

SECURITIES COMMISSION MEETING
MINUTES

October 27, 2011

Securities Staff Present

Keith Woodwell, Division Director
Dave Hermansen, Director of Compliance
Benjamin Johnson, Director of Corporate Finance
Michael Hines, Director of Enforcement
Nadene Adams, Administrative Assistant
Thomas Brady, Analyst
Chip Lyons, Analyst
Ann Skaggs, Examiner
Elton Wilcox, Examiner
Scott Davis, Division Counsel
Julie Price, Board Secretary

Commissioner's Present

Jane Cameron, Zion's Bank
Laura Polacheck, AARP Utah
Jan Graham, Graham Law Offices
Tim Bangerter, Bangerter Financial Group

Commissioner's Absent

Erik Christiansen, Parsons Behle & Latimer

Public Present

Rose Poulsen, Junior Achievement of Utah, Inc.

Minutes: A motion was made and seconded to approve the September 22, 2011 minutes. The motion was passed unanimously.

Director's Report: Director Woodwell explained that the Division has had a very busy and eventful month on the investor education front. The Division has participated in a series of presentations up in Logan at Utah State University over the last four Wednesdays. A study will be conducted by university students to see what behaviors have changed since taking the course. Attendance at these presentations has ranged from between 55 to 100 participants. Director Woodwell is pleased with the turnout. Much of the increase of the Division's investor education efforts is due to the Commission's support of various organizations but also the transition of Karen McMullen into the Division's full-time investor education coordinator position. She has made a huge difference in finding more avenues and partnering with more organizations. The Division has seen an increase in the number of presentations Division staff are participating in.

Director Woodwell gave an update on the public service announcement campaign. A local ad agency is in the process of recording the "Red Flag" 30 second spots. These spots will start to air in late November and will be mostly played during local news broadcasts as well as a few other shows. Some of the radio spots have already started running on KUER. Both the 30 second and 15 second spots are promotions for upcoming events. The Division also plans to do billboards ads.

Director Woodwell gave an update on the budget. Currently the Education Fund has a balance of \$450,000.00 and it should increase to \$850,000.00 after all the auction rate securities settlements come in.

The Division is now fully staffed at 24 full-time employees and one contract position paid out of the education fund. Nadia Mahallati is still a contracted employee but that is expected to change in the near future.

Commissioner Graham was concerned that more of the funds in the Investor Education Fund were not being spent on education. She is particularly concerned with the amount of fraud in Utah County. Director Woodwell addressed her concerns.

Compliance & Licensing Section Report: Dave Hermansen introduced Elton Wilcox, the Division's newest employee, to the Commission. Elton will be working in the licensing and compliance section as examiner and brings with him years of experience in the securities industry.

Mr. Hermansen introduced Scott Davis. Mr. Davis is with the Attorney General's Office and has been working with the licensing and compliance section as the attorney in charge of their cases. Mr. Davis will also start handling the enforcement sections cases.

Four licensing and compliance staff members have been involved with the ongoing classes taught at Utah State University which just recently ended. These classes were held on Wednesday nights from 7:00 to 9:00 pm.

Mr. Hermansen reported that his section has a pretty steady audit schedule. Last month his staff performed five audits as a result of the new employees that have been brought on. His section has five audits scheduled for the month of November.

Brandon Henrie and Sharon Weinle, two recent hires are now flying solo. They have completed their training and are ready to go into the field.

Mr. Hermansen's section has been very busy with Auction Rate Securities (ARS). They have several settlements to finalize at today's commission meeting and have one more left.

One new topic that his section is beginning to look at very closely is business brokering. The Utah Uniform Securities Act does require them to be licensed. It also depends on the sale of the business and how it is structured. If the sale involves stock in a company, it is considered a security. If the sale just involves just assets in a company, it is not considered a security. Over the last several months, this section has received a lot of inquiries and a couple of complaints. In the future, the Division may possibly look into introducing an administrative rule to address business brokering.

Mr. Hermansen reported that his section has two criminal cases that are pending. Darin Beal's case has moved a little quicker than anticipated. He entered a guilty plea last week to one count of securities fraud and one count of theft. He will be sentenced on December 5th.

Corporate Finance Section Report: Benjamin Johnson reported on a few statistical items. His section continues to experience a considerable increase in filing activity across the board; registrations are up 18%, state-level exemption filings are up 24%, and 506 notice filings are up 14%. He continues to see a consistent pattern of increase in capital formation filings.

