

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

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

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**IN THE MATTER OF:**

**PATENT HOLDING, LLC,  
STEVEN LYNN BOWERS, and  
PAT G. MINER,**

Respondents.

**ORDER TO SHOW CAUSE**

Docket No. SD-09-0056

Docket No. SD-09-0057

Docket No. SD-09-0058

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It appears to the Director of the Utah Division of Securities (Director) that Patent Holding, LLC, Steven Lynn Bowers, and Pat G. Miner (Respondents) 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 Respondents and the subject matter is appropriate because the Division alleges that Respondents violated § 61-1-1 (securities fraud) of the Act while engaged in

the offer and sale of securities in or from Utah.

## **STATEMENT OF FACTS**

### **THE RESPONDENTS**

2. Patent Holding, LLC (Patent) is a Utah limited liability company. Patent was organized on September 8, 2005. Patent's status as a Utah limited liability company is "expired" as of December 27, 2006.
3. Steven Lynn Bowers (Bowers) was, at all relevant times, a resident of Wasatch County, Utah. Bowers has never been licensed as a broker-dealer, agent, investment advisor, or investment advisor representative in Utah.
4. Pat G. Miner (Miner) was, at all relevant times a resident of Utah County, Utah. Miner has never been licensed as a broker-dealer, agent, investment advisor, or investment advisor representative in Utah. Miner and Bowers are associates.<sup>1</sup>

### **GENERAL ALLEGATIONS**

5. Between March 2005 and April 2005, Respondents solicited EW to invest a total of \$295,000 with Patent through Millennial Financial Group, Inc. (MFG.)<sup>2</sup>

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<sup>1</sup>Miner and Bowers have been associated for nine years. Utah Division of Corporations records reveal Bowers and Miner were principals in five Utah entities between 2002 and 2004. Utah Court records reveal Bowers and Miner were sued on May 11, 2000 (See *Merlin 2000 v. Marlana Williams* #000903756) and sued again March 12, 2007 (See *American Pension Services Inc. V. Steven L. Bowers* #070903919.)

<sup>2</sup>Millennial Financial Group, Inc. is a Utah corporation. MFG incorporated on November 10, 2004. MFG's status as a corporation is "expired" for failure to file renewal as of February

6. Bowers and Miner made material misrepresentations and omissions regarding EW's \$295,000 investment in Patent.
7. EW lost \$251,000 in principal alone.

#### **FIRST INVESTMENT**

8. In 2005, EW earned capital from the sale of her Idaho business and planned to invest \$300,000 of it.
9. EW knew one of the principals of MFG, Tyree Mackey (Mackey), knew he ran a successful business, and wanted to know what he was doing to be successful.
10. EW met with Mackey and Jeremy King (King) (the other principal of MFG), and decided to invest with MFG after two meetings with them. These two meetings took place in Idaho.
11. On March 31, 2005, EW invested \$160,000 with MFG in Idaho.
12. Soon after EW invested with MFG, King's father-in-law<sup>3</sup> introduced King to Miner at a lunch in Provo, Utah. King, at that time, was looking for an investment opportunity in which to place EW's funds.
13. Miner introduced King to the idea of investing with Patent to purchase senior life settlements, also known as viaticals, at \$0.35 on the dollar and then resell them at \$0.50

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26, 2007.

<sup>3</sup>King's father-in-law was a prior investor with Bowers and Miner.

on the dollar.

14. Miner said policies could be turned every two to four weeks. Miner said Bowers was the senior partner and scheduled a follow up appointment for King to meet Bowers.
15. On or about April 2005, Bowers met with King, Mackey, and Miner in Utah County. Bowers explained senior life settlements and said he was able to purchase them in bulk through an unnamed partner in Florida.
16. Bowers made the following representations, to Mackey and King, about an investment opportunity with Patent:
  - a. Investor money would be pooled for the purchase of senior life settlements;
  - b. The policy premiums were paid at closing;
  - c. Once a block of policies was purchased, they would be broken into smaller groups and resold at a higher price;
  - d. They planned to purchase/sell settlements every two weeks;
  - e. If they invested, King and Mackey or MFG would be the beneficiaries on the policies so there was little to no risk;
  - f. The worst case scenario would be that the policies could not be resold and the investor would own the policy which the investor purchased at a third of its face value;
  - g. In a worst case scenario, the investor would wait for the insured person to die

(five to seven years) and for the insurance company to pay;

- h. Warren Buffett was purchasing senior life settlements;
- i. If Mackey and King did not invest that day, they would “miss the boat;”
- j. Mackey and King would make huge profits on the deal within a very short period of time;
- k. There was no risk in investing because demand for the policies was so high;
- l. Mackey and King were guaranteed to get their investment money in Patent back within days so there is no risk; and
- m. If King and Mackey invested in Patent right away they could be part of the purchase of settlements with a buyer already lined up.

