, shall be the final compromise and settlement of this matter.

52. Respondent Green further acknowledges that if the Securities Commission does not accept the terms of the Stipulation and Consent Order, it shall be deemed null and void and without any force or effect whatsoever.

53. Respondent Green acknowledges that the Stipulation and Consent Order does not affect any civil or arbitration causes of action that third-parties may have against him rising in whole or in part from his actions and that the Stipulation and Consent Order does not affect any criminal causes of action that may arise as a result of his conduct referenced

herein.

54. Respondent Green acknowledges that a violation of this Stipulation and Consent Order is a third degree felony pursuant to § 61-1-21(1)(b) of the Act.

55. The Stipulation and Consent Order constitutes the entire agreement between the parties herein and supersedes and cancels any and all prior negotiations, representations, understandings, or agreements between the parties. There are no verbal agreements which modify, interpret, construe, or otherwise affect the Stipulation and Consent Order in any way. Upon entry of the Order, any further scheduled hearings are canceled.

Utah Division of Securities

Date: July 8, 2013

By: Dave R. Hermansen
Dave R. Hermansen
Director of Enforcement

Respondent Green

Date: ____________________

By: ____________________
Bradley Garth Green

Approved:

____
Paul G. Amann
Assistant Attorney General
D.P.

____
Marcus Mumford
Attorney for Respondent

Utah Division of Securities

Date: ____________________

By: ____________________
Dave R. Hermansen
Director of Enforcement

Respondent Green

Date: 7/7/13

By: ____________________
Bradley Garth Green

Approved:

____
Paul G. Amann
Assistant Attorney General
D.P.

____
Marcus Mumford
Attorney for Respondent

Utah Division of Securities	Respondent Green
Date: ________________	Date: 7/30/13
By: ________________	By: ________________
Dave R. Hermansen Director of Enforcement	Bradley Garth Green

Approved:

________________	________________
Paul G. Amann Assistant Attorney General D.P.	Marcus Mumford Attorney for Respondent

ORDER

IT IS HEREBY ORDERED THAT:

1. The Division has made a sufficient showing of Findings of Fact and Conclusions of Law to form a basis for this settlement.

2. Respondent Green cease and desist from violating the Utah Uniform Securities Act.

3. Respondent Green is barred from (i) associating with any broker-dealer or investment adviser licensed in Utah; (ii) acting as an agent for any issuer soliciting investor funds in Utah; and (iii) from being licensed in any capacity in the securities industry in Utah.

4. Respondent Green will cooperate with the Division, the state of Utah, and the federal government in any future investigations and/or prosecutions relevant to the matter herein.

5. Respondent Green pay restitution as ordered in the criminal case, *State of Utah v. Bradley Garth Green,* Case No. 081904013, Third Judicial District Court of Utah (2008).

BY THE UTAH SECURITIES COMMISSION:

DATED this 14 day of August, 2013.

Brent Baker

Tim Bangerter

Erik Christiansen

Gary Cornia

David Russon

Certificate of Mailing

I certify that on the 14th day of August, 2013, I mailed, by regular mail, a true and correct copy of the Stipulation and Consent Order to:

BRADLEY GARTH GREEN
C/O MARCUS MUMFORD
MUMFORD RAWSON LLC
405 SOUTH MAIN STREET
SUITE 975
SALT LAKE CITY, UT 84111

BRADLEY GARTH GREEN
512 NORTH 800 EAST
SPANISH FORK, UT 84660

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: **COLT TECHNOLOGIES, LLC** **TALI JAMES HALEUA** **Respondents.**	**STIPULATION AND CONSENT ORDER** **Docket No. SD-08-0090** **Docket No. SD-08-0091**

The Utah Division of Securities (the Division), by and through its Director of Enforcement, Dave R. Hermansen, and Colt Technologies, LLC and Tali James Haleua, hereby stipulate and agree as follows:

1. Colt Technologies, LLC (Colt Technologies) and Tali James Haleua (Haleua) were the subjects of an investigation conducted by the Division into allegations that they violated certain provisions of the Utah Uniform Securities Act (the Act), Utah Code Ann. § 61-1-1, *et seq.*, as amended.

2. In connection with that investigation, the Division issued an Order to Show Cause against

Respondents on September 3, 2008, alleging securities fraud. Criminal charges were also filed against Haleua[1], in connection with the investigation.