In a previous commission meeting Ann Skaggs was introduced. With the additional staffing, his section has been able to expand their up-front reviews of 506 notice filings. Mr. Johnson reported that his section currently has a couple of cases in settlement discussion.

In part of NASAA's recent report there are a couple of bills that have come up in the Federal House of Representatives that are of great concern to NASAA and state regulators. The first bill of concern is HR 2940 The Access to Capital for Job Creators Act. This bill would remove the

prohibition against general solicitation and general advertising from 506 offerings. NASAA strongly opposes this proposal. Mr. Johnson doesn't expect the passage of this item any time soon but it is an item of great concern. The second bill is HR 2930 Entrepreneur Access to Capital Act. This bill would modify the provisions of Regulation A to make certain Regulation A offerings of five million or less federal covered securities.

Enforcement Section Report: Michael Hines reported that criminal charges have been filed in Iron County against Brace Robinson. The county attorney has now declared a conflict with this case and they have cross-designated Douglas Wawrzynski with the Division to prosecute this case. This is Mr. Wawrzynski's first prosecution case and will be a wonderful experience for him.

Education Fund Expenditure Report: Benjamin Johnson reviewed the updated expenditure report for the Education and Training Fund and discussed the line items that were being requested by the Division for Commission approval. This included Division operating costs, enforcement investigations and litigations expenses, licensing investigations and litigations expenses, expert witness expenses, and the consideration of the Junior Achievement grant request. Mr. Johnson also addressed the negative balance in Office Equipment and Supplies sections. Items needed for the Senior Expo were added to this section instead of the Public Investor Education Miscellaneous section. These expenses will be transferred to the appropriate section.

Action: Jan Graham made a motion to approve the Education Fund Expenditure Report. The motion was seconded and carried.

Consideration of Grant Request

Junior Achievement of Utah, Inc.: Rose Poulsen from Junior Achievement presented this grant request. The Commission reviewed this grant and put it to a vote.

Action: Jane Cameron recused herself. Jan Graham made a motion to approve the grant for \$25,000.00. The motion was seconded and carried.

Transfer of Stock Market Game Grant to Utah Jumpstart Coalition: Director Woodwell explained that the Stock Market Game has been run through the Utah Council on Economic Education but the real work is being done by the State Office of Education. Since both of these organizations are government agencies, the Stock Market Game is being transferred to the Utah Jumpstart Coalition which is an organization not affiliated with the government.

Action: Jane Cameron made a motion to acknowledge the transfer of the Stock Market Game Grant to the Utah Jumpstart Coalition. The motion was seconded and carried.

Approval of Stipulation and Consent Orders

Brian Y. Horne, Desert Financial Services, Inc., and Horne Financial, Inc.: Dave Hermansen reported that this is the final action taken by the Division in regards to the Vescor Ponzi scheme. This action was filed against the brokerage firm which sold more than \$44,000,000.00 in Vescor securities in Utah. In 1996, NASD (now FINRA), took an enforcement action against Kevin Kunz and Investment Management Corporation (IMC). The NASD sanctions were affirmed by the Tenth Circuit Court of Appeals in 2003. A 2001 NASD enforcement action against Mr. Kunz and IMC led to additional sanctions. Mr. Horne became the Financial and Operations Principal for IMC. Under the NASD Order affirmed by the Tenth Circuit Court of Appeals, IMC was prohibited from participating as primary placement or sales agent in securities offerings until it retained an independent consultant to review the firm policies and procedures relating to such offerings, and provide a report with recommendations which IMC was required to demonstrate to NASD that it had implemented the consultant's recommendations. IMC never complied with those requirements. Despite Mr. Kunz's suspension, he continued to function in a

principal capacity during that period through his active involvement in the supervision and management of IMC activities relating to Vescor private placements, Mr. Horne permitted Mr. Kunz's activities despite being the firm's designated principal during that time. After the NASD suspension, the firm tried to conceal IMC's activities from regulators in which Vescor transactions were not recorded on the books and records of IMC as required by law and Mr. Kunz and Mr. Horne facilitated the payment of commissions from Vescor through outside business entities. The respondents misrepresented material facts in connection with the offer and sale of Vescor securities. The respondents also omitted numerous material facts in connection with the offer and sale of Vescor securities. In connection with the offer or sale of securities, the respondents engaged in acts, practices, and a course of business which operated as a fraud.

