

State of Utah
Department of Commerce
Division of Securities
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:

**CHRISTOPHER H. ZOCKOLL,
CRD#2954654**

Respondent.

STIPULATION AND CONSENT ORDER

Docket No. SD-10-0004

The Utah Division of Securities (“Division”), by and through its Director of Licensing and Compliance, Dave R. Hermansen, and Respondent Christopher H. Zockoll (Zockoll/Respondent) hereby stipulate and agree as follows:

1. Mr. Zockoll has been the subject of an investigation by the Division into allegations that he violated the Utah Uniform Securities Act (“Act”), Utah Code Ann. §61-1-1, *et seq.*
2. On or about January 21, 2010, the Division initiated an administrative action against Mr. Zockoll by filing an Order to Show Cause.
3. Mr. Zockoll is hereby agreeing with the Division to settle this matter by way of this Stipulation and Consent Order (“Order”). If entered, the Order will fully resolve all claims the Division has against Mr. Zockoll pertaining to the January 21, 2010 Order to Show Cause.
4. Mr. Zockoll admits that the Division has jurisdiction over him and the subject matter of

this action.

5. Mr. Zockoll hereby waives any right to a hearing to challenge the Division's evidence and present evidence on his behalf.
6. Mr. Zockoll has read this Stipulation and Consent Order, understands its contents, and submits to the entry of the Order voluntarily. No promises or other agreements have been made by the Division, nor by any representative of the Division, to induce him to enter into this Order, other than as described in this Order¹.
7. Mr. Zockoll is represented by David J. Winterton, Esq., and is satisfied with his representation and counsel in this matter.

I. FINDINGS OF FACT

8. Christopher H. Zockoll is a resident of the State of Nevada.
9. From January 2003 through July 2004, Zockoll was licensed in Utah as a broker-dealer agent of Investment Management Corporation ("IMC"), CRD#37196. Between 1997 and 2003, Zockoll was licensed in Utah as an agent of several other broker-dealer firms. He is not currently licensed in the securities industry in any capacity.
10. Zockoll has taken and passed the Series 6, Investment Company/Variable Contracts Limited Representative Examination, and Series 63, Uniform Securities Agent State Law Examination.
11. IMC and its agents, including Zockoll, sold securities investments in "Vescor", which as used herein collectively refers to a network of approximately 150 companies owned or

¹The Division notes that at the request of Mr. Zockoll's counsel, in an unrelated matter which is still ongoing as to several parties, the Division by letter dated January 10, 2011 sent notice to Mr. Zockoll that it has closed its inquiry with respect to Mr. Zockoll without any administrative or other action.

controlled by Val Edmund Southwick (“Southwick”). Those companies include, but are not limited to VesCor Capital Corp., VesCorp Capital, LLC, VesCor Capital, Inc., Siena Vista, LLC, Five Star Lending, LLC, SV Lending, LLC, and VesCor Capital IV-A, LLC.

12. Vescor was a Ponzi scheme in which new investor monies were used to pay interest to prior investors or for personal use. In 2008, Southwick pled guilty to nine felony counts of securities fraud for defrauding investors from Utah and several other states out of approximately \$180 million. He was sentenced to 1-15 years in prison on each count and is presently incarcerated.
13. In 2008, IMC was expelled from membership by the Financial Industry Regulatory Authority (“FINRA”). IMC’s principals, Brian Y. Horne (“Horne”), CRD#1830136, and Kevin D. Kunz (“Kunz”), CRD# 1274540, were barred from associating with any FINRA member in any capacity.
14. Deseret Financial Services (“Deseret Financial”) was a Utah DBA registered with the Utah Division of Corporations from 1996 until 2000. Horne was its registered agent. In 2000 Horne canceled the DBA and incorporated Deseret Financial. Horne was its secretary, director and president. In 2004, Horne changed the name to Horne Financial.
15. Neither Deseret Financial nor Horne Financial were licensed as broker-dealers at any time.

Vescor Sales by Zockoll

16. Between January 2003 and August 2004, Zockoll solicited investors in Utah and elsewhere to purchase investment promissory notes issued by Vescor.
17. The promissory notes offered and sold by Zockoll are securities under the Act.

18. Zockoll sold Vescor notes to approximately 70 investors, raising over \$4.2 million, for which he was paid at least \$233,000 in commissions.

Investor J.G.

