

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

IN THE MATTER OF
MASCOT FINANCIAL, L.C.;
SAMUEL DUANE ASTON;
AND **SCOT STOBBE**

DEFAULT ORDER
CASE NO. SD-07-0035
CASE NO. SD-07-0036
CASE NO. SD-07-0037

BY THE COMMISSION:

The attached Notice of Entry of Default, Findings of Fact, Conclusions of Law and Recommended Order is hereby adopted by the Utah Securities Commission, effective the date of this Order.

IT IS FURTHER ORDERED Respondent Stobbe shall be fined \$300,000. That fine shall be due and payable to the Division thirty (30) days from the date of this Order.

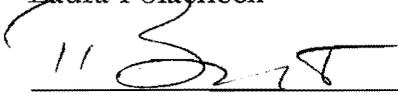
Dated this 27 day of October 2011.

Erik Anthony Christiansen (Chair)

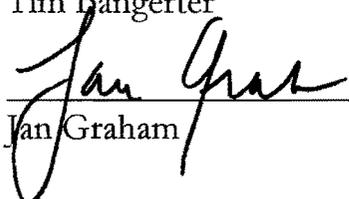


Lane Cameron

Laura Polachek



Tim Bangerter



Jan Graham

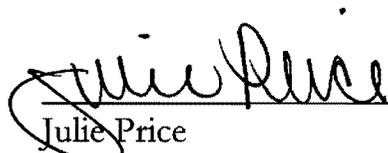
Pursuant to Subsection 63G-4-209(3), Respondents may seek to set aside the above stated Default Order by filing such a request with the Commission consistent with the procedures outlined in the Utah Rules of Civil Procedure.

CERTIFICATE OF SERVICE

I certify that I have this day served the foregoing document on the parties of record in this proceeding set forth below, by delivering a copy thereof in person to, Jeff Buckner, Assistant Attorney General, Heber M. Wells Building, Second Floor, 160 East 300 South, Salt Lake City, UT; and by mailing a copy thereof, properly addressed by both certified and first class mail, postage prepaid, to Scot Stobbe, 9695 N. 5750 W., Highland, UT 84003.

Dated this 17th day of ~~October~~ November 2011.

7007 0220 0001 0063 0053



Julie Price
Executive Secretary
Division of Securities

Division of Securities
Utah Department of Commerce
160 East 300 South, 2nd Floor
Box 146760
Salt Lake City, UT 84114-6760
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**BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH**

IN THE MATTER OF:

MASCOT FINANCIAL, L.C.
SAMUEL DUANE ASTON
SCOT STOBBE

Respondents.

**DEFAULT ORDER AS TO
RESPONDENT SCOT STOBBE**

Docket No. SD 10-0035
Docket No. SD 10-0036
Docket No. SD 10-0037

I. BACKGROUND

A formal adjudicative proceeding was initiated against Scot Stobbe (Stobbe) by the Division's Order to Show Cause (OSC) dated May 21, 2007. A Notice of Agency Action accompanying the OSC advised them to file an answer within thirty days and appear at a scheduling hearing set for July 5, 2007 or default would be entered against them. The OSC and Notice were sent by certified mail to Respondents.

On June 18, 2007, Stobbe contacted the Division to request that the scheduling hearing be postponed and he be given additional time to file a response. On July 11, 2007, Judge Eklund issued a scheduling order giving Stobbe until October 1, 2007 to file a response to the OSC.

On June 7, 2007, related criminal charges were filed against Stobbe in Fourth Judicial District court. On June 10, 2010, Stobbe pleaded guilty to nine counts of securities fraud and was ordered to pay restitution jointly with Respondent Samuel Duane Aston.

On July 28, 2011, the Securities Commission approved a stipulation and consent order between the Division and Respondents Mascot Financial, L.C.(Mascot) and Respondent Aston. Aston agreed on behalf of himself and Mascot to the stipulation. Aston agreed to be permanently barred from the securities industry and to pay restitution as ordered in the related criminal case.

Stobbe has not responded to the Division's OSC. Thus, on July 27, 2011 the Division filed a motion for default to be entered against Respondents.

On September 15, 2011, Judge Eklund issued a Recommended Order. The Recommended Order provides that Respondents "cease and desist from engaging in any further conduct in violation of § 61-1-1 or any other section of the Utah Uniform Securities Act." It further provides that Respondent Stobbe need not pay a fine to the Division.