The respondents are barred from associating with any licensed broker-dealer or investment adviser in this state, and from acting as an agent for any issuer soliciting investor funds in this state. The respondents will provide truthful testimony and cooperation with any State or Federal investigation involving Southwick, the VesCor companies, and any individual under investigation as a result of their affiliation with VesCor and/or Southwick. The respondents will cease and desist from violating the Utah Uniform Securities Act and comply with the requirements of the Act in all future business in this state. A fine against the respondents is imposed in the amount of \$500,000.00.

Action: Jan Graham recused herself. Jane Cameron made a motion to approve the Stipulation and Consent Order. The motion was seconded and carried.

Ryan Paul Miller: Dave Hermansen reported that Central Registration Depository (CRD) records indicate that on October 21, 2010, Mr. Miller was discharged from his employment with Securities America "due to an unauthorized affiliation with an unregistered individual who has been barred from conducting securities business in the State of Utah."

In a September 2006 Stipulation and Order (Division Order), Richard Earl Haskell agreed to be barred from the securities industry in Utah. Despite Mr. Miller knowing that Mr. Haskell was barred from the securities industry, and despite receiving repeated warnings from his employer, Mr. Miller gave Mr. Haskell access to client accounts and conducted securities business with Mr. Haskell from 2006 until Mr. Miller's termination from Securities America in October 2010.

Mr. Miller will cease and desist from violating the Utah Uniform Securities Act, pay a \$10,000.00 fine, provide truthful testimony and cooperation with any State or Federal investigation involving Richard Earl Haskell, be barred from associating with any broker-dealer or investment adviser licensed in this state, barred from acting as an agent for any issuer soliciting investor funds in this state, and the respondent's securities licenses are revoked.

Action: Jan Graham made a motion to approve the Stipulation and Consent Order. The motion was seconded and carried.

Deutsche Bank Securities, Inc.: Dave Hermansen reported that the respondent misrepresented material facts related to Auction Rate Securities (ARS) sold to clients and failed to adequately disclose to clients the effect of the firm's role as an underwriter and broker-dealer for (ARS) issues. The respondent engaged in dishonest and unethical conduct in the securities business, for the use of supporting bids to artificially prevent failed ARS auctions, and failing to adequately disclose the practice to clients. The respondent failed to provide adequate training to agents concerning ARS; create and maintain adequate written supervisory procedures concerning ARS; ensure adequate disclosure of conflicts of interest concerning ARS to clients by its agents, failing to reasonably supervise, and establish and enforce procedures necessary to detect and prevent such conduct.

The respondents shall pay a \$188,095.65 fine and take certain measures with respect to all current and former clients that purchased "Eligible ARS" from the respondents on or before

February 13, 2008 to August 31, 2008.

Action: Laura Polacheck made a motion to approve the Stipulation and Consent Order. The motion was seconded and carried.

Raymond James & Associates, Inc. and Raymond James Financial Services, Inc.: Dave Hermansen reported that in selling auction rate securities (ARS) to its customers prior to the middle of February 2008, some of the respondents' registered representative and financial advisors made inaccurate comparisons between ARS and other investments. The respondents did not provide customers with adequate and complete disclosures regarding the complexity of the auction process, including failing to adequately disclose to customers that the respondent managed the auctions of the municipal auction rate securities (MARS) and that the respondents routinely bid in MARS auctions to prevent a failed auction, maintain an orderly market, or set a particular clearing rate. In connection with the marketing of ARS, the respondents failed to adopt policies and procedures reasonably designed to ensure that its registered representatives and financial advisors recommended ARS only to customers who had stated investment objectives that were consistent with their purchase of ARS. Some of the respondents' registered representatives and financial advisors recommended ARS to customers as a liquid, short-term investment. As a result, some of the respondents' customers who needed short-term access to funds invested in ARS even though ARS had long-term maturity dates.

The respondents will cease and desist from violating the Utah Uniform Securities Act, pay a fine of \$29,328.04, and take certain measures with respect to current and former customers with respect to "Eligible Auction Rate Securities".

Action: Laura Polachek made a motion to approve the Stipulation and Consent Order. The motion was seconded and carried.

Darin Floyd Beal: Dave Hermansen reported that Mr. Beal offered and sold a promissory note which was not registered or exempt from registration. He misrepresented material facts in connection with the promissory note by telling the investor that her monies would be invested in private placements that he would choose for her, which were limited to accredited investors and which yielded a monthly interest of 2.25%. Mr. Beal's representations were false. Mr. Beal omitted material facts in connection with the promissory note including but not limited to failing to disclose that instead of investing the investor funds, Mr. Beal would convert her monies for personal use. He also engaged in an act, practice or course of business which operated as a fraud by converting the investor's money for personal use while causing her to believe it would be properly invested and earn the interest he promised.