3. Respondents waive any right to a hearing to challenge the Division's evidence and present evidence on their behalf. Respondents understand that by waiving a hearing that they are waiving the requirement that the Division prove the allegations against them by a preponderance of evidence, waiving their right to confront and cross-examine witnesses who may testify against them, to call witnesses in their own behalf, and any and all rights to appeal the findings, conclusions and sanctions set forth in this Stipulation and Consent Order.

4. Respondents acknowledge that this agreement does not affect any enforcement action that might be brought by a criminal prosecutor or any other local, state, or federal enforcement authority.

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

I. THE DIVISION'S FINDINGS OF FACT

THE RESPONDENTS

6. Colt Technologies, LLC (Colt Technologies) is a Utah limited liability company. Colt Technologies filed articles of organization on January 8, 2004, but its registration expired in

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[1] *State of Utah v. Tali James Haleua*, Case No. 081905851, Third Judicial District Court of Utah (2008). Haleua later pleaded to four counts of securities fraud, a third degree felony on March 5, 2010. Haleua was ordered to pay full restitution of $500,000.

May 2008 for failure to file an annual renewal. Colt Technologies was purportedly in the business of developing and producing wireless technology for use in the livestock industry. At the time of dissolution, Tali James Haleua was the sole manager of Colt Technologies. Prior to dissolution, Colt Technologies started doing business as TekVet Technology, LLC (TekVet), although TekVet was registered as a separate Utah limited liability company on July 19, 2006. TekVet's entity status is currently "expired." D. Brett Smith and Tali James Haleua are the managers of TekVet.

7. Tali James Haleua (Haleua) is a resident of Salt Lake County, Utah.

General Allegations

8. From approximately March 2005 through June 2006, Haleua raised $431,000 for Colt Technologies from eight Utah investors. The investments made by three of the eight investors are described below in more detail.

9. Haleua told investors Colt Technologies was developing a wireless radio frequency device - a sensor tag attached to the animal and called the "TekVet Health Monitoring System" - to monitor the core temperature of cattle.

10. Haleua told investors they would receive anywhere from $.01 to $.15 royalty on each sensor sold, and a few investors were promised an equity interest in Colt Technologies. Four of the investors received royalty agreements from Haleua to memorialize their investments, and three received no written documentation.

11. One of the eight investors received a term sheet from Haleua, which promised the return of his principal investment in 180 days, plus interest of 100% in 365 days.

12. One investor received a portion of his investment back from Haleua and Colt Technologies, but the rest received nothing.

13. The investment opportunities offered and sold by Haleua and Colt Technologies are securities under the Act.

Investor MC

14. In June 2006, MC met with Haleua and a Colt Technologies employee (Wallace Sr.) at Colt Technologies' offices in Salt Lake County, Utah, to discuss an investment opportunity.

15. At the meeting, Haleua told MC the following regarding an investment opportunity in Colt Technologies:

    a. The market for the sensor technology was "huge";

    b. Feed lots in Argentina and Kansas were ready to purchase the sensors;

    c. There was little to no competition because Colt Technologies' product was head and shoulders above the others;

    d. The sensors would sell for $20 each, with a profit of $10 per unit sold;

    e. Colt Technologies was a start-up company so there was no track record for investors;

    f. Colt Technologies was capitalized with money raised from private investors and Haleua's own money;

g. MC would receive additional royalties if MC could bring other investors to Colt Technologies;

h. MC would be paid back as quickly as possible, probably within six to eight months;

i. MC's money would be used to pay Haleua's travel expenses to go to upcoming conventions in Argentina and Hawaii; and

j. MC would receive equity of 2% in Colt Technologies, and a royalty agreement for $.15 on each sensor sold.

16. Haleua failed to tell MC, among other things, that Haleua had a criminal history, filed for bankruptcy in 1994, had several tax liens filed against him by the Utah State Tax Commission, and had an extensive history of civil litigation resulting in judgments as more fully described in paragraph 39 below.

17. On or about June 15, 2006, another Colt Technologies investor sent MC (via e-mail) a copy of Colt Technologies' June 2006 "Executive Summary." In the summary it states that Colt Technologies "received full F.C.C. approval of a proprietary radio frequency (RF/wireless) network system that is designed to monitor the health condition of livestock." The summary does not contain disclosure information typically found in a prospectus or private placement memorandum.

18. On or about June 20, 2006, Haleua's attorney (J. Bates) sent MC and Haleua (via e-mail) an unsigned "interim" royalty agreement.

