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 :	**PETITION TO REVOKE LICENSES, BAR LICENSEES, AND IMPOSE FINES**
FIRST WESTERN ADVISORS, INC., CRD #13623;	**Docket No.** SD-07-0015
GARY W. TERAN, CRD #1076442;	**Docket No.** SD-07-0016
DAVID A. RUSSON, CRD # 1194052;	**Docket No.** SD-07-0017
BRIAN G. KASTELER, CRD #2182796;	**Docket No.** SD-07-0018
and CARL A. PAGE, CRD # 710908	**Docket No.** SD-07-0019
Respondents.	

Pursuant to the authority of Utah Code Ann. § 61-1-6, the Utah Division of Securities ("Division") hereby petitions the Director of the Division ("Director") to enter an Order, subject to the approval of a majority of the Securities Advisory Board, revoking the broker-dealer license of First Western Advisors, Inc., and the broker-dealer agent licenses of Gary W. Teran, David A. Russon, Brian G. Kasteler, and Carl A. Page ("Respondents"), barring Respondents from the securities industry, and imposing fines. In support of this petition, the Division alleges:

STATEMENT OF FACTS

1. First Western Advisors, Inc. ("FWA") is a Utah corporation which maintains its principal place of business in Salt Lake City, Utah. FWA has been licensed in Utah as a broker-dealer since November 10, 1983, and is also a federal covered investment adviser.

2. Gary W. Teran ("Teran") has been licensed in Utah as a broker-dealer agent of FWA since January 24, 1986, and as an investment adviser representative of FWA since January 5, 1995. Teran is President of FWA and has served in such capacity during all times relevant to this action.

3. David A. Russon ("Russon") has been licensed in Utah as a broker-dealer agent of Cambridge Investment Research Inc. since September 30, 2006, and as an investment adviser representative of Cambridge Investment Research Advisors, Inc. since October 3, 2006. From April 29, 1988 until September 30, 2006, Russon was licensed as a broker-dealer agent of FWA, and from July 11, 1994 until September 30, 2006, Russon was licensed as an investment adviser representative of FWA.

4. Brian G. Kasteler ("Kasteler") has been licensed in Utah as a broker-dealer agent of MML Investor Services, Inc. since October 2003. From October 2, 1992 until September 30, 2003, Kasteler was a licensed broker-dealer agent of FWA, and from April 7, 1997 until September 30, 2003, he was an investment adviser representative of FWA.

5. Carl A. Page ("Page") has been licensed in Utah as a broker-dealer agent of FWA since July 9, 1992. From January 1988 until his termination in May 1992, Page was a licensed broker-dealer agent of Paine Webber.

6. During the period relevant to this action, Teran, Kasteler and Page were subject to the supervision of Russon. Teran also supervised Kasteler, Page and Russon.

Mutual Fund Share Classes

7. A single mutual fund, with one portfolio and one investment adviser, may offer more than one "class" of its shares to investors. Each class represents a similar interest in the mutual fund's portfolio.

8. The principal difference between the classes is that the mutual fund will charge different fees and expenses depending upon the share class. Additionally, different share classes may result in different sales compensation being paid to broker-dealers and their agents.

9. Class A shares typically impose a front-end sales charge, meaning that when an investor invests in the fund, a certain percentage of the investor's money is not actually invested. This non-invested percentage is used to pay an initial sales charge.

10. A mutual fund may offer a discount on the front-end sales charge if 1) the investment is a large purchase; 2) the investor already holds other mutual funds offered by the same fund family; or 3) the investor commits to regularly purchasing shares of the mutual fund.

11. "12b-1" fees are asset-based fees taken out of the mutual fund's assets to cover the expenses of marketing and distributing the fund's shares. These are fees that are indirectly paid by the investor. 12b-1 fees are commonly known in the securities industry as "trails" and are calculated daily for as long as the shares are held.

12. The fund automatically assesses the trail on each customer's investment and pays it to the brokerage firm that sold the fund to the customer. The brokerage firm usually divides the trail with its registered representative as a sales commission.

13. Because trails are deducted from the investor's principal, higher trails mean there will be less principal available in the account for capital gains and dividends, going forward.

14. The 12b-1 fee for Class A shares is generally lower than the asset-based fees imposed by other share classes.

15. Class A shares are usually considered to be most suitable for those investing larger amounts in the fund over a longer period of time.

16. Class B shares typically do not impose a front-end sales charge, but they do impose asset-based fees that may be higher than those that an investor would pay if Class A shares were purchased.

17. Class B shares usually impose a contingent deferred sales charge ("CDSC"), which the investor pays upon the sale of the shares. The CDSC normally declines over a five to eight year period and is eventually eliminated at the end of that period.

18. The CDSC is not imposed on dividend or capital gain reinvestments. Each fund calculates its CDSC in a slightly different way. Once the CDSC is eliminated, Class B shares often "convert" into Class A shares. When converted, the shares carry the same asset-based fee as the Class A shares.

19. Class B shares are generally appropriate for investors who do not want a front-end charge, are investing a smaller amount, and intend to hold the shares until they convert to A shares.

20. Class C shares typically do not carry a front-end sales charge at the time of purchase, but they may impose a CDSC or other redemption fees.

21. Class C shares typically impose higher asset-based fees than Class A shares, and since their shares generally do not convert into Class A shares, their asset-based fee will not be reduced.

22. Class C shares are typically the most economical of the three share classes for individuals with short investment horizons.

23. The expense ratio is the percentage of total investment that shareholders pay annually for mutual fund operating expenses and management fees. In most cases the expense ratio for Class C shares would be higher than Class A shares, and even higher than Class B shares, if the investor held the shares for a longer period of time.

