Division of Securities
Utah Department of Commerce
160 East 300 South, 2nd Floor
Box 146760
Salt Lake City, UT 84114-6760
Telephone: (801) 530-6600
FAX: (801)530-6980

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

IN THE MATTER OF:	**ORDER TO SHOW CAUSE**
MASCOT FINANCIAL, L.C.; **SAMUEL DUANE ASTON;** **SCOT STOBBE;** **Respondents.**	**Docket No.** SD-07-0035 **Docket No.** SD-07-0036 **Docket No.** SD-07-0037

It appears to the Director of the Utah Division of Securities (Director) that Mascot Financial, L.C., Samuel Duane Aston, and Scot Stobbe (collectively the Respondents) may have engaged in acts and practices that violate the Utah Uniform Securities Act, Utah Code Ann. § 61-1-1, et seq. (the Act). Those acts are more fully described herein. Based upon information discovered in the course of the Utah Division of Securities' (Division) investigation of this matter, the Director issues this Order to Show Cause in accordance with the provisions of § 61-1-20(1) of the Act.

STATEMENT OF JURISDICTION

1. Jurisdiction over the Respondents and the subject matter is appropriate because the Division alleges that Respondents violated § 61-1-1 (Securities Fraud and Fraudulent Practices) of the Act, while engaged in the offer and sale of securities in or from Utah.

STATEMENT OF FACTS

THE RESPONDENTS

2. Mascot Financial, L.C. (Mascot Financial) was a credit services organization, and was registered as a Utah limited liability company on November 14, 2001, but its corporate status expired in February 2007. Scot Stobbe was Mascot Financial's manager and registered agent.

3. Samuel Duane Aston (Aston) resides in Utah County, Utah. At all times relevant to the matters asserted herein, Aston held himself out to be one of two founders/presidents of Mascot Financial, the other being Scot Stobbe.

4. Scot Stobbe (Stobbe) resides in Utah County, Utah.

GENERAL ALLEGATIONS

5. In April 2006, investor M. H. was contacted by an acquaintance, Ronnie Daniel (Daniel), who was employed by Mascot Financial as a sales consultant.

6. Daniel explained to M. H. that Mascot Financial was in the business of providing debt elimination services to individuals.

7. Daniel encouraged M. H. to sign on as a consultant for Mascot Financial, and recommended that M. H. first try out the program as his own (M. H.'s own) client.

8. M. H. was not well suited for the debt elimination services, so instead of signing up to receive Mascot Financial's services, Daniel suggested M. H. consider Mascot Financial's "Turbo Charged" plan.

9. Daniel told M. H. the "Turbo Charged" plan involved mortgaging his home and investing the equity with Mascot Financial's partner company, Champion Capital, LLC[1] (Champion Capital).

10. Daniel told M. H. that money invested with Champion Capital would yield a return of 30% annually.

11. Daniel recommended that M. H. talk to one of the founders of Mascot Financial, Sam Aston, about the "Turbo Charged" plan.

12. Throughout the month of May 2006, M. H. talked to Aston several times over the telephone. During their telephone conversations, Aston explained to M. H. how the "Turbo Charged" plan worked and encouraged M. H. to sign up.

13. Aston told M. H. the following:

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[1] Champion Capital, LLC was registered as a Utah limited liability company on January 4, 2006, but its corporate status was "delinquent" as of February 21, 2007. Champion Capital was located in Fountain Green, Utah. Aston and Stobbe were the original owners of Champion Capital, but on June 30, 2006, Greg Bailey and Wendell Jacobson purchased the company and became the new owners.

a. That Mascot Financial had been in business for 10 years;

b. That Mascot Financial had branch offices in 20 states;

c. That all of Aston's older children had invested with Mascot Financial, and Aston's daughter invested $60,000;

d. That Aston ran successful businesses his whole life;

e. That Aston was one of the presidents of Mascot Financial;

f. That M. H. could not afford to not make this investment;

g. That the return of M. H.'s investment would be 30% for 36 months;

h. That the investment had no risk and was guaranteed because if a promissory note was ever in default, Mascot Financial would replace it with a new note; and

i. That Aston was a member of "the church," a temple recommend holder, a priesthood holder, and could be trusted.

