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Utah Department of Commerce
Division of Securities

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

In the matter of:

Docket No. SD-07-0084

AARON GRAHAM, CRD# 3167246

**REQUEST FOR HEARING AND
ANSWER OF RESPONDENT AARON
GRAHAM TO PETITION TO REVOKE
LICENSES, BAR LICENSEE AND
IMPOSE A FINE**

Respondent.

Respondent Aaron Graham ("Graham" or "Respondent"), by and through the undersigned attorneys, does hereby file his Request for Hearing and Answer to the Utah Securities Division's Petition to Revoke Licenses, Bar License and Impose a Fine ("Petition"), and does hereby admit, deny and allege as set forth below.

STATEMENT OF FACTS¹

1. Answering Paragraph 1, Respondent admits he is licensed as a broker-dealer in Utah. Further, Graham admits that he has been registered with United Planners' Financial Services of America, LP, since approximately August of 2005. Graham admits that he was previously registered with Raymond James Financial Services, Inc. ("Raymond James") from approximately January of 2004 through May of 2005. Respondent admits he was registered with UBS Financial Services, Inc. ("UBS") from approximately August, 2001 through January 2004. Graham also admits he was registered with Prudential Securities, Inc. ("Prudential") from approximately November 1998 through August 2001. To the extent there are any remaining allegations in this paragraph of the Petition, Respondent denies same.

¹ This Answer repeats the headings from the Petition solely for the purpose of repeating the structure of that pleading. By doing so, Graham neither admits to nor adopts any allegations, contentions, conclusions or other statements, either express or implied, in the Petition's headings and, to the extent the headings contain any express or implied allegations, contentions, conclusions or other statements, Graham hereby denies them.

1 2. Answering Paragraph 2, Graham admits that AG Financial, LLC (“AG Financial”)
2 is a registered investment advisory firm (CRD# 140226). Graham is licensed as an investment
3 adviser of AG Financial. Respondent admits he is the sole owner of AG Financial. Graham
4 admits that he was an investment adviser of G2 Financial Group, LLC (“G2”), and was part-
5 owner of G2 along with William R. Gould and Jeffrey B. Bland. Also, Graham admits that he
6 was a financial adviser for Raymond James and UBS. To the extent there are any remaining
7 allegations in this paragraph of the Petition, Respondent denies same.

8 3. Answering Paragraph 3, Graham states that the Central Registration Depository
9 (“CRD”) records relating to the Respondent speak for themselves.

10 4. Answering Paragraph 4, Respondent admits the allegations therein.

11 5. Answering Paragraph 5, Respondent admits the allegations therein.

12 6. Answering Paragraph 6, Graham denies that he placed clients in variable annuities
13 without their knowledge. Graham is without information sufficient to form a belief as to the
14 veracity of the Securities Division’s remaining allegations in Paragraph 6 and, therefore, denies
15 same.

16 **Falsifying of Client Documentation**

17 **A.M. Account**

18 7. Answering Paragraph 7, Graham is without information sufficient to form a belief
19 as to the veracity of the Securities Division’s allegations and, therefore, denies all allegations in
20 that paragraph of the Petition.

21 8. Answering Paragraph 8, Graham is without information sufficient to form a belief
22 as to the veracity of the Securities Division’s allegations and, therefore, denies all allegations in
23 that paragraph of the Petition.

24 9. Answering Paragraph 9, Graham is without information sufficient to form a belief
25 as to the veracity of the Securities Division’s allegations and, therefore, denies all allegations in
26 that paragraph of the Petition.
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10. Answering Paragraph 10, Graham denies that he forged the signature of "A.M." Graham is without information sufficient to form a belief as to the veracity of the Securities Division's remaining allegations and, therefore, denies same.

W.B. Account

11. Answering Paragraph 11, Graham is without information sufficient to form a belief as to the veracity of the Securities Division's allegations and, therefore, denies all allegations in that paragraph of the Petition.

12. Answering Paragraph 12, Graham is without information sufficient to form a belief as to the veracity of the Securities Division's allegations and, therefore, denies all allegations in that paragraph of the Petition.

13. Answering Paragraph 13, Graham is without information sufficient to form a belief as to the veracity of the Securities Division's allegations and, therefore, denies all allegations in that paragraph of the Petition.

14. Answering Paragraph 14, Graham is without information sufficient to form a belief as to the veracity of the Securities Division's allegations and, therefore, denies all allegations in that paragraph of the Petition.

15. Answering Paragraph 15, Graham is without information sufficient to form a belief as to the veracity of the Securities Division's allegations and, therefore, denies all allegations in that paragraph of the Petition.

1 **Unauthorized Transactions**

2 **A.M. Account**

3 16. Answering Paragraph 16, Graham is without information sufficient to form a belief
4 as to the veracity of the Securities Division's allegations and, therefore, denies all allegations in
5 that paragraph of the Petition.

6 17. Answering Paragraph 17, Graham is without information sufficient to form a belief
7 as to the veracity of the Securities Division's allegations and, therefore, denies all allegations in
8 that paragraph of the Petition.

