



STATE OF UTAH
DEPARTMENT OF COMMERCE | DIVISION OF SECURITIES
SECURITIES COMMISSION | ROOM 403
PENDING MEETING MINUTES | August 18, 2022 | 9:00 AM - 10:30 AM

PARTIES

SECURITIES COMMISSION

Lyle White
Lyndon Ricks
Mark Zimbelman

Chair
Commissioner
Commissioner

DIVISION OF SECURITIES

Bryan Cowley
Ken Barton
Dave Hermansen
Zoe Gomez
Ashlee Buchholz
Aaron Burgoyne
Trista Lopez
Regan Nelsen
Tyler Hardman
Norman Herem

Manager of Licensing and Registration
Manager of Compliance
Manager of Enforcement
Communications and Outreach Specialist
Administrative Assistant
Investigative Accountant
Administrative Office Specialist
Enforcement Investigator
Enforcement Analyst
Compliance Examiner

ASSISTANT ATTORNEY GENERALS

Jen Korb
Stephen Gilles

Counsel for Division
Counsel for Division

OTHER ATTENDEES

Susan Speirs
Karen Zimbelman

Grant Applicant



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WELCOME AND CALL TO ORDER

9:01 AM

Chairman White commenced the Securities Commission meeting.

DIRECTOR'S REPORT | Bryan Cowley

9:02 AM

- Bryan Cowley excuses Director Sterzer who was travelling and unable to attend the meeting.
- Mr. Cowley introduced Ashlee Buchholz, the new admin assistant for Director Sterzer. Miss Buchholz attended Brigham Young University and worked in the Governor's office where she worked as an administrative assistant to Governor Herbert and as photographer for the office. She is an avid outdoor enthusiast and the Division is excited to have her join the team.

1. APPROVAL OF April 28, 2022 MINUTES

Chairman White noted that Commissioners Hunt's title was not included on the April 28, 2022 minutes. Commissioner Ricks made a motion to approve the minutes with that correction and Commissioner Zimbelman seconded the motion.

- ✓ The motion approved unanimously.

SECTION REPORTS

9:10 AM

Licensing and Registration | Bryan Cowley

- Mr. Cowley highlighted the role of Sheila Thomas, Senior Securities Examiner in the Licensing and Corporate Finance section.
- In April 2021, Ms. Thomas was promoted to Senior Securities Examiner in the licensing and corporate finance section. She began with the Division in September 1999 and has been an examiner with the Division of Securities for over 22 years. Prior to the Division of Securities, Sheila was an auditor with the Utah Division of Occupational and Professional Licensing for 9 years. Sheila graduated from University of Utah with a bachelor's degree in accounting.
- The Licensing and Corporate Finance section is the gatekeeper for the securities industry within the state. They approve the licenses of state-covered Investment Advisor firms, Broker Dealer firms, broker dealer agents and investment advisor representatives. Mr. Cowley described the review process for these licenses and included some licensing statistics.

Compliance | Ken Barton

- Mr. Barton introduced a new member of the Compliance team, Norman Herem. Mr. Herem graduated from Brigham Young University with a degree in Finance. He has been a securities licensed representative for Fidelity Investments, E*Trade, Wells Fargo, and Morgan Stanley. The last ten years with Morgan Stanley, he worked in the Sales Supervision department. His experience in supervision sets him apart as a great addition to the Division team. The Division now has five Compliance Examiners on staff, with the added funding from the 2022 Legislative session the Compliance Section has one open position to fill to bring the Section to a full staff.



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- Mr. Barton reviewed the 2021-2022 Fiscal Year Exam Statistics and noted the Compliance Section has opened fifty-two examinations and closed forty-four exams. Of the 52 exams opened 24 were “cause exams” initiated by an investor complaint or regulatory referrals, 19 were routine exams, 4 were investment adviser licensing application examinations, and five were Vulnerable Adult firm reports warranting further Utah Division of Securities (“Division”) investigation. Of the 44 examinations closed during the period, 36 were closed by exit/deficiency letter with no additional agency action; eight were closed by referral for agency action. The fiscal year total of PVAFE Act reports were twenty-three (23). The number of PVAFE for the fiscal year was more than double the amount in any other year since the creation of the PVAFE Act. This is most likely a function of greater focus on reporting these instances by broker-dealer firms and the continuing trend of seniors being targeted by fraud schemes. The majority of the reports involve phone and internet frauds.
- Mr. Barton discussed the 2021-2022 fiscal year exam goal performance and exam Analysis and Trends.

Enforcement | Dave Hermansen

- Mr. Hermansen reported that his section has hired a new investigator and a new analyst Regan Nelsen and Tyler Hardman.
- Additionally, he reported that his section is currently investigating 55 cases, with 33 cases presently unassigned, 29 criminal cases, with a trial scheduled to be held at the end of the month, September 29th. Administratively, there are 16 cases stayed pending resolution of the criminal cases, and 20 cases are in the OSC drafting stage.

