

Utah Securities Commission
Meeting Minutes
July 30, 2013
2:00 pm, Room 210, Heber Wells Building

Division of Securities Staff Present

Keith Woodwell, Division Director
Ken Barton, Licensing and Compliance Director
Dave Hermansen, Enforcement Director
Maria Skedros, Board Secretary
Ann Skaggs, Securities Analyst
Brandon Henrie, Securities Examiner
Russ Bulloch, Securities Examiner
Jeff Draper, Securities Examiner
Christy Wilkinson, Investigator

Other State of Utah Employees:

Jennie Jonsson, Administrative Law Judge, Department of Commerce
Francine Giani, Executive Director, Department of Commerce
Thomas Brady, Deputy Director, Department of Commerce
Paul Amann, Assistant Attorney General

Commissioners Conference Call

Erik Christiansen, Parsons Behle & Latimer
David A. Russon, Investment Management Consultants
Gary Cornia, School of Management, Brigham Young University

Commissioners Absent

Tim Bangerter
Brent Baker

Public Present:

Robert Powell-Constable

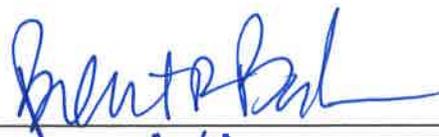
Minutes: Director Woodwell began introductions of who was in attendance. The meeting was delayed until 2:07 pm, giving opposing counsel the opportunity to attend the meeting. Ann Skaggs informed the Commissioners that she was in communication with Mr. Black's assistant that morning and he stated he would not attend the Commission meeting. The Commission meeting was prearranged by all parties so that all could be in attendance. Assistant District Attorney Paul Amann called Mr. Black and left a voicemail to re-invite him to the meeting and that we were delaying the start time to allow every opportunity for him to attend. At 2:07 pm the meeting was called to order.

Paul Amann: The Commission heard oral arguments from counsel for the Division for the Recommended Order on Respondent's Motion for Summary Judgment in the matter of Mark James Sain. The Commission approved the Order prepared by Administrative Law Judge Jennie Jonsson. Commissioner David Russon made the motion to approve the proposed order and Commissioner Gary Cornia seconded the motion. The motion passed unanimously.

Jennie Jonsson: the Administrative Law Judge suggested that the hearing scheduled for August should be moved to September, due to the fact that the Respondent is requesting to move the date and also seeking five days for the trial. Director Woodwell suggested that the Division will discuss date options with the Commission for possible trial dates in September. An email will be sent out to the Commission for possible trial dates in September.

Commissioner **Erik Christiansen** made a motion to adjourn the meeting and Commissioner **Gary Cornia** seconded the motion and it was unanimously approved by the Commission. The meeting concluded at 2:18 pm.

Next meeting: December 5th, 2013.

Approved: 
Acting
~~Erik Christiansen, Chairman~~

Date: 9/26/13

Utah Securities Commission

Meeting Minutes

August 14, 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
Dee Johnson, Investor Education Director
Maria Skedros, Commission Secretary
Chip Lyons, Securities Analyst
Ann Skaggs, Securities Analyst
Brandon Henrie, Lead Examiner
Richard Jaramillo, Securities Examiner
Nadene Adams, Administrative Assistant

Other State of Utah Employees:

Jennie Jonsson, Administrative Law Judge, Department of Commerce
Paul Amann, Assistant Attorney General

Commissioners Present

David Russon, Investment Management Consultants
Gary Cornia, Brigham Young University
Tim Bangerter, Landmark Wealth Advisors
Erik Christiansen, Parsons Behle & Latimer
Brent Baker, Clyde Snow & Sessions

Commissioners Absent

None

Public Present:

Anna Tibbitts, Utah JumpStart Coalition
Brad Bertoch, Wayne Brown Institute

Minutes: At 9:05 am, the meeting was called to order and Commissioner Christiansen made the motion to approve the minutes from the May 30th, 2013 Commission meeting. Commissioner Gary Cornia seconded the motion; and the motion was approved unanimously.

Director's Report: Director Woodwell: the most recent balance for the Education Fund is \$293,520.77, which is about an average balance over the last few months.

In the last fiscal year the Division collected \$218,000 in fines, which are deposited into the education fund. That is lower comparatively for the last few years. In fiscal year 2012, the Division brought in over \$550,000.00 in fines. In 2011, fines reached up to 1.2 million and in 2010 it was 2.6 million. These higher fines were a result of large settlements in the auction rate securities cases.

In 2009, the fine amounts were only \$56,000.00 and in 2008: \$210,000.00, which reflect the amounts we are seeing currently. We do not see any larger than normal settlements for the next fiscal year, they should follow the same amounts that we currently have.

Investor education has participated in 74 presentations which have reached over 10,000 people in the past year.

The trend continues to go up in the number of licenses issued, both in the broker dealer and investment advisor sectors. That is about a 2-3 % growth over the last few years, which were similar to what we saw before the recession.

Audits have also increased over the last year with 82 new audits opened, which is the highest the Division has ever had. In 2012 there were 62 audits and in 2011 there were 45.

Enforcement and criminal case numbers are the same as years prior.

Personnel: Investigator Nadia Bowman and Examiner Darren Miller have left the Division to pursue other career opportunities. We have hired Crosby Styles to fill the Examiner's position. He has an Economics degree from University of Utah and was previously working at E Trade. He will be an asset to our auditing team.

We are looking into changing the language in our Stipulation and Consent Orders in an effort to increase payment rates on our fines. The Division frequently does not get paid on fines that are set up with a payment plan over time, partially due to the terms that are currently in place. We don't have the "teeth" to collect these fines, and when we turn these over to state collections, the recovery rate is extremely low.

The Division is working with the Attorney General's Office to craft language in the stipulation and consent orders that will accelerate all remaining fine payments in the case of default by a Respondent. The Division is also working to require a larger good faith payment to be paid, usually within 30 days of the date the Order was signed. If Respondents default, they should lose the benefit of neither admitting nor denying the Division's findings of fact and conclusions of law. This will help the victims who are usually in a companion criminal case or civil trial.

Future meetings: We will begin to schedule hearing dates for early 2014. The next meetings are scheduled for December 5th and the 4th Thursday of January, March and May of 2014.

Licensing & Compliance Section Report: Ken Barton reported that during the months of June, July and August, Licensing and Compliance initiated eighteen new audits, eight new investment adviser firm audits, seven for cause audits, complaint follow ups, and three routine compliance field audits. Year to date, Licensing and Compliance has initiated a total of sixty-five new audits. There are three administrative actions in progress, and one action we have a settlement agreement pending the Commission's approval today. One action is in settlement negotiations, and one action is stayed pending a criminal referral. There are several other cases under investigation that appear to include violations warranting action by the Division, including as many as ten more agents in the Dee Randall Horizon Notes case. There are five criminal actions in progress; three cases where criminal charges have been already filed, two cases that have been screened with the Attorney General's office and are pending their decision to file charges. Licensing and Compliance completed an analysis of variable contracts insurance licensees to determine if they have the required broker-dealer affiliation to conduct variable contract business. The analysis discovered that 1592 of the 4584 (approximately 35%) variable contract producers and consultants did not have the required broker-dealer affiliation. The Division's findings were provided to the Utah Department of Insurance for follow-up with their licensees. This work completed one of the action items from the Securities/Insurance Fraud Task Force meetings.

Corporate Finance Section Report: Benjamin Johnson reported that the SEC has released the final rules governing private placement offerings under Regulation D Rule 506. The structure of the old 506 offerings remains but they added new provision to allow for issuers to use general advertising, provided that the issuer takes reasonable steps to verify that the purchaser is an accredited investor. The SEC has not mandated any specific procedure that issuers must follow in order to verify the accreditation. Another concern for the Division is the nature and content of the advertising that might be utilized; standards have not been established. The Division is concerned with the impact that general solicitation may have on fraudulent offerings.

Enforcement Section Report: Dave Hermansen reported that Enforcement Section staff recently attended training conducted by the FBI on interviewing techniques. This training was very beneficial. Enforcement currently has 33 cases that are open, and 33 cases that are in the hands of prosecutors waiting to be screened or prosecuted. There are 10 cases that are unassigned. We have 50 outstanding administrative enforcement actions. We are currently working to clear out the backlog of administrative cases that were opened in 2009 and the beginning of 2010. During the last two months we have screened four cases with prosecutors; two cases with the Attorney General's office, one case in Wasatch County, one case in Utah County. **Investor Education Report:** Dee Johnson reported for Karen McMullin. In June, the Division attended eight investor education events, including two conferences involving the Elementary and Secondary School Principals in the State. These events resulted in invitations to attend and present seminars at the Principals' Winter Conferences in 2014. The Division will also partner with the JumpStart Coalition at the SUECON (Southern Utah Educator's Conference) in November, 2013. A new partnership with the Utah Retirement System was created, and the Division will present a portion of the Pre-Retirement Seminars and Personal Planning Seminars throughout the year. These seminars, organized by the URS, attract public employees throughout the state. The message delivered in these seminars includes wise

investing, investment fraud tactics, and an explanation of the Division's mission and resources. During the first week of August, the Division sponsored a booth at the Bear Lake Raspberry Days Fair. During the three day event, the Division distributed over 1,000 free financial education kits which target families with young children, high school and college age youth, women and seniors. Approximately 100 investor education surveys were completed during the Fair. We are currently sponsoring a booth at the Native American Summit on the UVU Campus at which over 400 people are expected to attend.

Education and Training Fund Report: Benjamin Johnson reported that the balances shown on the statement reflect the end of the fiscal year 2013. The Division shows a credit under the column "amounts spent by the Division" there is a credit of \$1,134.00, which is due to an accounting adjustment. Investigation and litigation spending amounts were as expected and within the normal range.

Grant Requests:

Wayne Brown Institute- Brad Bertoch from the Wayne Brown Institute made a presentation to the Commission concerning the Grant request from the Wayne Brown Institute. The grant amount is \$20,000.00. Commissioner Tim Bangerter made a motion to approve the grant request; Commissioner David Russon seconded the motion. The motion was passed unanimously.

Director Woodwell: reported that Working in Support of Education (WISE), Ever Fi and JumpStart Coalition all deal with the K-12 education financial literacy requirements in the State of Utah. Director Woodwell addressed all three programs jointly. Director Woodwell inquired with the State Office of Education as to which of the three (WISE, EverFi, and Jumpstart) are the most beneficial to both the students and the teachers to increase financial literacy. The State Office of Education ranked the Stock Market Game run through the Jumpstart Coalition as the most beneficial followed by the Jumpstart Teacher Training Conference and the WISE Financial Literacy Certification Program. Director Woodwell also explained that given the current balance in the Education Fund it would probably not be possible to fund all of the programs aimed at K-12 education financial literacy.

Working in Support of Education, Inc.- The Division has granted funds in the past to this foundation. WISE is a national nonprofit organization based out of New York. They provide an assessment tool where at the end of the high school financial literacy course an exam is provided to see what progress has been made. This is a certification test, which can measure and compare schools and states with each other and is based on the standards set by the State Board of Education. The program current reaches about 7,000 students in the State of Utah. WISE is asking for \$20,000.00 this year. Commissioner Gary Cornia made a motion to grant WISE \$20,000 and Commissioner David Russon seconded the motion. The motion was passed unanimously.

Ever Fi- This is an online program with learning modules that are used as a supplement in high school financial literacy programs. The students log on to the program and go through several interactive modules that teach them about saving, investing, banking and insurance. There is a test that the student takes at the end of the program. The feedback from the state office ranked Ever Fi as less beneficial than some of the other programs aimed at supporting the high school financial literacy course. Director Woodwell expressed his concern that Ever Fi is a for-profit organization and explained that Executive Director Francine Giani felt that at this time it would be most beneficial to direct the education funds to the JumpStart Coalition and Wise. Commissioner Brent Baker made a motion to decline the Ever Fi grant and Commissioner Gary Cornia seconded the motion. The motion was passed unanimously.

JumpStart Coalition- Encompasses three separate programs. The first is the Stock Market Game (\$15,000), the second is a teacher training program (\$5,000.), and the third is a general outreach program where a pool of financial professionals would be available to teachers so they can use them as a resource in the classroom (\$10,000). Anna Tibbits from the JumpStart Coalition made a presentation to the Commission concerning the grant request from the JumpStart Coalition. Commissioner Tim Bangerter made a motion to grant \$20,000.00 to JumpStart and Commissioner Brent Baker seconded the motion. The motion was passed unanimously.

Consideration and Approval of Proposed Orders:

Benjamin D. Larsen : Stipulation and Consent Order: Ken Barton reported that the Respondent was the subject of an investigation by the Division. Mr. Larsen violated the Utah Uniform Securities Act. An Order to Show Cause was filed in February of 2013. The Respondent agreed to settle this matter by way of the Stipulation and Consent Order. Mr. Larsen was an insurance agent, and was licensed in Utah. From June 2010 through August 2012, Mr. Larsen was licensed in Utah as a broker-dealer agent, and has not been licensed in the securities industry in any capacity since that time. Mr. Larsen sold private placement securities investments in "Horizon Notes". Mr. Larsen solicited other insurance clients to purchase these notes, which are securities, and he was compensated for those sales. Mr. Larsen misrepresented or omitted material facts to investors. Mr. Larsen is ordered to cease and desist from further violations of the Act. The Respondent is to cooperate in any additional investigations concerning Dee Randall/Horizon Notes, disgorge \$7,000 in commissions received to the trustee to repay investors, paid in twelve monthly installments. Mr. Larsen is to pay a fine to the Division in the sum of \$15,000.00, with monthly payments of \$187.50 to begin after he has satisfied his payment to the trustee. At the end of a four-year period, the Division has the sole discretion to waive the remaining \$6,000 of the \$15,000 fine. Mr. Larsen is not to seek a securities license in the state of Utah. Commissioner Brent Baker made a motion to approve the proposed order and Commissioner Gary Cornia seconded the motion. The motion passed unanimously.

Fourth Dimension Financial Group, Richard Clark Johnson III: Stipulation and Consent Order: Dave Hermansen reported Mr. Johnson and 4DFG violated certain provisions of the Utah Uniform Securities Act. The Division initially issued an Order to Show Cause against the

Respondents in July of 2008. Criminal charges were also filed against Johnson in June of 2008 in connection with the investigation. The Respondents were involved in a hard-money lending deal, raising investment funds to make a loan to a client who was remodeling a home. The Respondent, directly or indirectly, failed to disclose material information, including a bankruptcy filing, and several unpaid civil judgments against him. The Respondent is ordered to cease and desist from violating the Utah Uniform Securities Act, and is barred from associating with any broker-dealer or investment adviser. Mr. Johnson is ordered to pay restitution as ordered in the criminal case against him. Commissioner David Russon made the motion to approve the proposed order and Commissioner Tim Bangerter seconded the motion. The motion passed unanimously.

Bradley Garth Green: Stipulation and Consent Order Regarding Bradley Garth Green:

Dave Hermansen reported that Mr. Green violated certain provisions of the Utah Uniform Securities Act. Initially, the Division issued an Order to Show Cause against the Respondent in 2008, alleging securities fraud. In May of 2008, criminal charges against Mr. Green were filed in connection with the investigation. Mr. Green, acting on behalf of Blue Sovereign, raised approximately \$633,275 in investment funds from investors. The investors were offered the opportunity to invest their money in "equity milling" programs, an emerald mine, or promissory notes. The Respondent made false and misleading statements to the investors. Mr. Green failed to disclose material information. The Respondent is ordered to cease and desist from violating the Utah Uniform Securities Act. Mr. Green is barred from associated with any broker-dealer or investment adviser licensed in the state of Utah. Mr. Green shall cooperate with the Division, the state of Utah, and the federal government in any future investigations relevant to this matter. Mr. Green is ordered to pay restitution as ordered in the criminal case against him. Commissioner Gary Cornia made the motion to approve the proposed order and Commissioner David Russon seconded the motion. The motion passed unanimously.