24. Class C shares are generally appropriate for investors who do not want a front-end charge and are investing a smaller amount for shorter periods.

Breakpoints

25. Breakpoints are discounts for quantity purchases. Nearly every mutual fund has a schedule of sales charges in which the sales charges decrease as an investor purchases larger and larger quantities of fund shares. The different points at which sales charges are reduced are called breakpoints. A "0% breakpoint" means that the investor has invested sufficient monies that he or she pays no sales charge.

26. A sample breakpoint schedule for Class A shares is as follows:

Investment Amount	**Sales Load**
Less than $25,000	5.0%
$50,000 but less than $100,000	4.25%
$100,000 but less than $250,000	3.75%
$250,000 but less than $500,000	2.75%
$500,000 but less than $1 million	2.0%
$1 million or more	0.0%[1]

[1] *Class B Mutual Fund Shares: Do They Make the Grade?* NASD Investor Alert, June 25, 2003. http://www.nasd.com/InvestorInformation/InvestorAlerts/MutualFunds/ClassBMutualFundSharesDoTheyMaketheGrade/NASDW_005975

27. "Breakpoint sales" are sales made by brokers just below the breakpoint with the result that the customer pays a higher sales charge than what would have been paid had the customer known of the breakpoint and invested a few more dollars.

28. A right of accumulation allows an investor to combine prior mutual fund purchases with current purchases within the same mutual fund family and among related accounts to qualify for a breakpoint and obtain a lower sales charge.

29. A letter of intent has been designed by the mutual fund industry to allow investors to take advantage of the reduced sales charge, even though they do not at present have the full dollar amount to invest to reach the breakpoint. It typically is used when the investor expects to be able to reach a breakpoint within a time period specified by the mutual fund company; often this period is within 90 days prior to the letter and 13 months after the letter of intent.

Standards Applicable to Breakpoints

30. NASD IM-2830-1 generally prohibits broker-dealers and their agents from selling mutual fund shares in dollar amounts just below the sales charge breakpoint in order to increase the broker-dealer's and agent's compensation. These principles apply equally to recommending a particular fund share class to an investor.

31. NASD Notice to Members 94-16 requires firms to disclose the existence of the breakpoints to enable the customer to evaluate the desirability of making a qualifying purchase.

32. NASD Notice to Members 95-80 requires firms to provide sufficient information for investors to understand and evaluate the structure of multi-class funds. Investors must also be told the differences among a front-end load, a spread load (deferred sales charge and 12b-1 fee), and a level load (sales charge which does not vary depending on how long the investor holds the investment), and be informed about why one type of fee may be higher or lower than another. Disclosure also must be made explaining how factors such as the amount invested, the rate of return, the amount of time the investor remains in the fund, and the fund's conversion features affect an investor's overall costs.

Mutual Fund Switching

33. NASD Notice to Members 94-16 further requires that firms evaluate the net investment advantage of any recommended "switch" from one mutual fund to another. Switching among certain funds may be difficult to justify if the financial gain or investment objective to be achieved by the switch is undermined by transaction fees associated with the switch. Members also have an obligation to ensure that supervisory and compliance procedures are adequate to monitor switching among funds, and members should be prepared to document their reasons for switching.

Teran's recommendations to client RR

34. On July 2, 1998, Teran's client ("RR") signed a "Trading Authorization Limited to Purchases and Sales of Securities" granting Teran trading authorization in RR's accounts.

35. In July and August 1999, Teran invested over $1,529,000 in RR's accounts in Class B shares of mutual funds in eleven mutual fund families.

36. According to RR's sworn testimony to the United States Securities & Exchange Commission ("SEC"), Teran did not explain to RR the differences between Class A, B, and C shares of mutual funds, or the existence of CDSCs and availability of breakpoints.

37. RR further testified to the SEC that Teran did not disclose that through letters of intent and/or rights of accumulation, RR could have invested in one mutual fund family and received a 0% breakpoint on Class A shares.

38. Teran received at least $11,900 more in commissions[2] than if he had invested RR's money in Class A shares instead of Class B shares.

Russon's recommendations to client VC

39. From June through August 2001, Russon recommended that his client #1 ("VC") invest $1,771,000 in Class B and $644,400 in Class C shares of mutual funds of eight separate fund families.

40. As a part of these investments, Russon attempted to invest $330,000 of VC's money in Class B shares of a Fidelity mutual fund, but FWA's clearing firm, Pershing LLC ("Pershing"), refused to place a trade in this amount for Class B shares. Russon thereafter canceled the trade, and placed it again as two separate purchases, one for $250,000 in Class B shares, and three days later a purchase of $80,000 in Class B shares in the same fund. Twelve days later, Russon invested an additional $150,000 in Class B shares of the same Fidelity fund, for a total of $480,000. Russon did not inform VC that Fidelity had a

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[2]This figure, and other commissions paid in transactions discussed herein, does not include trails paid after the purchase for as long as the shares are held, which increase shareholder expenses and result in lower returns to the investor.

limitation on Class B share purchases, nor of Russon's evasion of the limitation designed to protect investors by breaking the trade into several transactions.

41. Also among these investments, Russon invested over $730,000 in Class B shares of Franklin mutual funds and $480,000 in Class B shares of Nuveen mutual funds.

42. The prospectus for the Franklin High Yield Tax Free Income Fund states, "the maximum amount you may invest in Class B shares at one time is $249,999. We place any investment of $250,000 or more in Class A shares, since a reduced initial sales charge is available and Class A's annual expenses are lower."

