

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

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

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**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 JOHN F.  
HOSCHOUER**

Docket No. SD-06-0078  
**Docket No. SD-06-0079**  
Docket No. SD-00-0080

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The Utah Division of Securities (“Division”), by and through its Director of Licensing, George Robison, and John F. Hoschouer, CRD #4690685 (“Hoschouer”) hereby stipulate and agree as follows:

1. Hoschouer was the subject of an examination conducted by the Division into allegations that Hoschouer, his employer, World Group Securities, Inc. (“WGS”), CRD#114473, and WGS agent Andrew J. Moleff (“Moleff”), CRD#3042378, 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 Suspend Licensee and Impose a Fine against Hoschouer. The Division also filed actions against Moleff and WGS, which are currently pending.

3. In lieu of proceeding with the formal action, Hoschouer 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 Hoschouer pertaining to this matter.
4. Hoschouer admits the jurisdiction of the Division over him and over the subject matter of this action.
5. Hoschouer waives any right to a hearing to challenge the Division’s evidence and present evidence on his behalf.
6. Hoschouer 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 Hoschouer to enter into this Order, other than as described in this Order.
7. Hoschouer is represented by attorney Erik A. Christiansen and is satisfied with the legal representation he has received.

**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.<sup>1</sup> Moleff was Hoschouer’s supervisor.

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

9. Hoschouer has been licensed in Utah as a broker-dealer agent with WGS since November 13, 2003.
10. 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 World Financial Group (“WFG”).
11. 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.
12. According to the WGS Written Supervisory Procedures Manual, prior to becoming registered representatives of WGS, individuals must first be associates<sup>2</sup> of WFG.

#### **Senior Seminar Sales Presentation**

13. 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.
14. At the seminars, Hoschouer introduced Moleff and later gave closing comments. During his presentation, Hoschouer told seminar attendees of Moleff’s background and qualifications.
15. Hoschouer’s representations at the seminars were made at the direction of his supervisor, Moleff.
16. WGS records reveal Moleff, as Branch Office Manager, approved the seminars he

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<sup>2</sup>WFG’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.

presented, in which Hoschouer participated.

**Failure to Disclose and Misrepresentations**

17. 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.

**II. CONCLUSIONS OF LAW**

18. Hoschouer violated Section 61-1-1(2) of the Act by making misrepresentations and/or omissions of material facts as described in paragraph 17 when he gave his sales presentation to potential investors.

**III. ADMISSIONS BY RESPONDENT**

19. For purposes of resolving this dispute, Hoschouer admits the Division's findings and

foregoing violations of the Act. Hoschouer represents that he had no knowledge that he was violating the law, but was simply following the directions of his supervisor.

#### **IV. REMEDIAL ACTIONS/SANCTIONS**

20. Hoschouer shall pay a fine to the Division in the amount of \$5,000. The Division waives payment of \$4,000 of the fine conditioned upon Hoschouer'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, Hoschouer commits a material breach of the requirements of the Order or violates state or federal securities laws. Hoschouer shall make payment of the fine amount of \$1,000 within six (6) months of the entry of this Order in monthly installments of \$166.67 with the first payment due upon entry of this Order.
21. Hoschouer shall re-qualify by taking and passing the Series 6 and Series 63 examinations within 60 days of the entry of this Order. If Hoschouer fails to pass the examinations within such period, he is precluded from acting in the capacity of a broker-dealer agent until such time as he passes both examinations.

#### **V. FINAL RESOLUTION**

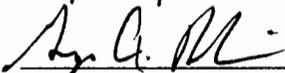
22. Hoschouer acknowledges that this Order, upon approval by the Division Director and Securities Advisory Board shall be the final compromise and settlement of this matter. Hoschouer further acknowledges that if the Division Director and Securities Advisory Board do not accept the terms of the Order, it shall be deemed null and void and without any force or effect whatsoever.
23. Hoschouer acknowledges that the Order does not affect any civil or arbitration causes of action that third-parties may have against Hoschouer arising in whole or in part from

Hoschouer's actions, and that the Order does not affect any criminal cause of action that a prosecutor might bring.

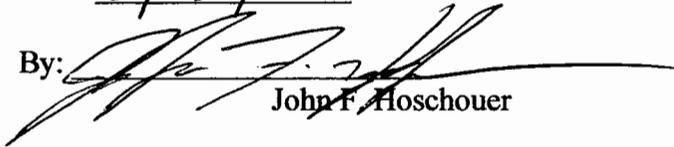
24. This Order constitutes the entire agreement between the parties herein and supersedes and cancels any and all prior negotiations, representations, understandings, or agreements between the parties. There are no verbal agreements which modify, interpret, construe, or otherwise affect this Order in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

Utah Division of Securities

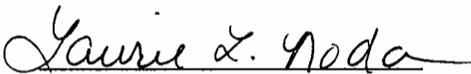
Date: 3/22/07

By:   
George Robison  
Director of Licensing

Date: 3/13/2007

By:   
John F. Hoschouer

Approved:

  
Laurie L. Noda  
Assistant Attorney General

Approved:

  
Erik A. Christiansen  
Counsel for Respondent

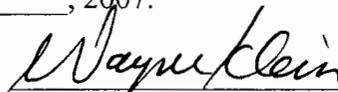
**ORDER**

Based on the foregoing, the Director hereby:

1. Finds that Hoschouer 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. Hoschouer pay a fine to the Divison in the amount of \$5,000. The Division waives payment of \$4,000 of the fine conditioned upon Hoschouer'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, Hoschouer commits a material breach of the requirements of the Order or violates state or federal securities laws. Hoschouer shall make payment of the fine amount of \$1,000 within six (6) months of the entry of this Order in monthly installments of \$166.67 with the first payment due upon entry of this Order.
  - d. Hoschouer shall re-qualify by taking and passing the Series 6 and Series 63 examinations within 60 days of the entry of this Order. If Hoschouer fails to pass the examinations within such period, he is precluded from acting in the capacity of a broker-dealer agent until such time as he passes both examinations.

DATED this 16<sup>th</sup> 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<sup>th</sup> day of April, 2007.



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Tim Bangerter



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Edward L. McCartney



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Laura Polacheck

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Mark Pugsley



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Craig Skidmore

Certificate of Mailing

I certify that on the 18th 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

PAMALA RABENSL  
EXECUTIVE SECRETARY