Blue Sovereign, LLC, Cartlan, LLC, Brett Jason Cobb: Order on Motion For Default:

Dave Hermansen reported a Notice of Agency Action was initiated in August of 2008. In September of 2008, the cases were stayed pending the outcome of a parallel criminal case filed against Mr. Cobb. On June 3, 2013, the criminal case was resolved through a conviction, and the stay was lifted. The order specified that a failure to comply with the deadline would result in a default order against the Respondents. At this time, the Respondents have not filed a response to the Division's order to show cause or made any effort to participate in the proceedings. Therefore, the Respondents are ordered to cease and desist from engaging in any further conduct in violation of the Utah Uniform Securities Act and to pay a fine of \$791,593.75 to the Division. Commissioner David Russon made the motion to approve the proposed order and Commissioner Brent Baker seconded the motion. The motion passed unanimously.

Jeffrey Steven Hall, J & K Lending: Stipulation and Consent Order: Dave Hermansen reported that Mr. Hall is a resident of the state of Utah and has never been licensed in the securities industry in any capacity. J & K Lending was registered as a corporation in Utah, but the registration expired in March of 2013 and was not renewed. Mr. Hall offered and sold stock

in a company that was developing a video game based on the television show "Stargate". The Respondent failed to disclose material information which was necessary in order to make the sale not misleading. The Respondent is ordered to cease and desist from violating the Utah Uniform Securities Act. The Division imposes a fine of \$16,200 against the Respondent, offset by restitution payments to the investor. The fine shall be paid in equal monthly payments of \$150 for a period of eighteen months, after which time the payments increase to \$500 per month. If Mr. Hall violates any terms of this Order, the unpaid balance of the fine amount shall be imposed and become due immediately. Commissioner Brent Baker made the motion to approve the proposed order and Commissioner David Russon seconded the motion. The motion passed unanimously.

Colt Technologies, LLC, Tali James Haleua: Stipulation and Consent Order: Dave Hermansen reported that from approximately March 2005 through June 2006, Mr. Haleua raised \$431,000 for Colt Technologies from eight Utah investors. Mr. Haleua told investors that Colt Technologies was developing a wireless radio frequency device, a sensor tag attached to the animal, which would monitor the core temperature of cattle. Mr. Haleua told investors that there was a huge market for this device and that feed lots in Argentina and Kansas were ready to purchase these sensors. The Respondent failed to inform his investors that he had a criminal history, filed for bankruptcy in 1994, and had an extensive history of civil litigation which resulted in judgments against him. Mr. Haleua is ordered to cease and desist from violating the Utah Uniform Securities Act. Mr. Haleua is barred from the securities industry in Utah, is ordered to cooperate with the Division in any future investigations, and agrees to pay restitution as ordered in the criminal case against him. Commissioner David Russon made a motion to approve the proposed order and Commissioner Tim Bangerter seconded the motion. The motion was passed unanimously.

David Rodney Crosby: Stipulation and Consent Order: Dave Hermansen reported that from May 2007 to August 2007, Mr. Crosby offered and sold investment contracts to investors, and collected a total of at least \$145,150, of which \$96,500 was specifically used for investing. Mr. Crosby made omissions in connection with the offer and sale of securities to the investors. Mr. Crosby is ordered to cease and desist from violating the Utah Uniform Securities Act. He is barred from associating with any broker-dealer or investment adviser licensed in Utah. The Division imposed a fine of \$30,000.00 against Mr. Crosby, offset by restitution payments to the investors. The fine shall be paid in equal monthly payments of \$500 over a five-year period. Commissioner David Russon made a motion to approve the proposed order and Commissioner Gary Cornia seconded the motion. The motion passed unanimously.

Commissioner Brent Baker made a motion to adjourn the meeting and Commissioner David Russon seconded the motion and it was unanimously approved by the Commission. The meeting concluded at 11:25 am.

Next meeting: December 5th, 2013.

Approved: 
Acting
Erik Christiansen, Chairman

Date: 9/26/13

Utah Division of Securities
 Education Fund Expenditure Request
 1st Qtr. FY 2014
 Expenses as of August 31, 2013

<u>Description</u>	<u>Prior Approved Balances 08/14/13</u>	<u>Amounts Spent By Division To 08/31/13</u>	<u>Remaining Balances 08/31/13</u>	<u>Requests For Commission Authorization 09/26/13</u>	<u>Total Approved Balances 09/26/13</u>
Public Investor Education					
Stock Market Game	15,000.00	0.00	15000.00	0.00	15,000.00
AAA Fair Credit	0.00	0.00	0.00	0.00	0.00
Jump Start Coalition	5,000.00	0.00	5,000.00	0.00	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.	2,202.02	536.88	1,665.14	0.00	1,665.14
TV/Radio Spots	0.00	0.00	0.00	0.00	0.00
Utah Aging Services	0.00	0.00	0.00	10,000.00	10,000.00
WISE Financial	15,000.00	15,000.00	0.00	0.00	0.00
Miscellaneous / Presentations	<u>4,884.00</u>	<u>-381.00</u>	<u>5,265.00</u>	<u>0.00</u>	<u>5,265.00</u>
SUB TOTAL	\$42,086.02	\$15,155.88	\$26,930.14	\$10,000.00	\$36,930.14
Industry Education					
Mountain West Capital Network	0.00	0.00	0.00	0.00	0.00
Wayne Brown Institute	20,000.00	0.00	20,000.00	0.00	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	<u>1,000.00</u>	<u>0.00</u>	<u>1,000.00</u>	<u>0.00</u>	<u>1,000.00</u>
SUB TOTAL	\$21,000.00	\$0.00	\$21,000.00	\$0.00	\$21,000.00
Investigation & Litigation					
Enforcement Investigation & Litigator	30,000.00	5,675.56	24,324.44	5,675.56	30,000.00
Licensing Investigation & Litigation	30,000.00	2,142.84	27,857.16	2,142.84	30,000.00
Registration Examination Expense	5,000.00	1,350.00	3,650.00	1,350.00	5,000.00
Expert Witnesses	20,000.00	-2,004.00	22,004.00	-2,004.00	20,000.00
Training	5,000.00	2,816.71	2,183.29	2,816.71	5,000.00
Computers	2,376.62	785.39	1,591.23	0.00	1,591.23
Software	801.45	0.00	801.45	0.00	801.45
Cellular Charges	3,000.00	-10.36	3,010.36	-10.36	3,000.00
Office Equipment & Supplies	6,000.00	2,490.06	3,509.94	2,490.06	6,000.00
Subscriptions & Publications	2,000.00	318.85	1,681.15	318.85	2,000.00
Remodel and Furniture	7,174.83	19.20	7,155.63	0.00	7,155.63
Enforcement Database Maintenance	7,000.00	0.00	7,000.00	0.00	7,000.00
Employees/Law Clerk/Transcriptionist	<u>25,000.00</u>	<u>3,658.02</u>	<u>21,341.98</u>	<u>3,658.02</u>	<u>25,000.00</u>
SUB TOTAL	\$143,352.90	\$17,242.27	\$126,110.63	\$16,437.68	\$142,548.31
GRAND TOTAL	\$206,438.92	\$32,398.15	\$174,040.77	\$26,437.68	\$200,478.45

Education Fund Balance as of 9/19/2013: **\$241,152.10**

Approval:


 _____ 9-30-13 _____ 9-26-13
 Division Director Date Commission Chair Date

 _____ 9/30/13 _____
 Executive Director Date acting

Division of Securities
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**BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH**

IN THE MATTER OF:

**U.S. TIGER, INC.,
JARED BRENT MUIR, and
ADAM CALVIN LEFFLER**

**STIPULATION AND CONSENT
ORDER**

**Docket No. SD-13-0007
Docket No. SD-13-0008
Docket No. SD-13-0009**

The Utah Division of Securities (the Division), by and through its Director of Enforcement, Dave R. Hermansen, and U.S. Tiger, Inc. (U.S. Tiger) and Adam Calvin Leffler (Leffler, and collectively with U.S. Tiger, 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 the evidence, waiving their right to confront and cross-examine witnesses who may testify against them, to call witnesses on their own behalf, and any and all rights to appeal the findings, conclusions and sanctions set forth in this Stipulation and Consent Order (Order).

4. Respondents are represented by Randall Marshall of Marshall Law, PLLC and are satisfied with the advice and representation 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. Jared Brent Muir (Muir) was, at all times relevant to the matters asserted herein, a resident of Utah. Muir has never been licensed in the securities industry in any capacity.
8. Leffler was, at all times relevant to the matters asserted herein, a resident of Utah. Leffler has never been licensed in the securities industry in any capacity.

9. U.S. Tiger is a Utah corporation that registered with the Utah Division of Corporations on November 23, 2007. Leffler is listed as a director, registered agent, and officer of the company. U.S. Tiger's status is delinquent as of January 3, 2013 for failure to file renewal. U.S. Tiger has never been licensed with the Division in any capacity.

GENERAL ALLEGATIONS

10. Between October 27, 2011 and November 4, 2011, while conducting business in California and Salt Lake County, Utah, Respondents offered and sold promissory notes and stock to California residents L.G. and S.S.
11. Promissory notes and stock are securities under the Act.
12. Respondents made material misstatements and omissions in connection with the offer and sale of securities to investors L.G. and S.S.
13. L.G. lost \$38,000 of her \$40,000 investment, and S.S. lost \$37,000 of her \$40,000 investment.

INVESTORS L.G. AND S.S.

First Offer and/or Sale of Securities

14. L.G. met Muir in August 2011 when Muir was assigned to be L.G.'s "Master Mentor" at Armando Montelongo Companies (AMC) in Fontana, California.
15. During that time period, Leffler shared an office with Muir and also served as a "Master Mentor" at AMC.

16. In the course of their dealings, Muir told L.G. about a potential investment opportunity in U.S. Tiger, a company Leffler created to manufacture and sell medical dispensing spoons, called Medical Effective Delivery Systems or M.E.D.S., intended for use by long-term care facilities.
17. Specifically, U.S. Tiger was looking for someone to invest \$80,000 in the company. In exchange, the investor would receive a return of principal plus 10% interest on the investment and 2% interest in the company.
18. Because L.G. was unable to invest \$80,000, she invited her friend S.S. to participate in the investment.
19. On or about October 25, 2011, Muir contacted L.G. by telephone to discuss the potential investment in U.S. Tiger. During the telephone conversation, Muir made the following statements regarding the investment:
 - a. U.S. Tiger and its owner, Leffler, were looking for a minimum investment of \$80,000;
 - b. The investment could be split between L.G. and S.S.;
 - c. L.G. and S.S. would each be repaid their investments plus 10% interest within three months, and each would be given a 1% ownership interest in U.S. Tiger;
 - d. Leffler would not allow Muir to invest any more money in the company because he did not want Muir to increase his ownership interest;

- e. Muir would help L.G. raise \$80,000 to invest if she were unable to raise that amount or if S.S. decided she did not want to invest; and
 - f. If Muir helped L.G. with the investment, he would not disclose that fact to Leffler.
20. On or about October 27, 2011, Leffler contacted L.G. and S.S. by telephone and email to discuss the potential investment. During those conversations, Leffler made the following statements regarding an investment in his company:
- a. U.S. Tiger was looking for a minimum investment of \$80,000;
 - b. L.G. and S.S. had one week to decide whether or not to invest, or the offer would be rescinded and other investors found;
 - c. L.G. and S.S. could split the \$80,000 investment;
 - d. In return for their investment, L.G. and S.S. would each be repaid their principal plus 10% interest within three months;
 - e. In addition, L.G. and S.S. would each receive a 1% ownership interest in U.S. Tiger;
 - f. The spoons were ready for mass production;
 - g. The promissory notes given to L.G. and S.S. would be secured by the product for which the loan was being sought, i.e., approximately 1,000,000 specially engineered spoons;

- h. The investment funds were needed to cover the costs of shipping a manufacturing machine from China to the United States;
 - i. U.S. Tiger had pending orders from a nursing home called Brookdale;
 - j. U.S. Tiger had pending orders from a distributor called McKesson for millions of spoons;
 - k. The spoon product information was published in a long-term care magazine;
 - l. The spoon product was showcased at a trade show; and
 - m. L.G. and S.S. could work as independent contractors for U.S. Tiger with part of the investment funds.
21. Based on these representations, L.G. and S.S. decided to invest in U.S. Tiger.
22. On or about October 27, 2011, L.G. provided her investment funds via credit card.¹
23. On November 1, 2011, Muir and Leffler met L.G. and S.S. at S.S.'s apartment in California to confirm the investment and sign promissory notes that Leffler had previously distributed to L.G. and S.S. via email on October 27, 2011.
24. L.G.'s note is executed by L.G. and Leffer and dated October 27, 2011, while S.S.'s note is executed by S.S. and Leffler and dated November 1, 2011.
25. On November 4, 2011, S.S. wired \$39,000 from her Fidelity Investments brokerage account to the U.S. Tiger business account at JPMorgan Chase Bank.

¹ Specifically, on October 27, 2011, L.G. authorized a \$41,200 charge on her credit card. The charge came from Spectrum Packaging, a company involved in the production of the spoons, and included a \$1,200 credit card fee.

26. Also on November 4, 2011, S.S. wired \$1,000 from her account at Bank of America to the U.S. Tiger business account at JPMorgan Chase Bank.
27. On or about March 7, 2012, Leffler issued L.G. and S.S. stock certificates representing ownership of 100,000 shares each in U.S. Tiger.
28. Pursuant to a source and use analysis, L.G. and S.S.'s entire investment monies went to Spectrum Packaging, LLC to manufacture and improve the machinery that would be used to produce the spoons.
29. In terms of a return, L.G. received \$2,000 cash from Leffler on or about February 4, 2012, and S.S. received \$3,000 cash from Leffler on April 4, 2012.
30. L.G. and S.S. are still owed \$38,000 and \$37,000, respectively, in principal alone.

Second Offer and/or Sale of Securities

31. On or about April 6, 2012, Leffler offered L.G. and S.S. a document entitled "Promissory Note – Renewal" (Renewal). Through the Renewal, Leffler made the following statements:
 - a. The Renewal constitutes a new agreement, voiding and replacing prior promissory notes;
 - b. In consideration of L.G. and S.S.'s initial investment and agreement to extend repayment to a rolling three-month basis until the balance is paid in full, the principal increases to \$44,000 and interest accrues at 40% annually;

- c. L.G. and S.S. retain a 1% ownership interest in the company;
 - d. The \$2,000 payment made to L.G. on February 4, 2012, and the \$3,000 payment to S.S. on April 4, 2012, are to be deducted from the interest due under the Renewal;
 - e. For every three months the Renewal goes unpaid, U.S. Tiger will issue L.G. and S.S. a warrant allowing them to purchase up to 10,000 shares of common stock for a period of twenty-four months following the renewal date. Shares can be purchased thereunder for \$1.00 each, an amount that reflects par value at the time of renewal; and
 - g. The notes are secured by the product for which the loan is being obtained, i.e., approximately 750,000 specially engineered spoons.
32. L.G. and S.S. chose not to sign the Renewal.

CAUSES OF ACTION

Securities Fraud under § 61-1-1(2) of the Act

- 33. The Division incorporates and realleges paragraphs 1-32.
- 34. The investment opportunities offered and sold by Respondents are securities under § 61-1-13 of the Act.
- 35. In connection with the offer and sale of securities to investors L.G. and S.S., Leffler, directly or indirectly, made false statements, including, but not limited to, the following:

- a. The spoons were ready for mass production, when in fact U.S. Tiger and Spectrum Packaging, LLC were still working to develop the machinery needed to produce the spoons correctly; and
 - b. The promissory notes given to L.G. and S.S. would be secured by the product for which the loan was being sought, i.e., approximately 1,000,000 specially engineered spoons, when in fact, U.S. Tiger's spoon inventory was held as raw materials rather than finished product, and U.S. Tiger only had enough raw material to manufacture 500,000 spoons, rather than the 1,000,000 spoons represented to L.G. and S.S.
34. In connection with the offer and sale of securities to investors L.G. and S.S., Leffler, 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. Transwest Credit Union filed for debt collection against Leffler on December 8, 2010;²
 - b. U.S. Tiger was attempting to license the M.E.D.S. product to a medical marijuana company in California called NuMeds;
 - c. Investment funds would go to Spectrum Packaging, LLC;
 - d. Any information about Spectrum Packaging, LLC and its involvement in the

² *Transwest Credit Union v. Adam Leffler*. Case No. 100425703, Third Judicial District of Utah (2010). Case dismissed without prejudice on November 1, 2011.

investment; and

- e. Some or all of the information typically provided in an offering circular or prospectus regarding U.S. Tiger and Leffler, such as:
 - i. Financial statements;
 - ii. The market for U.S. Tiger's product(s);
 - iii. The nature of the competition for the product(s);
 - iv. The track record of Leffler and U.S. Tiger with other investors;
 - v. The number of other investors;
 - vi. The risk factors for investors;
 - vii. Discussion of relevant suitability factors for the investment;
 - viii. Any conflicts of interest Muir, Leffler and/or U.S. Tiger may have had with regard to the investment;
 - ix. Any commissions or compensation for selling the investment;
 - x. Whether the investment was a registered security or exempt from registration; and
 - xi. Whether the persons selling the investments were licensed in the securities industry.