43. According to VC's sworn testimony to the SEC, Russon did not disclose to VC the differences between Class A, B, and C shares of mutual funds, or that VC qualified for breakpoints if he invested in A shares. Nor did Russon explain letters of intent and rights of accumulation. VC erroneously believed breakpoints applied to $500,000 or more in Class A shares, and that it takes too long to make up for Class A shares' front-end sales charges. Based on his misunderstanding, he followed Russon's recommendation to invest in Class B shares. Russon did not disclose the availability of letters of intent or rights of accumulation, or the advantages they would have afforded VC, nor did he make any fee comparisons for VC. Russon failed to disclose the impact of lower sales charges on fund performance, and failed to identify the breakpoints VC would have qualified for if he had purchased Class A shares.

44. VC further testified that Russon did not disclose to VC that he could invest in one or two fund families, therefore purchasing Class A shares at net asset value and paying no

commissions. Russon would have received lower commissions if VC had purchased Class A shares.

45. Russon was paid at least $17,995 more in commissions for his Class B share recommendations than if VC had invested in Class A shares.

46. Following VC's testimony to the SEC, on September 17, 2003, Russon had VC sign a document drafted by FWA entitled "First Western Advisors Mutual Fund Disclosure Statement." That document contains assertions that directly contradict VC's testimony. The statement represents that VC requested that FWA use an investment strategy of diversification of asset classes and that in doing so, acknowledges multiple mutual fund families may be required. The statement also represents that Russon explained the different share classes to VC including expenses, breakpoints, and letters of intent.

47. On December 19, 2003 and April 12, 2004, Russon had VC sign "Declarations," also drafted by FWA, which contained additional statements directly contradicting VC's sworn testimony. The "Declarations" assert that prior to investing his money, VC fully understood the different share classes, including annual expenses and breakpoints, and that VC understood he was giving up breakpoints for greater diversification.

Russon's recommendations to client TH

48. In 2000, Russon recommended that his client #2 ("TH") invest $939,940 in Class B shares and $1,184,940 in Class C shares of nine mutual funds in nine separate fund families.

49. According to TH's sworn testimony to the SEC, Russon did not disclose the difference in Class A, B, and C shares, or that TH qualified for a 0% breakpoint if he invested in Class A shares in one or two fund families.

50. TH believed that purchasing Class A shares required a larger initial investment than Class B and C shares and that Class A shares did not have the same portfolio as Class B and C shares. TH also believed that he, in fact, held Class A shares. Russon did not explain the different share classes so as to correct TH's mistaken beliefs, or otherwise educate TH on his investment options.

51. Russon made at least $10,299 more in commissions for his Class B share recommendations than if TH had invested in Class A shares.

52. Russon failed to disclose that three Virginia municipal bond funds he recommended which were purchased in TH's account– $365,000 in Evergreen Class B shares, $350,000 in Alliance Class C shares, and $350,000 in Franklin Class C shares – had virtually identical investment objectives and credit quality. If the monies were instead invested in Class A shares of one of those funds or in one mutual fund family, TH would have qualified for a 0% breakpoint.

53. In July 2002 and August 2003, Russon gave TH Morningstar reports which purported to reflect performance information for TH's portfolio. The reports represented that TH held Class A shares of mutual funds and showed performance information for Class A shares. Russon failed to disclose to TH that the reports were not representative of his account – and showed inflated returns due to lower fees associated with Class A shares – because TH actually held Class B and C shares.

54. Following TH's testimony to the SEC, on October 24, 2003, Russon had TH sign a document drafted by FWA entitled "First Western Advisors Mutual Fund Disclosure Statement." That document contains assertions that directly contradict TH's sworn

testimony. The statement represents that TH requested that FWA use an investment strategy of diversification of asset classes and that in doing so, acknowledges multiple mutual fund families may be required. The statement also represents that Russon explained the different share classes to TH including expenses, breakpoints, and letters of intent.

55. On December 29, 2003, Russon had TH sign a "Declaration," also drafted by FWA, which contained additional statements directly contradicting TH's testimony. The "Declaration" asserts that prior to investing, TH fully understood the different share classes, including annual expenses and breakpoints, and that TH understood he was giving up breakpoints to achieve greater diversification.

Russon's recommendations to client MB

56. From September 1998 through September 1999, Russon recommended that his client #3 ("MB") invest $822,904 in Class B shares of ten different mutual fund families, and $43,994 in Class C shares of one of the ten fund families. Five of the funds purchased were high-yield bond funds with similar objectives, ratings, and credit quality.

57. In 2000, Russon recommended that MB invest $377,564 in Class B shares in two fund families and $484,952 in Class C shares of six mutual fund families.

58. According to MB's sworn testimony to the SEC, Russon explained some of the differences in share class when MB opened his account, but Russon did not disclose these differences at the time individual transactions were effected. MB was not made aware of the benefits offered by Class A shares and the ability to utilize rights of accumulation and/or letters of intent to reach breakpoint levels.

59. MB further testified that he told Russon he wanted diversification and the flexibility to move in and out of mutual funds. MB thought he could not move in and out of Class A shares of mutual funds. Russon did not correct this mistaken belief, and did not disclose that if MB invested in one mutual fund family, he would qualify for significant breakpoints in Class A shares and would be able to do free fund exchanges. Russon also made purchases just below breakpoint levels in MB's accounts, without informing MB that he could invest a bit more money in order to obtain breakpoint discounts in Class A shares. Russon likewise failed to inform MB that Class B and C shares had higher annual fees that would negatively impact his returns.

60. Russon made at least $8,163 more in commissions for his Class B share recommendations than if MB had invested in Class A shares.

