

DAVID R. KING
KRUSE, LANDA & MAYCOCK, L.L.C.
Attorneys for Respondents
Intermountain Financial Services, Inc.
and Kent D. Sweat
50 West Broadway, Suite 800
P. O. Box 45561
Salt Lake City, Utah 84145-0561

RECEIVED
JUL 03 2001
Dept. of Commerce

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

IN THE MATTER OF THE LICENSE OF)	ANSWER TO PETITION FOR ORDER
)	REVOKING LICENSES AND
)	SEEKING SANCTIONS
INTERMOUNTAIN FINANCIAL SERVICES,)	Docket No. SD-01-0092
CRD #15386, and KENT D. SWEAT,)	Docket No. SD-01-0093
CRD #1157627,)	
Respondents.)	

Respondents Intermountain Financial Services (“Intermountain”) and Kent D. Sweat (“Sweat”) hereby respond to the Petition for Order Revoking Licenses and Seeking Sanctions (the “Petition”) and allege as follows:

First Defense

The Petition fails to state a claim upon which relief can be granted.

Second Defense

1. Intermountain and Sweat admit the allegations of paragraph 1 of the Petition.
2. Intermountain and Sweat admit the allegations of paragraph 2 of the Petition.
3. Intermountain and Sweat admit the allegations of paragraph 3 of the Petition.
4. Intermountain and Sweat admit the allegations of paragraph 4 of the Petition.
5. Intermountain and Sweat admit the allegations of paragraph 5 of the Petition.

4

6. Intermountain and Sweat admit the allegations of paragraph 6 of the Petition.

7. Intermountain and Sweat admit the allegations of paragraph 7 of the Petition.

8. In response to paragraph 8 of the Petition, Intermountain and Sweat admit that the identity of a consultant to be engaged by Intermountain to revise Intermountain's compliance manual and operation procedures was not provided to the Division of Securities of the Department of Commerce of the State of Utah (the "Division") by May 10, 2001; that Intermountain and Sweat provided documents to the Division on June 19, 2001, pursuant to the Division's request; that Sweat testified as a witness for Jay Rice on June 19, 2001, at the administrative hearing on the Division's petition to revoke the license of Mr. Rice; that Sweat testified that he had provided documents to Mr. Rice's counsel on June 15, 2001, and that Intermountain and Sweat did not provide notice to the Division of their June 15, 2001 communications with counsel to Jay Rice, but deny each and every other allegation of paragraph 8 of the Petition. In particular, Intermountain and Sweat allege that on June 25, 2001, they provided to the Division two names of potential consultants to review Intermountain's compliance manual and operation procedures with a request that the Division notify Intermountain if either potential consultant was unacceptable; that the documents provided to the Division on June 19, 2001, constituted a full and complete response to the May 16, 2001 request of the Division to provide documents; and that Sweat at no time indicated that he had conversations with counsel for Mr. Rice on June 14, 2001, but instead stated that it was either June 14 or June 15, 2001.

9. Intermountain and Sweat deny each and every allegation of paragraph 9 of the Petition and allege that the Consent Order entered into between Intermountain, Sweat, and the Division is significant in its entirety, with no portion of the Consent Order being more important than any other portion and further allege that the task to be performed by the consultant pursuant to the Consent Order is the significant aspect of that element of the Consent Order, which task must be performed by August 10, 2001, more than one month from the date of the Petition in this matter.

10. Intermountain and Sweat admit the allegations of paragraph 10 of the Petition.

11. Intermountain and Sweat deny each and every allegation of paragraph 11 of the Petition and allege that the alleged breaches of the Consent Order entered April 9, 2001, are not material, either individually or collectively.

12. Intermountain and Sweat admit the allegations of paragraph 12 of the Petition, but allege that not one of the acts complained of in the Petition constitutes a violation of the Utah Uniform Securities Act.

Third Defense

This action is barred on the grounds that the Division has not alleged a material breach of the April 9, 2001 Consent Order previously entered against Intermountain and Sweat. The terms and conditions of that Consent Order do not provide that just any breach of the terms and conditions of the Consent Order will be a violation of that order, but instead require that there be a material breach of the Consent Order to trigger the imposition of the highly punitive sanctions agreed upon by Intermountain and Sweat in the event that Intermountain and Sweat should fail to comply with the spirit and intent of the Consent Order.

WHEREFORE, Intermountain and Sweat pray that the Petition be dismissed, that the Division take nothing thereby, and for such other and further relief as the court deems proper.

DATED this 14th day of July, 2001.

KRUSE, LANDA & MAYCOCK, L.L.C.
50 West Broadway, Suite 800
P. O. Box 45561
Salt Lake City, Utah 84145-0561

By _____

DAVID R. KING
Attorneys for Respondents

CERTIFICATE OF SERVICE

I hereby certify that I caused true and correct copies of the foregoing **ANSWER TO PETITION FOR ORDER REVOKING LICENSES AND SEEKING SANCTIONS** to be mailed, postage prepaid, to each of the following, this 3 day of July, 2001:

S. Anthony Taggart, Director
Division of Securities
160 East 300 South
Box 146760
Salt Lake City UT 84114-6750

Honorable J. Steven Eklund
Administrative Law Judge
Utah Department of Commerce
160 East 300 South
Box 146701
Salt Lake City UT 84114-6701

Wayne Klein, Asst. Attorney General
Utah Attorney General's Office
160 East 300 South
Box 140872
Salt Lake City UT 84114-0872