Communication and Outreach | Zoe Gonzales-Gomez

Zoe Gomez presented the communication and outreach report for Francswai Grayson who was out of town. She reported the following:

- Since April, the Division began launching several of the initiatives we mentioned would become a part of our communication and outreach agenda for the year ahead. The overall goal of the Division’s Communication and Outreach section is to meet our statutory mandate to provide investor education regarding securities laws and ways the public may protect themselves from becoming victims of investment fraud.
- In furtherance of that goal, the Division participates in outreach events with the public and creates content designed to educate and alert investors about resources available to them, common investment schemes, and red flags to consider when reviewing investment options. Since the Division established the new Communication and Outreach section in May of this year, the Division has participated in 24 outreach events with a total combined attendance of 1,775 participants. This year, more of the public has become comfortable with attending events in person. The vast majority of the events we have attended this year have been in-person rather than virtual.
- The Division recently published the Utah Investor Guidebook and was invited to introduce the guidebook at the Utah Library Association Conference, a two-day conference with librarians and educators. As a result of the conference, the Division was able to speak to several Utah library directors to make the guidebook available in libraries across Utah and partner with several libraries to host an educational series on investment fraud. The guide is available in physical copy as well as a digital version available on the Division website, and contains basic financial principals that relate to any investor regardless of investment strategy. The Division typically provide an investor guide to participants at outreach events and anyone who requests a copy. Year to date, the Division has



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distributed at least 975 of the Utah Investor Guides, and are currently working on a Spanish translation of the guide. During one event, a high school teacher told the Division that his county did not have the resources to provide a textbook for the financial literacy class he taught and requested several copies of the Investor guide to use as the textbook for the course.

- The Division presented a session during the Utah Financial Literacy Conference on crypto currency and staffed a booth during the conference.
- The Division also participated in several podcast interviews including an interview with the Utah Hispanic Chamber of Commerce and KSL's Money Making Sense to discuss romance schemes.
- The Division joined a panel with other state regulators to discuss Utah's Securities Fraud Reporting Program Act in recognition of National Whistleblower Day (July 30th this year).
- The Division also presented at several more events sponsored by URS, AARP, Aging and Adult Services, and various senior centers throughout Utah.

The Communication and Outreach section has created content designed to alert and educate the public on key updates in Utah and the financial industry. The Division has created channels of communication to reach broader audiences such as: news releases, a Division branded social media platform and whitepapers to address the Division's strategic plan to combat investment fraud.

Ms. Gomez concluded by highlighting the following Division events/projects, and initiatives scheduled this year:

- The Osher securities fraud course that the Division will teach at the University of Utah for the fall 2022 semester this year;
- Development of the Division's podcast; and several more outreach events to continue educating the public.

GRANT REQUESTS

10:10 AM

- Women in the Money Conference Susan Spiers
Commissioner White made a motion to approve the request and Commissioner Zimbelman seconded the motion. The motion to approve a \$10,000 grant was approved.
- Utah Financial Planning Association Dan Loose
Commissioner White made a motion to approve the request and Commissioner Ricks seconded the motion. The motion to approve a \$10,000 grant reduced from \$12,500 was approved.
- Utah Jumpstart Coalition Shauna Barfuss
Commissioner White mad a motion to approve the request and Commissioner Zimbelman seconded the motion. The motion to approve a \$10,000 grant was approved.



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2. EDUCATION FUND EXPENDITURE REQUEST

10:10 AM

Aaron Burgoyne

Mr. Burgoyne presented the investor education fund report and expenditure request for the period covering April 1, 2022 through June 30, 2022.

✓ Commissioner White made a motion to approve and Commissioner Zimbelman seconded the motion. The Commission unanimously approved the education fund expenditure request.

CONSIDERATION AND APPROVAL OF PROPOSED ORDER(S)

10:10 AM

**In the matter of American Prosperity, LLC SD-2022-0001 and Taylor Dean Ogden SD-2022-0002
Stipulation and Consent Order Presented by Jen Korb**

In 2017, Mr. Ogden made seven securities sales totaling \$1.5 million in the nationwide Ponzi scheme, Woodbridge Group Companies as an unlicensed agent. The Order required Mr. Ogden to cease and desist from violating the Utah Uniform Securities Act, be barred from future licensure, disgorge \$73,321 in commissions and pay a \$15,000 fine.

✓ Commissioner Ricks made a motion to approve and Commissioner Zimbelman seconded the motion. The Commission unanimously approved the Stipulation and Consent Order.

MEETING ADJOURNED

10:30 AM

The next scheduled Securities Commission meeting is October 13, 2022

APPROVED:

CHAIRMAN WHITE

DATE