Division of Securities
Utah Department of Commerce
160 East 300 South
P.O. Box 146760
Salt Lake City, Utah 84114-6760
Telephone: 801 530-6600

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

IN THE MATTER OF:	**ORDER TO SHOW CAUSE**
ADAM J. ROBISON, CRD#4552999	**Docket No.** SD-08-0048
ROBISON HOLDINGS, INC.	**Docket No.** SD-08-0049
MARK E. BARRICK	**Docket No.** SD-08-0050
Respondents.	

It appears to the Director ("Director") of the Utah Division of Securities ("Division") that Respondents Adam J. Robison, Robison Holdings, Inc., and Mark E. Barrick may have engaged in acts and practices that violate the Utah Uniform Securities Act ("Act"), Utah Code Ann. § 61-1-1, *et seq.* Those acts and practices are more fully described herein. Based upon the Division's investigation into 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 FACTS

1. From 2002 to 2006, Adam J. Robison ("Robison") was licensed in Utah as a broker-dealer agent and investment adviser representative of several broker-dealer and investment advisory firms. He is not currently licensed in the securities industry in any capacity.

2. Robison has taken and passed the Series 7, General Securities Representative Licensing Examination, the Series 63, Uniform Securities Agent State Law Examination, and the Series 66 Uniform Combined State Law Examination.

3. Robison Holdings, Inc. ("RHI") is a Utah corporation formed by Robison on July 16, 2007, with its place of business in Salt Lake County, Utah. Robison is the sole shareholder.

4. Mark E. Barrick ("Barrick") has never been licensed or otherwise employed in the securities industry.

Solicitation of Investors

5. Beginning in approximately May 2007, Robison solicited funds from family, friends, and insurance clients for investment in what he described as a private equity fund. Robison told investors the fund would offer a variety of investment strategies ranging from conservative to aggressive.

6. Robison, who is an insurance agent, also attempted to recruit other insurance agents to sell interests in the fund.

7. An "Executive Summary" was created for potential investors and described RHI as a "Berkshire-Hathaway type company" which allowed investors to choose among a number of different portfolios, each comprised of a particular type of security, including CDs, bonds, indexed securities, mutual funds, stocks, or a combination of securities. In addition, the Summary stated:

> Because Robison Holdings also purchases options on stocks, it is profitable even if stocks are dropping in value. Hence, Robison Holdings' profitability is not dependent upon market fluctuations

> or swings, but rather capitalizes on these events and makes them extremely profitable no matter which direction the swings occur.

8. The Executive Summary also claimed that RHI:

> has eliminated a costly middleman, namely the funds company, e.g. Fidelity, Merrill Lynch, Goldman Sachs, Lord Abbott, American Funds, etc. By eliminating these "middlemen" who currently charge between .5% and 15.5% in the form of 12b-1 and marketing fees, it automatically and immediately increase [sic] the net annual returns to its clients by .5% and 15.5% per year.

9. Between August and November 2007, Robison raised at least $4,069,224[1] from 24 investors located in Utah, Maryland, and Michigan. Much of the money raised came from retirement accounts, including IRAs, 401(k) plans and profit-sharing plans.

10. Investor monies were deposited into a checking account controlled by Robison and then pooled into one on-line trading account that Robison maintained at TD Ameritrade (hereafter, the "account" or "fund") under the name Robison Holdings.

11. One investor was told by Robison that his money would be invested in the same manner the investor's money had been previously held with a mutual fund company, and that Robison would simply be acting as the broker for the account. Robison also told the investor his fee would be only 1%.

12. Based on Robison's representations, another investor believed his monies would be placed in a personalized portfolio separate from other investors' monies. He was not told his monies were pooled with those of other investors.

13. A third investor was told by Robison that her money would be invested in an FDIC-

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[1]Based upon information provided by Robison to the Divison, a discrepancy exists as to whether the amount raised was actually $4,300,000.

insured CD earning 8%. Robison explained that he was able to obtain this high interest rate because of the large amount of money in his custody for investment.

14. Retirement monies were not segregated or placed into separate accounts qualified to hold retirement monies. As a result, those investors will incur tax consequences for the non-qualified distributions that occurred from their tax-deferred accounts.

15. Robison withheld 10% of investor monies, deeming half of that amount a commission for himself, and the other half to be used for office and administrative expenses. Robison used the withheld monies for personal items, including downpayments on a Porsche and a condominium in Park City, Utah.

16. Robison placed approximately $3.1 million in the account. The remaining monies, totaling approximately $560,000 were not invested on behalf of investors and were retained in checking and savings accounts under Robison's direction and control.

17. Robison shared access to the TD Ameritrade account with Barrick. Barrick advised Robison about specific trades and trading strategies, and placed trades in the account.

