

Division of Securities
Utah Department of Commerce
160 East 300 South
P.O. Box 146760
Salt Lake City, Utah 84114-6760
Telephone: 801 530-6600

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

IN THE MATTER OF:

**ANDREW J. MOLEFF, CRD #3042378;
JOHN F. HOSCHOUER, CRD#4690685;
WORLD GROUP SECURITIES, INC.,
CRD#114473**

Respondents.

**STIPULATION AND CONSENT
ORDER AS TO ANDREW J. MOLEFF**

**Docket No. SD-06-0078
Docket No. SD-06-0079
Docket No. SD-06-0080**

The Utah Division of Securities (“Division”), by and through its Director of Licensing, George Robison, and Andrew J. Moleff, CRD #3042378 (“Moleff”) hereby stipulate and agree as follows:

1. Moleff was the subject of an examination conducted by the Division into allegations that Moleff, his employer, World Group Securities, Inc. (“WGS”), CRD #114473, and WGS agent John F. Hoschouer (“Hoschouer”), CRD#4690685, violated the Utah Uniform Securities Act (“Act”), Utah Code Ann. § 61-1-1, *et seq.*
2. On October 12, 2006, the Division filed a Petition to Revoke License, Bar Licensee, and Impose a Fine against Moleff. The Division also filed actions against Hoschouer and WGS, which are currently pending.

3. In lieu of proceeding with the formal action, Moleff and the Division have agreed to settle this matter by way of this Stipulation and Consent Order (“Order”). If entered, the Order will fully resolve all claims the Division has against Moleff pertaining to this matter.
4. Moleff admits the jurisdiction of the Division over him and over the subject matter of this action.
5. Moleff waives any right to a hearing to challenge the Division’s evidence and present evidence on his behalf.
6. Moleff has read the Order, understands its contents and submits to this Order voluntarily. No promises or threats have been made by the Division, nor by any representative of the Division, to induce Moleff to enter into this Order, other than as described in this Order.
7. Moleff is represented by attorney Erik A. Christiansen and is satisfied with the legal representation he has received.

I. FINDINGS OF FACT

8. Moleff was licensed in Utah as a broker-dealer agent with World Group Securities, Inc. (“WGS”) from April 12, 2002 until October 25, 2006 when WGS terminated Moleff, following an internal review, for conducting unapproved seminars and making exaggerated and/or misleading claims in seminar presentations.¹ Moleff was previously a broker-dealer agent licensed in Utah with WMA Securities, Inc. (“WMA”) from April 21, 1998 until April 12, 2002, when he was part of a mass-transfer of WMA registered

¹WGS conducted an internal review of Moleff’s activities following the filing of this action.

representatives to WGS. Moleff was also a licensed investment adviser representative with InterSecurities, Inc. (“ISI”) from March 9, 2005 until August 31, 2006.

9. As an investment adviser representative of ISI, Moleff acted as a solicitor for third-party money managers Hanlon Investment Management Inc. (“Hanlon”), Foxhall Capital Management, Inc. (“Foxhall”), and CLS Investment Firm, LLC (“CLS”).
10. Hoschouer has been licensed in Utah as a broker-dealer agent with WGS since November 13, 2003, and Hoschouer was subject to Moleff’s supervision during the relevant period.
11. WGS, CRD #114473, is a Delaware corporation located in Duluth, Georgia and has been a licensed broker-dealer in Utah since January 30, 2002. WGS is affiliated with ISI and World Financial Group (“WFG”).
12. ISI, CRD #16164, is a Delaware corporation located in St. Petersburg, Florida and is a federal covered investment adviser notice-filed in Utah since October 15, 1996. ISI is also a broker-dealer, licensed in Utah since May 3, 1985.
13. WFG is a multi-level marketing company, the associates of which become licensed with various affiliated investment, mortgage and insurance entities. WGS is one such entity. WFG associates recruit others to join WFG and receive compensation based on the commissions paid to those they have successfully recruited.
14. According to the WGS Written Supervisory Procedures Manual, prior to becoming registered representatives of WGS, individuals must first be associates² of WFG.

²WFG’s website indicates that to become an associate, an individual must submit an “Associate Membership Application” and pay a non-refundable “administrative services” fee of \$100.