Mr. Beal shall cease and desist from violating the Utah Uniform Securities Act, pay a \$70,000.00 fine, be barred from associating with a licensed broker-dealer or investment adviser in this state, and from acting as an agent for any issuer soliciting investor funds in this state.

Action: Tim Bangerter made a motion to approve the Stipulation and Consent Order. The motion was seconded and carried.

Ross Morrell Bowen: Dave Hermansen reported that Mr. Bowen acted as an investment adviser from 2008 through 2011 and received compensation while unlicensed. Mr. Bowen will cease and desist from violating the Utah Uniform Securities Act, pay a \$10,000.00 fine, and take and pass the Series 65 examination within 60 days.

Action: Jan Graham made a motion to approve the Stipulation and Consent Order. The motion was seconded and carried.

Richard Earl Haskell: Dave Hermansen reported that Central Registration Depository (CRD) records indicate Mr. Haskell was "permitted to resign while under internal review for

violating the terms of a special supervisory agreement, allegedly providing false information on a new account application and for using an unapproved training script." Mr. Haskell was previously the subject of a criminal securities fraud action filed in November 2004, as well as a Division regulatory action filed in February 2006. Through a stipulation and consent order resolving the Haskell action, in September 2006 Mr. Haskell agreed to be barred from the securities industry in Utah.

CRD records indicate that on October 21, 2010 Ryan Paul Miller was discharged from his employment "due to an unauthorized affiliation with an unregistered individual who has been barred from conducting securities business in the state of Utah." The barred individual referred to is Mr. Haskell. The Division's investigation into this matter revealed that despite Mr. Haskell's bar from the securities industry, Mr. Haskell conducted securities business with Mr. Miller from 2006 until Mr. Miller's termination in October 2010. Mr. Haskell misrepresented or omitted material facts in connection with the offer or sale of securities to Mr. Miller's clients.

Mr. Haskell will cease and desist from violating the Utah Uniform Securities Act, pay a \$20,000.00 fine, and provide truthful testimony and cooperation with any State or Federal investigation.

Action: Jan Graham made a motion to approve the Stipulation and Consent Order. The motion was seconded and carried.

RACE, LLC. And Randy J. Bradley: Tom Brady reported that in May 2007, Mr. Bradley received investments of at least \$376,000.00, from at least three Utah investors. Mr. Bradley told the investors that their money would be secured by real estate, that they would receive a promissory note in return for their investment, and that they would receive interest of 3% per month. Prior to accepting the investors' money, Mr. Bradley failed to disclose material information, including but not limited to, Mr. Bradley's prior bankruptcy filing. Two of the investors were able to recover their principal investment plus interest, and the third investor received only a few interest payments and is still owed \$346,000.00 in principal alone. The respondents, directly or indirectly, made false statements of material fact in connection with the offer and sale of a security. The respondents, directly or indirectly, failed to disclose material information which was necessary in order to make the representations not misleading in connection with the offer and sale of a security.

The respondents will pay a \$20,000.00 fine, which will be waived contingent upon no securities violations. Mr. Bradley is barred from associating with any broker-dealer or investment adviser licensed in Utah, and acting as an agent for any issuer soliciting investor funds in Utah. Mr. Bradley agrees to pay restitution as ordered in the criminal case.

Action: Jan Graham made a motion to approve the Stipulation and Consent Order as to RACE, LLC. and Randy J. Bradley. The motion was seconded and carried.

Windsor Capital, LC. and Nathan Welch: Tom Brady reported that in May 2007, Mr. Welch offered and sold securities to at least two husband and wife investors, in or from Utah, and collected a total of \$500,000.00. The investors have thus far been unable to collect approximately \$417,500.00 of their investment funds. The respondents, directly or indirectly, made false statements in connection with the offer and sale of a security to the investors. The respondents, directly or indirectly, failed to disclose material information which was necessary in order to make statements not misleading in connection with the offer and sale of a security.

The respondents will cease and desist from violating the Utah Uniform Securities Act, Mr. Welch agrees to be barred from the securities industry for a minimum of five years and thereafter until the restitution is paid in full, pay a \$417,500.00 fine, and cooperate with the Division in any future investigations.

Action: Laura Polacheck made a motion to approve the Stipulation and Consent Order. The motion was seconded and carried.