19. Sometime in 2003, after receiving a flyer offering assistance with trust preparation, Utah resident J.G. and her husband W.G. contacted “Retirement Advantage”².

20. J.G. and W.G. subsequently met with several individuals at Retirement Advantage, located in Henderson, Nevada, with respect to establishing a trust.

21. After several meetings J.G. and W.G. were introduced to Zockoll, who said he owned Retirement Advantage. Zockoll indicated he had reviewed some of the trust documents, and noticed that J.G. and W.G. had several “buckets” of money earning small amounts of interest. He told them he knew how they could earn higher rates of interest than the three or four percent the investments were earning annually at that time.

22. Zockoll recommended that J.G. invest money from her tax-deferred 457 retirement account into a company called Vescorp Capital, LLC.

23. Zockoll told J.G. and W.G. the company invested in and developed successful resort properties, such as Deer Valley³ and some international resorts, which Zockoll did not identify.

24. Zockoll further represented:

- a. an investment in Vescorp would yield 12% per year in interest, and the investment was safe and “guaranteed” because it was backed by real estate;

²Retirement Advantage is a registered fictitious business name for C.H.Zockoll & Associates, a Nevada Professional Corporation owned and controlled by Zockoll.

³Deer Valley is a ski resort located in Summit County, Utah.

- b. J.G.'s funds would need to be invested for a period of five years, in which time her funds would double⁴;
 - c. Southwick had a successful 20-year history;
 - d. Zockoll had personally invested with Vescorp; and
 - e. a Vescorp investment was "perfect" for J.G. and W.G given that they were about 10 years from retirement.
25. J.G. was not provided any offering documents, a private placement memorandum (PPM), prospectus or other disclosure documents prior to investing.
26. At Zockoll's direction, J.G. opened a self-directed IRA account, to which she transferred \$46,800 from her 457 retirement plan. In October 2003, the money was wired to Vescorp Capital LLC's Centennial Bank of Ogden account.
27. Thereafter, J.G. received a copy of several documents, including a promissory note, security agreement, and subscription agreement.
28. Despite Zockoll's representations about real estate security for the investment, the document entitled "Security Agreement" contained no description of any specific collateral.
29. J.G. began receiving statements on a quarterly basis in late 2003. The statements showed interest accruing.
30. J.G. first learned there was a problem with her investment in early 2007, when Zockoll called a meeting between his Vescorp investors and a bankruptcy attorney. J.G. and W.G. left the meeting with the understanding that Vescorp was not going to survive as a

⁴An investment earning 12% annually will not double in five years.

company.

31. J.G. never received any repayment of principal or interest on her investment.
32. Zockoll was paid a commission of \$3,790.80 for the sale to J.G.
33. In connection with the sale of Vescor to J.G., Zockoll misrepresented material facts, including but not limited to the following:
 - a. the investment would earn 12% per year;
 - b. J.G.'s monies would double in five years;
 - c. the investment was safe and "guaranteed" because it was backed by real estate, when in fact, i) the note carried substantial risk, and ii) no legal description of any real estate was included in the note nor was any interest in any real estate created by the note;
 - d. the investment was "perfect" for retirement funds belonging to a person planning to retire in ten years; and
 - e. Vescor had a successful 20-year history.
34. In connection with the sale of Vescor to J.G., Zockoll omitted material facts, including but not limited to the following:
 - a. risk factors of the investment;
 - b. characteristics of the investment and how it was suitable for J.G.;
 - c. relevant disclosures about Vescor including its financial condition and liabilities;
 - d. Southwick's extensive prior litigation history and outstanding judgments, including prior 1992 and 2002 Consent Orders with the Utah Securities Division relating to the offer or sale of unregistered securities;

- e. Zockoll's compensation of \$3,790.80 in commissions for selling the investment;
- f. Zockoll was not licensed to sell a private offering or to give investment advice;
- g. Zockoll would be compensated for the transaction through an entity other than his broker-dealer, which entity was not licensed as a broker-dealer, in violation of securities laws and industry rules;
- h. J.G. received no legal interest in any real property; and
- i. Vescor was a Ponzi scheme.