II. ORDER

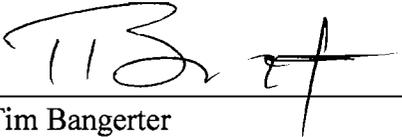
Based on the above, the Securities Commission hereby:

1. Declares Respondents in default for failing to file a response to the Division's Order to

Show Cause within thirty days of its filing and of the extended deadline.

2. Enters, as its own findings, the Finding of Fact described in the OSC.
3. Enters, as its own conclusions, the Conclusions of Law described in the OSC.
4. Finds that Respondent Stobbe violated the Utah Uniform Securities Act by misstating material facts in connection with the offer and sale of a security in or from Utah in violation of § 61-1-1(2).
5. Finds that Respondent Stobbe violated the Utah Uniform Securities Act by failing to disclose material information which was necessary to make the statements made not misleading, in connection with the offer and sale of a security in or from Utah in violation of § 61-1-1(2).
6. Finds that Respondent Stobbe violated the Utah Uniform Securities Act by engaging in acts, practices, or courses of business that operated as a fraud or deceit on an investor.
7. Orders Respondent Stobbe to permanently CEASE and DESIST from any violations of the Act.
8. Orders Respondent Stobbe to pay a fine of (\$ 300,000⁰⁰) to the Division within 30 days of the entry of this Order.

DATED this 27 day of October 2011.



Tim Bangerter



Laura Polacheck



Jane Cameron

Erik Christiansen



Jan Graham

Pursuant to § 63-46b-11(3), Respondents may seek to set aside the Default Order entered in this proceeding by filing such a request with the Division consistent with the procedures outlined in the Utah Rules of Civil Procedure.

CERTIFICATE OF MAILING

I certify that on the 7th day of ~~October~~ NOVEMBER, 2011, I mailed a true and correct copy of

the Notice of Entry of Default and Order to:

Scot Stobbe
9695 N. 5750 W.
Highland, UT 84003

Certificate# 7007 0220 0001 0002 0053



Executive Secretary

And hand-delivered to:

Jeffrey Buckner, Assistant Attorney General
Office of Attorney General of Utah

Thomas Brady, Securities Analyst
Utah Division of Securities

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

**IN THE MATTER OF
MASCOT FINANCIAL, L.C.;
SAMUEL DUANE ASTON;
AND SCOT STOBBE**

**NOTICE OF ENTRY OF DEFAULT
FINDINGS OF FACT, CONCLUSIONS
OF LAW AND RECOMMENDED ORDER
CASE NO. SD-07-0035
CASE NO. SD-07-0036
CASE NO. SD-07-0037**

BY THE ADMINISTRATIVE LAW JUDGE:

This adjudicative proceeding was initiated pursuant to a May 21, 2007 Notice of Agency Action. A response to the accompanying Order to Show Cause was due by June 26, 2007. The Order to Show Cause was sent by mail to Respondent Stobbe at 1836 S. California Ave, Provo UT 84606, which was his last known address at that time. However, postal authorities returned that notice to the Division on May 29, 2007 as undeliverable. The notice recites a prehearing conference was to be conducted on July 5, 2007.

Respondent Stobbe contacted the Division on June 18, 2007. He requested a postponement of the prehearing conference and additional time to file a response. A July 11, 2007 Scheduling Order to that effect was thus issued, whereby Respondent Stobbe was granted leave until October 1, 2007 to file a response in this proceeding.

Related criminal charges were filed as to Respondent Stobbe in Fourth Judicial District Court proceedings on June 7, 2007. Respondent Stobbe did not file any

request for a stay of enforcement of this adjudicative proceeding pending a resolution of the criminal proceedings. He pled guilty to nine (9) counts of securities fraud on June 10, 2010.

Pursuant to a Stipulation finalized in late May 2007 between the Division with Mascot Financial, L.C. and Samuel Duane Aston, those Respondents agreed to cooperate with the Division in any future investigations. Respondent Aston also agreed to be permanently barred from the security industry and to pay restitution as ordered in the related criminal case. The Commission issued a July 28, 2011 Consent Order based on that agreement.

The Division filed a July 27, 2011 motion for the entry of Respondent Stobbe's default. A copy of the Division's motion was sent to Respondent Stobbe at his last known address of 9695 N. 5750 W., Highland, UT 84003. This record does not reflect whether that motion was sent by certified or regular mail. The record also does not reflect whether Respondent Stobbe received that motion.