61. On seven occasions between April 2000 and September 2003, Russon gave MB Morningstar reports which purported to reflect performance information for MB's portfolio. The reports represented that MB held Class A shares of mutual funds and showed performance information for Class A shares. Russon failed to disclose to MB that the reports were not representative of his account – and showed inflated returns due to lower fees associated with Class A shares – because he actually held Class B and C shares.

62. Following MB's testimony to the SEC, on September 4, 2003, Russon had MB sign a document drafted by FWA entitled "First Western Advisors Mutual Fund Disclosure Statement." That document contains assertions that directly contradict MB's sworn testimony. The statement represents that MB requested that FWA use an investment strategy of diversification of asset classes and that in doing so, acknowledges multiple

mutual fund families may be required. The statement also represents that Russon explained the different share classes to MB including expenses, breakpoints, and letters of intent.

63. On December 22, 2003 and April 5, 2004, Russon had MB sign "Declarations," also drafted by FWA, which contained additional statements directly contradicting MB's testimony. The "Declarations" assert that prior to investing, MB fully understood the different share classes, including annual expenses and breakpoints, and that MB understood he was giving up breakpoints to achieve greater diversification.

Russon's recommendations to client SW

64. From June 1998 through February 1999, Russon recommended that his client #4 ("SW") invest $4,039,184 in Class B shares of mutual funds in eleven different fund families.

65. Four of the 1998 investments were made in the amount of $249,995 each. Russon did not recommend, or disclose to SW that if SW invested an additional $5 in each – a total of $20 more – he would qualify for significant breakpoints in Class A shares. In addition, Russon invested $246,995 in each of four more funds, and likewise did not disclose that these amounts were near breakpoints for Class A shares.

66. Increasing the investments to breakpoint levels and purchasing Class A shares in the above investments would also have meant a reduced commission of approximately $41,000 for Russon. Considering that SW invested more than four million dollars, Russon could have invested in Class A shares among one to four fund families and qualified SW for a 0% breakpoint, thereby saving significant amounts. Assuming a 4% commission payout, Russon earned approximately $161,500 from mutual fund purchases in SW's account.

67. Among the 1998 purchases, on August 11th, $274,995 was invested in Class B shares of the Federated Strategic Income Fund. The next day, August 12th, $124,995 was invested in Class B shares of the same fund. The January 31, 1998 prospectus for the fund states, "Orders for $250,000 or more of Class B Shares will automatically be invested in Class A shares." Russon failed to disclose this limitation designed to protect investors to SW.

68. In 1998, Russon also invested a total of $711,960 in Class B shares in the Putnam family of funds. Russon failed to disclose that rights of accumulation would have allowed SW breakpoint discounts for Class A purchases.

69. In 2002, Russon recommended that SW invest $266,000 in Class B shares of three fund families and $200,000 in Class C shares of one mutual fund.

70. According to SW's sworn testimony to the SEC, Russon did not disclose the different expenses and fees associated with Class A, B, and C shares of mutual funds. Nor did Russon explain the options of using letters of intent and rights of accumulation.

71. SW further testified that Russon did not disclose that SW could have invested in up to four fund families and qualified for 0% breakpoints for Class A shares, resulting in no commissions being paid by SW and all his monies being immediately invested. This would have resulted in a lower commission for Russon.

72. Russon made at least $74,495 more in commissions for his Class B share recommendations than if SW had invested in Class A shares.

73. Russon also provided SW a January 2002 Morningstar report which purported to reflect performance information for SW's portfolio. The report represented that SW held Class A shares of mutual funds and showed performance information for Class A shares. Russon

failed to disclose to SW that the report was not representative of his account – and showed inflated returns due to lower fees associated with Class A shares – because he actually held Class B and C shares.

74. According to SW's SEC testimony, based upon this report, SW believed he held Class A shares.

75. Following SW's testimony to the SEC, on September 17, 2003, Russon had SW sign a document drafted by FWA entitled "First Western Advisors Mutual Fund Disclosure Statement." That document contains assertions that directly contradict SW's testimony. The statement represents that SW requested that FWA use an investment strategy of diversification of asset classes and that in doing so, acknowledges multiple mutual fund families may be required. The statement also represents that Russon explained the different share classes to SW including expenses, breakpoints, and letters of intent.

76. On December 18, 2003, December 21, 2003, and March 4, 2004, Russon had SW sign "Declarations," also drafted by FWA, which contained additional statements directly contradicting SW's testimony. The "Declarations" assert that prior to investing, SW fully understood the different share classes, including annual expenses and breakpoints, and that SW understood he was giving up breakpoints for greater diversification.

Russon's recommendations to client JB

77. In April 1998, Russon recommended that his client #5 ("JB") sell $641,460 of Class A shares in two mutual funds. Russon recommended that the proceeds be used to purchase Class B shares of like-kind (strategic income) mutual funds in three different fund families. The three families Russon recommended were different families from those of

the holdings JB sold in order to purchase the Class B shares. Therefore, Russon was able to generate new commissions.

78. FWA's Policies and Procedures Manual in effect at the time of the above purchases required that the reasons for switching transactions be adequately documented, in order to show that the client's financial situation and investment objectives were properly considered. No documentation for the switch was maintained by Russon or FWA.

79. In February 2001, Russon recommended that JB sell $838,893 of Class A shares of one tax-free bond fund, and invest the proceeds in Class B and C shares of three different fund families.

80. As a result of these transactions, JB sold low cost Class A funds only to purchase more expensive Class B and C shares, which paid new commissions to Russon. JB also incurred higher annual fees and lost liquidity due to CDSCs associated with the Class B shares of the new funds.