Unlicensed Activity

Compensation Paid through Non-Broker-Dealer Entities

35. In addition to J.G., Zockoll sold Vescor to four other Utah investors, for which he was paid commissions totaling \$16,578.27, as follows:

<u>Investor</u>	<u>Commission</u>
R.S.	\$3,847.50
R.S. (IRA)	2,219.04
M.S.	1,457.28
K.S.	2,257.20
M.B.	6,797.25

36. The commissions for these sales as well as the sale to J.G. were not paid to Zockoll through Zockoll's broker-dealer, IMC,⁵ but rather through Deseret Financial, which was not a broker-dealer. At no time was Zockoll a licensed agent of Deseret Financial.

37. In 2003, Deseret Financial paid Zockoll a total of \$233,194.52 for sales of Vescor.

38. In addition, Vescor Capital Inc. directly paid Zockoll \$5,107.63 in 2003. Although Zockoll sold securities issued by Vescor Capital Inc., he was never licensed as an issuer-

⁵As a result of a prior disciplinary action, IMC had been prohibited by FINRA's predecessor, NASD, from selling private securities offerings.

agent of that entity.

39. In 2004, Horne Financial – the renamed Deseret Financial corporation – paid Zockoll \$56,489.30. At no time was Zockoll a licensed agent of Horne Financial.
40. Zockoll’s employing broker-dealer, IMC, in contrast, only paid Zockoll \$8,784.33 in 2004.
41. Zockoll was not licensed to sell a private securities offering such as Vescor because his Series 6 license limited his securities activities to selling mutual funds and variable insurance products through IMC.
42. Despite being paid compensation by Deseret Financial and Horne Financial for securities transactions, Zockoll’s Form U4⁶ failed to disclose any business activities with either entity.
43. Zockoll’s Form U4 further failed to disclose Zockoll’s business relationship with Vescor Capital Inc., for which he was paid compensation as described above.

II. CONCLUSIONS OF LAW

44. The only entity through which Zockoll was licensed to sell securities was IMC.
45. As described in paragraphs 32 and 35 through 40, Zockoll conducted securities transactions through and was paid compensation by Deseret Financial and Horne Financial. He was not a licensed agent of either entity.
46. Zockoll likewise received compensation directly from Vescor Capital Inc., an entity with

⁶The Form U4, Uniform Application for Securities Registration or Transfer, is filed with FINRA and the Division in order for an individual to become a licensed securities agent in Utah. It is submitted electronically to the Division through the Central Registration Depository (“CRD”). The Form U4 requires the disclosure of all business activities conducted by licensed individuals.

which he was not licensed as an issuer-agent.

47. Zockoll's Series 6 license limited his securities activities to selling mutual funds and variable insurance products through IMC.
48. Accordingly, each offer or sale of Vescor securities by Zockoll violated Section 61-1-3(1) of the Act.
49. As set forth in paragraphs 33 and 34, in connection with the offer or sale of securities, Zockoll misrepresented or omitted material facts necessary in order to make the statements made not misleading, in violation of Section 61-1-1(2) of the Act.
50. Zockoll engaged in acts, practices or a course of business which operated as a fraud in violation of Section 61-1-1(3) of the Act, including but not limited to:
 - a. accepting compensation for securities transactions through Deseret Financial and Horne Financial – two entities not licensed as broker-dealers – with which he was not licensed as a securities agent;
 - b. accepting compensation from Vescor Capital Inc., with which he was not licensed as an issuer-agent;
 - c. offering and selling securities he was not licensed to sell;
 - d. failing to report his business activities with Deseret Financial, Horne Financial, and Vescor Capital Inc.; and
 - e. failing to provide J.G. with any disclosure documents prior to her investment, despite telling her a Vescor investment was “safe” and “guaranteed”.
51. Zockoll's Form U4, a document filed with the Division through CRD, violated Section 61-1-16 of the Act as it was false and misleading at the time it was filed because it failed

to disclose Zockoll's business activities with Deseret Financial, Home Financial, or Vescor Capital Inc., and significantly, did not disclose that Zockoll was receiving substantial securities compensation from such entities, rather than the broker-dealer with which he was licensed.