Michael L. Bloxham: Tom Brady reported that from November 2006 through January 2008, Mr. Bloxham and others offered and sold an investment opportunity to at least ten Utah investors, who invested a total of at least \$974,000.00. Mr. Bloxham and others told investors that their money would be invested in property in Cedar City, Utah. Mr. Bloxham and others gave investors unrecorded trust deed notes in return for their investments. The notes promised various rates of interest for a term of anywhere from 30 days to one year. The total estimated losses experienced by the ten Utah Investors were \$789,663.00. Mr. Bloxham, directly or indirectly, made false statements in connection with the offer and sale of a security to investors. Mr. Bloxham, directly or indirectly, failed to disclose material information which was necessary in order to make the representations not misleading in connection with the offer and sale of a security.

Mr. Bloxham will cease and desist from violating the Utah Uniform Securities Act, agrees to be permanently barred from the securities industry, cooperate with the Division in future investigations, and pay restitution as ordered.

Action: Tim Bangerter made a motion to approve the Stipulation and Consent Order as to Michael L. Bloxham. The motion was seconded and carried.

Keith Richard Anderson: Tom Brady reported that in May 2000, a husband and wife, invested \$126,000.00 in a company in which Mr. Anderson was the president and director. Mr. Anderson failed to pay the couple their principal and interest. In January 2003, Mr. Anderson approached the same couple about another investment opportunity in which the couple invested \$100,000.00. Mr. Anderson failed to pay the couple their principal and interest. The investors are still owed a total of \$246,000.00 from Mr. Anderson in principal alone.

Mr. Anderson, directly or indirectly, made false statements in connection with the offer and sale of a security. He directly or indirectly, failed to disclose material information which was necessary in order to make representations made not misleading, in connection with the offer and sale of a security.

Mr. Anderson will cease and desist from violating the Utah Uniform Securities Act, pay a \$10,000.00 fine, cooperate with the Division in any future investigations, and pay restitution as ordered in the criminal case.

Action: Jan Graham made a motion to approve the Stipulation and Consent Order. The motion was seconded and carried.

360 Wireless Solutions, Inc. and Evan Douglas Yazzie: Tom Brady reported that a Default Order is entered for failing to file a written response. The respondents will cease and desist from violating the Utah Uniform Securities Act and pay a \$2,500.00 fine.

Action: Jan Graham made a motion to approve the Default Order. The motion was seconded and carried.

Troy B. Kotter d.b.a. Anomaly Group, Inc.: Tom Brady reported that a Default Order is entered for failing to file a written response and failing to appear before the Securities Commission on January 4, 2011. The respondent will cease and desist from violating the Utah Uniform Securities Act and pay a \$1,500.00 fine.

Action: Tim Bangerter made a motion to approve the Default Order. The motion was seconded and carried.

Investor Strategy Consulting, Inc. and Robert Wade Tarrant: Tom Brady reported that a Default Order is entered for failing to file a written response and appear at the February 1, 2011 hearing. The respondents will permanently cease and desist from violating the Utah Uniform Securities Act and pay a \$187,000.00 fine.

Action: Laura Polacheck made a motion to approve the Default Order. The motion was seconded and carried.

Centuries Financial Group and David Godwin Frank: Tom Brady reported that a Default Order is entered for failing to file a written response. The respondents will permanently cease and desist from violating the Utah Uniform Securities Act and pay a \$4,000.00 fine.

Action: Jan Graham made a motion to approve the Default Order. The motion was seconded and carried.

Asset Development Group, LLC. And Scott R. Lindsay: Michael Hines reported that from December 23, 2004 to March 6, 2009, the respondents offered and sold securities to a group of investors, in or from Utah, and collected a total of \$4,741,000.00. Four of those investors lost approximately \$3,454,506.00 of their investment fund. The respondents, directly or indirectly, made false statements in connection with the offer and sale of a security to investors. The respondents, directly or indirectly, failed to disclose material information which was necessary in order to make the statements made not misleading, in connection with the offer and sale of a security to investors.

The respondents will cease and desist from violating the Utah Uniform Securities Act, Mr. Lindsay agrees to be permanently barred from the securities industry, and the respondents will cooperate with the Division in any future investigations.

Action: Jan Graham made a motion to approve the Stipulation and Consent Order as to Asset Development Group, LLC. and Scott R. Lindsay. The motion was seconded and carried.