II. THE DIVISION'S CONCLUSIONS OF LAW

35. 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

36. 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.
37. Respondents agree to the imposition of a cease and desist order, prohibiting them from any conduct that violates the Act.
38. Leffler agrees that he will be barred from (i) associating³ 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.
39. 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 \$93,750 against Leffler, with \$70,000 of that fine available to be offset by payments of restitution

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.

to the investors. The entire fine amount shall be paid in equal monthly installments of \$1,562.50 over a period of five years, with the first installment due upon entry of this Order and the remaining monthly payments due on the same day of the following months until payment in full. If Leffler fails to comply, in any respect, with his agreement to pay the fine to the Division, or restitution in lieu thereof, as set forth herein, the Division may issue an order imposing a fine against him for the remaining unpaid balance of the fine. The order shall require payment of the fine within thirty (30) days following the date of entry of the order. The order may be issued upon ex parte motion of the Division, supported by an affidavit verifying such failure(s) to comply.

40. Each dollar paid by Leffler to the investors toward restitution shall be credited by the Division toward payment of the fine, up to \$70,000.⁴
41. For the entire time that the fine and/or restitution remains outstanding, Leffler agrees to notify the Division of any change in his mailing address, within 30 days from the date of such change.
42. Leffler agrees to cooperate with the Division in any future investigations and/or proceedings related to the matters reflected herein.

⁴ Should Leffler choose to offset the fine amount with payments of restitution, he shall send three checks to the Division each month, as follows: \$395.30 payable to the Division, \$583.60 payable to L.G. and \$583.60 payable to S.S., for a total monthly payment of \$1,562.50.

IV. FINAL RESOLUTION

43. Respondents acknowledge that this Order, upon approval by the Securities Commission, shall be the final compromise and settlement of this matter.
44. Respondents further acknowledge that if the Securities Commission does not accept the terms of the Order, it shall be deemed null and void and without any force or effect whatsoever.
45. Respondents acknowledge that the Order does not affect any civil or arbitration causes of action that third parties may have against them arising in whole or in part from their actions and that the Order does not affect any criminal causes of action that may arise as a result of the conduct referenced herein.
46. Respondents acknowledge that a violation of this Order is a third degree felony pursuant to § 61-1-21(1)(b) of the Act.
47. 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. The Order may be docketed in a court of competent jurisdiction.

Utah Division of Securities

Date: 9-23-2013

By: *Dave R. Hermansen*
Dave R. Hermansen
Director of Enforcement

Respondent Leffler

Date: _____

By: _____
Adam Leffler, personally
and on behalf of U.S. Tiger

Approved:

Paul G. Amann
Assistant Attorney General
M.E.

Randall Marshall
Randall Marshall
Counsel for Respondent

Utah Division of Securities

Date: _____

By: _____
Dave R. Hermansen
Director of Enforcement

Respondent Leffler

Date: 9/19/13

By: Adam Leffler, member
Adam Leffler, personally
and on behalf of U.S. Tiger

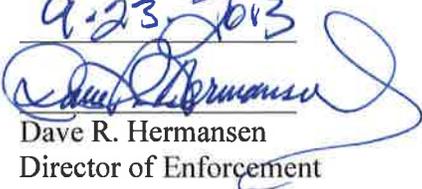
Approved:

Paul G. Amann
Assistant Attorney General
M.E.

Randall Marshall
Counsel for Respondent

Utah Division of Securities

Date: 9-23-2013

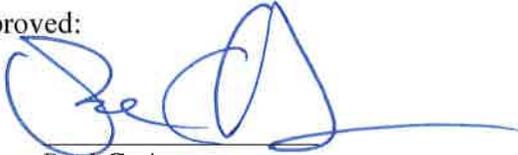
By: 
Dave R. Hermansen
Director of Enforcement

Respondent Leffler

Date: _____

By: _____
Adam Leffler, personally
and on behalf of U.S. Tiger

Approved:



Paul G. Amann
Assistant Attorney General
M.E.

Randall Marshall
Counsel 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. Respondents cease and desist from violating the terms of the Act.
3. Leffler 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 \$93,750 against Leffler, to be offset by payments of restitution to the investors, up to \$70,000, as described in paragraphs 39 and 40 above.⁵ The fine, or restitution payments made in lieu thereof, shall be paid in equal monthly installments over a five year period beginning on the date of entry of this Order.
5. If Leffler fails to comply, in any respect, with his obligations set forth in paragraphs 39 or 40 above, pursuant to Utah Code Ann. § 61-1-20 and in consideration of the guidelines set forth in Utah Admin. Code Rule R164-31-1, the Division may issue an order imposing a fine as described in paragraph 39 above.
6. For the entire time that the fine and/or restitution remains outstanding, Leffler notify the

⁵ Should Leffler choose to offset the fine amount with restitution payments, he shall send three checks to the Division each month, payable as follows: \$395.30 to the Division, \$583.60 to L.G. and \$583.60 to S.S., for a total monthly payment of \$1,562.50.

Division of any change in his mailing address, within 30 days from the date of such change.

7. Leffler cooperate with the Division in any future investigations and/or proceedings related to the matters reflected herein.

BY THE UTAH SECURITIES COMMISSION:

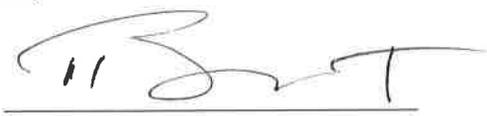
DATED this 26th day of Sept., 2013.



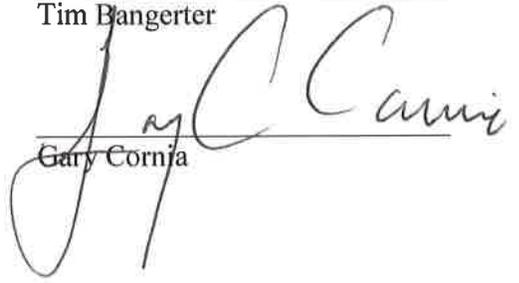
Brent Baker

Erik Christiansen

David Russon



Tim Bangerter



Gary Cornja

Certificate of Mailing

I certify that on the 30th day of September, 2013, I mailed, by regular mail, a true and correct copy of the Stipulation and Consent Order to:

ADAM LEFFLER
U.S. TIGER
c/o RANDALL MARSHALL
MARSHALL LAW, PLLC
2650 WASHINGTON BLVD., SUITE 101
OGDEN, UT 84401



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:

**U.S. TIGER, INC.,
JARED BRENT MUIR,
ADAM CALVIN LEFFLER,**

Respondents.

**STIPULATION AND CONSENT
ORDER**

Docket No. SD-13-0007
Docket No. SD-13-0008
Docket No. SD-13-0009

The Utah Division of Securities (the Division), by and through its Director of Enforcement, Dave R. Hermansen, and Jared Brent Muir (Muir or Respondent) hereby stipulate and agree as follows:

1. Muir 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 Muir on January 3, 2013, alleging securities fraud.
3. Muir waives any right to a hearing to challenge the Division's evidence and present

evidence on his behalf. Muir understands that by waiving a hearing, he is waiving the requirement that the Division prove the allegations against him by a preponderance of the 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. Muir is represented by Jalyn Peterson and Sam Bell of SEB Legal and is satisfied with their advice and representation in this matter.
5. Muir 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. Muir 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. Muir was, at all times relevant to the matters asserted herein, a resident of Utah. Muir has never been licensed in the securities industry in any capacity.
8. Adam Calvin Leffler (Leffler) was, at all times relevant to the matters asserted herein, a resident of Utah. Leffler has never been licensed in the securities industry in any

capacity.

9. U.S. Tiger, Inc. (U.S. Tiger) is a Utah corporation that registered with the Utah Division of Corporations on November 23, 2007. Leffler is listed as a director, registered agent, and officer of the company. U.S. Tiger's status is delinquent as of January 3, 2013 for failure to file renewal. U.S. Tiger has never been licensed with the Division in any capacity.

GENERAL ALLEGATIONS

10. Between October 25, 2011 and November 1, 2011, while conducting business in California and Salt Lake County, Utah, Muir offered an investment opportunity to California resident L.G.
11. The investment opportunity is a security under the Act.
12. Muir made material misstatements and omissions in connection with the offer of a security to investor L.G.
13. L.G. lost \$38,000 of her \$40,000 investment.

INVESTOR L.G.

14. L.G. met Muir in August 2011 when Muir was assigned to be L.G.'s "Master Mentor" at Armando Montelongo Companies (AMC) in Fontana, California.
15. During that time period, Leffler shared an office with Muir and also served as a "Master Mentor" at AMC.

16. In the course of their dealings, Muir told L.G. about a potential investment opportunity in U.S. Tiger, a company Leffler created to manufacture and sell medical dispensing spoons, called Medical Effective Delivery Systems or M.E.D.S., intended for use by long-term care facilities.
17. Specifically, U.S. Tiger was looking for someone to invest \$80,000 in the company. In exchange, the investor would receive a return of principal plus 10% interest on the investment and 2% interest in the company.
18. Because L.G. was unable to invest \$80,000, she invited her friend S.S. to participate in the investment.
19. On or about October 25, 2011, Muir contacted L.G. by telephone to discuss the potential investment in U.S. Tiger. During the telephone conversation, Muir made the following statements regarding the investment:
 - a. U.S. Tiger and its owner, Leffler, were looking for a minimum investment of \$80,000;
 - b. The investment could be split between L.G. and a friend;
 - c. If L.G. split the investment with a friend, they would each be repaid their investments plus 10% interest within three months, and each would be given a 1% ownership interest in U.S. Tiger;
 - d. Leffler would not allow Muir to invest any more money in the company because

- he did not want Muir to increase his ownership interest;
- e. Muir would help L.G. raise \$80,000 to invest if she were unable to raise that amount or if her friend decided she did not want to invest; and
 - f. If Muir helped L.G. with the investment, he would not disclose that fact to Leffler.
20. On or about October 27, 2011, Leffler contacted L.G. and her friend, S.S., by telephone and email to discuss the potential investment. During those conversations, Leffler made the following statements regarding an investment in his company:
- a. U.S. Tiger was looking for a minimum investment of \$80,000;
 - b. L.G. and S.S. had one week to decide whether or not to invest, or the offer would be rescinded and other investors found;
 - c. L.G. and S.S. could split the \$80,000 investment;
 - d. In return for their investment, L.G. and S.S. would each be repaid their principal plus 10% interest within three months;
 - e. In addition, L.G. and S.S. would each receive a 1% ownership interest in U.S. Tiger;
 - f. The spoons were ready for mass production;
 - g. The promissory notes given to L.G. and S.S. would be secured by the product for which the loan was being sought, i.e., approximately 1,000,000 specially

- engineered spoons;
- h. The investment funds were needed to cover the costs of shipping a manufacturing machine from China to the United States;
 - i. U.S. Tiger had pending orders from a nursing home called Brookdale;
 - j. U.S. Tiger had pending orders from a distributor called McKesson for millions of spoons;
 - k. The spoon product information was published in a long-term care magazine;
 - l. The spoon product was showcased at a trade show; and
 - m. L.G. and S.S. could work as independent contractors for U.S. Tiger with part of the investment funds.
21. Based on these representations, L.G. and S.S. decided to invest in U.S. Tiger.
22. On or about October 27, 2011, L.G. provided her investment funds via credit card.¹
23. On November 1, 2011, Muir and Leffler met L.G. and S.S. at S.S.'s apartment in California to confirm the investment and sign promissory notes that Leffler had previously distributed to L.G. and S.S. via email on October 27, 2011.
24. L.G.'s note is executed by L.G. and Leffer and dated October 27, 2011, while S.S.'s note is executed by S.S. and Leffler and dated November 1, 2011.
25. On November 4, 2011, S.S. wired \$39,000 from her Fidelity Investments brokerage

¹ Specifically, on October 27, 2011, L.G. authorized a \$41,200 charge on her credit card. The charge came from Spectrum Packaging, a company involved in the production of the spoons, and included a \$1,200 credit card fee.

account to the U.S. Tiger business account at JPMorgan Chase Bank.

26. Also on November 4, 2011, S.S. wired \$1,000 from her account at Bank of America to the U.S. Tiger business account at JPMorgan Chase Bank.
27. On or about March 7, 2012, Leffler issued L.G. and S.S. stock certificates representing ownership of 100,000 shares each in U.S. Tiger.
28. Pursuant to a source and use analysis, L.G. and S.S.'s entire investment monies went to Spectrum Packaging, LLC to manufacture and improve the machinery that would be used to produce the spoons.
29. In terms of a return, L.G. received \$2,000 cash from Leffler on or about February 4, 2012, and S.S. received \$3,000 cash from Leffler on April 4, 2012.
30. L.G. and S.S. are still owed \$38,000 and \$37,000, respectively, in principal alone.

CAUSES OF ACTION

Securities Fraud under § 61-1-1(2) of the Act

31. The Division incorporates and realleges paragraphs 1-30.
32. The investment opportunities offered by Muir are securities under § 61-1-13 of the Act.
33. In connection with the offer of securities, Muir, directly or indirectly, made false statements, including, but not limited to, the following:
 - a. Leffler would not allow Muir to invest any more money in the company because he did not want Muir to increase his ownership interest, when in fact, Muir never invested any money in U.S. Tiger and did not have an ownership interest in the

company at the time he made this statement to L.G.

34. In connection with the offer of securities, Muir, 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. Some or all of the information typically provided in an offering circular or prospectus regarding U.S. Tiger, Leffler, and/or Muir, such as:
 - i. The market for U.S. Tiger's product(s);
 - ii. The nature of the competition for the product(s);
 - iii. The track record of Muir, Leffler and U.S. Tiger with other investors;
 - iv. The number of other investors;
 - v. The risk factors for investors;
 - vi. Discussion of relevant suitability factors for the investment;
 - vii. Any conflicts of interest Muir, Leffler and/or U.S. Tiger may have had with regard to the investment;
 - viii. Any commissions or compensation for selling the investment;
 - ix. Whether the investment was a registered security or exempt from registration; and
 - x. Whether the persons selling the investments were licensed in the securities industry.

II. THE DIVISION'S CONCLUSIONS OF LAW

35. Based on the Division's investigative findings, the Division concludes that:
- a. The investment opportunities offered by Muir are securities under § 61-1-13 of the Act; and
 - b. Muir 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 of securities, disclosure of which was necessary in order to make representations made not misleading.

III. REMEDIAL ACTIONS/SANCTIONS

36. Muir 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.
37. Muir agrees to the imposition of a cease and desist order, prohibiting him from any conduct that violates the Act.
38. Muir agrees not to seek licensure, or engage in any activities that would require licensure, in the securities industry in the state of Utah for a period of no less than five years from the date of entry of this Order.
39. 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 \$5,000 against

Muir, to be offset by payments of restitution to investor L.G. The fine, or restitution payments made in lieu thereof, shall be paid within ^{Six months} ~~thirty days~~ of the entry of this Order.

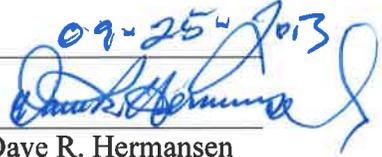
40. Each dollar paid by Muir to investor L.G. toward restitution shall be credited by the Division toward payment of the fine. Muir shall send to the Division the cancelled checks for payments made to L.G.
41. Muir agrees to cooperate with the Division in any future investigations and/or proceedings related to the matters reflected herein.