18. Barrick's purported investment expertise came from 16 years of trading in his own personal account.

19. On November 21, 2007, Barrick received a $5,000 check from RHI for his services.

Division Investigation

20. In November 2007, the Division was contacted by individuals who received copies of the Executive Summary and other materials used for solicitation by Robison.

21. On November 8, 2007, the Division sent a letter to Robison requesting information about the fund.

22. Robison thereafter voluntarily met with the Division and provided a partial response to the Division's requests. Some information requested by the Division still has not been provided.

23. In discussions with the Division which followed in November and December 2007, Robison, through his counsel, agreed to wind down the fund in a manner directed to protect investors' capital. He acknowledged at that time the fund had sustained losses.

24. Based upon documents provided by Robison to the Division, by the end of 2007 the fund had a net loss of $325,516, or 7.57%.

25. Those losses were compounded significantly when Robison and Barrick later employed a highly risky trading strategy to make up for earlier losses and borrowed money on margin for additional investments. As a result, an additional $1.6 million in losses were sustained – resulting in the account being worth less than half the amount originally invested several months earlier.

FIRST CAUSE OF ACTION
Unregistered Security Under § 61-1-7 of the Act
(Robison and RHI)

26. Robison and RHI offered and sold interests in the fund to 24 investors. The interests are securities under the Act and were not registered, in violation of Section 61-1-7 of the Act.

SECOND CAUSE OF ACTION
Unregistered Broker-Dealer and Agent Under § 61-1-3
(Robison and RHI)

27. Robison violated Section 61-1-3(1) of the Act by transacting business in this state as a broker-dealer agent without being licensed.

28. RHI violated Section 61-1-3(1) of the Act by transacting business in this state as a broker-

dealer without being licensed.

29. RHI violated Section 61-1-3(2)(a) by employing or engaging an unlicensed agent, Robison.

THIRD CAUSE OF ACTION
Unlicensed Investment Adviser and Investment Adviser Representatives Under § 61-1-3
(All Respondents)

30. RHI, as manager of the fund, transacted business as an investment adviser while not licensed, in violation of Section 61-1-3(3)(a) of the Act.

31. Robison and Barrick transacted business as investment adviser representatives while not licensed, in violation of Section 61-1-3(3)(a) of the Act.

FOURTH CAUSE OF ACTION
Securities Fraud Under § 61-1-1(2)
(Robison and RHI)

32. Robison and RHI misrepresented or omitted material facts in connection with the offer and sale of interests in the fund, including but not limited to the following:

    a. they failed to disclose that investors' monies would be pooled in one account rather than held in separate accounts;

    b. they failed to disclose that shares of the fund were unregistered and were not exempt from registration;

    c. they failed to disclose that RHI, Robison and Barrick were not licensed;

    d. they misrepresented the use of investor monies and significant risks associated with the fund's trading strategies;

    e. they misrepresented their professional experience and performance information, and specifically failed to disclose that:

i. they had no prior private equity or investment fund management experience;

ii. Robison had worked only 4 ½ years in the securities industry; and

iii. Barrick's only experience came from trading his personal account and that he had never been employed in the securities industry.

f. they misrepresented that despite the sales pitch of saving investors management fees, Robison would take 10% off the top of each investor's monies as a commission for himself and for expenses; and

g. they misrepresented that RHI had qualified with the IRS as a custodian for retirement funds.

FIFTH CAUSE OF ACTION
Securities Fraud Under § 61-1-1(3)
(Robison and RHI)

33. Robison and RHI engaged in an act, practice or course of business which operated as a fraud, in violation of Section 61-1-1(3), by:

a. converting investors' money for the personal use of Robison;

b. pooling all investor money together rather than investing funds in separate accounts or in the "portfolio" manner described to investors; and

c. employing an extremely risky trading strategy which was contrary to their representations to investors.

REQUEST FOR RELIEF

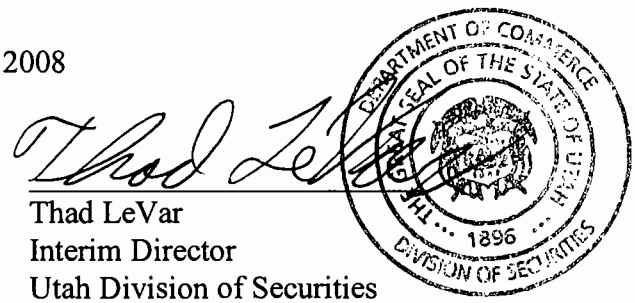
The Director, pursuant to Utah Code Ann. § 61-1-20, hereby orders the Respondents to appear at a formal hearing to be conducted in accordance with Utah Code Ann. §§ 63-46b-4 and

63-46b-6 through -11, and held before the Division. As set forth in the Notice of Agency Action accompanying this Order, Respondents are required to file a written response with the Division, and an initial hearing on this matter has been scheduled for May 21, 2008 at 9am. The initial hearing will take place at the Division of Securities, 2nd floor, 160 East 300 South, Salt Lake City, Utah. The purpose of the initial hearing is to establish a scheduling order and address any preliminary matters. If Respondents fail to file a written response or appear at the initial hearing, findings may be entered, a permanent Order to Cease and Desist may be issued, and a fine may be imposed against Respondents, as provided by Utah Code Ann. §§ 63-46b-8 or -11.