9 18. Answering Paragraph 18, Graham is without information sufficient to form a belief
10 as to the veracity of the Securities Division's allegations and, therefore, denies all allegations in
11 that paragraph of the Petition.

12 19. Answering Paragraph 19, Graham is without information sufficient to form a belief
13 as to the veracity of the Securities Division's allegations and, therefore, denies all allegations in
14 that paragraph of the Petition.

15 20. Answering Paragraph 20, Graham is without information sufficient to form a belief
16 as to the veracity of the Securities Division's allegations and, therefore, denies all allegations in
17 that paragraph of the Petition.

18 21. Answering Paragraph 21, Graham is without information sufficient to form a belief
19 as to the veracity of the Securities Division's allegations and, therefore, denies all allegations in
20 that paragraph of the Petition.

21 22. Answering Paragraph 22, Graham is without information sufficient to form a belief
22 as to the veracity of the Securities Division's allegations and, therefore, denies all allegations in
23 that paragraph of the Petition.

24 23. Answering Paragraph 23, Graham is without information sufficient to form a belief
25 as to the veracity of the Securities Division's allegations and, therefore, denies all allegations in
26 that paragraph of the Petition.
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1 **W.B. Account**

2 24. Answering Paragraph 24, Graham is without information sufficient to form a belief
3 as to the veracity of the Securities Division's allegations and, therefore, denies all allegations in
4 that paragraph of the Petition.

5 25. Answering Paragraph 25, Graham is without information sufficient to form a belief
6 as to the veracity of the Securities Division's allegations and, therefore, denies all allegations in
7 that paragraph of the Petition.

8 26. Answering Paragraph 26, Graham is without information sufficient to form a belief
9 as to the veracity of the Securities Division's allegations and, therefore, denies all allegations in
10 that paragraph of the Petition.

11 27. Answering Paragraph 27, Graham is without information sufficient to form a belief
12 as to the veracity of the Securities Division's allegations and, therefore, denies all allegations in
13 that paragraph of the Petition.

14 **FIRST CAUSE OF ACTION**
15 **Securities Fraud under § 61-1-1(3) of the Act**

16 **Falsifying Client Signatures**

17 28. Respondent states that Section 61-1-1(3) of the Utah Securities Act speaks for itself.
18 Respondent denies the allegations contained in Paragraph 28.

19 **Unauthorized Transactions**

20 29. Respondent states that Section 61-1-1(3) of the Utah Securities Act speaks for itself.
21 Respondent denies the allegations contained in Paragraph 29.

22 30. Respondent states that Section 61-1-1(3) of the Utah Securities Act speaks for itself.
23 Respondent denies the allegations contained in Paragraph 30.

24 31. Respondent states that Section 61-1-1(3) of the Utah Securities Act speaks for itself.
25 Respondent denies the allegations contained in Paragraph 31.
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SECOND CAUSE OF ACTION
Securities Fraud under § 61-1-1(2) of the Act

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3 32. Respondent states that Section 61-1-1(2) of the Utah Securities Act speaks for itself.
4 Respondent denies the allegations contained in Paragraph 32 and all subparts thereto.

5 33. Respondent states that Section 61-1-1(2) of the Utah Securities Act speaks for itself.
6 Respondent denies the allegations contained in Paragraph 32 and all subparts thereto.

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8 **THIRD CAUSE OF ACTION**
Dishonest or Unethical Practices under § 61-1-6(2)(g) of the Act

9 34. Respondent states that Utah Admin. Code Rules R164-6-1g(C)4, (C)5 and (D)(7)
10 speak for themselves. Respondent denies the allegations contained in Paragraphs 34.

11 35. Respondent states that Utah Admin. Code Rules R164-6-1g(C)4, (C)5 and (D)(7)
12 speak for themselves. Respondent denies the allegations contained in Paragraphs 35.

13 36. Respondent states that Utah Admin. Code Rules R164-6-1g(C)3 and (D)(7) speak
14 for themselves. Respondent denies the allegations contained in Paragraphs 36.

15 37. Respondent states that Utah Admin. Code Rules R164-6-1g(C)3 and (D)(7) speak
16 for themselves. Respondent denies the allegations contained in Paragraphs 37.

17 38. Respondent states that Utah Admin. Code Rule R164-6-1g speaks for itself.
18 Respondent denies that he falsified or forged any client signatures. Respondent denies that he
19 engaged in any dishonest or unethical practice. Respondent denies any remaining allegations
20 contained in Paragraphs 38.

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22 **FOURTH CAUSE OF ACTION**
Willful Violations under § 61-1-6(2)(b) of the Act

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24 39. Respondent states that Section 61-1-6(2)(b) of the Utah Securities Act speaks for
25 itself. Respondent denies the allegations contained in Paragraph 39.

26 40. Graham hereby denies any and all remaining allegations of the Petition not
27 specifically denied above.

SECURITIES DIVISION'S REQUEST FOR RELIEF

Respondent requests that Securities Division's Requested Relief be rejected and denied.

HEARING OPPORTUNITY

Respondent hereby requests a hearing in this matter.