Senior Seminar Sales Presentation

15. On May 17, 2006, Moleff presented “free” lunch and dinner seminars at Rodizio Grill in Salt Lake City, Utah at noon and 6:45 p.m., respectively. The seminars targeted seniors and touted Moleff as the “asset gatherer” and third-party money manager, Hanlon, as the “asset manager.”
16. At the seminars, Hoschouer introduced Moleff and later gave closing comments. During his presentation, Hoschouer told seminar attendees of Moleff’s background and qualifications.
17. After Hoschouer’s introduction, Moleff further discussed his qualifications and history of satisfied clients who have earned money by investing with him. Moleff also discussed seniors’ fears of outliving their money and represented that for an extra 1% in fees, investors can fully participate in the “upside” of the market while avoiding the “downside.”
18. Moleff’s presentations included a slide show with pictures of his clients, one of whom Moleff represented is now able to take three vacations a year because of Moleff’s services. Moleff told attendees that this client was so happy with Moleff’s services that they invited Moleff and his family to join them on vacation.
19. During the seminars, Moleff introduced Hanlon representative, Martin Rising (“Rising”), CRD #1011762. Rising promoted Hanlon’s money management services.

Unapproved Seminar

20. Although the seminars were presented, in substantial part, to draw business to investment advisory services offered through ISI, ISI has no record of approving the May 2006

seminars conducted by Moleff.

21. WGS records reveal Moleff, as Branch Office Manager, approved the seminars he presented.

Seminar Materials

22. At both seminars, Moleff showed a slide show and gave attendees a booklet entitled “Income for Life,” and a Hanlon brochure.
23. The “Income for Life” booklet included a biography for Moleff, stating:

Principle [sic] Agent of InterSecurities and World Group Securities
Number one producer for eight consecutive years.
Ranked as one of the top financial advisors in Utah.
Specializes in Estate and Retirement Planning.
Manages offices in; [sic] Utah, California, Washington,
Nevada and Texas.

24. The “Income for Life” booklet included a fifteen-page workbook and brochures for CLS and Foxhall. The bottom of each workbook page states, “Presented by Andrew J. Moleff, IAR”.

Unapproved Seminar Materials

25. The “Income for Life” booklet Moleff gave seminar attendees is, except for the cover page, completely different from the “Income for Life” booklet approved by WGS.
26. Three pages of the CLS brochure that Moleff gave seminar attendees state, “For Broker/Dealer Use Only. Not for distribution to the public.”

Failure to Disclose and Misrepresentations

27. Hoschouer, under Moleff’s instruction, made misrepresentations of material facts when he gave his introduction of Moleff, including the following:
 - (a) Hoschouer told seminar attendees that Moleff manages offices in Utah,

California, Nevada, Texas and Washington;

- (b) Hoschouer told seminar attendees that WGS is the third-largest broker-dealer in the United States;
- (c) Hoschouer told seminar attendees that Moleff is a broker-dealer agent for two firms and that such association presents a “huge advantage” to clients;
- (d) Hoschouer told seminar attendees that Moleff is the “number one” financial advisor of WGS, and is one of the “best” financial advisors in Utah and the Western United States; and
- (e) Hoschouer told seminar attendees that Moleff has been the “number one” producer for eight consecutive years.

The above statements are false.

28. Moleff made misrepresentations and omissions of material facts when he gave his sales presentation, including the following:

- (a) Moleff failed to disclose that the client with whom Moleff and his family vacationed is Moleff’s father;
- (b) Moleff misrepresented that in eight years he has never “lost a client”;
- (c) Moleff misrepresented to seminar attendees that he is licensed with two broker-dealers and that only 1/10 of 1% of agents in Utah can be dually licensed;
- (d) Moleff misrepresented that he has “literally millions and millions and millions of client dollars that are managed by Hanlon”;
- (e) Moleff misrepresented that he has one client who has “literally millions and millions and millions” with Hanlon;

- (f) Moleff misrepresented to seminar attendees that all of his clients are with Hanlon;
and
- (g) Moleff failed to disclose that he was still soliciting client funds for third-party money managers Foxhall and CLS.

II. CONCLUSIONS OF LAW

- 29. Moleff provided Hoschouer materials which misrepresented Moleff's qualifications and caused Hoschouer to violate Section 61-1-1(2) of the Act as described above in paragraph 27.
- 30. Moleff willfully violated Section 61-1-1(2) of the Act by making misrepresentations and/or omissions of material facts as described above in paragraph 28 when he gave his sales presentation to potential investors.
- 31. Moleff willfully violated Section 61-1-1(3) of the Act through his use of unapproved seminars, advertising and sales materials, which constituted misrepresentations to potential clients, his broker-dealer and investment adviser. This conduct constituted an act, practice or course of business which operated as a fraud upon potential clients, WGS and ISI, and exposed WGS and ISI to potential liability.
- 32. Moleff willfully engaged in dishonest and unethical business practices warranting sanctions under Section 61-1-6(2)(g) of the Act by:
 - a. using advertising or a sales presentation in such a fashion as to be deceptive or misleading, as proscribed by Rule R164-6-1(g)(C)(18) of the Utah Administrative Code;
 - b. using unapproved seminars, advertising and sales materials, in violation of NASD

Conduct Rule 2210.

