Division of Securities
Utah Department of Commerce
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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: **JEREMY A. KING,** **Respondent.**	**STIPULATION AND CONSENT ORDER** **Docket No.** SD-10-0005

The Utah Division of Securities (the Division), by and through its Director of Enforcement, Michael Hines, and Jeremy A. King, hereby stipulate and agree as follows:

1. Jeremy A. King (King) was the subject of an investigation conducted by the Division into allegations that he violated certain provisions of the Utah Uniform Securities Act (the Act), Utah Code Ann. § 61-1-1, *et seq.*, as amended.

2. King and the Division has agreed to settle this matter by way of this Stipulation and

Consent Order.

3. Respondent has been advised of his right to be represented by counsel, but has voluntarily chosen to proceed without counsel in this matter.

4. Respondent admits the jurisdiction of the Division over him and over the subject matter of this action.

5. Respondent waives any right to a hearing to challenge the Division's evidence and present evidence on his behalf.

I. THE DIVISION'S FINDINGS OF FACT

6. Millennial Financial Group, Inc. (MFG) incorporated in Utah on November 10, 2004. MFG's status as a corporation is "expired" for failure to file renewal as of February 26, 2007.

7. King was, at all relevant times, a resident of Utah County, Utah. King has never been licensed as a broker-dealer, agent, investment advisor, or investment advisor representative in Utah.

8. Tyree Mackey (Mackey) was, at all relevant times, a resident of Idaho. Mackey has never been licensed as a broker-dealer, agent, investment advisor, or investment advisor representative in Utah.

9. 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.

10. 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.

11. 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.[1]

GENERAL ALLEGATIONS

12. Between March 2005 and April 2005, Respondents solicited EW to invest a total of $295,000 with Patent through MFG.

13. Respondents made material misrepresentations and omissions regarding EW's $295,000 investment in Patent.

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[1]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. Marlena Williams* #000903756) and sued again March 12, 2007 (*See American Pension Services Inc. V. Steven L. Bowers* #070903919.)

14. EW lost $251,000 in principal alone.

FIRST INVESTMENT

15. In 2005, EW earned capital from the sale of her Idaho business and planned to invest $300,000 of it.

16. EW knew Mackey (one of the principals of MFG), knew he ran a successful business, and wanted to know what he was doing to be successful.

17. EW met twice with Mackey to discuss investment opportunities through MFG. These two meetings took place in Idaho.

18. At the meetings, Mackey told EW that he was flipping houses to make a profit.

19. Based on Mackey's representations, EW decided to invest in a "fix and flip" with MFG. On March 31, 2005, EW invested $160,000 with MFG in Idaho.

20. Mackey never invested EW's funds in real property for a "fix and flip" profit.

21. Mackey and King (the other principal of MFG) decided to invest $100,000 of EW's $160,000 investment funds with Patent with the understanding that MFG would earn monthly interest and could get the money back within four days if necessary.

22. 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.

23. 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.

24. 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

25. In April 2005, Mackey and King told EW they had committed EW's money to an investment with Patent.

26. Mackey and King explained the investment saying that an investor purchases an insured person's life insurance policy at a discount because the insured person wants or needs money immediately. When the insured person dies, the investor

collects the face value of the policy.

27. Mackey and King said King's father-in-law intended to invest one million dollars with Patent and others had done very well, according to Bowers.

28. Mackey and King said they had "checked Bowers out," who was the owner and principal of Patent, and were satisfied.

29. Mackey and King told EW she would receive 5% interest monthly. They also told EW that she should travel to Utah and meet with Bowers before making a decision about investing more money.

30. On or about April 2005, EW and her husband drove to Utah County, Utah where they met with King, Mackey, Bowers, and Miner.

31. 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;

32. Bowers also represented that:

a. Money could be made by providing Bowers with capital to purchase senior life settlement 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 senior life settlement policies.

33. 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.

34. The check was drawn on EW's account in the name of her company at The Bank of Commerce.

35. King purchased a $135,000 cashier's check payable to Patent Holding, LLC from Wells Fargo Bank and delivered the check to Bowers.