U.C.A. §63G-4-209(1)(c) provides an order of default may be entered against a party in a formal adjudicative proceeding if "a respondent in a formal adjudicative proceeding fails to file a response" under §63G-4-204. Respondent Stobbe has not filed a response as required by that statute. There is no basis to find the Division stated to Respondent Stobbe that no response was necessary or that he could reasonably believe -- based on contacts and/or settlement discussions with the Division -- that no response need be filed.

Accordingly, Respondents' default may properly enter because no response was filed. After the entry of a default order, §63G-4-209 provides the presiding officer shall conduct further proceedings as necessary to complete the adjudicative proceeding without the participation of the party in default. That statute also provides a determination shall be made of all issues in the adjudicative proceeding, including those affecting the defaulting party.

The following Findings of Fact, Conclusions of Law and Recommended Order is thus submitted to the Commission for its review and action:

FINDINGS OF FACT

1. Absent any matters offered in defense or mitigation, the allegations set forth in Paragraphs 2 through 36 of the May 27, 2007 Order to Show are adopted as Findings of Fact in this proceeding.
2. Based on those Findings, an investor (referred to herein as M.H.) is still owed \$232,302.09 in principal alone relative to investments in two (2) securities.

CONCLUSIONS OF LAW

The matters set forth in Paragraphs 37 through 43 of the May 21, 2007 Order to Show Cause are adopted as the Conclusions of Law in this proceeding. Respondent Stobbe has engaged in securities fraud in violation of §61-1-1(2) of the Utah Uniform Securities Act. Respondent Stobbe also engaged in acts, practices or a course of business which operated as a fraud or deceit as to investor M.H. Respondent Stobbe thus willfully engaged in

fraudulent practices violative of §61-1-1(3). Accordingly, a proper factual and legal basis exists to submit the Recommended Order herein to the Commission for its review and action.

One further matter should be addressed. Subsection (e) of the prayer for relief in the May 21, 2007 Order to Show Cause recites as follows:

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

R164-31-1, which became effective August 26, 2008, sets forth guidelines for the assessment of administrative fines. Subsection (A)(2) generally recites that the guidelines “should not be considered all-inclusive but rather are intended to provide factors to be considered when imposing a fine”.

R164-31-1(B) identifies the guidelines as follows:

(1) For the purpose of determining the amount of an administrative fine assessed against a person under the Utah Uniform Securities Act, the Division Director shall consider the following factors:

(a) the seriousness, nature, circumstances, extent, and persistence of the conduct constituting the violation;

(b) the harm to other persons resulting either directly or indirectly from the violation;

(c) cooperation by the person in any inquiry conducted by the Division concerning the violation, efforts to prevent future occurrences of the violation, and efforts to mitigate the harm caused by the violation, including any restitution made to other persons injured by the acts of the person;

- (d) the history of previous violations by the person;
- (e) the need to deter the person or other persons from committing such violations in the future; and
- (f) such other matters as justice may require.

The just-stated guidelines are, by the express language of R164-31-1(B), to be considered by the Division Director.

Significantly, §61-1-20 was amended to provide that the Commission -- rather than the Division Director -- “may impose a fine” under that statute. That statutory amendment became effective May 12, 2009. However, R164-31-1(B) has not been amended to coincide with the governing statute. A conflict between §61-1-20 and R164 31-1(B) must be resolved by giving effect to the superseding statutory provision.

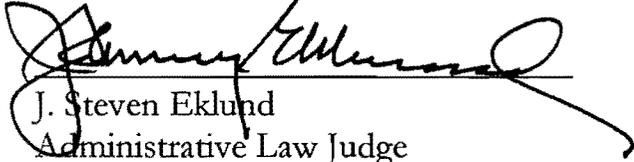
Accordingly, the Commission has the authority to determine whether a fine should be assessed in this proceeding. Given the Findings of Fact referenced herein, the above stated guidelines and the July 28, 2011 Order entered as to Respondents Mascot Financial, L.C. and Samuel Duane Aston, the Commission concludes a cease and desist order should enter as to Respondent Stobbe. However, the Commission further concludes no fine should enter as to Respondent Stobbe in this proceeding.

RECOMMENDED ORDER

WHEREFORE, IT IS ORDERED Respondent Stobbe shall cease and desist

from engaging in any further conduct in violation of §61-1-1 or any other section of the Utah Uniform Securities Act.

I hereby certify the foregoing Notice of Entry of Default, Findings of Fact, Conclusions of Law and Recommended Order was submitted to the Commission on the 19th day of October 2011 for its review and action.


J. Steven Eklund
Administrative Law Judge
Department of Commerce