19. On June 21, 2006, at a restaurant in Salt Lake County, MC invested $100,000 in Colt Technologies by giving Haleua a personal check made payable to Colt Technologies. MC received no documentation of his investment at this time.

20. Shortly after the June 21, 2006 meeting, MC contacted J. Bates and asked for documentation of MC's investment. J. Bates told MC he would provide MC with a temporary document.

21. MC received a document entitled "Grant of Royalty and Membership of Interest" (the Royalty Agreement), but does not recall who gave it to him. The Royalty Agreement is back-dated June 20, 2006, is signed by D. Brent Smith (a former member of Colt Technologies), and states that MC would receive $.15 for every sensor sold, and 2% membership interest in Colt Technologies.

22. Sometime in early 2007, MC discovered that Haleua did not attend the conventions in Argentina or Hawaii and that Haleua had a criminal history.

23. MC has received nothing from his investment in Colt Technologies, and the Respondents still owe him $100,000 in principal alone.

Investor JW

24. In May 2006, JW met with Haleua three times to discuss an investment opportunity in Colt Technologies. JW met with Haleua at a restaurant, at Haleua's home, and at Haleua's office, all of which are located in Salt Lake County.

25. Between the three meetings, Haleua told JW the following:

a. Invested funds would be used for research and development and general operations of Colt Technologies;

b. "They" were "working out the bugs" and the sensors were "just about ready for production";

c. Several high-volume customers were lined-up to purchase the sensors; and

d. JW would receive $.10 for every sensor sold.

26. Haleua failed to tell JW, among other things, that Haleua had a criminal history, filed for bankruptcy in 1994, had several tax liens filed against him by the Utah State Tax Commission, and had an extensive history of civil litigation resulting in judgments as more fully described in paragraph 39 below.

27. On or about May 10, 2006, JW invested $40,000 in Colt Technologies, via cashier's check made payable to Colt Technologies.

28. In return for his investment, JW received a confidentiality agreement and grant of royalty interest (the Royalty Agreement). The Royalty Agreement was dated May 10, 2006, and signed by J. Bates.

29. JW has since received nothing from his investment in Colt Technologies, and the Respondents owe him $40,000 in principal alone.

<u>Investor AM</u>

30. In February 2005, AM met with Haleua at Colt Technologies' offices to discuss an

investment opportunity.

31. Haleua told AM the following regarding the investment opportunity:

a. Haleua needed $200,000 to market Colt Technologies;

b. In return, AM would receive his principal plus interest of 100%, and 10% ownership of the assets of Colt Technologies and Colt Credit Service (CCS);[2] and

c. It was unlikely, but there was a small chance Colt Technologies would fail.

32. Haleua failed to tell AM, among other things, that Haleua had a criminal history, filed for bankruptcy in 1994, and had an extensive history of civil litigation resulting in judgments.

33. In March 2005, AM invested $200,000 in Colt Technologies, via the following means:

Date	Method of Payment	Amount
03/15/2005	Official Check made payable to CCS	$50,000
03/20/2005	Vehicle conveyed to Haleua	25,000
03/23/2005	Business check made payable to CCS	10,000
03/31/2005	Official Check made payable to CCS	115,000
	TOTAL =	$200,000

34. On or about March 16, 2005, in return for AM's investments, AM received a "Term Sheet" from Haleua, which stated that AM would receive his principal investment within 180 days,

[2] CCS was registered as a Utah limited liability company on March 15, 2005, but its entity status is currently "Expired." K. Lee Price was the manager of CCS.

10% equity in Colt Technologies and CCS, and interest of 100% within 365 days. The Term Sheet was signed by Haleua and K. Lee Price (the manager of CCS).

35. Approximately one week after AM's last investment, AM's wife discovered that Haleua had a criminal history.

36. In April 2006, Haleua returned $75,000 of AM's investment.

37. AM has since received no additional return from his investment, and the Respondents still owe him $125,000 in principal alone.