81. According to JB's sworn testimony to the SEC, Russon did not disclose the different characteristics of Class A, B, and C shares to JB, or that JB could have invested in one fund family and qualified for a 0% breakpoint for Class A shares.

82. Russon made at least $10,352 more in commissions for his Class B share recommendations than he would have had JB invested in Class A shares.

83. Russon gave JB a September 2003 Morningstar report which purported to reflect performance information for JB's portfolio. The report represented that JB held Class A shares of mutual funds and showed performance information for Class A shares. Russon failed to disclose to JB that the report was not representative of her account – and showed

inflated returns due to lower fees associated with Class A shares – because JB actually held Class B and C shares.

84. Following JB's testimony to the SEC, a "Declaration" was drafted by FWA and provided to JB, which contained statements directly contradicting JB's testimony. The "Declaration" represents that Russon explained the different share classes to JB including expenses and breakpoints. Although the document is dated November 21, 2003, it is unsigned.[3]

Kasteler's recommendations to client WC

85. In June 2000, Kasteler recommended that his client #1 ("WC") invest $3,794,053 in Class C shares of six mutual funds in three fund families.

86. According to WC's sworn testimony to the SEC, Kasteler did not disclose the differences between Class A, B, and C shares of mutual funds to WC, or that WC could have invested in these same funds but spread the amounts out differently to reach a 0% breakpoint for Class A shares in each fund family.

87. WC further testified that Kasteler did not disclose to WC that his $2,178,175 investment in Class C shares of four Eaton Vance mutual funds qualified for 0% breakpoint in Class A shares.

88. In August 2002, Kasteler gave WC a Morningstar report which purported to reflect performance information for WC's portfolio. The report represented that WC held Class A shares of mutual funds and showed performance information for Class A shares.

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[3]A later "Declaration" which did not include the contradictory assertions was signed by JB on January 9, 2004.

Kasteler failed to disclose to WC that the report was not representative of his account – and showed inflated returns due to lower fees associated with Class A shares – because WC actually held Class C shares.

89. On January 14, 2004, Kasteler had WC sign a "Declaration," drafted by FWA, which also contained statements directly contradicting WC's testimony. Unlike the other "Declarations" discussed above, the "Declaration" of WC did not represent that prior to investing his money, he fully understood the different share classes, including annual expenses and breakpoints, nor that he understood he was giving up breakpoints for greater diversification. Rather, the "Declaration" asserts that although he was provided with Morningstar reports reflecting performance information for Class A shares, WC understood that he actually owned Class C shares.

Kasteler's recommendations to client KJ

90. In November 2001, Kasteler recommended that his client #2 ("KJ") sell Class B shares to invest $1,463,800 in Class B shares of substantially similar mutual funds in three different fund families. Kasteler recommended "switching" in the following transactions:

Account #1

Sold:	$376,943 Mainstay High Yield Corporate Bond
	$148,814 Putnam High Yield Trust Fund
	$120,794 Delaware Delchester Fund
Purchased:	$225,000 AIM High Yield (11/14/01)[4]

[4]Dates contained in parentheses in this paragraph indicate the date of the described transaction.

$149,000 Eaton Vance High Income (11/14/01)

$149,800 Oppenheimer High Yield (11/14/01)

$120,000 AIM High Yield (11/23/01)

Account #2

Sold: $330,712 Fortis Advantage HighYield

$175,754 Liberty High Yield Securities

$41,776 Mainstay High Yield Corporate Bond

$155,592 Putnam High Yield Trust Fund

$120,794 Delaware Delchester

Purchased: $250,000 AIM High Yield (11/14/01)

$175,000 Eaton Vance High Income (11/14/01)

$175,000 Oppenheimer High Yield (11/14/01)

$100,000 AIM High Yield (11/15/01)

$120,000 AIM High Yield (11/23/01)

91. The AIM High Yield fund prospectus in effect at the time of the above transactions prohibited purchases of more than $250,000 in Class B shares. Despite this limitation, Kasteler purchased $345,000 in one account and $470,000 in a second account – a total of $815,000 on three different dates – in Class B shares of that fund.

92. As a result of these transactions, KJ sold funds which would have converted to lower cost Class A shares only to purchase Class B shares of similar funds, which paid new commissions to Kasteler. KJ also lost liquidity and incurred higher annual fees for a longer period due to CDSCs associated with the new funds.

93. In June 2002, Kasteler recommended that KJ invest $199,988 in Class B shares of a fourth fund family, in the VanKampen High Yield Muni Fund. The VanKampen prospectus stated that the fund generally would not accept purchases of $100,000 or more in B shares. Kasteler divided the purchase into two trades placed three days apart.

94. In June 2003, Kasteler recommended that KJ invest an additional $210,000 in Class B shares of the VanKampen High Yield Muni Fund. FWA's clearing firm, Pershing, refused to place the $210,000 trade because it was greater than the mutual fund's stated limit of $100,000 for purchases of Class B shares. Kasteler instead circumvented the prospectus limit by making three separate Class B share purchases in the amounts of $100,000, $99,999.99, and $10,000.

95. According to KJ's sworn testimony to the SEC, Kasteler did not disclose to KJ the differences between share classes of mutual funds. Kasteler did not disclose to KJ that had fewer fund families and/or rights of accumulation and letters of intent been used, KJ could have qualified for a 0% breakpoint for Class A shares of mutual funds.

96. Kasteler earned at least $33,230 more in commissions for his Class B share recommendations than if KJ had invested in Class A shares.

97. On December 18, 2003, Kasteler had KJ sign a "Declaration," drafted by FWA, which also contained statements directly contradicting KJ's sworn testimony. The "Declaration" asserts that prior to investing, KJ fully understood the different share classes, including annual expenses and breakpoints, and that KJ understood he was giving up breakpoints for greater diversification.