ADDITIONAL FACTS OR EVIDENCE

The Notice of Agency Action that accompanied the Petition requested at p. 2, subsection (b) that Respondent identify additional facts or documents that Respondent asserts are relevant in light of the allegations made. Respondent will propound formal discovery on the Securities Division in the near future. Without limitation, and while reserving the right to formally seek additional discovery from the Securities Division, Respondent states and requests as follows:

- (a) The Petition, at p. 3, Paragraph 6, references a letter dated October 27, 2006 that complains Graham placed clients in variable annuities without their knowledge, and that said letter was accompanied by complaint letters from six of Graham's clients. Produce the referenced letter, and any and all documentation and correspondence related to the complaint letters from six of Graham's clients; and
- (b) The Petition referenced a purported "forensic document examiner," and various alleged conclusions reached by said examiner. Identify the forensic document examiner and produce all documents reviewed and prepared by this purported expert, as well as—and without limitation—any notes, graphs, charts, reports, summaries, and all known or purported writing samples of "A.M.," "W.B." and Mr. Graham that were reviewed or analyzed by the examiner; and
- (c) The Petition identified two purported complainants, "A.M." and "W.B." Identify these individuals and produce any and all documents related to these individuals; and

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(d) The Petition, after Paragraph 6, referenced that the “Division conducted an examination which revealed the following... .” Paragraphs 7 through 39 follow, and appear to be conclusions that the Securities Division arrived at following its “examination.” Produce all documents and information that support the allegations set forth in Paragraphs 7 through 39.

AFFIRMATIVE DEFENSES

41. For his first affirmative defense, Respondent alleges that the Petition fails to state a claim upon which relief can be granted.

42. For his second affirmative defense, Respondent alleges that any ruling in this action would be unconstitutional under the laws of the State of Utah and under the laws of the United States of America for, *inter alia*, failing to provide due process, among other provisions.

43. For his third affirmative defense, Respondent alleges that the Securities Division has failed to allege securities fraud with the requisite particularity as required by Rule 9(b) of the Utah Rules of Civil Procedure.

44. For his fourth affirmative defense, Respondent states that the Securities Division has failed to join one or more indispensable parties.

45. For his fifth affirmative defense, Respondent states that the alleged investors have suffered no injuries or damages as a result of Respondent’s alleged acts or omissions.

46. For his sixth affirmative defense, Respondent states that he never made any misrepresentations or omissions, material or otherwise.

47. For his seventh affirmative defense, Respondent alleges that he did not know, and in the exercise of reasonable care could not have known, of any alleged untrue statements or material omissions as set forth in the Petition.

1 48. For his eighth affirmative defense, Respondent states that he has not employed a
2 deceptive or manipulative device in connection with any offer, purchase or sale of any security.

3 49. For his ninth affirmative defense, Respondent states that he has not acted with the
4 requisite scienter.

5 50. For his tenth affirmative defense, Respondent alleges that he has not taken any
6 improper action within or from the State of Utah.

7 51. For his eleventh affirmative defense, Respondent alleges that the Commission's
8 claims are barred by the applicable statute(s) of limitations.

9 52. For his twelfth affirmative defense, Respondent alleges the claims in the Petition are
10 barred by estoppel.

11 53. For his thirteenth affirmative defense, Respondent alleges the claims in the Petition
12 are barred by laches.

13 54. For his fourteenth affirmative defense, Respondent alleges that the claims in the
14 Petition are barred by waiver.

15 55. For his fifteenth affirmative defense, Respondent alleges that the claims in the
16 Petition are barred by assumption of risk.

17 56. For his sixteenth affirmative defense, Respondent alleges that all of his actions were
18 taken for a proper purpose.

19 57. For his seventeenth affirmative defense, Respondent alleges that he acted in good
20 faith and did not directly or indirectly induce the conduct at issue.

21 58. For his eighteenth affirmative defense, Respondent alleges that purchasers relied on
22 others, and not the Respondent named in this action, in connection with the matters at issue in the
23 Petition.
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59. For his nineteenth affirmative defense, Respondent alleges such other affirmative defenses set forth in Utah Rule of Civil Procedure 8(c), as may be determined to be applicable through discovery.

60. For his twentieth affirmative defense, Respondent reserves the right to amend this Answer to assert additional defenses after completion of appropriate discovery.

WHEREFORE, there is no basis for the imposition of liability of any kind or nature, and there should be no award of any kind or nature against the Respondent. Mr. Graham requests his fees and costs in defending this meritless action.

RESPECTFULLY SUBMITTED this 3rd day of January, 2008.

ROSHKA DeWULF & PATTEN, PLC

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ORIGINAL and one copy of the foregoing sent *via*
Federal Express this 3rd day of January, 2008 to:

Administrative Court Clerk
c/o Pam Radzinski
Utah Division of Securities
160 East 300 South, 2nd Floor
Box 146760
Salt Lake City, Utah 84114-6760

Copy of the foregoing sent *via*
Federal Express this 3rd day of January, 2008 to:

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Copy of the foregoing sent *via*
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