SECURITIES FRAUD

38. In connection with the offer and sale of a security, Respondents, directly or indirectly, made false statements, including, but not limited to, the following:

a. The market for the sensor technology was "huge";

b. Feed lots in Argentina and Kansas were ready to purchase the sensors;

c. There was little to no competition because Colt Technologies' product was head and shoulders above the others;

d. MC would be paid back as quickly as possible, possibly six to eight months;

e. MC's money would be used to pay Haleua's travel expenses to go to conventions in Argentina and Hawaii;

f. MC would receive equity of 2% in Colt Technologies, and a royalty agreement for $.15 on each sensor sold;

g. “They” were “working out the bugs” and the sensors were “just about ready for production”;

h. Several high-volume customers were lined-up to purchase the sensors;

i. JW would receive $.10 for every sensor sold;

j. AM would receive his principal plus interest of 100% and 10% ownership of the assets of Colt Technologies and CCS, in return for an investment; and

k. Colt Technologies “received full F.C.C. approval of a proprietary radio frequency (RF/wireless) network system that is designed to monitor the health condition of livestock.”

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

a. Haleua had a criminal history;

b. Haleua filed for bankruptcy in 1994;

c. The Utah State Tax Commission filed tax liens against Haleua on April 17, 2000, August 29, 2005, and October 3, 2005, totaling $126,606.

d. Haleua had an extensive history of civil litigation which resulted in civil judgments against Haleua totaling approximately $43,000; and

e. The information typically included in a prospectus or private placement memorandum regarding Colt Technologies.

II. THE DIVISION'S CONCLUSIONS OF LAW

40. Based on the Division's investigative findings, the Division concludes that:

   a. The investment opportunities offered and sold by Respondents were investment contracts;

   b. Investment contracts are securities under § 61-1-13 of the Act;

   c. Respondents violated § 61-1-1 of the Act by making misstatements of material facts and by omitting to state material facts in connection with the offer and sale of a security.

III. REMEDIAL ACTIONS/SANCTIONS

41. Respondents Colt Technologies and Haleua admit the Division's findings and conclusions and consent to the sanctions below being imposed by the Division.

42. Respondents Colt Technologies and Haleua represent that any information they provided to the Division as part of the Division's investigation of this matter is accurate.

43. Respondents Colt Technologies and Haleua agree to the imposition of a cease and desist order, prohibiting them from any conduct that violates the Act.

44. Respondent Haleua agrees that he will be barred from (i) associating[3] with any broker-dealer or investment adviser licensed in Utah; (ii) acting as an agent for any issuer soliciting

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3 "Associating" includes, but is not limited to, acting as an agent of, receiving compensation directly or indirectly from, or engaging in any business on behalf of a broker-dealer, agent, investment adviser, or investment adviser representative licensed in Utah. "Associating" does not include any contact with a broker-dealer, agent, investment adviser, or investment adviser representative licensed in Utah incidental to any personal relationship or business not

investor funds in Utah, and (iii) from being licensed in any capacity in the securities industry in Utah.

45. Respondents Colt Technologies and Haleua agree to cooperate with the Division, the State of Utah, and the Federal Government in any future investigations and/or prosecutions relevant to the matter herein.

46. Respondent Haleua agrees to pay restitution as ordered in the criminal case, *State of Utah v. Tali James Haleua*, Case No. 081905851, Third Judicial District Court of Utah (2008).

IV. FINAL RESOLUTION

47. Respondents acknowledge that this Stipulation and Consent Order, upon approval by the Securities Commission shall be the final compromise and settlement of this matter.

48. Respondents further acknowledge that if the Securities Commission does not accept the terms of the Stipulation and Consent Order, it shall be deemed null and void and without any force or effect whatsoever.

49. Respondents acknowledge that the Stipulation and Consent 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 Stipulation and Consent Order does not affect any criminal causes of action that may arise as a result of their conduct referenced herein.

50. The Stipulation and Consent Order constitutes the entire agreement between the parties herein and supersedes and cancels any and all prior negotiations, representations,

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related to the sale or promotion of securities or the giving of investment advice in the State of Utah.

understandings, or agreements between the parties. There are no verbal agreements which modify, interpret, construe, or otherwise affect the Order in any way. Upon entry of the Stipulation and Consent Order, any further scheduled hearings are canceled.

Utah Division of Securities

Date: June 18, 2013

By:
Dave R. Hermansen
Director of Enforcement

Respondent Haleua

Date: 6-18-13

By:
Tali James Haleua as manager of Colt Technologies and as individual.

Approved:

Paul G. Amann
Assistant Attorney General
D.P.