IV. FINAL RESOLUTION

42. Muir acknowledges that this Order, upon approval by the Securities Commission, shall be the final compromise and settlement of this matter.
43. Muir further acknowledges that if the Securities Commission does not accept the terms of the Order, it shall be deemed null and void and without any force or effect whatsoever.
44. Muir 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.
45. Muir acknowledges that a violation of this Order is a third degree felony pursuant to § 61-1-21(1)(b) of the Act.

46. The Order constitutes the entire agreement between the parties herein and supersedes and cancels any and all prior negotiations, representations, understandings, or agreements between the parties. There are no verbal agreements which modify, interpret, construe, or otherwise affect the Order in any way. The Order may be docketed in a court of competent jurisdiction. Upon entry of the Order, any further scheduled hearings are canceled.

Utah Division of Securities

Date: 09-25-2013
By: 
Dave R. Hermansen
Director of Enforcement

Respondent

Date: _____
By: _____
Jared Muir

Approved:


Paul G. Amann
Assistant Attorney General
M.E.

Jalyn Peterson
Counsel for Respondent

Utah Division of Securities

Date: _____

By: _____

Dave R. Hermansen
Director of Enforcement

Respondent:

Date: 9/24/2013

By: _____

Jared Muir

Approved:

Paul G. Amann
Assistant Attorney General
M.F.



Jalya Peterson
Counsel for Respondent

ORDER

IT IS HEREBY ORDERED THAT:

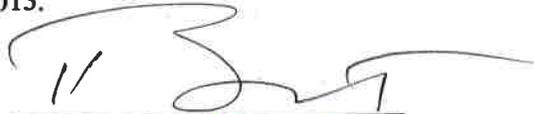
1. The Division has made a sufficient showing of Findings of Fact and Conclusions of Law to form a basis for this settlement.
2. Muir cease and desist from violating the terms of the Act.
3. Muir not seek licensure, or engage in any activities that would require licensure, in the securities industry in the state of Utah for a period of no less than five years.
4. The Division impose a fine of \$5,000 against Muir, to be offset by payments of restitution to investor L.G. The fine, or restitution payments made in lieu thereof, shall be paid within ~~thirty days~~ ^{Six months} of the entry of this Order.
5. Muir cooperate with the Division in any future investigations and/or proceedings related to the matters reflected herein.

BY THE UTAH SECURITIES COMMISSION:

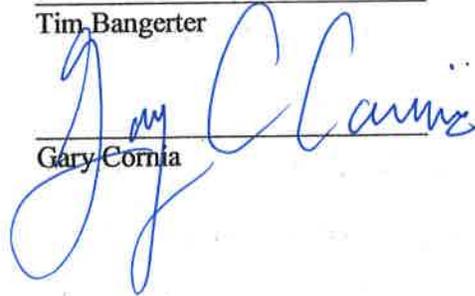
DATED this 26th day of September, 2013.



Brent Baker



Tim Bangerter



Gary Cornia

Erik Christiansen

David Russon

Certificate of Mailing

I certify that on the 30th day of September, 2013, I mailed, by regular mail, a true and correct copy of the Stipulation and Consent Order to:

JARED MUIR
c/o JALYN PETERSON
SEB LEGAL
2225 EAST MURRAY HOLLADAY RD.
SUITE 111
SALT LAKE CITY, UT 84117



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:

**SECURED LOAN FUND, LLC,
SECURED LOAN FUND II, LLC, and
DAVID BURNS STAYNER,**

Respondents.

**STIPULATION AND CONSENT
ORDER**

Docket No. SD-09-0003

Docket No. SD-09-0059

Docket No. SD-09-0004

The Utah Division of Securities (the Division), by and through its Director of Enforcement, Dave R. Hermansen, and David Burns Stayner (Stayner), on behalf of himself and Secured Loan Fund, LLC (SLF) and Secured Loan Fund II, LLC (SLF II, and collectively with Stayner and SLF, 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 and Merrill B. Pugmire (Pugmire) on January 27, 2009, alleging securities

fraud. The Division dismissed its action against Pugmire following his death on November 9, 2009. The Division then filed an Amended Order to Show Cause against Respondents on December 22, 2009. Criminal charges were also filed against Stayner in connection with the Division's investigation.¹

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 are represented by attorney Elizabeth Hunt in this matter and are satisfied with the advice and representation that they are receiving from Ms. Hunt at this time.
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.

¹ *State of Utah v. David Burns Stayner*, Case No. 091702099, Second Judicial District Court of Utah (2009). On December 27, 2010, Stayner pleaded guilty to one count of second degree securities fraud and one count of second degree communications fraud. Stayner was sentenced to prison on February 14, 2011. Judge Allphin recommended that Stayner serve at least five years in prison and ordered restitution in the amount of \$4,178,073.13. The case was later reassigned to Judge Hamilton who released Stayner from prison pending appeal. On June 29, 2011, Judge Hamilton re-sentenced Stayner by suspending his prison term and ordering a 365-day jail sentence and probation for 108 months. Since that time, numerous reviews have been held in district court with respect to the issue of restitution. At this time, Stayner's obligation is in the amount of \$1,500 per month. Stayner remains on probation, and, with the exception of restitution reviews, the criminal matter is concluded.

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. SLF was a Utah limited liability company that registered with the Utah Division of Corporations (Corporations) on December 23, 2003. As of April 5, 2010, SLF's status with Corporations changed from active to expired. During its existence, Stayner served as manager and registered agent.
8. SLF II was a Utah limited liability company that registered with Corporations on September 23, 2005. As of January 11, 2011, its status with Corporations changed from active to expired. During its existence, Stayner served as manager and registered agent.
9. At all times relevant to the activities described herein, Stayner resided in either California or Utah. Stayner has never been registered in the securities industry in any capacity.

GENERAL ALLEGATIONS

10. From approximately September 2003 to December 2005, in or from Utah, Stayner offered and sold promissory notes to at least eight investors and collected a total of at least \$4,950,761. A detailed narrative of the investments made by four of the eight investors is included below.
11. Investors lost all of their principal investments, but did receive some interest payments.
12. Respondents told investors their money would be used to make bridge loans to real estate

developers and that these loans were always secured by real estate worth two to three times the principal amount loaned.

13. In return for an investment in SLF or SLF II, investors received an unsecured promissory note, promising interest of anywhere from 9 to 18% per year, with a maturity date of one year.
14. Unsecured promissory notes are securities under the Act.

Investors EC and GC, Husband and Wife

15. In December 2003, Stayner and Pugmire² met EC and GC, at EC and GC's home in Davis County, Utah, to discuss an investment in SLF.
16. EC and GC told Stayner and Pugmire they had approximately \$1,000,000 in a charitable remainder unitrust with Deseret Trust Company and were not happy with the returns they were receiving.
17. Stayner told EC and GC, if they invested their unitrust in SLF, their investment would earn annual interest of 12%.
18. Stayner said the unitrust would be required to pay EC and GC 8% annual interest, and the remaining 4% could be reinvested, allowing the unitrust to grow each year.
19. Stayner also told EC and GC he would personally guarantee their investment in SLF.

² At all times relevant to the matters asserted herein, Pugmire acted as an agent of SLF. However, shortly following his death on November 9, 2009, the Division dismissed its action against Pugmire pursuant to Rule 41(a)(1) of the Utah Rules of Civil Procedure.

20. At the December 2003 meeting, Stayner gave EC and GC a printed version of a PowerPoint presentation on the investment in SLF. Each slide in the presentation contained the logo for Stayner's company, Wealth-Partners.³ In part, the presentation included the following information:

a. "Secured Loan Fund, LLC

Diversified group of loans made to qualified companies that produce safe, high yield, 12% returns for participating investor/lenders."

b. "Secured Loan Fund Facts

- Loans are made to qualified companies
- 12 month maximum term
- 2 to 3 times collateral minimum
- Personal and company guarantees
- Loans are grouped like a mutual fund
- Cash reserves set aside
- 12% net return for investor/lenders."

c. "Ways to Invest for 12% Return

- Borrow against or sell real estate equity
- Borrow against or sell stocks or bonds
- Use pension savings (IRA, 401k, etc.)

³ Wealth-Partners, LLC registered as a Utah limited liability company on July 16, 2001. Its current entity status is listed as "expired," as of October 25, 2005. During its existence, Stayner served as the entity's manager, member, and registered agent.

- Use trust funds
 - Use CDs, money market, or cash
 - Borrow against life insurance
 - Use personal or company credit lines.”
- d. “Current Opportunity
- Secured Loan Fund, LLC
 - \$100,000,000 Fund Limit
 - Secured Loan Fund, LLC - Participants have priority on future fund opportunities.”
21. One of the slides in the PowerPoint presentation represented that the minimum investment was \$500,000.
22. On February 12, 2004, EC and GC invested \$972,490 in SLF, via electronic wire transfer from their unitrust at Deseret Trust Company to SLF’s bank account at Wells Fargo bank.
23. After investing, EC and GC received a document entitled “Personal Guarantee” from Stayner, acknowledging EC and GC’s investment.
24. The guaranty stated that “Stayner personally guarantees the principal payment documented in the attached Promissory Note.” The written guaranty was unsigned.
25. EC and GC also received a signed, but undated letter in the mail from Stayner, stating that on March 5, 2005, EC and GC would receive 12% annual interest (\$116,700) on their March 5, 2004 investment.

26. The letter also stated, as directed, SLF will cause the following to occur:
- a. "Credit all principal and interest of \$1,089,190 to the [EC and GC] Charitable Remainder Unitrust";
 - b. "Transfer \$78,189 of the earned interest (8% of principal) to the personal account of [EC and GC]";
 - c. "Leave the remaining \$38,511 of the earned interest (4% of principal) in the [EC and GC] Charitable Remainder Unitrust. The \$38,511 will be added to the \$972,490 for a new principal balance as of March 5, 2005 of \$1,011,001";
 - d. "Prepare a new Letter of Understanding and Promissory note. This note will be for \$1,011,001 dated March 5, 2005 due March 5, 2006 with pre-earned interest at 12% or \$121,320 to total \$1,132,321 of principal and interest."
27. On March 5, 2005, EC and GC reinvested their principal investment plus 4% interest (\$1,011,001) and signed a "Letter of Understanding & Promissory Note," in which SLF acknowledged receipt of their investment.
28. EC and GC also received a receipt for funds and a "Promissory Note" from Stayner, each with Stayner's signature.
29. The promissory note stated that SLF would pay EC and GC their principal plus annual interest of 12% (\$121,320) on or before March 5, 2006.
30. EC and GC also signed an "Annual Renewal of Letter of Understanding and Promissory Note," authorizing the automatic renewal of their promissory note on March 5th of each

year for the remainder of their lives.

31. Prior to renewing EC and GC's investment in March 2006 and 2007, Stayner and Pugmire failed to tell EG and GC, among other things, that SLF had invested some of their funds with a company called Mathon Fund, that Mathon Fund was the subject of a Temporary Restraining Order issued by an Arizona court in April 2005 in response to a motion filed by the Arizona Corporations Commission, and that the same court appointed a receiver in April 2005 to take control of Mathon Fund and its assets.
32. From March 2005 to March 2007, EC and GC received three interest payments from SLF, totaling \$252,889.96.
33. On May 27, 2007, GC wrote a letter to Stayner, asking him to provide her with the steps necessary to withdraw part or all of her investment.
34. EC and GC received no response to GC's letter and have received no additional payments from Respondents.
35. Respondents still owe EC and GC a total of \$972,490 in principal alone.

Investors TS and LS, Husband and Wife

36. In 2001, TS and LS met with Pugmire to discuss how to set up a charitable remainder unitrust for the benefit of the LDS Church. During their conversation, TS and LS told Pugmire they could not afford to lose their investment.
37. Pugmire told TS and LS the investment in the unitrust would carry no risk.
38. Pugmire also told TS and LS the investment would earn 9% annual interest and that 8%

- would be distributed to them quarterly, with the remaining 1% reinvested in the unitrust.
39. Pugmire told TS and LS the unitrust matured in 17 years, and upon maturity the principal would go to the LDS Church.
 40. Pugmire also told TS and LS their unitrust would be invested in the Deseret Trust Company.
 41. On or about October 27, 2004, TS and LS sold land located behind their home in Weber County, Utah, and received gross proceeds of \$489,967. After the land sale, TS and LS contacted Pugmire to ask where the title company should send the proceeds from the sale.
 42. Pugmire instructed TS and LS to have the title company send their investment funds to SLF's Wells Fargo bank account, in Davis County, Utah.
 43. TS and LS assumed that when they sent their funds to SLF, pursuant to Pugmire's instructions, the money was going to their unitrust.
 44. On or about October 25, 2004, at Pugmire's request, TS and LS signed a document entitled "Acknowledgment," stating that the investment opportunity had been presented to them by SLF and that TS and LS were knowledgeable and experienced in financial and business matters.
 45. TS and LS were 65 years of age or older at the time of their initial investment, and they were not accredited investors.
 46. In early November 2004, Pugmire and Stayner met with TS and LS at their new home in Weber County, Utah. This was the first time TS and LS met Stayner.

47. At the November 2004 meeting, Stayner told TS and LS that Stayner would sign a receipt for their investment on behalf of the LDS Church. Stayner also asked TS and LS to sign certain documents stating that they want their principal investment to go to their unitrust.
48. TS and LS signed the documents presented to them by Stayner without reading them.
49. The documents TS and LS signed included a "Letter of Understanding & Promissory Note" and a separate "Promissory Note." These documents were dated November 1, 2004 and stated that SLF would pay the sum of \$446,265.17 plus annual interest of 9% (\$40,163.87) on or before November 1, 2005 to the investors' charitable remainder unitrust.
50. Sometime after investing, TS and LS received a signed, but undated letter from Stayner regarding their unitrust.
51. The letter reflected the agreement that on November 1, 2005, the investors' principal contribution would earn 9% interest, for a total dollar amount of \$486,429.04. Further, as directed, SLF would cause the following to occur:
- a. "Credit all principal and interest of \$486,429.04 to the [TS and LS] Charitable Remainder Unitrust";
 - b. "Transfer \$35,701.21 of the earned interest (8% of principal) to the personal account of [TS and LS]";
 - c. "Leave the remaining \$4,462.65 of the earned interest (1% of principal) in the [TS and LS] Charitable Remainder Unitrust. The \$4,462.65 will be added to the

\$446,265.17 for a new principal balance as of November 1, 2005 of \$450,727.82”;

- d. “Prepare a new Letter of Understanding and Promissory note. This note will be for \$450,727.82 dated November 1, 2005 due November 1, 2006 with pre-earned interest at 9% or \$40,565.50 to total \$491,293.32 of principal and interest”;
 - e. “Also as requested and as required by terms of the Trust your 8% annual earned interest on \$450,727.82 totaling \$36,058.23 will be distributed to you on a quarterly basis of \$9014.56 on February 1, 2006, \$9014.56 on May 1, 2006, \$9014.56 on August 1, 2006, and \$9014.55 on November 1, 2006.”
52. In or around June 2005, an employee of the LDS Church visited TS and LS and informed them that the Church had never received their investment funds.
53. At this time, TS and LS reviewed the documents they signed at Stayner’s request in November 2004 and discovered that their funds had been invested in SLF.
54. In or around June 2005, TS and LS contacted Stayner and Pugmire to request the return of their investment funds.
55. In response to TS and LS’s request, Stayner and Pugmire said they would return the investment as soon as possible.
56. On or about November 1, 2005, Stayner and Pugmire went to TS and LS’s home and gave them an interest check in the amount of \$36,058, a new “Letter of Understanding & Promissory Note” in the amount of \$450,727.82, an “Acknowledgment,” and a separate

“Promissory Note,” with the expectation that they would reinvest with SLF.

57. During the November 1, 2005 meeting, Stayner and Pugmire failed to tell LP and SP, among other things, that SLF had invested some of their funds with a company called Mathon Fund, that Mathon Fund was the subject of a Temporary Restraining Order issued by an Arizona court in April 2005 in response to a motion filed by the Arizona Corporations Commission, and that the same court appointed a receiver in April 2005 to take control of Mathon Fund and its assets.
58. TS and LS asked Stayner and Pugmire to return their principal, and Stayner and Pugmire became angry and left.
59. In November 2005, 2006, and 2007, TS and LS received interest payments of \$36,058 from SLF. In December 2008, TS and LS received their last interest payment of \$9,345 from SLF. In total, TS and LS have received \$145,554 in interest payments from SLF.
60. Respondents still owe TS and LS a total of \$446,265.17 in principal alone.