III. REMEDIAL ACTIONS/SANCTIONS

52. Mr. Zockoll neither admits nor denies the Division's findings and conclusions and based upon time and cost considerations of an evidentiary hearing does not challenge the Division's findings and conclusions, but consents to the sanctions below being imposed by the Division.
53. Mr. Zockoll represents that the information he has provided to the Division as part of the Division's investigation is accurate and complete.
54. Zockoll agrees to pay restitution to J.G. in the amount of her principal invested, \$46,800.00, according to the following terms:
- a. \$10,000 shall be paid on March 1, 2011.
 - b. Beginning April 1, 2011 Zockoll will pay \$200.00 per month for thirty-six months, for a total of \$7,200. Within thirty days thereafter, Zockoll will pay the remaining balance of \$29,600 in a lump sum payment.
 - c. Zockoll shall maintain records verifying each payment and shall provide a copy of such proof of payment to the Division each calendar quarter.
55. Mr. Zockoll agrees that he will not seek licensure or apply to be licensed by the Utah Securities Division as a broker-dealer agent or investment adviser, nor licensing as an agent for any issuer soliciting investor funds, nor licensing in any other capacity in the

securities industry, in the State of Utah at any time in the future.

56. Mr. Zockoll has cooperated and provided documents and information to the Division and further agrees that he will provide truthful testimony and cooperation (including production of documents) with any State or Federal investigation involving Southwick, the VesCor companies, and any individuals under investigation as a result of their affiliation with VesCor and/or Southwick.
57. Mr. Zockoll agrees that he will cease and desist from violating the Utah Uniform Securities Act.
58. Zockoll understands that based upon his agreement to pay restitution to J.G. as set forth in paragraph 54 above, the Division is willing to forego the imposition of a fine against him at this time.
59. If Zockoll fails to comply in any respect with his agreement to pay restitution or if he fails to comply with his promise to give truthful testimony and cooperation as set forth in paragraph 56 above, the Division may issue an order imposing a fine against him in the amount of \$65,000. The order shall require payment of the fine within thirty (30) days following the date of entry of the order. The order may be issued upon ex parte motion of the Division, supported by an affidavit verifying such failure(s) to comply.

IV. FINAL RESOLUTION

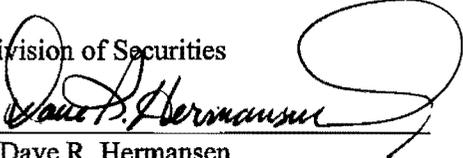
60. Mr. Zockoll acknowledges that this Order, upon approval by the Utah Securities Commission, shall be the final compromise and settlement of this matter. Mr. Zockoll further acknowledges that if the Commission does not accept the terms of the Order, it shall be deemed null and void and without any force or effect whatsoever.

61. Mr. Zockoll acknowledges that the Order does not affect any civil or arbitration causes of action that third-parties may have against him arising in whole or in part from his actions, and that the Order does not affect any criminal causes of action that may arise as a result of his conduct referenced herein. Mr. Zockoll also acknowledges that any civil, criminal, arbitration or other causes of actions brought by third-parties against him have no effect on, and do not bar, this administrative action by the Division against him.
62. This Order constitutes the entire agreement between the parties herein and supersedes and cancels any and all prior negotiations, representations, understandings, or agreements between the parties. There are no verbal agreements which modify, interpret, construe, or otherwise affect this Order in any way.

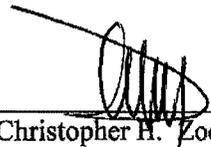
Dated this 20 day of JANUARY, 2011.

Utah Division of Securities

By:


Dave R. Hermansen
Director of Licensing and Compliance

Dated this 12 day of JANUARY, 2011.


Christopher H. Zockoll
Respondent

Approved:


D. Scott Davis
Assistant Attorney General


David J. Winterton
Counsel for Respondent

Commission, shall be the final compromise and settlement of this matter. Mr. Zockoll further acknowledges that if the Commission does not accept the terms of the Order, it shall be deemed null and void and without any force or effect whatsoever.

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62. This Order constitutes the entire agreement between the parties herein and supersedes and cancels any and all prior negotiations, representations, understandings, or agreements between the parties. There are no verbal agreements which modify, interpret, construe, or otherwise affect this Order in any way.

Dated this 20 day of JANUARY, 2011.

Dated this ____ day of _____, 2011.

Utah Division of Securities

By:



Dave R. Hermansen
Director of Licensing and Compliance

Christopher H. Zockoll
Respondent

Approved:



D. Scott Davis
Assistant Attorney General



David J. Winterton
Counsel for Respondent

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Dated this ____ day of _____, 2011.

Dated this 24 day of Jan., 2011.