At the Order to Show Cause hearing, Respondents may show cause, if any they have:

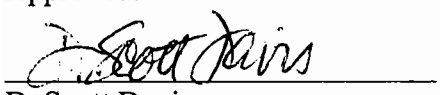
1. Why Respondents should not be found to have engaged in the violations of the Act alleged by the Division in this Order to Show Cause;
2. Why Respondents should not be ordered permanently to cease and desist from engaging in any further conduct in violation of Utah Code Ann. §§ 61-1-1, -3, -7 or any other section of the Act;
3. Why Respondents should not be barred from associating with a licensed broker-dealer or investment adviser in this state;
4. Why Respondents should not pay fines to the Division as follows:
    a. Adam Robison and Robison Holdings, Inc., jointly and severally: $400,000, with dollar-for-dollar credit for any monies paid back to investors.
    b. Mark Barrick: $10,000.

Dated this 16th day of April, 2008



Thad LeVar
Interim Director
Utah Division of Securities

Approved:



D. Scott Davis
Assistant Attorney General

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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**
ADAM J. ROBISON, CRD#4552999 **ROBISON HOLDINGS, INC.** **MARK E. BARRICK** **Respondents.**	**Docket No.** SD-08-0048 **Docket No.** SD-08-0049 **Docket No.** SD-08-0050

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 Utah Division of Securities (Division). The adjudicative proceeding is to be formal and will be conducted according to statute and rule. See Utah Code Ann. §§ 63-46b-3 and 63-46b-6 through 11; see also Utah Admin. Code R151-46b-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. Your response must be in writing and signed by you or your representative. Your response must include the file number and 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 Ann. § 63-46b-6(1). In addition, pursuant to Utah Code Ann. § 63-46b-6(3), the presiding officer requires that your response:

(a) admit or deny the allegations in each numbered paragraph of the Order to Show Cause, including a detailed explanation for any response other than an unqualified admission. Allegations in the Order to Show Cause not specifically denied are deemed admitted;

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

(c) 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).

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:

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

An initial hearing in this matter has been set for May 21, 2008 at the Division of Securities, Room 210, 160 East 300 South, Salt Lake City, Utah, at 9am.

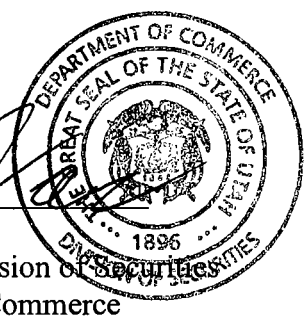
If you fail to file a response, as described above, or fail to appear at any hearing that is set, the presiding officer may enter a default order against you without any further notice. Utah Code

Ann. § 63-46b-11; Utah Admin. Code R151-46b-10(11). 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 will determine all issues in the proceeding. Utah Code Ann. § 63-46b-11(4); Utah Admin. Code R151-46b-10(11)(b). In the alternative, the Division may proceed with a hearing under § 63-46b-10.

The Administrative Law Judge will be J. Steven Eklund, Utah Department of Commerce, 160 East 300 South, P.O. Box 146701, Salt Lake City, UT 84114-6701, telephone (801) 530-6648. Pursuant to Utah Code Ann. § 63-46b-2(1)(h), Mr. Eklund is hereby designated as presiding officer for the purpose of conducting this formal administrative proceeding. At any hearings, the Division will be represented by the Attorney General's Office. You may appear and be heard and present evidence on your behalf at any such hearings.

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 D. Scott Davis, Assistant Attorney General, 160 E. 300 South, Fifth Floor, Box 140872, Salt Lake City, UT 84114-0872, Tel. No. (801) 366-0310.

Dated this 16th day of April, 2008.



Thad LeVar
Interim Director, Division of Securities
Utah Department of Commerce

Certificate of Mailing

I certify that on the 17TH day of April, 2008, I mailed, by certified mail, a true and correct copy of the Notice of Agency Action and Order to Show Cause to:

Adam J. Robison
Robison Holdings, Inc.
8157 Courtyard Loop #11
Park City, UT 84098

Certified Mail # 7004 1160 0003 0196 0266

Tom D. Branch
1350 East Draper Parkway
Draper, Utah 84020
Counsel for Mark E. Barrick

Certified Mail # 7004 1160 0003 0196 0273

PAM RADZINSKI
Executive Secretary