Investors LP and SP, Husband and Wife

61. In 2003, Stayner began visiting LP and SP at their ranch in Wyoming and at their insurance agent’s office in Davis County, Utah.
62. During these visits, Stayner introduced LP and SP to the investment opportunity in SLF.
63. LP and SP planned to sell their ranch in Wyoming and were looking for a place to invest some of the equity.
64. Over the course of several meetings with LP and SP in Wyoming and in Utah in 2003,

Stayner told them the following regarding an investment in SLF:

- a. LP and SP could control their money;
 - b. The investment was in a "Secure Loan Co.";
 - c. The investment worked well for Stayner;
 - d. LP and SP would make at least 12 to 18% annual interest;
 - e. The investment funds would be loaned to big companies for a short term;
 - f. There were many other investors in the company;
 - g. Investors must have at least \$500,000 to invest;
 - h. The investment matured in one year, but if needed, LP and SP could take some money out after six months;
 - i. With this investment, LP and SP would not need high-priced life insurance.
65. Stayner also told LP and SP that Stayner would always hold security on the loans and, if any loan went bad, it would not affect LP and SP's investment because SLF would always have eight to ten other large companies with projects.
66. In August 2003, at LP and SP's Wyoming ranch, Stayner presented a "[P] Family Financial Analysis of Ranch Sale" Powerpoint presentation to LP and SP.
67. The presentation assumed the ranch would sell for \$2,500,000 and that, after purchasing a new home and paying expenses, LP and SP would have \$1,630,000 in cash available to invest. The presentation compared the return, income, security and maturity date for an investment of \$1,000,000 in real estate, stocks, bank certificate of deposits, annuities, and

secured loans as follows:

	<i>Real Estate</i>	<i>Stocks</i>	<i>Bank CD</i>	<i>Annuity</i>	<i>Secured Loans</i>
<i>Return</i>	Varies	Varies	2%	5%	13%
<i>Income</i>	Varies	Varies	\$20k	\$50k	\$130k
<i>Security</i>	RE Only	None	FDIC	Insur. Co.	3x plus Corp. \$ personal
<i>Term</i>	Long	Short	Short	MedLong	Short

68. The Powerpoint slide devoted to SLF states:

“Secured Lending Fund

- 13% + net Return
- Loans to Companies
- 1 year Commitment
- 1st Payout 6 Month
- Cash Reserves
- Insured Guarantee
- 2-3x Collateral
- Personal Guarantees
- Pooled Loans

- 100% Return of Principal & Interest to all lenders.”
69. On December 10, 2004, LP and SP sold their ranch for \$2,625,000.
 70. On December 20, 2004, LP and SP invested \$1,500,000 of their equity in SLF, via electronic wire transfer, from their bank account to SLF’s Wells Fargo bank account, in Davis County, Utah.
 71. On December 20, 2004, after investing, LP and SP entered into a “Letter of Understanding & Promissory Note” with Stayner, as the managing member of SLF. LP and SP also received a “Promissory Note” from Stayner and SLF.
 72. Pursuant to the promissory note, SLF promised to pay LP and SP their principal plus 13% annual interest (\$195,000) on or before December 21, 2005.
 73. The note also authorized SLF to distribute the entire \$1,500,000 to the “Borrower Fund.”
 74. On December 20, 2004, LP and SP also signed an “Acknowledgment” stating they had the “knowledge and experience in financial and business matters to enable the Client/Lender to evaluate the merits and risks of lending” and that their net worth was not less than \$500,000.
 75. On December 21, 2004, SLF sent LP and SP’s investment funds to Mathon Fund,⁴ via electronic wire transfer.

4 “Mathon Fund” refers to both Mathon Fund I, LLC and Mathon Fund, LLC, which are both Arizona limited liability companies registered in 2002 and 2003 respectively (although Mathon Fund became a Delaware limited liability company in late 2003). Mathon Fund’s sole member was Mathon Management Company, LLC, which was managed by Slade Williams and Associates, LLC. Slade Williams and Associates, LLC was managed by Duane Slade and Guy Andrew Williams. Mathon Fund’s status with the Arizona Corporation Commission is currently listed as “revoked.”

76. On or about December 19, 2005, LP and SP received a letter from Stayner, on behalf of SLF, providing LP and SP with three options for their note that was scheduled to mature on December 21, 2005: (1) reinvest the entire \$1,695,000 (principal plus interest); (2) receive the interest of \$195,000 and reinvest the principal; or (3) receive the entire \$1,695,000.
77. Stayner encouraged LP and SP to reinvest, saying that if they could afford to reinvest the entire amount, they should.
78. LP and SP chose the second option of receiving interest and reinvesting their principal.
79. On December 24, 2005, Stayner sent LP and SP their interest of \$195,000, via wire transfer from Stayner's Wells Fargo account, to LP and SP's bank account.
80. On December 20, 2005, LP and SP reinvested their principal in a new "Letter of Understanding & Promissory Note," "Promissory Note," and signed another "Acknowledgment." The terms were the same as the first note except the \$1,500,000 principal plus 13% annual interest (\$195,000) was due on or before December 20, 2006.
81. At the time of LP and SP's reinvestment, Stayner failed to tell LP and SP, among other things, that SLF had invested all of their funds with a company called Mathon Fund, that Mathon Fund was the subject of a Temporary Restraining Order issued by an Arizona court in April 2005 in response to a motion filed by the Arizona Corporations Commission, and that the same court appointed a receiver in April 2005 to take control of Mathon Fund and its assets.

82. SLF and Stayner failed to pay LP and SP any principal or interest when their second note matured on December 20, 2006.
83. By March 2007, SLF and Stayner had made two partial interest payments to LP and SP totaling \$177,000.
84. Despite repeated requests for payment, LP and SP have received no additional payments of principal or interest from SLF or Stayner.
85. SLF and Stayner still owe LP and SP a total of \$1,500,000 in principal alone.

Investor TC

86. TC learned about an investment opportunity with SLF from an investment newsletter TC received in or about October or November 2004. The newsletter stated “qualified participants are earning 12% guaranteed annual cash returns.”
87. On February 22, 2005, TC contacted Stayner by telephone. During the telephone conversation Stayner made the following representations:
 - a. SLF made short term loans to companies;
 - b. An investment with SLF was safe and paid a “guaranteed” 12% per annum on investor funds;
 - c. To secure the loans, SLF required guarantees from the borrowing companies and their principals, as well as collateral, usually in the form of real estate;
 - d. Funds were safe with Stayner, so TC did not have to worry about risk;
 - e. SLF would not loan out more than 5% of investors’ funds to any single company.

88. After the initial telephone conversation, Stayner mailed TC an information packet dated February 22, 2005, which included the following:
 - a. A letter summarizing the February 22, 2005 telephone conversation;
 - b. A copy of a promissory note to be issued in return for investment funds;
 - c. A copy of some frequently asked questions regarding SLF; and
 - d. An executive summary for SLF.

89. Stayner made the following representations regarding the investment in the above-mentioned letter:
 - a. SLF “gives participating investor/lenders a safe, guaranteed, 12% annual return on invested funds”;
 - b. That participating investor/lenders are protected through:
 - i. Borrowing company guarantees;
 - ii. Personal guarantees from the borrowing company’s owners/officers;
 - iii. Collateral guarantees valued at two to three times the loan amount or average of 35% loan amount to collateral value;
 - iv. An SLF promissory note and guarantee for the entire principal and 12% interest; and
 - v. Grouped loans for “additional safety with no single company borrowing more than (*sic*) 5% of the pool.”

90. Between March 3, 2005 and December 19, 2005, TC met with Stayner in Irvine, CA

approximately eight times. During these meetings Stayner made the following representations:

- a. The proposed investment was not a ponzi scheme;
 - b. The investment return was “100%” guaranteed;
 - c. TC’s funds would be completely safe;
 - d. SLF would not use investment funds for any high risk loans;
 - e. Only 5% of TC’s funds would be loaned to any one company; and
 - f. Stayner had received \$10 million from previous investors and none of the investors had lost money with Stayner.
91. TC requested to receive monthly interest payments. Because SLF only made annual and quarterly payments, Stayner created a separate entity, SLF II, to hold TC’s funds and provide monthly interest payments. SLF II was to operate the same as SLF in all other areas.
92. On December 20, 2005, TC and Stayner met at Stayner’s office in Irvine, CA, where Stayner signed a copy of a \$1 million promissory note.
93. The note stated that SLF provided TC with an “offer letter dated February 22, 2005, consisting of four pages, regarding the investment of money into Secured Loan Fund II, LLC, and the proposed terms of the repayment of such funds.”
94. Stayner failed to provide TC with any disclosure documents.
95. On or about December 28, 2005, TC wired \$1 million to the Wells Fargo Bank branch

located in Farmington, Utah, for the benefit of SLF II.

96. Shortly thereafter, TC began receiving monthly interest payments.
97. Bank records reveal that on December 29, 2005, TC's \$1 million deposit to SLF II's account brought the balance to \$1,000,058. TC's funds were then used as follows:
 - a. \$800,000 wired to a title company in California;
 - b. Approximately \$189,000 paid to TC in monthly interest payments;
 - c. Approximately \$10,000 transferred to Stayner's personal bank account; and
 - d. Approximately \$800 in various bank fees and charges.
98. Stayner loaned the above-referenced \$800,000 to a Utah company called the Fortius Fund, LLC (Fortius).
99. On January 4, 2006, Fortius issued a promissory note to SLF II for \$1,300,000.
100. The note reflects two loans from SLF II: (1) \$500,000 loaned on or about July 13, 2005; and (2) \$800,000 loaned on or about January 4, 2006, the same day SLF II wired \$800,000 to a title company in California.
101. The Fortius promissory note stated Fortius' obligations would be secured by a Security Agreement "granting a security interest in and lien on Fortius' contractual rights to purchase the Property⁵ pursuant to the Underlying Purchase Documents."
102. Thus, at the time the Fortius note was issued to SLF II, there was no real estate securing the note, but only a right to purchase the same property for which TC's funds were being

⁵ The property referenced is two parcels of land totaling 156.91 acres in Thermal, California.

used.

103. In Exhibit B attached to the note, SLF II acknowledged the following risks:
- a. “[SLF II] is aware that its/his/her advance of funds hereunder is speculative and subject to substantial risks, including without limitation the risk of obtaining additional financing to close on the Property, and other risks inherent in the acquisition of real property.”
 - b. “[SLF II] has adequate means of providing for its/his/her current needs and possible contingencies, and is able to bear the high degree of economic risk of its/his/her investment hereunder, including, but not limited to, the possibility of the complete loss of [SLF II’s] entire investment and the limited transferability of its/his/her rights and interests hereunder, which may make the liquidations of this investment impossible for the indefinite future.”
104. According to the terms of the promissory note TC signed with SLF II, Stayner was to return TC’s principal in four 25% lump sums per month beginning July 2008.
105. In March 2008, TC requested that the first 25% of his principal be returned. Stayner did not return the principal.
106. In or about August or September 2008, Stayner said TC’s funds were “all tied up” in one investment at the time. Stayner then told TC that he had loaned TC’s funds to Fortius.⁶

⁶ In or about May 2009, TC filed suit against Stayner and SLF II. Stayner, in a document filed with the Second District Court of Utah as a part of the suit, admitted “SLF II had already agreed to transfer \$800,000 for the benefit of Fortius prior to December 29, 2005.” TC obtained a \$1,056,127.48 judgment against SLF and SLF II on or about

CAUSES OF ACTION

Securities Fraud under § 61-1-1 of the Act

107. The Division incorporates and re-alleges paragraphs 1 through 106.
108. The promissory notes offered and sold by Respondents are securities under § 61-1-13 of the Act.
109. In connection with the offer and sale of securities to investors, Respondents, directly or indirectly, made false statements, including, but not limited to, the following:
 - a. To EC and GC:
 - i. SLF would use investor funds to extend bridge loans to real estate developers;
 - ii. SLF's bridge loans were secured by real estate worth two to three times the principal amount of the loan, and the lender provided SLF with personal and company guarantees;
 - iii. Stayner personally guaranteed EC and GC's investment in SLF; and
 - iv. The investment with SLF was safe and produced a high yield.
 - b. To TS and LS:
 - i. Stayner would sign a receipt for their investment on behalf of the LDS Church.

- c. To LP and SP:
 - i. They could control their investment funds;
 - ii. They could liquidate some of their funds after six months; and
 - iii. The investment provided a yearly return of anywhere from 9 to 18%.
- d. To TC:
 - i. That no more than 5% of TC's funds would be given to any one company, when in fact, Stayner had already agreed to loan 80% of TC's funds to Fortius;
 - ii. That the investment was "safe" and "guaranteed," when in fact, Stayner signed a document acknowledging the loan to Fortius included "substantial risk" including the possibility of a complete loss of funds;
 - iii. That the loans SLF and SLF II made were protected by two to three times the loan amount in collateral, when in fact, the loan SLF II made to Fortius with TC's funds was not secured by any collateral, but only by a right to purchase a property; and
 - iv. That none of Stayner's previous investors had lost money with Stayner, when in fact, Stayner knew of the Mathon Receivership by July 1, 2005.⁷

110. In connection with the offer and sale of securities to investors, Respondents, directly or

⁷ According to a court order, the receivership was appointed to "prevent waste and dissipation of the assets of [Mathon and other related entities] to the detriment of investors."

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. That SLF invested some of the investors' funds with Mathon Fund, instead of using the funds to extend bridge loans to real estate developers;
- b. That the minimum investment amount varied by investor, as some investors were told the minimum was \$500,000, and others were told \$100,000;
- c. For those investors who invested or re-invested funds with SLF or SLF II on or after September 24, 2004 (including investors EC and GC, TS and LS, LP and SP, and TC), Mathon Fund had entered into a Stipulation and Consent Order with the Division, pursuant to which it was ordered to cease and desist from violating the Act, and was ordered to pay a fine of \$25,000;
- d. For those investors who invested or re-invested funds with SLF or SLF II after November 11, 2005 (including investors EC and GC, TS and LS, LP and SP, and TC), Mathon Fund had filed for bankruptcy;
- e. For those investors who invested or re-invested funds with SLF or SLF II after April 18, 2005 (including investors EC and GC, TS and LS, LP and SP, and TC), Mathon Fund was the subject of a Temporary Restraining Order issued by an Arizona court in April 2005 in response to a motion filed by the Arizona Corporations Commission, and the same court appointed a receiver in April 2005 to take control of Mathon Fund and its assets; and

- f. Some or all of the information typically provided in an offering circular or prospectus regarding Stayner, SLF, SLF II, and Mathon Fund, such as:
- i. The identity of SLF's, SLF II's, and Mathon Fund's principals along with SLF's and SLF II's experience in extending bridge loans, and Mathon Fund's experience in developing real estate;
 - ii. SLF's, SLF II's, and Mathon Fund's financial statements;
 - iii. The market for SLF's, SLF II's, and Mathon Fund's service(s);
 - iv. The nature of the competition for the service(s);
 - v. The track record of SLF, SLF II, and Mathon Fund to other investors;
 - vi. The number of other investors;
 - vii. The risk factors for SLF, SLF II, and Mathon Fund investors;
 - viii. Discussion of pertinent suitability factors for the investment;
 - ix. Any conflicts of interest the issuer, the principals, or the agents may have with regard to the investment;
 - x. Agent commissions or compensation for selling the investment;
 - xi. Any involvement of SLF, SLF II, and Mathon Fund or its principals in certain legal proceedings, including bankruptcy or prior violations of state or federal securities laws;
 - xii. Whether the investment was a registered security or exempt from registration; and

- xiii. Whether the person selling the investment was licensed to sell securities.

II. THE DIVISION'S CONCLUSIONS OF LAW

- 111. 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

- 112. With respect to investor T.C., Respondents admit the Division's findings of fact and conclusions of law.
- 113. With respect to all other investors, 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.
- 114. Respondents agree to the imposition of a cease and desist order, prohibiting them from any conduct that violates the Act.