ORDER

IT IS HEREBY ORDERED THAT:

1. The Division has made a sufficient showing of Findings of Fact and Conclusions of Law to form a basis for this settlement.
2. Respondents Colt Technologies and Haleua cease and desist from violating the Utah Uniform Securities Act.
3. Respondent Haleua agrees to be barred from the securities industry in Utah.
4. Respondents Colt Technologies and Haleua cooperate with the Division in any future investigations.
5. Respondent Haleua agrees to pay restitution as ordered in the criminal case, *State of Utah v. Tali James Haleua*, Case No. 081905851, Third Judicial District Court of Utah (2008).

BY THE UTAH SECURITIES COMMISSION:

DATED this 14 day of August, 2013.

Brent Baker

Tim Bangerter

Gary Cornia

Erik Christiansen

David A. Russon

Certificate of Mailing

I certify that on the 14th day of August, 2013, I mailed, by regular mail, a true and correct copy of the Stipulation and Consent Order to:

Colt Technologies, LLC
Tali James Haleua
308 West 350 South
Ivins, UT 84738

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

BEFORE THE DIVISION OF SECURITIES

OF THE DEPARTMENT OF COMMERCE

OF THE STATE OF UTAH

IN THE MATTER OF **BLUE SOVEREIGN, LLC;** **CARTLAN, LLC;** **BRETT JASON COBB,** RESPONDENTS	**RECOMMENDED ORDER ON MOTION FOR DEFAULT** **CASE NO.** SD-08-0080 **CASE NO.** SD-08-0081 **CASE NO.** SD-08-0082

BY THE PRESIDING OFFICER:

This adjudicative proceeding was initiated pursuant to an August 13, 2008 notice of agency action. In approximately September of 2008, the cases were stayed pending the outcome of a parallel criminal case filed against Respondent Cobb. On June 3, 2013, the criminal case having been resolved through conviction, the stay was lifted, and Respondents were ordered to file a response to the Division's order to show cause by July 8, 2013. The order specified that a failure to comply with the deadline for response would result in the entry of a default order against Respondents without any further notice.

As of the date of this order, Respondents have not filed a response to the Division's order to show cause or made any effort to participate in the proceeding. Therefore, the presiding officer finds that, pursuant to Utah Code Ann. § 63G-4-209(1)(c), proper factual and legal bases exist for entering a default order against Respondents.

RECOMMENDED ORDER

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

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

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

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

2. To pay a fine of $791,593.75 to the Utah Division of Securities.

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

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

DATED this 9th day of July, 2013.

UTAH DEPARTMENT OF COMMERCE

Jennie T. Jonsson
Jennie T. Jonsson
Presiding Officer

CERTIFICATE OF DELIVERY

I hereby certify that on the 9th day of July, 2013, the undersigned hand delivered a true and correct copy of the foregoing RECOMMENDED ORDER ON MOTION FOR DEFAULT to the following:

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

Jennie T. Jonsson

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

BEFORE THE DIVISION OF SECURITIES

OF THE DEPARTMENT OF COMMERCE

OF THE STATE OF UTAH

IN THE MATTER OF **BLUE SOVEREIGN, LLC;** **CARTLAN, LLC;** **BRETT JASON COBB,** RESPONDENTS	**ORDER ON MOTION FOR DEFAULT** **CASE NO.** SD-08-0080 **CASE NO.** SD-08-0081 **CASE NO.** SD-08-0082

BY THE UTAH SECURITIES COMMISSION:

The presiding officer's July 9, 2013 recommended order on motion for default in this matter is hereby approved, confirmed, accepted, and entered by the Utah Securities Commission.

ORDER

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

Respondents are hereby ordered to pay a fine of $791,593.75 to the Utah Division of Securities.

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

This order shall be effective on the signature date below.

DATED this 14 day of August, 2013

UTAH SECURITIES COMMISSION:

Tim Bangerter

Erik Anthony Christiansen

Brent Baker

Gary Cornia

David Russon

NOTICE OF RIGHT TO ADMINISTRATIVE REVIEW

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

CERTIFICATE OF SERVICE

I hereby certify that on the 14th day of August, 2013 the undersigned served a true and correct copy of the foregoing ORDER ON MOTION FOR DEFAULT by mailing a copy through first-class mail, postage prepaid, to:

Blue Sovereign, LLC
Cartlan, LLC
Brett Jason Cobb
c/o Brett Jason Cobb #192545
Garfield County Jail
P.O. Box 370
Panguitch, UT 84759

and caused a copy to be hand delivered to:

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

Utah Division of Securities
Attn.: Ann Skaggs
Second Floor, Heber M. Wells Building
Salt Lake City, Utah