17. Bowers made the following representations about himself:

- a. He was involved in obtaining patents in the technology area and had been involved with many successful companies;
- b. He had been involved in a mine of some kind;
- c. He made millions of dollars in a multi-level marketing company;
- d. He had lost millions of dollars; and
- e. He would “never screw anyone.”

18. Based on Bowers’s representations and unbeknownst to EW, King and Mackey decided to invest \$100,000 of EW’s \$160,000 investment in MFG with Patent with the

understanding that MFG would earn monthly interest and could get the money back within three days if necessary.

19. On April 13, 2005, MFG executed an agreement with Patent to provide EW's \$100,000 for 60 days, with options to renew. The agreement states:

MFG will invest \$100k USD with [Patent]. [Patent] will manage the monies and purchase Senior Life Settlement Policies. [Patent] will pay MFG the original investment of \$100k every 60 days. This process will continue for up to 6 months or until \$300k is given back to MFG.

20. An Addendum to the April 13 agreement was executed the same day. The Addendum states:

[Patent] agrees that in the event that MFG should require the return of the \$100,000. Before the term of the Agreement, [Patent] agrees to return the \$100,000. Within 4 business days of the request.

21. On or about April 13, 2005, King and Mackey purchased a \$100,000 cashier's check payable to Patent Holdings, Inc. from Wells Fargo in Orem, Utah and delivered the check to Miner at Patent's office in Utah County.

#### **SECOND INVESTMENT**

22. On or about April 2005, EW and her husband drove to Utah County, Utah where they met with King, Mackey, Bowers, and Miner.
23. During the meeting, Miner represented:
  - a. King's father-in-law had invested with Patent and had made money;

- b. King's father-in-law was so successful with his investment that he was able to realize his life's dream of owning a ranch;
- c. Miner and Bowers were partners;
- d. Patent had helped many people achieve their dreams and everyone was happy;
- e. The first time Patent invested in life insurance policies it worked very well and was a big success so they were going to do it again;
- f. Patent was registered in Nevada;
- g. If EW invested, an independent CPA would hold EW's money so everything was on the "up and up;"
- h. Bowers and Patent could not touch EW's money until the CPA firm was certain "everything was fine;"
- i. EW would make \$15,000 per month for twelve months on her investment;
- j. EW would be the beneficiary on the life insurance policy and would receive all the necessary paperwork;

24. Bowers also represented that:

- a. Money could be made by providing Bowers with capital to purchase senior life policies;
- b. Once Bowers owned a policy, he could resell the policy at a profit.

- c. Patent had other investors;
  - d. EW's first investment had earned \$65,000 in profit;
  - e. EW's money would be used to purchase viaticals.
25. Based on Bowers' and Miner's representations, EW decided to invest again with Patent. On April 26, 2005, EW issued a \$135,000 check to MFG.
26. King purchased a cashier's check payable to Patent Holding, LLC from Wells Fargo Bank and delivered the check to Bowers.
27. The check was drawn on EW's account in the name of her company at The Bank of Commerce.
28. On May 6, 2005, Bowers signed an agreement with EW titled Millennial Financial Group, Inc. in conjunction with Patent Holding, Inc. Instalment Note which called for a \$300,000 investment for the purchase of "Senior Life insurance Policies for a death benefit amount greater than or equal to twice the value of monies received."
29. According to the agreement, EW's company would receive \$15,000 monthly interest payments starting June 15, 2005 and ending May 15, 2006 totaling \$180,000.
30. EW never received the \$15,000 monthly interest payments.
31. Bank records analyzed by James Burns, Idaho Department of Finance, Securities

Bureau revealed that:

No viaticals were ever purchased. Instead, Bowers used [EW]'s money for various personal reasons. When the initial \$100,000 was deposited into Bowers' account on April 13, 2005, it was \$3,021.87 overdrawn...Bowers wrote a check to Miner in the amount of \$6,000 on April 15, 2005 and another in the amount of \$24,000 on April 18, 2005. Bowers transferred \$9,691.50 to his personal checking account, he bought a Mustang automobile for \$13,375, he wrote checks to himself totaling \$6,400, he paid \$6,000 in commissions, he paid \$14,000 to other individuals, and otherwise paid personal expenses. By April 25, 2005, when Bowers received \$135,000 from [EW], he had only \$2,449.23 left in his checking account. Bowers similarly frittered away the \$135,000 on his personal expenses, and by July 1, 2005, he had spent the entire amount.<sup>5</sup>

32. King, Mackey, and Miner were investigated for the aforementioned Idaho transactions by the State of Idaho Department of Finance. All three entered into consent orders with Idaho.
33. On September 30, 2008, Miner entered into an agreement with the Idaho Department of Finance and signed a Consent Order<sup>6</sup>. Miner admitted:

...[her] statements to [EW and her husband] explaining viatical investments and encouraging them to invest constituted the offer or sale of a security to Idaho residents. Further, her statements in aid of the sales presentation, and her efforts to promote the investment, caused her to materially aid Steve Bowers in Violation of Idaho's

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<sup>5</sup>*State of Idaho, Department of Finance, Securities Bureau vs. Tyree Mackey, Jeremy King, Pat G. Miner and Millennial Financial Group, Inc.* Docket No. 2007-07-35. Consent Order entered September 30, 2008.

<sup>6</sup>*Id.*

Uniform Securities Act.<sup>7</sup>

**CAUSES OF ACTION**

**COUNT I**

**Securities Fraud under § 61-1-1 of the Act**

34. The Division incorporates and re-alleges paragraphs 1 through 33.
35. The stock offered and sold by Respondents is a security under § 61-1-13 of the Act.
36. In connection with the offer and sale of securities, Respondents, directly or indirectly, made false statements, including, but not limited to, the following:
  - a. That all money invested would be used for the purchase and resale of viaticals when in fact none of EW's investment money was used to purchase viaticals;
  - b. That an independent CPA would hold EW's money so everything was on the "up and up" and Bowers could not touch EW's money until the CPA firm was certain "everything was fine" when in fact, none of EW's money was held by a CPA firm but was deposited into Bowers' account where he used the money for various personal expenses;
  - c. That EW's company would be the beneficiary of viaticals purchased with their investment funds when in fact, Bowers purchased no viaticals and EW's company was never named as the beneficiary of a single viatical;
  - d. That a worst case scenario involved the investor holding viaticals until the insured

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<sup>7</sup>*Id.* at paragraph 23.

- party died when in fact, Bowers purchased no viaticals;
- e. That because the viaticals would be in the name of EW's company, the investment was safe and secure when in fact, Bowers purchased no viaticals and the investment was not safe and secure;
  - f. That Bowers would guarantee Mackey could get EW's \$100,000 back in days so that there was no risk when in fact, Mackey has been unable to recover EW's money;
  - g. That EW's first investment had earned \$65,000 in profit when in fact, Bowers had not purchased any viaticals with EW's money and had used the money for various personal expenses so there could be no profit.
37. In connection with the offer and sale of securities, Respondents, directly or indirectly, 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 Bowers and Miner<sup>8</sup> had a history of law suits and judgments. Specifically, Bowers was sued five times between July 2001 and August 2004 and those suits resulted in two judgements of \$2,012,410 and \$2,686.84.<sup>9</sup>

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<sup>8</sup>See footnote 1.

<sup>9</sup>*IHV Technologies v. OSDNA, Steven Bowers* filed July 13, 2001; *Calvin B. Smith v. Hitt Tech, Steven Bowers*, filed December 03, 2001 and resulted in a \$2,012,410 judgment; *EPN v. Steven Bowers* filed June 12, 2002 and resulted in a judgment of \$2,686.84; *REO Holdings v. Glenn Kovar, Steven Bowers et al.* filed April 16, 2002; and *Matthew V. Morgan v. Steven*

- b. That Bowers had filed for Chapter 13 bankruptcy on October 31, 2001 and that the case was terminated May 9, 2002.
- c. Some or all of the information typically provided in an offering circular or prospectus regarding Patent, such as:
  - i. Patent's financial statements;
  - ii. The track record of Patent to other investors;
  - iii. The number of other investors;
  - iv. Any conflicts of interest the issuer, the principals, or the agents may have with regard to the investment;
  - v. Any involvement of Patent in certain legal proceedings.