115. Respondent Stayner agrees that he will be barred from (i) associating⁸ 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.
116. Respondent Stayner agrees to pay restitution as ordered in the criminal case, *State of Utah v. David Burns Stayner*, Case No. 091702099, Second Judicial District Court of Utah (2009).

IV. FINAL RESOLUTION

117. Respondents acknowledge that this Order, upon approval by the Utah Securities Commission, shall be the final compromise and settlement of this matter.
118. 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.
119. Respondents acknowledge that the 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 Order does not affect any criminal causes of action that may arise as

⁸ "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.

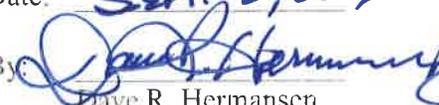
a result of the conduct referenced herein.

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

121. 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.

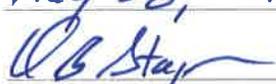
Utah Division of Securities

Date: SEPT. 3, 2013

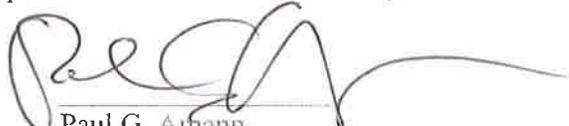
By: 
Dave R. Hermansen
Director of Enforcement

Respondent Stayner

Date: Aug 28, 2013

By: 
David Burns Stayner, individually
and on behalf of all Respondents

Approved:


Paul G. Athann
Assistant Attorney General
J.N.


Elizabeth Hunt
Counsel for Respondents

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. Respondent Stayner 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 Stayner pay restitution as ordered in the criminal case *State of Utah v. David Burns Stayner*, Case No. 091702099, Second Judicial District Court of Utah (2009).

BY THE UTAH SECURITIES COMMISSION:

DATED this 26 day of September 2013.



Brent Baker

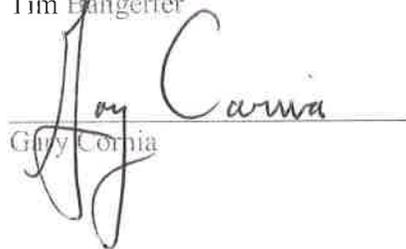


Erik Christiansen

David Russon



Tim Bangerter



Gary Cornia

Certificate of Mailing

I certify that on the September day of 30th, 2013, I mailed, by regular mail, a true and correct copy of the Stipulation and Consent Order to:

DAVID BURNS STAYNER
SECURED LOAN FUND, LLC
SECURED LOAN FUND II, LLC
c/o ELIZABETH HUNT
569 BROWNING AVE.
SALT LAKE CITY, UT 84105



Executive Secretary

1 Division of Securities
2 Utah Department of Commerce
3 160 East 300 South
4 Box 146760
5 Salt Lake City, UT 84114-6760
6 Telephone: (801) 530-6600
7 FAX: (801) 530-6980

8 **BEFORE THE DIVISION OF SECURITIES**
9 **OF THE DEPARTMENT OF COMMERCE**
10 **OF THE STATE OF UTAH**

11 **IN THE MATTER OF:**

12 **RBC CAPITAL MARKETS, LLC,**
13 **CRD#31194**

14 Respondent.

15 **STIPULATION AND CONSENT**
16 **ORDER**

17 Docket No. _____

18 The Utah Division of Securities ("Division"), by and through its Director of Licensing and
19 Compliance, Kenneth O. Barton, and RBC Capital Markets, LLC ("RBC") hereby stipulate and
20 agree as follows:

21 WHEREAS, RBC is a broker-dealer registered in the State of Utah, with a Central
22 Registration Depository ("CRD") number of 31194; and

23 State securities regulators have conducted coordinated investigations into the registration of
24 RBC Client Associates ("CAs") and RBC's supervisory system with respect to the registration of
25 CAs; and

26 RBC has cooperated with regulators conducting the investigations by responding to
inquiries, providing documentary evidence and other materials, and providing regulators with
access to facts relating to the investigations; and

RBC has advised regulators of its agreement to resolve the investigations pursuant to the
terms specified in this Stipulation and Consent Order (the "Order"); and

1 RBC agrees to make certain changes in its supervisory system with respect to the
2 registration of CAs, and to make certain payments in accordance with the terms of this Order; and

3 RBC elects to waive permanently any right to a hearing and appeal under the Utah
4 Administrative Procedures Act, Title 63G, Chapter 4 of the Utah Code with respect to this Order;
5 and

6 Solely for the purpose of terminating the multi-state investigations, and in settlement of the
7 issues contained in this Order, RBC, without admitting or denying the findings of fact or
8 conclusions of law contained in this Order, consents to the entry of this Order.

9 NOW, THEREFORE, the Division, as administrator of the Utah Uniform Securities Act
10 (“Act”), hereby enters this Order:

11 **I.**

12 **FINDINGS OF FACT**

13 1. RBC admits the jurisdiction of the Division in this matter.

14 Background on Client Associates

15 2. The CAs function as sales assistants and typically provide administrative and sales
16 support to one or more of RBC’s registered representatives (“RRs”). There are different CA
17 positions, including Registered Client Associate and Registered Senior Client Associate.

18 3. The primary job duties vary depending on the specific CA position. In varying degrees,
19 the “Major Job Accountabilities” of a CA include:

- 20 a. Handling client requests;
- 21 b. Resolving client inquiries;
- 22 c. Determining if client issues require escalation to the RR or the branch management
23 team; and
- 24 d. Processing of operational documents such as letters of authorization and client
25 check requests.

26 4. In addition to the responsibilities described above, and of particular significance to this
Order, some CAs are permitted to accept unsolicited orders from clients; others are permitted, with

1 the assistance of a RR, to prospect for new clients, open new accounts, gather assets and select
2 investments to recommend to clients. As discussed below, RBC's written policies and procedures
3 require that any CAs accepting client orders first obtain the necessary licenses and registrations.

4 5. Notably, RRs might have a "primary CA" and a "secondary CA", or a "primary CA
5 team" and a "secondary CA team". As suggested by the designation, the customary practice is that
6 the primary CA or team would handle the RR's administrative matters and client orders. However,
7 if the primary CA or team was unavailable, the secondary CA or team would step in to handle the
8 RR's administrative matters and client orders.

9 6. During the period from 2005 to 2009, RBC employed an average of approximately 672
10 CAs per year.

11 Licensing¹ Required

12 7. Section 61-1-3(1) of the Act provides that it is unlawful for a person to transact
13 securities business in Utah as a broker-dealer or agent unless the person is licensed with the
14 Division. Section 61-1-3(2)(a) further provides that it is unlawful for a broker-dealer to employ or
15 engage an agent unless the agent is licensed.

16 8. Pursuant to the general prohibition under Section 61-1-3(1), a person cannot accept
17 unsolicited orders in Utah without being licensed.

18 9. Pursuant to Section 61-1-6(2)(a)(ii)(J) of the Act, a broker-dealer may be fined for
19 selling securities in Utah through agents other than licensed agents.

20 RBC Requires Registration of Client Associates

21 10. In order for a CA to accept client orders, RBC generally required each CA to pass the
22 series 7 and 63 qualification exams and to register in the appropriate jurisdictions.

23 11. At all times relevant to this Order, RBC's policies and procedures specified that each
24 CA maintain registrations in the same jurisdictions as his or her FA, or broadly required that each
25 CA maintain registrations in all necessary jurisdictions.

26 ¹ With respect to securities professionals and the entities with which they are associated, the Utah Uniform
Securities Act uses the term "licensing" in the same manner other jurisdictions may use the term "registration". For
purposes of this Order the two terms should be considered synonymous.

1 Regulatory Investigations and Findings

2 12. During late 2009, RBC received regulatory inquiries regarding CA registrations.

3 13. The multi-state investigation focused on systemic issues with RBC CA registrations and
4 related supervisory structure. Specifically:

- 5 a. After accepting an order from a client, CAs accessed the electronic order entry
6 system to place the order;
- 7 b. The order entry system automatically recorded the identity of the person entering
8 the order using the user's login information. If the order was received from the
9 client by someone other than the person entering the order, the person entering the
10 order was required to identify the person who accepted the order from the client by
11 typing the name or initials in a text box;
- 12 c. RBC's trading system checked the registration of the RR assigned to the account,
13 but did not check the registration status of the person accepting the order, if
14 different from the RR, (the "who accepted field") to ensure that the person was
15 registered in the appropriate jurisdiction.

16 14. The multi-state investigation identified instances in which CAs supported RRs
17 registered in Utah when the CAs were not registered in Utah as agents of RBC. This difference in
18 registration status increased the possibility that CAs would accept orders which they did not solicit
19 from customers without proper registration.

20 15. The multi-state investigation determined that it was highly likely that certain RBC CAs
21 accepted orders which they did not solicit in Utah at times when the CAs were not appropriately
22 registered in Utah.

23 16. As a result of the inquiries by state regulators, RBC conducted a review of its CA
24 registration practices.

25 17. RBC's review found that as of November 2008, the firm had 692 registered CAs.
26 While CAs were registered in approximately 7 states, at that time RRs were registered, on average,

1 in 17 states. Approximately 454, almost 66%, of those registered CAs were only registered in their
2 home state or their home state and one additional state.

3 18. Many RBC CAs were not registered in the same jurisdictions as their respective RRs.
4 RBC's review identified incidences where CAs who were not properly state registered accepted
5 orders they had not solicited.

6 19. Beginning in 2010, RBC took steps to enhance its policies and procedures regarding
7 CAs' state registrations, and added a substantial number of CA state registrations.

- 8 a. In January 2010, RBC amended its registration policy to require that each CA
9 register in the same states as the RRs whom they support. RBC alerted the field to
10 this policy.
- 11 b. In November 2010, Supervisors in RBC's branches and complexes reviewed the
12 current CA registrations to ensure the CAs were properly registered prior to the
13 annual renewals.
- 14 c. RBC updated its training to include additional information on registration
15 requirements and on the firm's policies on CA registration. RBC also, as part of the
16 annual registration renewal process, added to the annual renewal notice information
17 regarding the CA registration policy.
- 18 d. RBC modified its procedures regarding the manner in which it grants electronic
19 order entry access to client accounts. The required forms were revised to identify
20 supporting CAs and the forms are provided to the Licensing and Registration
21 department to verify that proper registrations are in place for RRs and CAs when
22 access is granted.
- 23 e. RBC conducted Compliance Training sessions for CAs covering information on
24 order entry procedures and registration requirements.
- 25 f. RBC revised its registration forms to identify assigned CAs on RRs' registration
26 forms and assigned RRs on CAs' registration forms. This allows the registration

1 and licensing group to submit registrations for the CAs that mirror those held by the
2 RRs whom they support.

3 20. RBC has also undertaken to implement enhancements to its order entry systems and to
4 its supervision of the order entry procedures. The order entry systems will require the individual
5 entering an order either to attest that he or she also accepted the order or to identify the person who
6 accepted the order by entering that person's system ID. RBC policies and procedures prohibit
7 RBC personnel from using any credentials but their own to log on to the order entry systems. RBC
8 is developing an exception report to identify any trades entered in an account for which the person
9 who accepted the order did not hold the necessary state registration.

10 21. RBC provided timely responses and substantial cooperation in connection with the
11 regulatory investigations into this issue.

12 II.

13 CONCLUSIONS OF LAW

14 1. The Division has jurisdiction over this matter pursuant to Section 61-1-6 of the Act.

15 2. RBC's failure to establish an adequate system to monitor the registration status of
16 persons accepting client orders constitutes failure to reasonably supervise under Section 61-1-
17 6(2)(a)(ii)(J) of the Act.

18 3. RBC's failure to ensure its CAs were registered in the appropriate jurisdictions
19 constitutes a failure to enforce its established written procedures.

20 4. RBC's acceptance of orders in Utah through CAs who were not properly registered
21 constitutes violations of Section 61-1-3(2)(a) for employment of unlicensed agents.

22 5. Pursuant to 61-1-6, the violations described above constitute bases for the
23 assessment of an administrative fine against RBC.

24 6. The Division finds the following relief appropriate and in the public interest.
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III.

UNDERTAKINGS

RBC hereby undertakes and agrees to establish and maintain policies, procedures and systems that reasonably supervise the trade process so that a person can only accept client orders that originate from jurisdictions where the person accepting the order is appropriately registered.

IV.

ORDER

On the basis of the Findings of Facts, Conclusions of Law, and RBC's consent to the entry of this Order,

IT IS HEREBY ORDERED:

1. This Order concludes the investigation by the Division and any other action that the Division could commence against RBC under applicable Utah law as it relates to unregistered activity in Utah by RBC's CAs and RBC's supervision of CA registrations during the period from January 1, 2005 through the date of this Order.

2. This Order is entered into solely for the purpose of resolving the referenced multi-state investigation, and is not intended to be used for any other purpose. For any person or entity not a party to the Order, this Order does not limit or create any private rights or remedies against RBC, limit or create liability of RBC, or limit or create defenses of RBC, to any claims.

3. RBC is hereby ordered to pay a fine in the amount of forty-five thousand two hundred seventy dollars seventeen cents (\$ 45,270.17) to the Division within ten days of the date of this Order.

4. RBC is hereby ordered to comply with the Undertakings contained herein.

5. This order is not intended by the Division to subject any Covered Person to any disqualifications under the laws of the United States, any state, the District of Columbia, Puerto Rico, or the U.S. Virgin Islands including, without limitation, any disqualification from relying upon the state or federal registration exemptions or safe harbor provisions. "Covered Person,"

1 means RBC or any of its affiliates and their current or former officers or former officers, directors,
2 employees, or other persons that would otherwise be disqualified as a result of the Orders (as
3 defined below).

4 6. This Order and the order of any other State in related proceedings against RBC
5 (collectively, the "Orders") shall not disqualify any Covered Person from any business that they
6 otherwise are qualified, licensed or permitted to perform under applicable securities laws of the
7 State of Utah and any disqualifications from relying upon this state's registration exemptions or
8 safe harbor provisions that arise from the Orders are hereby waived.

9 7. This Order shall be binding upon RBC and its successors and assigns as well as to
10 successors and assigns of relevant affiliates with respect to all conduct subject to the provisions
11 above and all future obligations, responsibilities, undertakings, commitments, limitations,
12 restrictions, events, and conditions.

13 8. RBC acknowledges that this Order, upon approval by the Utah Securities Commission
14 ("Commission") shall be the final compromise and settlement of this matter. RBC further
15 acknowledges that if the Commission does not accept the terms of the Order, it shall be deemed null
16 and void and without any force or effect whatsoever.

17 9. This Order constitutes the entire agreement between the parties herein and supersedes
18 and cancels any and all prior negotiations, understandings, or agreements between the parties. There
19 are no verbal agreements which modify, interpret, construe, or otherwise affect this Order in any way.

20 Utah Division of Securities

21 Date: 19 September, 2013

22 By: Kenneth O. Barton
23 Kenneth O. Barton
24 Director of Licensing and Compliance
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CONSENT TO ENTRY OF ADMINISTRATIVE ORDER BY RBC

RBC hereby acknowledges that it has been served with a copy of this Order, has read the foregoing Order, is aware of its right to a hearing and appeal in this matter, and has waived the same.

RBC admits the jurisdiction of the Division, neither admits nor denies the Findings of Facts and Conclusions of Law contained in this Order, and consents to entry of this Order by the Division as settlement of the issues contained in this Order.

RBC agrees that it shall not claim, assert, or apply for a tax deduction or tax credit with regard to any state, federal or local tax for any administrative monetary penalty that RBC shall pay pursuant to this Order.

RBC states that no promise of any kind or nature whatsoever was made to it to induce it to enter into this Order and that it has entered into this Order voluntarily.

Joe Fleming represents that s/he is Sr V.P. Compliance Director of RBC and that, as such, has been authorized by RBC to enter into this Order for and on behalf of RBC.

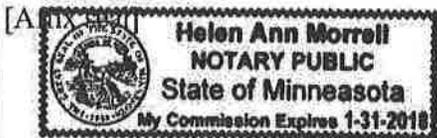
Dated this 10th day of September, 2013.

RBC Capital Markets, LLC

By: [Signature]

Title: Sr V.P. Compliance Director

SUBSCRIBED AND SWORN TO before me this 10th day of September, 2013.