36. On May 6, 2005, Bowers, King, Mackey, and EW signed an agreement 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."

37. 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.

38. EW never received the $15,000 monthly interest payments.

39. 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.[2]

40. 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.

41. On September 30, 2008, Miner entered into an agreement with the Idaho Department of Finance and signed a Consent Order[3]. Miner admitted:

> ...[her] statements to [EW and her husband] explaining viatical investments and encouraging them to invest constituted the offer or

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[2] *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.

[3] *Id.*

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 Uniform Securities Act.[4]

MATERIAL MISREPRESENTATIONS AND OMISSIONS

42. 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 senior life settlement policies when in fact none of EW's investment money was used to purchase senior life settlement policies;

b. That EW's company would be the beneficiary of senior life settlement policies purchased with their investment funds when in fact, Bowers purchased no senior life settlement policies and EW's company was never named as the beneficiary of a single viatical;

c. That because the senior life settlement policies would be in the name of EW's company, the investment was safe and secure when in fact, Bowers purchased no senior life settlement policies and the investment was not safe and secure.

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[4] *Id.* at paragraph 31.

43. 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[5] 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;

b. That Bowers had filed for Chapter 13 bankruptcy on October 31, 2001 and that the case was terminated May 9, 2002;

c. That King was not licensed to sell securities;

d. That MFG was not licensed as a broker-dealer;

e. Some or all of the information typically provided in an offering circular or prospectus regarding Patent, such as:

i. MFG's and Patent's financial statements;

ii. The track record of MFG and Patent to other investors;

iii. The number of other investors;

iv. Any involvement of MFG or Patent in certain legal proceedings.

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[5]See footnote 1.

II. THE DIVISION'S CONCLUSIONS OF LAW

44. Based on the Division's investigative findings, the Division concludes that:

    a. The promissory notes offered and sold by Respondent are securities under § 61-1-13 of the Act; and

    b. Respondent violated § 61-1-1 of the Act by making misrepresentations of material facts and by omitting to state material facts in connection with the offer and sale of a security.

III. REMEDIAL ACTIONS/SANCTIONS

45. Respondent admits the Division's findings and conclusions and consent to the sanctions below being imposed by the Division.

46. Respondent represents that any information he has provided to the Division as part of the Division's investigation of this matter is accurate.

47. Respondent agrees to the imposition of a cease and desist order, prohibiting them from any conduct that violates the Act.

48. Respondent agrees to cooperate with the Division in any future investigations.

49. Respondent agrees to comply with the Consent Order signed September 30, 2008 with the

Idaho Department of Finance.[6]

IV. FINAL RESOLUTION

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

51. Respondent 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. The Division represents that, with respect to the matters asserted herein, and absent additional information being discovered by the Division, it does not intend to refer King to the Attorney General's office for criminal prosecution.

52. The Stipulation and Consent Order constitute 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 the Order in any way.

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[6]See footnote 2.

Utah Division of Securities

Date: 2/1/10

By:

Michael Hines
Director of Enforcement

Respondent King

Date: 1/22/2010

By:

Jeremy Allen King

Approved:

Jeff Buckner
Assistant Attorney General
D.P.

ORDER

IT IS HEREBY ORDERED THAT:

1. The Division has made a sufficient showing of Findings of Fact and Conclusions of Law to form a basis for this settlement.
2. Respondent ceases and desists from violating the Utah Uniform Securities Act.
3. Respondent cooperates with the Division in any future investigations.
4. Respondent complies with the Consent Order signed September 30, 2008 with the Idaho Department of Finance.

BY THE UTAH SECURITIES COMMISSION:

DATED this 25th day of February, 2010.

Tim Bangerter

Jane Cameron

Erik Christiansen

Laura Polacheck

Michael O'Brien

Certificate of Mailing

I certify that on the 8th day of March, 2010, I mailed, by certified mail, a true and correct copy of the Stipulation and Consent Order to:

Jeremy Allen King
1991 Hidden Creek Drive
Lehi, Utah 84043
Certified Mailing # 70092820000125290105

Executive Secretary