38. Based upon the foregoing, Bowers violated § 61-1-1 of the Act.

### **ORDER**

The Director, pursuant to § 61-1-20 of the Act, hereby orders 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 Tuesday, February 2, 2010, at 9:00 a.m., at the office of the Utah Division of Securities, located in the Heber Wells Building, 160 East 300 South, 2<sup>nd</sup> Floor, Salt Lake City, Utah. The purpose of the hearing is to establish a scheduling order and address any preliminary matters. If Respondents fail to file an answer and appear at the hearing, the Division of Securities may hold Respondents

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*Bowers* filed August 10, 2004.

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, Respondents may show cause, if any they have:

- a. Why Respondents should not be found to have engaged in the violations alleged by the Division in this Order to Show Cause;
- b. Why Respondents 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 Patent should not be ordered to pay a fine of \$500,000 to the Division of Securities, which may be reduced by restitution paid to the investor.
- d. Why Bowers and Miner should not be ordered to pay a fine, joint and severally, of \$400,000 to the Division of Securities, which may be reduced by restitution paid to the investor.

DATED this 8<sup>th</sup> day of December, 2009.

  
KEITH WOODWELL  
Director, Utah Division of Securities



Approved:

  
JEFF BUCKNER  
Assistant Attorney General  
D. P.

Division of Securities  
Utah Department of Commerce  
160 East 300 South, 2<sup>nd</sup> Floor  
Box 146760  
Salt Lake City, UT 84114-6760  
Telephone: (801) 530-6600  
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**BEFORE THE DIVISION OF SECURITIES  
OF THE DEPARTMENT OF COMMERCE  
OF THE STATE OF UTAH**

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**IN THE MATTER OF:**

**PATENT HOLDING, LLC,  
STEVEN LYNN BOWERS, and  
PAT G. MINER,**

**Respondent.**

**NOTICE OF AGENCY ACTION**

Docket No. SD-09-0056  
Docket No. SD-09-0057  
Docket No. SD-09-0058

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THE DIVISION OF SECURITIES TO THE ABOVE-NAMED RESPONDENT:

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. §§ 63G-4-201 and 63G-4-204 through 209; 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. § 63G-4-204(1). In addition, pursuant to Utah Code Ann. § 63G-4-204(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, 2<sup>nd</sup> Floor  
Box 146760  
Salt Lake City, UT 84114-6760  
(801) 530-6600

**A copy to:**

Jeff Buckner  
Assistant Attorney General  
160 East 300 South, 5<sup>th</sup> Floor  
Salt Lake City, UT 84114-0872  
(801) 366-0310

An initial hearing in this matter has been set for February 2, 2010 at the Division of

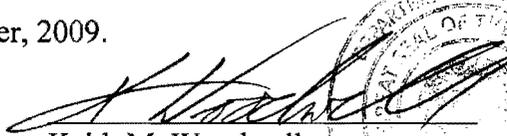
Securities, 2<sup>nd</sup> Floor, 160 East 300 South, Salt Lake City, Utah, at 9:00 A.M.

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. § 63G-4-209; 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. § 63G-4-209(4); Utah Admin. Code R151-46b-10(11)(b). In the alternative, the Division may proceed with a hearing under § 63G-4-208.

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. This adjudicative proceeding will be heard by Mr. Eklund and the Utah Securities Commission. 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 Securities Division. Questions regarding the Order to Show Cause should be directed to the Division's attorney, Jeff Buckner, at (801) 366-0310.

Dated this 8<sup>th</sup> day of December, 2009.

  
Keith M. Woodwell  
Director, Division of Securities



**Certificate of Mailing**

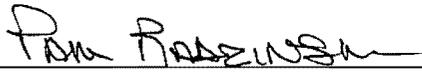
I certify that on the 10<sup>th</sup> day of December, 2009, I mailed, by certified mail, a true and correct copy of the Notice of Agency Action and Order to Show Cause to:

Patent Holding, LLC  
3425 West Pine Canyon Road  
Park City, Utah 84098  
Certified Mail # 70090080000002842628

Steven Lynn Bowers  
3425 White Pine Canyon Rd.  
Park City, Utah 84098  
Certified Mail # 70090080000002842635

Steven Lynn Bowers  
4376 West 5135 North  
Salt Lake City, Utah 84118  
Certified Mail # 70090080000002842642

Pat G. Miner  
383 West 3800 North  
Provo, Utah 84604  
Certified Mail # 70090080000002842659

  
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Executive Secretary