Page's recommendations to client DP

98. In 1998 and 1999, Page recommended that his client ("DP") invest $525,000 in Class B shares of mutual funds in two fund families. Based on the amount of investment, DP would have qualified for significant breakpoints for Class A shares.

99. In 2000, Page recommended that DP invest $650,000 in Class B shares of mutual funds in four fund families.

100. In July and September 2001, Page recommended that DP invest $1,150,000 in Class B shares of mutual funds in six fund families. Based on the amount of investment, DP would have qualified for 0% breakpoints for Class A shares if he had invested in one fund family.

101. According to DP's sworn testimony to the SEC, Page did not disclose to DP the differences between Class A and B shares of mutual funds. Page knew DP would be exercising stock options and depositing money over time, but Page did not disclose to DP that if letters of intent had been used, DP could have qualified for significant breakpoints for Class A shares, and for a 0% breakpoint in 2001 for Class A shares of mutual funds.

102. Page made at least $36,600 more in commissions for his Class B share recommendations than if DP had invested in Class A shares.

Failure to Maintain Books and Records

103. Although FWA and its agents provided Morningstar "Snapshot" reports to TH, MB, SW, JB, and WC, FWA failed to maintain copies of such reports as required by FWA's Policies and Procedures manual and the Utah Uniform Securities Act.

CAUSES OF ACTION

COUNT ONE (Teran)
(Securities Fraud under § 61-1-1(2))

104. Teran violated Section 61-1-1(2) of the Utah Uniform Securities Act ("Act") by omitting to disclose to his client RR the material facts that:

a. investments in Class B shares have higher annual expenses than investments in Class A shares;

b. due to their higher annual expenses, Class B shares generate lower returns than Class A shares;

c. Class B shares carry higher sales charges and agent commissions than other classes of shares, especially for the large investments Teran recommended to RR;

d. Teran would receive a larger commission by selling RR Class B shares rather than Class A shares;

e. large investments qualify for breakpoints for Class A shares, which reduce the front-end sales charge and incur lower annual expenses and fees than Class B shares; and

f. letters of intent and rights of accumulation enable investors to aggregate investments in the same fund family for purposes of determining breakpoints for A shares.

COUNT TWO (Russon)
(Securities Fraud under § 61-1-1(2))

105. Russon violated Section 61-1-1(2) of the Act by omitting to disclose to his clients VC, TH, MB, SW, and JB the material facts that:

a. investments in Class B and C shares have higher annual expenses than investments in Class A shares;

b. due to their higher annual expenses, Class B and C shares generate lower returns than Class A shares;

c. Class B shares carry higher sales charges and agent commissions than other classes of shares, especially for the large investments made by Russon's clients;

d. Russon would receive a larger commission by selling the client Class B shares rather than Class A shares;

e. large investments qualify for breakpoints for Class A shares, which reduce the front-end sales charge and incur lower annual expenses and fees than Class B and C shares; and

f. letters of intent and rights of accumulation enable investors to aggregate investments in the same fund family for purposes of determining breakpoints for Class A shares.

106. With regard to clients VC and SW, Russon further failed to disclose the material facts that fund prospectuses for investments he recommended specifically prohibited investing more

than $250,000 in Class B shares. With regard to VC's account, Russon failed to disclose that he evaded this limitation by breaking the purchase into several transactions.

107. With regard to JB's account, Russon additionally violated Section 61-1-1(2) of the Act by omitting to disclose:

a. the recommended switches offered little or no benefit to JB but instead benefited Russon by paying him new commissions; and

b. the recommended switches incurred higher annual fees for JB and a loss of liquidity due to CDSCs associated with the new funds.

108. Russon also violated Section 61-1-1(2) of the Act by providing investment reports to his clients TH, MB, SW, and JB, which falsely indicated that they held Class A shares, and omitted to disclose that these clients actually held Class B and/or C shares. These fraudulent reports showed a higher rate of return than what the customer actually earned.

COUNT THREE (Kasteler)
(Securities Fraud under § 61-1-1(2))

109. Kasteler violated Section 61-1-1(2) of the Act by omitting to disclose to his clients WC and KJ the material facts that:

a. investments in Class B and C shares have higher annual expenses than investments in Class A shares;

b. due to their higher annual expenses, Class B and C shares generate lower returns than Class A shares;

c. Class B shares carry higher sales charges and agent commissions than other classes of shares, especially for the large investments made by Kasteler's clients;

d. Kasteler would receive a larger commission by selling the client Class B and/or C shares rather than Class A shares;

e. large investments qualify for breakpoints for Class A shares, which reduce the front-end sales charge and incur lower annual expenses and fees than Class B and C shares; and

f. letters of intent and rights of accumulation enable investors to aggregate investments in the same fund family for purposes of determining breakpoints for Class A shares.

110. With regard to KJ's account, Kasteler violated Section 61-1-1(2) of the Act by omitting to disclose:

a. the recommended switches offered little or no benefit to KJ, but instead benefited Kasteler by paying him new commissions; and

b. the recommended switches incurred higher annual fees for KJ and a loss of liquidity due to CDSCs associated with the new funds.

111. With regard to client KJ, Russon further failed to disclose the material facts that fund prospectuses for investments he recommended specifically prohibited investing more than $100,000 (VanKampen fund) and $250,000 (AIM fund) in Class B shares. Kasteler failed to disclose that he evaded these limitations by breaking the purchases into several transactions.