14. On May 30, 2006, Aston sent M. H. an e-mail providing more detail about the "Turbo Charged" plan. The e-mail included the following information:

a. Champion Capital was seeking to borrow money from lenders;

b. Champion Capital had an agreement with Mascot Financial to purchase promissory notes generated as a result of Mascot Financial's clients financing the fee for services provided by Mascot Financial;

c. Mascot Financial generated approximately $350,000 in receivables each month from financing client fees;

d. Champion Capital offered lenders attractive interest rates, 12 month investments with a return of 21%, 24 month investments with a returned of 24%, and a 36 month investment with a return of 30%;

e. The agreement with Mascot Financial allowed Champion Capital to purchase client promissory notes from Mascot Financial at a substantial discount;

f. Approximately 30% of Mascot Financial's client promissory notes are paid off within 30 days;

g. The loans will be secured by smaller promissory notes signed by Mascot Financial clients for the payment of Mascot Financial fees;

h. The client promissory notes are assigned to collateralize the loan;

i. The lender (M. H.) will not be responsible for servicing or collecting the payments; and

j. Over the past 4 years, Mascot Financial experienced less than 5% default.

15. After reading the e-mail from Aston, M. H. decided to sign up for the "Turbo Charged" plan and began working on securing a home loan to finance the investment.

16. M. H. was not told, among other things, that Aston and Stobbe had each filed for bankruptcy protection twice, that Stobbe owed just under $1 million in unpaid civil judgments, and that Aston had an unpaid state tax lien of $6,345.

17. In August 2006, M. H. finalized his home loan and completed the required forms he received from Mascot Financial.

18. The first page of the forms was entitled "Financial Profile and Equity Maximizor Plan" and M. H. received them from Stobbe via e-mail.

19. The forms included, among other things, Mascot Financial's mission statement, an individualized "Plan Evaluation" for M. H., an "Equity Acceleration Plan Contract," and a service agreement with a bill paying service.

20. On August 14, 2006, M. H. invested $340,000 with Mascot Financial by mailing to Mascot Financial, the completed paperwork and a personal check made payable to Champion Capital. M. H. also mailed a personal check for $11,314.09 to Mascot Financial, made payable to Mascot Financial, in full payment of the enrollment fee associated with the "Turbo Charged" plan.

21. On October 27, 2006, Utah's Division of Consumer Protection revoked Mascot Financial's permit to offer credit services to consumers because Mascot Financial was charging consumers thousands of dollars in up-front fees prior to providing services.

22. In October 2006, M. H. received a telephone call from Aston who told M. H. that, just prior to M. H.'s investment, Champion Capital was purchased by Greg Bailey (Bailey). Prior to the sale, Champion Capital was owned by Aston and Stobbe.

23. Aston told M. H. that Bailey deposited M. H.'s checks for $340,000 and, as was expected, used the money to purchase client promissory notes from Mascot Financial.

24. Aston also told M. H. there was some concern about the legality of the transaction because M. H. resided in California. Aston assured M. H. everything was fine and the situation would be remedied.

25. On November 1, 2006, Daniel forwarded an e-mail authored by Scot Stobbe to M. H. The e-mail was entitled "The Dawning of a New Day."

26. In the e-mail, Stobbe explained that Mascot Financial had been shut down and replaced by a company called Freedom Strategies. Stobbe also stated that Mascot Financial had some trouble with the State of Utah and would no longer generate debt elimination plans.

27. M. H. was concerned by this e-mail, and when he researched Mascot Financial on the Internet he found numerous articles about Mascot Financial and its alleged bad business practices in Utah.

28. M. H. contacted the Utah Division of Securities and was advised to request his money back from Mascot Financial as soon as possible.