Utah Division of Securities

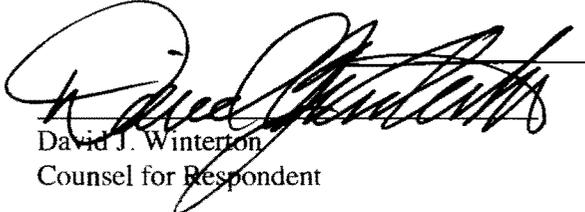
By: _____
Dave R. Hermansen
Director of Licensing and Compliance



Christopher H. Zockoll
Respondent

Approved:

D. Scott Davis
Assistant Attorney General



David J. Winterton
Counsel for Respondent

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61. Mr. Zockoll acknowledges that the Order does not affect any civil or arbitration causes of action that third-parties may have against him arising in whole or in part from his actions, and that the Order does not affect any criminal causes of action that may arise as a result of his conduct referenced herein. Mr. Zockoll also acknowledges that any civil, criminal, arbitration or other causes of actions brought by third-parties against him have no effect on, and do not bar, this administrative action by the Division against him.
62. This Order constitutes the entire agreement between the parties herein and supersedes and cancels any and all prior negotiations, representations, understandings, or agreements between the parties. There are no verbal agreements which modify, interpret, construe, or otherwise affect this Order in any way.

Dated this ____ day of _____, 2011.

Dated this ____ day of _____, 2011.

Utah Division of Securities

By:

Dave R. Hermansen
Director of Licensing and Compliance

Christopher H. Zockoll
Respondent

Approved:

D. Scott Davis
Assistant Attorney General



David L. Winterton
Counsel for Respondent

ORDER

IT IS HEREBY ORDERED THAT:

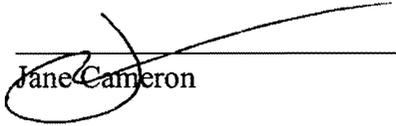
1. The Division's Findings and Conclusions, which are neither admitted nor denied by Mr. Zockoll, are hereby entered.
2. Mr. Zockoll pay restitution to J.G. as set forth in paragraph 54 above.
3. Mr. Zockoll shall not seek licensure or apply to be licensed by the Utah Securities Division as a broker-dealer or investment adviser, nor licensing as an agent for any issuer soliciting investor funds, nor licensing in any other capacity in the securities industry in the State of Utah at any time in the future.
4. Mr. Zockoll has cooperated with the Division as set forth in paragraph 56 above and shall provide truthful testimony and cooperation (including production of documents) with any State or Federal investigation involving Southwick, the VesCor companies, and any individuals under investigation as a result of their affiliation with VesCor and/or Southwick.
5. If Mr. Zockoll fails to comply in any respect with his obligations set forth in paras. 54-57 above, pursuant to Utah Code Ann. § 61-1-20 and in consideration of the guidelines set forth in Utah Admin. Code Rule R164-31-1, the Division may issue an order imposing a fine in the amount of \$65,000 as described in paragraph 59 above.
6. Mr. Zockoll shall cease and desist from violating the Utah Uniform Securities Act and comply with the requirements of the Act in all future business in this state.

BY THE UTAH SECURITIES COMMISSION:

DATED this 2nd day of February, 2011.



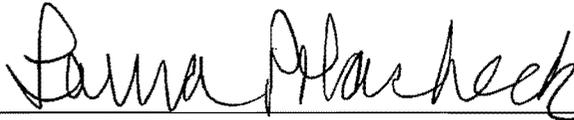
Tim Bangerter



Jane Cameron

Erik Christiansen

Michael O'Brien



Laura Polacheck

BY THE UTAH SECURITIES COMMISSION:

DATED this 27th day of January, 2011.

Tim Bangerter

Jane Cameron

Erik Christiansen



Michael O'Brien

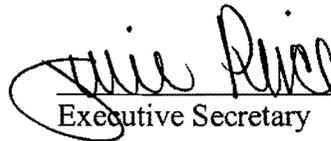
Laura Polacheck

Certificate of Mailing

I certify that on the 7th day of Feb., 2011, I mailed, by certified mail, a true and correct copy of the Stipulation and Consent Order to:

David J. Winterton
Attorney for Christopher Zockoll
211 North Buffalo Drive, Suite A
Las Vegas, Nevada 98145

7008 1170 0004 11072 1/25


Executive Secretary