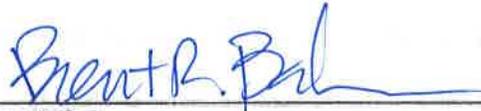
Helen Ann Morrell
Notary Public in and for the
State of Minnesota

My Commission expires:
1-31-2018

BY ORDER OF THE UTAH SECURITIES COMMISSION:

The foregoing Stipulation and Consent Order is hereby accepted, confirmed, and entered by
the Utah Securities Commission.

DATED this 26 day of September, 2013



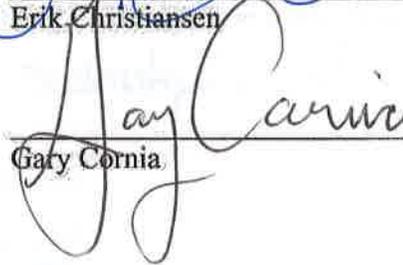
Brent Baker



Tim Bangerter



Erik Christiansen



Gary Cornia

David A. Russon

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I certify that on the 30th day of September, 2013, I served the foregoing Stipulation and Consent Order by mailing a copy to:

Neal F. Sullivan
Sidley Austin LLP
1501 K Street, N.W.
Washington, D.C. 20005
Counsel for Respondent

Via email: nsullivan@sidley.com



Maria Lohse
Executive Secretary

Paul G. Amann, #6465
Assistant Attorney General
160 East 300 South, 5th Floor
P.O. Box 140872
Salt Lake City, Utah 84114-0872
Telephone: 801.366.0196
Facsimile: 801.366.0315
Email: pamann@utah.gov

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

IN THE MATTER OF:

MARK JAMES SAIN,

Respondent.

STIPULATION AND CONSENT ORDER

Docket No. SD-12-0076

The Utah Division of Securities (the Division), by and through its Director of Enforcement, Dave R. Hermansen, and Mark James Sain (Sain or Respondent) hereby stipulate and agree as follows:

1. Sain 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 Sain on December 12, 2012, alleging securities fraud. The Division filed an Amended Order to Show Cause against Sain on May 21, 2013, which supersedes the Order to Show

Cause filed on December 12, 2012.

3. Sain waives any right to a hearing to challenge the Division's evidence and present evidence on his behalf. Sain understands that by waiving a hearing, he is waiving the requirement that the Division prove the allegations against him by a preponderance of the 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. Sain is represented by David Black of Black & Argyle, P.C. and is satisfied with his advice and representation in this matter.
5. Sain 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. Sain admits the jurisdiction of the Division over him and over the subject matter of this action.

I. THE DIVISION'S FINDINGS OF FACTS

THE RESPONDENT

7. Sain was, at all times relevant to the matters asserted herein, a resident of Utah. Sain has never been licensed in the securities industry in any capacity.

GENERAL ALLEGATIONS

8. From approximately March 2012 to June 2012, Sain offered and sold interests in a limited liability company to K.E., a Utah resident, and collected a total of \$75,000.
9. Interests in a limited liability company are securities under § 61-1-13 of the Act.
10. Sain made misstatements and omitted material facts in connection with the offer and sale of securities to K.E.
11. K.E. lost \$72,467 in principal alone.

First Offer and/or Sale of Securities

12. K.E. became interested in investing in Alivamax Worldwide, LLC¹ (Alivamax) when he was approached by Beau Dorius, who Sain had already approached about becoming an owner in Alivamax.
13. K.E. viewed ownership in Alivamax as an investment opportunity.
14. On March 15, 2012, K.E. met with the proposed owners of the company in Salt Lake County, Utah.
15. During the meeting, Sain said that K.E. would have a 25% ownership interest in the company with a \$50,000 investment.

¹ Alivamax Worldwide, LLC was a Utah limited liability company that registered with the Utah Division of Corporations on December 24, 2008. The entity's status with the Division of Corporations expired on July 22, 2013, as a result of its voluntary dissolution. During its existence, Select Connection, Inc. served as Alivamax's manager.

16. Sain told K.E. that there was no risk involved with the investment because expenses incurred in the business could not be paid without the consent of all five owners.
17. On March 22, 2012, K.E. met again with the owners at the Alivamax office in Salt Lake County, Utah to sign an ownership contract.
18. At that meeting, Sain told the owners that the only outstanding debt that Alivamax had was \$15,000.
19. Although he never saw any of the company's legal documents, K.E. was promised that not one penny would be disbursed by the company without the consent of all the owners.
20. Sain made the following statements about a potential \$50,000 investment with Alivamax by K.E.:
 - a. The investment was safe;
 - b. K.E. would have signatory authority on Alivamax's accounts and have access to accounting documents;
 - c. That \$15,000 would be used to repay a prior investor, Patel Family Investments, LLC, and that Alivamax would be debt free after that point;
 - d. Sain would use the company's funds for the working capital of the business; and
 - e. K.E.'s money would not be used without the consent of all the owners.
21. Based on Sain's statements, K.E. invested \$50,000, via five different cash payments to Alivamax's secretary, Pamela Hunt, between March 22, 2012 and March 26, 2012.

22. Sain deposited the cash into Alivamax's bank account at Zions Bank shortly thereafter.
23. In exchange for the \$50,000 investment, K.E. received an operating agreement dated March 22, 2012.
24. Using a source and use analysis, Sain used K.E.'s \$50,000 investment funds from March 22, 2012 to approximately June 7, 2012, in the following manner:
 - a. \$15,737.40 used to repay previous investors (not Patel Family Investments, LLC.);
 - b. \$723.00 paid to Beau Dorius;
 - c. \$1,532.85 paid back to K.E.;
 - d. Two checks totaling \$3,660.71 written to Mark Sain;
 - e. \$12,925 transferred to Sain's Chase credit card;
 - f. \$5,157.96 spent on business expenses;
 - g. \$1,828.64 transferred to Sain's American Express credit card; and
 - h. \$8,434.44 spent on miscellaneous expenses.
25. To date, K.E. has received \$1,533 from his \$50,000 investment.

Second Offer and/or Sale of Securities

26. In approximately mid-April 2012, while in Salt Lake County, Utah, Sain told K.E. that he needed additional money for a new compensation matrix for Alivamax.
27. On April 16, 2012, K.E. wired an additional \$25,000 to Sain's Zions Bank account, with the promise from Sain that K.E. would receive an additional 10% ownership interest in

the company.

28. After Sain received K.E.'s additional \$25,000, Sain decided to divide the remaining 10% ownership interest between himself, Dorius, and K.E., rather than provide the entire 10% to K.E., as originally discussed.
29. Sain told K.E. that his additional \$25,000 would be treated as an investment in the company and that Sain would repay K.E. \$1,000 per month for one year, with a balloon payment after one year for the remaining balance.
30. K.E. and Sain agreed that K.E.'s additional \$25,000 investment would be used to upgrade the matrix compensation model of the company.²
31. To date, K.E. has only received \$1,000 from his additional \$25,000 investment.

CAUSES OF ACTION

Securities Fraud under § 61-1-1 of the Act

32. The Division incorporates and re-alleges paragraphs 1 through 31.
33. The investment opportunities offered and sold by Respondent are securities under § 61-1-13 of the Act.
34. In connection with the offer and sale of securities, Respondent, directly or indirectly, made false statements including, but not limited to, the following:
 - a. That the company had no debt outside of Patel Family Investments, LLC, when in

² On April 20, 2012, Sain transferred \$27,000 to a company called "By Design" who was contracted to upgrade the matrix compensation model of the company.

- fact, Alivamax did have other debt;
- b. That the incurred expenses of the business would not be paid without the consent of all the owners, when in fact, Sain made multiple withdrawals and expenditures without the consent of the other owners;
 - c. That K.E.'s money would be used only as working capital for the company, when in fact, Sain used K.E.'s investment funds for personal and other purposes; and
 - d. That K.E.'s investment was guaranteed to be safe.
35. In connection with the offer and sale of securities, Respondent, directly or indirectly, failed to disclose material information regarding Sain and/or Alivamax, which was necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, including, but not limited to, the following:
- a. Business and operating history;
 - b. Financial statements;
 - c. Risk factors pertaining to K.E.'s investment;
 - d. That Alivamax had founding partners who were supposed to be receiving 3% of the company's sales;
 - e. Whether the investment was a registered security or exempt from registration;
 - f. Whether or not Sain was licensed to sell securities; and
 - g. With respect to the second investment, what Sain did with K.E.'s initial \$50,000 investment.

II. THE DIVISION'S CONCLUSIONS OF LAW

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

36. Sain 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.
37. Sain agrees to the imposition of a cease and desist order, prohibiting him from any conduct that violates the Act.
38. Sain agrees that he will be barred from (i) associating³ 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.
39. Pursuant to § 61-1-20(1)(f) of the Act and in consideration of the guidelines set forth in

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.

Utah Administrative Code Rule R164-31-1, the Division imposes a fine of \$10,000 against Sain. The fine shall be paid as follows: \$1,000 due upon entry of the Order; \$1,000 due six months from entry of the Order; \$1,000 due twelve months from entry of the Order; \$1,000 due eighteen months from entry of the Order; and the final payment of \$6,000 due within twenty-four months from entry of the Order.

40. If Sain fails to comply, in any respect, with his agreement to pay the fine to the Division, as set forth herein, the Division may issue an order imposing a fine against him for the remaining unpaid balance of the fine plus a 25% penalty, for a total fine of \$12,500. The order shall require payment of the fine within thirty (30) days following the entry date of the order. The order may be issued upon ex parte motion of the Division, supported by an affidavit verifying such failure(s) to comply. In the event Sain fails to comply with the obligations set forth in paragraph 39, Respondent agrees to be responsible for all reasonable costs and attorneys' fees associated with any collection efforts pursued by the Division, plus the judgment rate of interest.
41. For the entire time that the fine remains outstanding, Sain agrees to notify the Division of any change in his mailing address, within 30 days from the date of such change.

IV. FINAL RESOLUTION

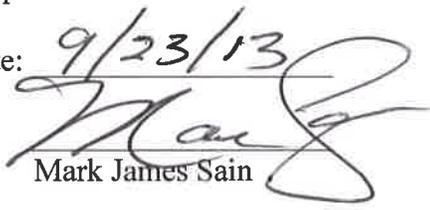
42. Sain acknowledges that this Order, upon approval by the Securities Commission, shall be the final compromise and settlement of this matter.
43. Sain further acknowledges that if the Securities Commission does not accept the terms of the Order, it shall be deemed null and void and without any force or effect whatsoever.

44. Sain 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.
45. Sain acknowledges that a violation of this Order is a third degree felony pursuant to § 61-1-21(1)(b) of the Act.
46. 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. The Order may be docketed in a court of competent jurisdiction.

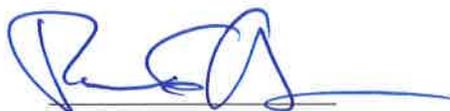
Utah Division of Securities

Date: 9-23-2013
By: 
Dave R. Hermansen
Director of Enforcement

Respondent

Date: 9/23/13
By: 
Mark James Sain

Approved:


Paul G. Amann
Assistant Attorney General
K.W.


David O. Black
Counsel 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. Sain cease and desist from violating the terms of the Act.
3. Sain 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 \$10,000 against Sain to be paid as follows: \$1,000 due on entry of the Order; \$1,000 due six months from entry of the Order; \$1,000 due twelve months from entry of the Order; \$1,000 due eighteen months from entry of the Order; and the final payment of \$6,000 due within twenty-four months from entry of the Order.
5. If Sain fails to comply, in any respect, with his obligation set forth in paragraph 39 above, pursuant to Utah Code Ann. § 61-1-20 and in consideration of the guidelines set forth in Utah Admin. Code Rule R164-31-1, the Division may issue an order imposing a fine as described in paragraph 40 above. In the event Sain fails to comply with the obligations set forth in paragraph 39, Respondent shall be responsible for all reasonable costs and attorneys' fees associated with any collection efforts pursued by the Division, plus the

judgment rate of interest.

6. For the entire time that the fine remains outstanding, Sain notify the Division of any change in his mailing address, within 30 days from the date of such change.

BY THE UTAH SECURITIES COMMISSION:

DATED this 26 day of September 2013.



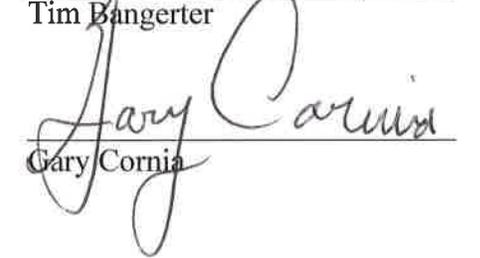
Brent Baker

Erik Christiansen

David Russon



Tim Bangerter



Gary Cornia

Certificate of Mailing

I certify that on the 30th day of September, 2013, I mailed, by regular mail, a true and correct copy of the Stipulation and Consent Order to counsel of record:

DAVID O. BLACK
BLACK & ARGYLE, P.C.
5806 SOUTH 900 EAST
SALT LAKE CITY, UTAH 84121



Executive Secretary



STATE OF UTAH
DEPARTMENT OF COMMERCE
DIVISION OF SECURITIES

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

Applicant

Utah Division of Aging & Adult Services, Elder Rights Section

Amount Requested \$20,000

Date September 16, 2013

The Utah Division of Aging and Adult Services (“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 Division is the sole state agency, as defined by the Older Americans Act of 1965 is to serve as an effective and visible advocate for the aging and adult population of Utah. The Elder Rights Section seeks to educate Utah seniors regarding their legal and consumer rights, including securities and investment fraud.

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:

REQUEST FOR FUNDING

The Elder Rights section of the Division of Aging and Adult Services (DAAS) seeks to educate Utah seniors on consumer, legal, and investment issues. DAAS is seeking \$15,000 to print the 2nd edition of *Navigating Your Rights: The Utah Legal Guide for Those 55 and Over* and \$5,000 travel money to make presentations around the State of Utah regarding this publication. This publication and subsequent presentations will focus on educating seniors regarding various elder rights issues, including investments decisions, investment fraud as well as investment scams.

NEED

A survey by the North American Securities Administrators Association (NASAA) shows senior investment fraud accounts for nearly 50% of all complaints received by state securities regulators.¹ That number is up from the 2005 survey, when 28% percent of fraud reports involved the elderly. In Utah up to \$1 million dollars is stolen from Utah Seniors.²³ Since the economic recession, the cost of exploitation has increased by 50% from 2008. This number is expected to exponentially increase as Utah has one of the fastest aging populations and due to the baby boomers this aging population is expected to double by 2020.⁴ Due to the fact that those over the age of 55 own the majority of assets in the nation, seniors are a

¹ North American Securities Administrators Association website (2013).

² Gunther, J. 2010 Utah Cost of Financial Exploitation, Utah Division of Aging and Adult Services.

³ This number is conservative as it only reports exploitation as reported by Adult Protective Services as does not include statistics from Utah Division of Securities, the Division of Consumer Protection, FBI, or FTC.

⁴ Utah State Plan, Division of Aging and Adult Services (2011).

natural target for investment scams. All of the above statistics point to the importance of preventing investment scams and the exploitation of Utah's elderly.

In 2010 DAAS conducted a survey showing what older people wanted. It was determined the No. 1 priority, with 60 percent asking for it, was a guidebook they could read in language they could understand about protecting their rights, avoiding fraud, as well as the various agencies and departments available. Through analyzing financial exploitation of cases, we have identified the methods that perpetrators are using to exploit seniors and specifically warn them through our publication *Navigating Your Rights*.

PUBLICATION

This book, *Navigating Your Rights*, is one of the only comprehensive resources for Utah seniors and their caregivers that provides simple answers to difficult questions. It covers over 55+ subjects and answers over 200 questions on elder law, consumer and investment issues. *Navigating Your Rights* is user-friendly because it avoids legal and financial jargon, it has icons that guide the reader through the book and provides a list of resources at the end of chapter, if a senior wants more information about a particular subject. This publication gives seniors and their caregivers a tool unlike any other available to understand the ways they or their loved ones may be, or are being exploited (through consumer and investment scams) and gives them the tools to fight it. Most importantly, it gives seniors the education to help prevent exploitation, avoid the pitfalls of ill-informed decisions and costly mistakes, gives seniors a peace of mind as they navigate the the legal, consumer, and investment labryinth of aging.