29. M. H. contacted Aston by telephone, and Aston said he left Mascot Financial. Aston then denied ever working for Mascot Financial, and told M. H. that Aston was simply an outside marketing advisor.

30. Aston also denied knowing that M. H. invested in Mascot Financial's "Turbo Charged" plan.

31. On November 8, 2006, M. H. contacted Daniel and told him about M. H.'s conversations with the Division of Securities and Aston. M. H. and Daniel sent e-mails to Stobbe the same day requesting a refund of their investments, and sent a copy of the e-mails to Aston.

32. Between September and December 2006, M. H. received four interest payments in the mail from Champion Capital, for a total of $37,912.33.

33. In late January 2007, M. H. spoke to Wendell Jacobsen (Jacobsen) of Champion Capital. Jacobsen told M. H. that Champion Capital could either send the worthless notes from Mascot Financial to M. H., and M. H. could attempt to collect on them, or Champion Capital could return the notes to Mascot Financial in hopes that Mascot Financial would pay M. H.

34. In May 2007, Champion Capital returned $77,000 of M. H.'s $340,000 investment to M. H., representing the amount of M. H.'s investment that Champion Capital did not pay to Mascot Financial.

35. On February 9, 2007, Aston deposited $4,100 into M. H.'s checking account, after telling M. H. that Aston would pay M. H.'s mortgage for one year, and at the end of the year pay M. H. the full amount invested in Mascot Financial. M. H. did not receive another mortgage payment from Aston.

36. M. H. is still owed $220,988 in principal alone from his investment in Mascot Financial, plus the $11,314.09 M. H. paid to Mascot Financial as part of the "Turbo Charged" plan enrollment fee.

CAUSES OF ACTION

COUNT I
Securities Fraud under § 61-1-1(2) of the Act
(Mascot Financial, LLC, Samuel Duane Aston, and Scot Stobbe)

37. The Division incorporates and re-alleges paragraphs 1 through 36.

38. The investment opportunity offered and sold by the Respondents is an evidence of indebtedness and/or an investment contract, both of which are securities under § 61-1-13 of the Act.

39. In connection with the offer and sale of a security to M. H., Respondents made false statements, including, but not limited to, the following:

    a. That Mascot Financial had been in business for 10 years and had branch offices in 20 states, when in fact, records at the Utah Division of Corporations state that the

company was registered in 2001, and Mascot Financial's website provided only one company address;

b. That an investment with Mascot Financial had no risk and was guaranteed;

c. That the investment would be secured;

d. That Mascot Financial generated approximately $350,000 in receivables each month;

e. That Aston ran successful businesses his whole life, when, given that one of Aston's businesses, First American Capital, filed for bankruptcy protection in 1992, Aston had no reasonable basis on which to make this representation;

f. That the return on M. H.'s investment would be 30% per year, for 3 years;

g. That all of Aston's older children had invested with Mascot Financial, and that one had invested as much as $60,000; and

h. That approximately 30% of Mascot Financial's client promissory notes are paid off within 30 days, and Mascot financial experienced less than 5% default.

39. In connection with the offer and sale of a security to M. H., Respondents failed to disclose material information, including, but not limited to, the following, which was necessary in order to make representations made not misleading:

a. That on April 15, 2005, the Utah Division of Consumer Protection (Consumer Protection) issued an administrative citation to Mascot Financial for failing to

register as a credit repair service and become bonded, and that Mascot Financial was defaulted in May 2005 for failing to respond to the citation;

b. That on March 2, 2006, Consumer Protection issued an administrative citation to Mascot Financial for violating the Credit Services Organizations Act, and that Mascot Financial was defaulted and fined $2,000 on March 21, for failing to respond.