112. Kasteler violated Section 61-1-1(2) of the Act by providing investment reports to his client WC which falsely indicated that he held Class A shares, and omitted to disclose that this client actually held Class C shares.

COUNT FOUR (Page)
(Securities Fraud under § 61-1-1(2))

113. Page violated Section 61-1-1(2) of the Act by omitting to disclose to his investor DP the material facts that:

a. investments in Class B shares have higher annual expenses than investments in Class A shares;

b. due to their higher annual expenses, Class B shares generate lower returns than Class A shares;

c. Class B shares carry higher sales charges and agent commissions than other classes of shares, especially for the large investments Page recommended to DP;

d. Page would receive a larger commission by selling the client Class B shares rather than Class A shares;

e. large investments qualify for breakpoints for Class A shares, which reduce the front-end sales charge and incur lower annual expenses and fees than Class B shares; and

f. letters of intent and rights of accumulation enable investors to aggregate investments in the same fund family for purposes of determining breakpoints for Class A shares.

COUNT FIVE (All Respondents)
(Securities Fraud under § 61-1-1(3))

114. Respondents' patterns of failing to disclose material facts and/or misrepresentations of material fact, as described above, constitute an act, practice, or course of business which operated as a fraud or deceit.

115. Following sworn testimony provided by FWA clients to the SEC, Respondents Teran, Russon, Kasteler, and FWA attempted to manipulate and change such testimony by drafting "Mutual Fund Disclosure Statements" and "Declarations" and asking the clients to sign these documents which contradicted their earlier testimony. Respondents' conduct constitutes an act, practice, or course of business which operated as a fraud or deceit.

116. Russon engaged in an act, practice, or course of business which operated as a fraud or deceit by providing investment reports to his clients TH, MB, SW, and JB, which falsely indicated that they held Class A shares, and omitting to disclose that these clients actually held Class B and/or C shares. Kasteler engaged in an act, practice, or course of business which operated as a fraud or deceit by providing investment reports to his client WC which falsely indicated that WC held Class A shares, and omitting to disclose that WC actually held Class C shares. These fraudulent reports showed a higher rate of return than what the customer actually earned.

117. Respondents engaged in the fraudulent practice of receiving unreasonable commissions or profits, as set forth in Utah Admin. Code R164-1-3(C)(1)(b).

118. Respondents failed to advise their customers of all compensation paid to Respondents related to the sales of investments, a fraudulent act under Utah Admin. Code R164-1-3(C)(1)(h)(ii).

COUNT SIX (All Respondents)
(Dishonest and Unethical Business Practices under § 61-1-6(2)(g) of the Act)

Unsuitable Investments - All Respondents

119. Respondents engaged in dishonest and unethical business practices, warranting disciplinary sanctions under Section 61-1-6(2)(g), by:

a. recommending unsuitable investments based not upon what was best for the client but rather upon the amount of commission the broker-dealer agent would receive, which constitutes a dishonest or unethical business practice as set forth in Utah Administrative Code ("UAC") R164-6-1g(C)(3), applicable to agents through R164-6-1g(D)(7); and

b. recommending like-kind investments in multiple fund families based not upon what was best for the client, but to avoid breakpoints and thereby receive greater commissions for the broker-dealer agents, which constitutes a dishonest or unethical business practice under UAC R164-6-1g(C)(3), applicable to agents through R164-6-1g(D)(7).

120. Russon and Kasteler recommended unsuitable "switching" transactions where customers sold lower cost shares only to purchase similar funds with higher annual expenses which paid the agent a new commission, which conduct constitutes a dishonest or unethical

business practice under UAC R164-6-1g(C)(3), applicable to agents through R164-6-1g(D)(7).

Attempting to Change Testimony - Teran, Russon, Kasteler, FWA

121. As described above, following sworn testimony provided by FWA clients to the SEC, Respondents attempted to manipulate and change such testimony by drafting "Mutual Fund Disclosure Statements" and "Declarations" and asking the clients to sign these documents which contradicted their earlier testimony. Such conduct constitutes dishonest or unethical business practices under UAC R164-6-1g, warranting disciplinary sanctions under Section 61-1-6(2)(g) of the Act.

Violation of NASD Conduct Rule 2110 - All Respondents

122. By failing to follow NASD disclosure requirements concerning multiclass investments, and failing to fully inform their investors, prior to investing, of all applicable costs, fees, and commissions associated with each class, Respondents violated Rule 2110 which requires its members to observe high standards of commercial honor, and just and equitable principles of trade. The violation of NASD Conduct Rules constitutes a dishonest or unethical business practice under Utah Admin. Rule R164-6-1g(C)(28), applicable to agents through (D)(7), warranting disciplinary sanctions under Section 61-1-6(2)(g) of the Act.

COUNT SEVEN (Teran, Russon, FWA)

(Failure to Supervise under §§ 61-1-6(2)(g), -(j) of the Act and Utah Admin. Code R164-6-1g(C)(28))

123. Teran, Russon, Kasteler and Page committed numerous violations of the Act as described above.

124. Teran, Kasteler and Page were subject to the supervision of Russon. Kasteler and Russon were also subject to the supervision of Teran.

125. FWA, Teran and Russon failed to take action to detect and prevent securities law violations by those under their supervision, and failed to ensure that the compliance measures contained in the FWA Policies and Procedures Manual were carried out.

126. FWA, Teran and Russon failed to reasonably supervise FWA agents, warranting disciplinary sanctions under Section 61-1-6(2)(j) of the Act. Their failure to supervise violates NASD Conduct Rule 3010, which violation is a dishonest or unethical business practice under R164-6-1(g)(C)(28), applicable to agents through (D)(7), warranting sanctions under Section 61-1-6(2)(g).