A third of the publication, *Navigating Your Rights*, discusses consumer scams, investments scams and other financial issues (ie banking issues). Upon the suggestion and under the direction of the Utah Division of Securities in our 2nd edition we have a added a new chapter - **Knowing Before Investing**. This chapter specifically discusses "free lunch" seminars, affinity fraud, annuity scams, Ponzi schemes, senior designations, investment fraud as well as a section on what to do before investing.

PAST SUCCESS

The 1st edition of *Navigating Your Rights* was released in October, 2011. Since our 1st edition we have distributed over 7,000 free copies of the book. (This number does not reflect the free PDF, and ipad versions of the book.) Since that time just over 1,000,000 media impressions in Utah have been made about the book. Fifteen newspaper articles have been written about our publication *Navigating Your Rights* and the rise of exploitation among the Utah elderly. This includes three front page articles in the Salt Lake Tribune and the Standard Examiner. This media attention has resulted in more demand for the publication than our supply. We have Utah sister government agencies including the Division of Securities, Adult Protective Services, Area Agencies on Aging, and Senior Centers requesting to be distributors of this publication. We have been unable to meet the growing demand for this book and thus have been unable to meet the request of other government agencies becoming distributors.

This funding will allow us to meet the demand from seniors and sisters government agencies. It will allow us to print an additional 7,500 copies of the book.⁵ In addition, this funding will allow us to make the Division of Securities a distributor as well as sponsor of the printing of the book. As a sponsor the Division of Securities logo would be placed on the back cover of the book. Granting this request will allow us to distribute this book throughout Utah, successfully educating Utah seniors regarding investment and consumer scams. Therefore, helping prevent the financial exploitation of Utah seniors as our aging population rises.

FEEDBACK

This book has been well-received by seniors and others across the State. The book's foreword was written by former Governor Olene Walker. In addition, the book has been praised and recommended by former Mayor Peter Carroon, Lt. Gov. Greg Bell, Alan K. Ormsby (Director, AARP), and Skip Humphreys (Assistant Director, Consumer Financial Protection Bureau). Below are some of the comments and feedback we have received.

⁵ We are asking for \$15,000 as buying in bulk from a printing house allows us to print copies of the book at \$2 a copy rather than \$11 a copy.

Skip Humphreys, Assistant Director, Consumer Financial Protection Bureau

“This fantastic book informs Utah seniors, in plain language and easy-to-read large type, about state and federal resources that can help them with important decisions like avoiding scams, [and] obtaining benefits. It is one of the best lay-fiduciary guides I’ve ever seen, and I will be sharing it with the other states I visit.”

Philip C. Marshall, Whistle-Blowing Grandson of the Philanthropist Brooke Astor

"Few things were as hard to observe as was my grandmother being exploited. No one should have to watch a loved one lose their fortune, future and dignity to fraud. This book and trusted third-party monitor are two of the best defenses to protect seniors against financial abuse. They are priceless tools and resources for seniors. A breath of fresh air, *Navigating Your Rights* expertly guides Utah seniors through very complicated legal issues, including preventing exploitation and makes processes seem simple, clear and manageable."

“I hope other states ... follow Utah’s lead so that seniors can avoid the kind of exploitation my grandmother was subject to. Gunther has succeeded in her goal of protecting seniors and helping them and their families prevent financial exploitation and deal with the legal issues of aging."

Alan K. Ormsby, Director of AARP

"Utah's older adults are frequently confronted with complex and confusing issues. Not knowing where to turn or who to trust adds to the fog. With the publication of *Navigating Your Rights*, cuts through the confusion and delivers straight-forward answers, and will be the go-to resource for seniors facing legal questions."

Valerie, barely over 55 from Centerville, Utah

"I will be using the book immediately to help me be better prepared to live safely and with peace of mind as a senior. This book is helpful for anyone – whether they are over 55 or not!"

Peter Corroon, Former Mayor of Salt Lake County

"Older adults are one of our community's most treasured assets. As such, we must do everything possible to help them navigate the transitions of aging. [*Navigating Your Rights*] is a valuable resource that no senior should be without."

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: Jilene Gunther

Title: Legal Services Developer

Address: 195 North 1950 West, SLC, UT 84108

Phone No.: 801-538-4263

Email: jgunther@utah.gov

Recipient's tax identification number is: _____

_____ Dated: _____

Applicant

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

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

Keith M. Woodwell
Director
Utah Division of Securities
160 East 300 South, 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.





Junior Achievement® of Utah

A Proud Partner of Prosperity 2020

Junior Achievement of Utah, Inc.
515 East 100 South, Suite 200
Salt Lake City, Utah 84102-2095
Phone: 801-355-5252
Fax: 801-355-5253
www.ja-utah.org
www.ja.org

September 18, 2013

Mr. Keith Woodwell
Utah Department of Commerce
Division of Securities
160 East 300 South
Salt Lake City, UT 84114

Dear Mr. Woodwell and Division of Securities Board:

We would like to thank the Division of Securities for your past support of Junior Achievement of Utah. Your investments have helped expand our High School Finance Program to reach literally thousands of Utah's high school students teaching them the principles of economics, free enterprise, and business ethics. We are requesting that the Division of Securities continue to support JA programs in Utah high schools with a grant of \$12,500 for the 2013-14 school year.

Last year, local volunteers delivered JA programs to more than 75,000 students in over 2,500 classrooms throughout Utah. This year we hope to surpass these numbers by expanding our reach to an even greater number of K-12 students with our richly diverse curricula.

JA provides a compelling value proposition to Utah employers by preparing students to contribute in the workplace and to demonstrate teamwork and creative thinking. By experiencing JA programs, our students will help drive economic development in Utah.

JA students in Utah have greater business acumen, are better prepared for work, demonstrate the entrepreneurial spirit through innovation and initiative, and have a solid grasp of the financial life skills necessary for success. With your investment in tomorrow's future, JA will continue to be at the forefront of providing effective financial literacy and work readiness programs for our high school students.

Junior Achievement continues to fulfill the ongoing need of economic education, financial literacy and the life skills that every student needs to sustain them through trying times. Attached is our formal proposal and supporting documents. If you have any questions or concerns, please contact us at (801) 355-5252. Thank you.

With warm regards,

Philip T. Cofield
President and CEO

Christy Tribe
Executive Vice President

Enclosures:



STATE OF UTAH
DEPARTMENT OF COMMERCE
DIVISION OF SECURITIES

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

Applicant	Junior Achievement of Utah, Inc.
Amount Requested	\$12,500
Date	September 18, 2013

Junior Achievement of Utah, Inc. _____ (“Applicant”) hereby requests a grant from the Utah Division of Securities (“Division”) in the amount of \$ 12,500 to be paid from the Securities Investor Education and Training Fund, created by Utah Code Ann. §61-1-18.7 (“Fund”).

Applicant’s charitable or educational mission is: to educate students in the areas of financial literacy entrepreneurship and work readiness through experiential hands-on programs. In partnership with business and educators, we seek to inspire, educate and prepare our youth to succeed in a global economy.

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:

Junior Achievement of Utah is uniquely positioned to equip our students with the knowledge and skills they need to own their economic success, plan for their future and make smart academic and economic choices that will positively impact their communities. Since legislation passed a law in Utah requiring one semester of financial literacy for all high school graduates, many Utah educators have struggled to identify and execute a finance curriculum that is proving effective in providing the skills our youth needs to navigate through their financial future. This means that it is critical for schools to work with organizations that can provide relevant financial literacy/education curriculum for our high school students. Junior Achievement is the organization that has long held financial literacy as one of the most critical subjects required to prepare Utah's youth with the skills they need to survive in an ever complex and changing global economy and is responding to Utah educators' needs with our High School Personal Finance program. The advantage of Junior Achievement's program is that we partner with businesses to bring volunteers with a finance background into the classroom to help present financial literacy training in a way that is relevant to our students. Our JA Personal Finance Program engages the students with hands-on activities in five 45-minute sessions on the importance of Budgeting, Investment Decisions, Management of Credit, Identity Theft and Risk Management. As a supplement for Utah educators, the Junior Achievement Personal Finance curriculum helps our Utah teenagers understand the fundamentals of financial literacy and assist our Utah educators by providing "real-world" experience into the classroom. We have experienced a greater demand than our current funding allows from high school financial literacy teachers for this critical program. Last year this program was cut tremendously due to funding constraints. A grant of \$12,500 from The Division of Securities will enable us to bring this program back to 510 students in 17 classrooms throughout Utah for the 2013-2014 school year.

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: Philip T. Cofield

Title: President and CEO

Address: 515 East 100 South, Suite 200, Salt Lake City, UT 84102

Phone No.: 801-355-5252 ext. 8202

Email: phil@ja-utah.org

Recipient's tax identification number is: 87-0225875

Junior Achievement of Utah, Inc.

Dated: 9/18/13

Applicant

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

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

Keith M. Woodwell
Director
Utah Division of Securities
160 East 300 South, 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.



Utah Division of Securities

Keith M. Woodwell, Director
160 East 300 South, 2nd Floor
PO Box 146760
Salt Lake City, UT 84114-6760

ORGANIZATIONAL DESCRIPTION

Founded in 1919, Junior Achievement is the world's largest business/education partnership and the number one financial literacy program in school districts across the country. Junior Achievement of Utah was established as an after school program in 1956 and began its in-school programs in 1985 and is currently reaching more than 75,000 Utah students.

VOLUNTEERS

Junior Achievement's 5,000 community volunteers serve as valuable role models illustrating the importance of education. These dedicated individuals are the backbone of the organization. In Junior Achievement's high school programs, volunteers use sophisticated materials to demonstrate in a hands-on way the relationship between what students learn now and how it will impact their success as responsible adults. By learning to value free enterprise, business and economics, local youth will be prepared for the world of work they will eventually enter. This is extremely important in Utah's highest at risk schools, where Junior Achievement provides adult, business role models to students who seldom see such examples.

HIGH SCHOOL

The high school programs include economic and business curricula. The dynamic interactions between JA volunteers and students promote active learning and bring theory to life. As high school students begin to position themselves for their future, there are many unanswered questions about what lies ahead. Junior Achievement's high school programs help students make informed, intelligent decisions about their future and foster skills that will be highly useful in the business world.

With a range of different programs, Junior Achievement teaches about concepts relating to entrepreneurship, financial literacy and work readiness. The volunteers bring real-life business experience and guidance into the classroom at a time that represents an essential crossroads for young people.

PROJECT/PROGRAM INFORMATION

Sponsorship amount requested:

\$12,500 for 17 Personal Finance classes at Provo High School in the Provo School District and Pleasant Grove High School in the Alpine School District.

PROJECT/PROGRAM INFORMATION (continued)

Summary/description of the project or program:

The funds will sponsor the JA High School Personal Finance program at Provo High School in the Provo School District and Pleasant Grove High School in the Alpine School District reaching 510 students in 17 classrooms. Through effective collaborations and partnerships with business and education, JA recruits volunteers to teach, inspire and prepare young people to succeed in a global economy.

Students participating in JA Personal Finance recognize the fundamental elements of their personal finances: earnings, saving and investing, budgeting, credit, risk management, and giving. They apply these fundamental elements to a personal financial plan that allows them to set specific goals for their lifelong financial needs and desired quality of life.

Concepts: budgeting, credit, financial choices, fraud, goal-setting, identity theft, insurance, investment, pay oneself first, saving, spending.

Skills: Analyzing information, categorizing data, decision-making, financial planning, oral and written communication, organization, public speaking, reading comprehension, working in groups.

PLANS FOR EVALUATING THE EFFECTIVENESS OF THE PROGRAM

Junior Achievement is committed to ongoing evaluation and quality assurance of all Junior Achievement programs. In the past 5 years, over 96% of JA's programs have undergone comprehensive, nationwide evaluations to assess program effectiveness and impact. Junior Achievement of Utah's Board of Directors requires an independent evaluation of its programs and outcomes, (only 1% of educational programs receive an evaluation each year).

Results of JA program evaluations over the past 15 years have consistently demonstrated that JA elementary, middle, and high school programs prepare students to develop successful financial management habits, empower them to explore the potential of becoming an entrepreneur, and provide them with the skills necessary to succeed in a global workforce.

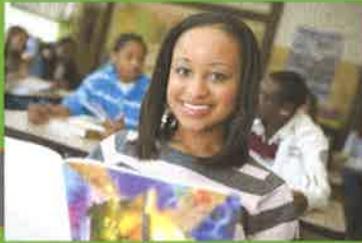
JA Program Managers record the total number of students trained and the number of volunteers participating in the program. This data allows JA to verify the percent of students trained compared to the total enrollment.



<u>Operating Budget</u>	<u>2013-2014</u>
Salaries & Benefits – Programs	825,000
Salaries & Benefits – Support	250,000
TOTAL SALARIES & RELATED EXPENSES	1,075,000
Advertising / Marketing	12,300
Bank Charges	4,600
Board Expense / Public Relations	14,300
Depreciation & Amortization	130,000
Donated Services / Supplies	19,940
Dues / Memberships / Licenses	2,800
Educational Materials	300,900
Franchise Fee	65,500
Liability Insurance	560
Office Expenses / Leased Equipment	30,500
Outside Services	45,800
Program Insurance	20,000
Rent / Utilities	170,000
Training	3,800
Travel	17,000
TOTAL OTHER EXPENSES	838,000
TOTAL FUNCTIONAL EXPENSES	1,913,000
Fundraising Expenses	87,000
TOTAL EXPENSES	\$2,000,000
Total projected income	\$2,100,000

2013-2014 Division of Securities Proposed Budget

Materials, Shipping and Handling	\$ 6,200
Program Support, volunteer training, mileage	<u>\$ 6,300</u>
Total Budget (510 students at \$24.51 per student)	\$12,500



Empower • Inspire • Prepare • Get Involved

JA Personal Finance®

JA Personal Finance introduces students to the importance of making wise financial decisions. The program demonstrates the importance of planning, goal setting, and thoughtful decision-making within the context of personal financial decisions. Five required, volunteer-led sessions. Twenty-four additional teacher-led sessions available.

The key learning objectives listed beside each session state the skills and knowledge students will gain.

Session One: A Month in the Life

Working in groups, students play the Balance, Break Even, or Broke Game. They examine the concept of budgeting and learn how their daily chores affect their ability to save for the future.

Key Learning Objectives

Students will be able to:

- Explain the purpose of setting goals.
- Make wise financial decisions that meet personal goals.

Session Two: From Dreams to Reality

Working in groups, students complete personal investment guides. They discuss investment options and plan for their financial futures.

Key Learning Objectives

Students will be able to:

- Explain the difference between income and growth investments.
- Demonstrate a basic understanding of various investment options.
- Plan investment strategies for today and for the future.

Session Three: Your Credit, Your Future

Working in groups, students evaluate scenarios related to credit. They discuss credit options and make decisions to avoid common credit pitfalls.

Key Learning Objectives

Students will be able to:

- Describe the advantages and disadvantages of credit.
- Plan how to use credit now and in the future.

Session Four: The Case of the Missing Identity

Working in groups, the students evaluate behavior that contributes to identity theft, and learn to take necessary actions to protect their identity.

Key Learning Objectives

Students will be able to:

- List the dangers of identity theft.
- Recognize threats to their good credit and avoid them.

Session Five: Protect Yourself

Working in groups, students play the Make It Match Game. They explore different types of insurance and identify how each type provides protection.

Key Learning Objectives

Students will be able to:

- Examine and describe the basic types of insurance.
- Determine their current and future insurance needs.

JA Personal Finance enhances students' learning of the following concepts and skills:

Concepts—Goal setting, Financial choices, Pay yourself first, Budgeting, Saving, Spending, Investment, Saving, Credit, Identity theft, Fraud, and Insurance

Skills—Decision making, Organization, Financial planning, Analyzing information, Categorizing data, Oral and written communication, Public speaking, Group work, and Reading comprehension

JA Personal Finance is a 5 session volunteer-led course, with the addition of up to 24 teacher-led sessions, and is recommended for students in grades 9-12. Instructional materials are packaged for 30 students and include detailed activity plans for the volunteer and consumable materials to be used in the classroom.

All JA programs are designed to support the skills and competencies identified by the Partnership for 21st Century Skills. These programs also augment school-based, work-based, and connecting activities for communities with school-to-work initiatives.