c. That Scot Stobbe filed bankruptcy in 1990 and 2003;

d. That Sam Aston filed bankruptcy in 1992 and 1996;

e. That Scot Stobbe had $956,141 in outstanding civil judgments;

f. That Sam Aston had a $6,345 tax lien filed by the Utah State Tax Commission;

g. That Mascot Financial was being investigated by the Utah Division of Consumer Protection, and the reasons why;

h. That Champion Capital had just changed ownership;

i. Some or all of the information typically provided in an offering circular or prospectus regarding Mascot Financial and Champion Capital, such as:

    i. The business and operating history for Mascot Financial and Champion Capital;

    ii. Identities of Mascot Financial's and Champion Capital's principals along with their experience in the area of credit services;

iii. Mascot Financial's and Champion Capital's financial statements;

iv. The market for the product of the companies;

v. The nature of the competition for the product;

vi. Current capitalization of the companies;

vii. A description of how the investment would be used by the businesses;

viii. The track record of the companies to investors;

ix. Risk factors for investors;

x. The number of other investors;

xi. The minimum capitalization needed to participate in the investment;

xii. The disposition of any investments received if the minimum capitalization were not achieved;

xiii. The liquidity of the investment;

xiv. Discussion of pertinent suitability factors for the investment;

xv. The proposed use of the investment proceeds;

xvi. Any conflicts of interest the issuer, the principals, or the agents may have with regard to the investment;

xvii. Agent commissions or compensation for selling the investment;

xviii. Whether the investment is a registered security or exempt from registration; and

xix. Whether the person selling the investment is licensed.

40. Based upon the foregoing, Mascot Financial, LLC, Samuel Duane Aston, and Scot Stobbe wilfully violated § 61-1-1(2) of the Act.

COUNT II
Fraudulent Practices under § 61-1-1(3) of the Act
(Mascot Financial, LLC, Samuel Duane Aston, and Scot Stobbe)

41. The Division incorporates and re-alleges paragraphs 1 through 36.

42. The Respondents engaged in acts, practices, or courses of business that operated as a fraud or deceit on investor M. H., including, but not limited to, the following:

a. Telling M. H. that Aston was a member of "the church," a temple recommend holder, a priesthood holder, and could be trusted;

b. Telling M. H. that the investment had no risk and was guaranteed because if a promissory note was ever in default, Mascot Financial would replace it with a new note; and

c. Allowing M. H. to believe that Champion Capital was owned by Aston and Stobbe, when in fact, prior to M. H. investing, Champion Capital had been sold to two individuals about whom M. H. had no information.

43. Based upon the foregoing, Mascot Financial, LLC, Samuel Duane Aston, and Scot Stobbe wilfully violated § 61-1-1 of the Act.

ORDER

The Director, pursuant to § 61-1-20 of the Act, hereby orders the Respondents to appear at a formal hearing to be conducted in accordance with Utah Code Ann. §§ 63-46b-4 and 63-46b-

6 through -10, and held before the Utah Division of Securities. The hearing will occur on July 5th, 2007, at 11:00 a.m., at the office of the Utah Division of Securities, located in the Heber Wells Building, 160 East 300 South, 2nd Floor, Salt Lake City, Utah. The purpose of the hearing is to establish a scheduling order and address any preliminary matters. If the Respondents fail to file an answer and appear at the hearing, the Division of Securities may hold Respondents in default, and a fine may be imposed in accordance with Utah Code Ann. § 63-46b-11. In lieu of default, the Division may decide to proceed with the hearing under § 63-46b-10. At the hearing, the Respondents may show cause, if any they have:

a. Why Mascot Financial, LLC, Samuel Duane Aston, and Scot Stobbe should not be found to have willfully engaged in the violation alleged by the Division in this Order to Show Cause;

b. Why Mascot Financial, LLC, Samuel Duane Aston, and Scot Stobbe should not be ordered to cease and desist from engaging in any further conduct in violation of Utah Code Ann. § 61-1-1, or any other section of the Act;

c. Why Mascot Financial, LLC should not be ordered to pay a fine of three hundred thousand dollars ($300,000) to the Division of Securities;

d. Why Samuel Duane Aston should not be ordered to pay a fine of three hundred thousand dollars ($300,000) to the Division of Securities; and

e. Why Scot Stobbe should not be ordered to pay a fine of three hundred thousand dollars ($300,000) to the Division of Securities.