COUNT EIGHT (FWA)

(Failure to Maintain Books and Records under § 61-1-5(1) of the Act)

127. Although FWA and its agents provided Morningstar "Snapshot" reports to TH, MB, SW, JB, and WC, and those reports constitute books and records required to be maintained under Section 61-1-5(1) of the Act, FWA failed to maintain copies of such reports.

REQUEST FOR RELIEF

The Division requests that, based upon Respondents' willful violations of the Act, and subject to the approval of the Securities Advisory Board, the Director enter an order revoking the broker dealer license of FWA, and broker-dealer agent licenses of Teran, Russon, Kasteler, and Page, barring Respondents from association with any broker-dealer or investment adviser licensed in this state, and fining Respondents in an amount to be determined at hearing.

DATED this 15th day of February, 2007

UTAH DIVISION OF SECURITIES

George Robison
Director of Licensing

Approved:

Laurie L. Noda
Assistant Attorney General

Division of Securities
Utah Department of Commerce
160 East 300 South, 2nd Floor
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**BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH**

IN THE MATTER OF:	**NOTICE OF AGENCY ACTION**
FIRST WESTERN ADVISORS, INC., CRD#13623;	**Docket No.** SD-07-0015
GARY W. TERAN, CRD#1076442;	**Docket No.** SD-07-0016
DAVID A. RUSSON, CRD#1194052;	**Docket No.** SD-07-0017
BRIAN G. KASTELER, CRD#2182796;	**Docket No.** SD-07-0018
and CARL A. PAGE, CRD#710908	**Docket No.** SD-07-0019
Respondents.	

THE DIVISION OF SECURITIES TO THE ABOVE-NAMED RESPONDENTS:

You are hereby notified that agency action in the form of an adjudicative proceeding has been commenced against you by the Utah Division of Securities (Division). The adjudicative proceeding is to be formal and will be conducted according to statute and rule. See Utah Code Ann. §§ 63-46b-3 and 63-46b-6 through 11; see also Utah Admin. Code R151-46b-1 et seq. The legal authority under which this formal adjudicative proceeding is to be maintained is Utah Code Ann. § 61-1-6. You may be represented by counsel or you may represent yourself in this proceeding. Utah Admin. Code

R151-46b-6.

You must file a written response with the Division within thirty (30) days of the mailing date of this Notice. Your response must be in writing and signed by you or your representative. Your response must include the file number and name of the adjudicative proceeding, your version of the facts, a statement of what relief you seek, and a statement summarizing why the relief you seek should be granted. Utah Code Ann. § 63-46b-6(1). In addition, pursuant to Utah Code Ann. § 63-46b-6(3), the presiding officer requires that your response:

(a) admit or deny the allegations in each numbered paragraph of the Petition, including a detailed explanation for any response other than an unqualified admission. Allegations in the Petition not specifically denied are deemed admitted;

(b) identify any additional facts or documents which you assert are relevant in light of the allegations made; and

(c) state in short and plain terms your defenses to each allegation in the Petition, including affirmative defenses, that were applicable at the time of the conduct (including exemptions or exceptions contained within the Utah Uniform Securities Act).

After your response is filed, a pre-hearing conference will be held. Utah Admin. Code R151-46b-9(9). The purpose of the pre-hearing conference is to enter a scheduling order addressing discovery, disclosure, and other deadlines, including pre-hearing motions, and to set a hearing date

to adjudicate the matter alleged in the Petition.

Your response, and any future pleadings or filings that should be part of the official files in this matter, should be sent to the following:

Signed originals to:

Administrative Court Clerk
c/o Pam Radzinski
Utah Division of Securities
160 E. 300 South, 2nd Floor
Box 146760
Salt Lake City, UT 84114-6760
(801) 530-6600

A copy to:

Laurie L. Noda
Assistant Attorney General
160 E. 300 South, Fifth Floor
Box 140872
Salt Lake City, UT 84114-0872
(801) 366-0310

If you fail to file a response, as described above, or fail to appear at any hearing that is set, the presiding officer may enter a default order against you without any further notice. Utah Code Ann. § 63-46b-11; Utah Admin. Code R151-46b-10(11). After issuing the default order, the presiding officer may grant the relief sought against you in the Petition, and will conduct any further proceedings necessary to complete the adjudicative proceeding without your participation and will determine all issues in the proceeding. Utah Code Ann. § 63-46b-11(4); Utah Admin. Code R151-46b-10(11)(b). In the alternative, the Division may proceed with a hearing under § 63-46b-10.

The presiding officer in this case is Wayne Klein, Director, Director, Division of Securities. An administrative law judge may be assigned after the initial pre-hearing conference. At any hearings, the Division will be represented by the Attorney General's Office. You may appear and be heard and present evidence on your behalf at any such hearings.

You may attempt to negotiate a settlement of the matter without filing a response or proceeding to hearing. To do so, please contact the Utah Attorney General's Office. Questions regarding the Petition should be directed to Laurie L. Noda, Assistant Attorney General, 160 E. 300 South, Fifth Floor, Box 140872, Salt Lake City, UT 84114-0872, Tel. No. (801) 366-0310.

Dated this 16th day of February, 2007.

Wayne Klein

Wayne Klein, Director
Division of Securities
Utah Department of Commerce

Certificate of Mailing

I certify that on the 16TH day of FEBRUARY, 2007, I mailed, by certified mail, a true and correct copy of the Notice of Agency Action and Petition to:

First Western Advisors, Inc.
46 West Broadway, Ste. 200
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Carl A. Page
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PAMALA RADZINSKI
Executive Secretary