Boyd Kelly Nielsen: Tom Brady reported that Mr. Nielsen collected at least \$201,390.80 in investor funds for Resort Holding International Inc.'s Universal Lease program, from at least four Utah investors. Two of the investors received a few interest payments, and two received nothing. Mr. Nielsen, directly or indirectly, made false statements in connection with the offer and sale of a security. Mr. Nielsen, directly or indirectly, failed to disclose material information which was necessary in order to make statements made not misleading in connection with the offer and sale of a security.

Mr. Nielsen will cease and desist from violating the Utah Uniform Securities Act, permanently barred from the securities industry in Utah, pay a \$2,500.00 fine, and cooperate with the Division in any future investigations.

Action: Jane Cameron made a motion to approve the Stipulation and Consent Order. The motion was seconded and carried.

Scot Stobbe: Tom Brady reported that a Default Order is entered against Mr. Stobbe for failing to file a written response. Mr. Stobbe will permanently cease and desist from violating the Utah Uniform Securities Act and pay a \$300,000.00 fine.

Action: Jan Graham made a motion to approve the Default Order. The motion was seconded and carried.

JLT Investment Group, LLC, and Joe L. Thomas: Michael Hines reported that from December 23, 2004 to March 6, 2009, the respondents offered and sold securities to a group of investors, in or from Utah, and collected a total of \$4,741,000.00. Four of those investors lost

approximately \$3,454,506.00 of their investment funds. The respondents, directly or indirectly, made false statements in connection with the offer and sale of a security to the investors. The respondents, directly or indirectly, failed to disclose material information which was necessary in order to make the statements no misleading in connection with the offer and sale of a security.

The respondents will cease and desist from violating the Utah Uniform Securities Act, Mr. Thomas agrees to be permanently barred from the securities industry, and the respondents will cooperate with the Division in any future investigations.

Action: Jan Graham made a motion to approve the Stipulation and Order as to JLT Investment Group, LLC and Joe L. Thomas. The motion was seconded and carried.

JPMorgan Chase & Co.: Dave Hermansen reported that although JPMorgan was aware of increasing problems in areas of the Auction Rate Securities (ARS) market during the approximate six months prior to the mass failure, JPMorgan failed to ensure that all of its registered representatives made appropriate disclosures to customers regarding the nature and risks of ARS. JPMorgan used the proprietary name, M-Stars or Municipal Short Term Auction Rate Securities, in marketing ARS. This could have led certain investors to conclude that ARS were short-term instruments. JPMorgan did not provide all its sales or marketing staff with the training and information necessary to adequately explain these products or the mechanics of the auction process to their customers. Not all of JPMorgan's registered associated persons were adequately educated in the ARS products they were selling. JPMorgan failed to reasonably supervise all its employees.

JPMorgan will cease and desist from violating the Utah Uniform Securities Act, pay a \$75,900.94 fine, and comply with the requirements of the Settlement Term Sheet executed on August 14, 2008.

Action: Laura Polacheck made a motion to approve the Stipulation and Consent Order. The motion was seconded and carried.


Wells Fargo Investments, LLC: Dave Hermansen reported Wells Fargo Investments, LLC. (WFI) marketed Auction Rate Securities (ARS) to some of its customers, including individual customers, small business, and non-profit organizations. WFI failed to adopt policies and procedures reasonably designed to ensure that its registered agents recommended ARS only to customers who had stated investment objectives that were consistent with their purchase of ARS. Some WFI registered agents recommended ARS to customers as a liquid, short-term investment. As a result, some WFI customers, who needed short-term access to funds, invested in ARS, even though ARS had long-term maturity dates, or in the case of Auction Rate Preferred Shares, no maturity dates. WFI failed to provide adequate supervision and training to its registered agents in connection with the marketing of ARS. Some of WFI's registered agents were not adequately educated with ARS products, WFI failed to provide timely and comprehensive sales and marketing literature regarding ARS and the mechanics of the auction process.

WFI will cease and desist from violating the Utah Uniform Securities Act, pay a \$74,837.10 fine, pay \$48,169.00 which constitutes actual fees and expenses incurred in connection with the investigation, and shall take certain measures with respect to current and former customers that purchased "Eligible ARS," as defined and described in the Order.

Action: Laura Polacheck made a motion to approve the Stipulation and Order. The motion was seconded and carried.

Next Meeting – January 26, 2012.

Tim Bangerter made a motion to adjourn the meeting. The motion was seconded and carried.

Approved: 
Erik Christiansen, Chairman

Date: 1/26/12