III. ADMISSIONS BY RESPONDENT

33. Moleff admits the Division's findings and foregoing violations of the Act.

IV. REMEDIAL ACTIONS/SANCTIONS

34. Moleff is barred from associating with any broker-dealer or investment adviser licensed in the State of Utah.
35. Moleff shall pay a fine to the Division in the amount of \$25,000. The Division waives payment of \$20,000 of the fine conditioned upon Moleff's fully complying with the requirements of this Order. The waived amount will become due and payable immediately if, within 5 years following the entry of this Order, Moleff commits a material breach of the requirements of the Order or violates state or federal securities laws. Moleff shall make payment of the fine amount of \$5,000 within ten (10) days of the entry of this Order.

V. FINAL RESOLUTION

36. Moleff acknowledges that this Order, upon approval by the Division Director and Securities Advisory Board shall be the final compromise and settlement of this matter. Moleff further acknowledges that if the Division Director and Securities Advisory Board do not accept the terms of the Order, it shall be deemed null and void and without any force or effect whatsoever.
37. Moleff acknowledges that the Order does not affect any civil or arbitration causes of action that third-parties may have against Moleff arising in whole or in part from Moleff's actions, and that the Order does not affect any criminal cause of action that a prosecutor might bring.

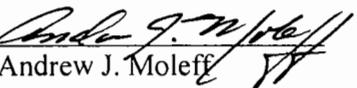
38. This Order constitutes the entire agreement between the parties herein and supersedes and cancels any and all prior negotiations, representations, understandings, or agreements between the parties. There are no verbal agreements which modify, interpret, construe, or otherwise affect this Order in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

Utah Division of Securities

Date: 4/16/07

By: 
George Robison
Director of Licensing

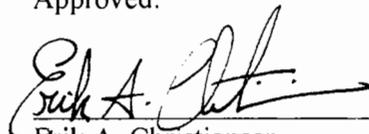
Date: 4-13-2007

By: 
Andrew J. Moleff

Approved:


Laurie L. Noda
Assistant Attorney General

Approved:


Erik A. Christiansen
Counsel for Respondent

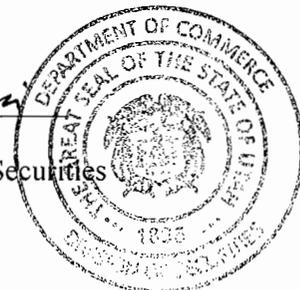
ORDER

Based on the foregoing, the Director hereby:

1. Finds that Moleff has admitted the factual conduct and the violations described in this Order.
2. Enters as his own findings, the Findings of Fact described in Section I, above.
3. Enters, as his own conclusions, the Conclusions of Law described in Section II, above.
4. Orders that:
 - a. Moleff be barred from associating with any broker-dealer or investment adviser licensed in the State of Utah.
 - b. Moleff pay a fine to the Division in the amount of \$25,000. The Division waives payment of \$20,000 of the fine conditioned upon Moleff's fully complying with the requirements of this Order. The waived amount will become due and payable immediately if, within 5 years following the entry of this Order, Moleff commits a material breach of the requirements of the Order or violates state or federal securities laws. Moleff shall make payment of the fine amount of \$5,000 within ten (10) days of the entry of this Order.

DATED this 16th day of April, 2007.

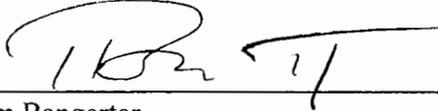

WAYNE KLEIN
Director, Utah Division of Securities



BY THE UTAH SECURITIES ADVISORY BOARD:

The foregoing Order is hereby accepted, confirmed and approved by the Utah Securities
Advisory Board.

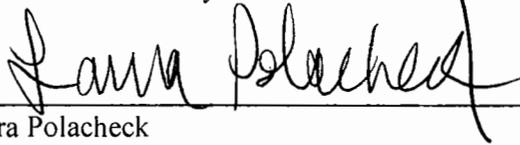
DATED this 16~~th~~ day of APRIL, 2007.



Tim Bangerter

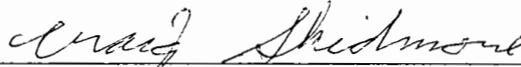


Edward L. McCartney



Laura Polacheck

Mark Pugsley



Craig Skidmore

Certificate of Mailing

I certify that on the 19th day of APRIL 2007, I mailed a true and correct copy of the Stipulation and Consent Order to:

Erik A. Christiansen
Parsons Behle and Latimer
201 South Main Street Suite 1800
Salt Lake City, UT 84111
Attorney for Respondent

Pamela Raszinski
EXECUTIVE SECRETARY