DATED this 21st day of May, 2007.

WAYNE KLEIN
Director, Utah Division of Securities

Approved:

JEFF BUCKNER
Assistant Attorney General

J. S.

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:	**NOTICE OF AGENCY ACTION**
MASCOT FINANCIAL, L.C.; **SAMUEL DUANE ASTON;** **SCOT STOBBE;** **Respondents.**	**Docket No.** SD-07-0035 **Docket No.** SD-07-0036 **Docket No.** SD-07-0037

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 Division of Securities (Division). Utah Code Ann. § 63-46b-2(1)(a). The adjudicative proceeding is to be formal and will be conducted according to statute and rule. See Utah Code Ann. §§ 63-46b-6 through 11; see also Utah Admin. Code R151-46b-1 et seq.; Utah Admin. Code 164–1 et seq. The legal authority under which this formal adjudicative proceeding is to be maintained is Utah Code Ann. §§ 61-1-20. 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. Utah Admin. Code R151-46b-8(1). Your response must be in writing and signed by you or your representative. Your response must include the file number or other reference number; the 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 § 63-46b-6(1). In addition, the presiding officer requires that your response:

(a) admit or deny the allegations in each numbered paragraph of the Order to Show Cause. Allegations in the Order to Show Cause not specifically denied are deemed admitted;

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

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

Shortly after the deadline for filing your response to the Order to Show Cause, an initial pre-hearing conference in this adjudicative proceeding will be held. Utah Admin. Code R151-46b-9(9). The time, date and place for that hearing are given below as well as in the Order to Show Cause. Utah Code Ann. § 61-1-20(1)(b). The purpose of the initial pre-hearing conference is to set a deadline for the filing of pre-hearing motions, including summary judgment; determine whether to

modify the deadlines for disclosures; to order initial disclosures and resolve discovery issues; schedule any additional pre-hearing conferences; schedule a tentative hearing date to adjudicate whether the facts alleged in the Order to Show Cause or agency action accompanying this Notice are true and the relief requested is appropriate; and to deal with any other matters.

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:

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

Please note that an initial pre-hearing conference on the Order to Show Cause has been scheduled for Thursday, July 5th, 2007, at 11:00 am. The hearing will take place at the Division of Securities, 160 East 300 South, second floor, Salt Lake City, Utah.

If you fail to file a response or fail to attend or participate in the initial pre-hearing conference, 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-11(a). After issuing the default order, the presiding officer may grant the relief sought against you in the Order to Show Cause, and will conduct any further proceedings necessary to complete the adjudicative proceeding without your

participation and determine all issues in the proceeding. Utah Code Ann. § 63-46b-11(4); Utah Admin. Code R151-46b-11(b). In the alternative, the Division may proceed with a hearing under § 63-46b-10. At the hearing, you may appear and be heard and present evidence on your behalf.

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 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 Order to Show Cause should be directed to Jeffrey Buckner, Assistant Attorney General, 160 E. 300 South, Fifth Floor, Box 140872, Salt Lake City, UT 84114-0872, Tel. No. (801) 366-0310.

Dated this 21st day of May, 2007.

Wayne Klein, Director
Division of Securities
Utah Department of Commerce

Certificate of Mailing

I certify that on the ~~17th~~ 21st day of May, 2007, I mailed, by certified mail, a true and correct copy of the Notice of Agency Action and Order to Show Cause to:

Mascot Financial, L.C.
2601 N. Canyon Road, Suite 101
Provo, UT 84604

Certified Mail # 7005 1820 0003 7190 5789

Samuel Duane Aston
4475 Wimbledon Dr.
Provo, UT 84604

Certified Mail # 7005 1820 0003 7190 5796

Scot Stobbe
Individually and as the Registered Agent for Mascot Financial, L.C.
1836 S. California Ave.
Provo, UT 84606

Certified Mail # 7005 1820 0003 7190 5802

Pamela Radzinski
Executive Secretary