

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

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

IN THE MATTER OF:

BRACE ROBINSON

Respondent.

ORDER TO SHOW CAUSE

Docket No. SP-10-00710

It appears to the Director of the Utah Division of Securities (Director) that Brace Robinson has 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 Respondent and the subject matter is appropriate because the Division alleges that he 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 RESPONDENT

2. Brace Robinson (Robinson) was, at all relevant times, a resident of the State of Utah. Robinson has never been licensed as a broker-dealer, agent, investment advisor, or as an investment advisor representative in Utah.

GENERAL ALLEGATIONS

3. From approximately January 2008 to November 2008, Respondent offered and sold a security to an investor, in or from Utah, and collected a total of \$10,000.
4. Respondent made material misrepresentations and omissions in connection with the offer and sale of a security to the investor below.
5. The investor lost about \$6,300 in principal.

INVESTOR SN

6. Robinson and SN had been close friends for several years. In January of 2008, Robinson told SN about a computer software he had purchased that made self-automated trades in the stock market. Between that time and November 2008, Robinson continued to discuss the trading software with SN. All conversations with Robinson and SN took place in Iron County, Utah.
7. During the conversations, Robinson told SN that he was trading options and futures through the automated software program and making significant returns.

8. Robinson offered an investment opportunity to SN with the program. Robinson said that SN could invest through Robinson's account.
9. Robinson made the following statements about a potential investment by SN:
 - a. That Robinson had never lost money through the trading software;
 - b. That SN would earn a 10% monthly return;
 - c. That any profits over and above the 10% monthly return would go to Robinson;
 - d. That SN could pull out his investment funds at any time;
 - e. That there was no risk on the investment; and
 - f. That SN would incur no loss because his money would be on the "back end," meaning all other investors' monies would be lost before SN's.
10. Based on Robinson's representations, SN invested \$10,000 with Robinson. On or about November 4, 2008, SN gave Robinson a \$10,000 check made payable to Robinson. On November 12, 2008, Robinson deposited the check in his bank account at Wells Fargo Bank.
11. SN received a \$1,200 interest payment from Robinson after the first month. After the second month, on or about February 2009, Robinson told SN he had lost all of SN's investment funds through the trading program.
12. SN consistently asked Robinson for his investment funds to be returned. Robinson gave SN a check for \$2,500 towards the repayment of SN's principal.

13. Robinson still owes SN \$6,300 in principal alone.
14. Using a source and use analysis, Robinson used the \$10,000 of SN from November 13, 2008 to approximately November 17, 2008 in the following manner:
 - a. \$9,000 transferred to Open E Cry, LLC¹;
 - b. \$900 used for personal expenses; and
 - c. \$100 cashed.

CAUSES OF ACTION

COUNT I

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

15. The Division incorporates and re-alleges paragraphs 1 through 14.
16. The investment opportunity offered and sold by Respondent is a security under § 61-1-13 of the Act.
17. In connection with the offer and sale of a security to the investor, Respondent, directly or indirectly, made false statements, including, but not limited to, the following:
 - a. That there was no risk in the investment, when in fact, Robinson had no reasonable basis to make such a statement; and
 - b. That the investment funds would only be used to trade through the computer software, when in fact, 10% of the funds were used for personal expenses and

¹Open E Cry, LLC, is an online brokerage company focusing on futures, forex, and equities.

cash.

18. In connection with the offer and sale of a security to the investor, Respondent, 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. Some or all of the information typically provided in an offering circular or prospectus regarding Robinson, such as:

- i. Financial statements;
- ii. Risk factors for investors;
- iii. Suitability factors for the investment;
- iv. Whether the investment is a registered security or exempt from registration; and
- v. Whether Robinson was licensed to sell securities.

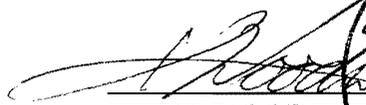
ORDER

The Director, pursuant to § 61-1-20 of the Act, hereby orders Respondent to appear at a formal hearing to be conducted in accordance with Utah Code Ann. §§ 63G-4-202, -204 through -208, and held before the Utah Division of Securities. The hearing will occur on Tuesday, December 7, 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, 2nd Floor, Salt Lake City, Utah. The purpose of the hearing is to establish a scheduling order and address any preliminary matters. If Respondent

fails to file an answer and appear at the hearing, the Division of Securities may hold Respondent in default, and a fine may be imposed in accordance with Utah Code Ann. § 63G-4-209. In lieu of default, the Division may decide to proceed with the hearing under § 63G-4-208. At the hearing, Respondent may show cause, if any he has:

- a. Why Respondent should not be found to have engaged in the violations alleged by the Division in this Order to Show Cause;
- b. Why Respondent 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; and
- c. Why Respondent should not be ordered to pay to the Division a fine amount to be determined by stipulation or by the presiding officer after a hearing in accordance with the provisions of Utah Admin. Rule R164-31-1, which may be reduced by restitution paid to the investor.

DATED this 1st day of November, 2010.


KEITH WOODWELL
Director, Utah Division of Securities



Approved:


JEFF BUCKNER
Assistant Attorney General
T.B.

Division of Securities
Utah Department of Commerce
160 East 300 South, 2nd Floor
Box 146760
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:

BRACE ROBINSON

Respondent.

NOTICE OF AGENCY ACTION

Docket No. 11-10710

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 Julie Price
Utah Division of Securities
160 E. 300 South, 2nd Floor
Box 146760
Salt Lake City, UT 84114-6760
(801) 530-6600

A copy to:

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

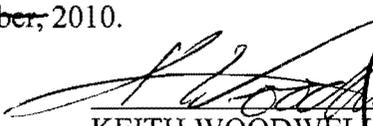
An initial hearing in this matter has been set for December 7, 2010 at the Division of Securities, 2nd Floor, 160 East 300 South, Salt Lake City, Utah, at 9:00 A.M.

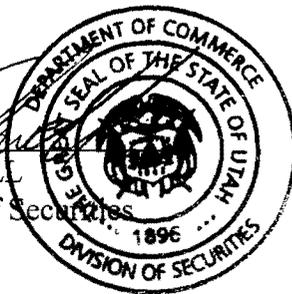
If you fail to file a response, as described above, or fail to appear at any hearing that is set, the presiding officer may enter a default order against you without any further notice. Utah Code Ann. § 63G-4-209; Utah Admin. Code R151-46b-10(11). After issuing the default order, the presiding officer 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 16th November day of ~~October~~, 2010.


KEITH WOODWELL
Director, Division of Securities



Evidence of Mailing

I certify that on the 2nd day of ~~October~~ NOVEMBER, 2010, I mailed a true and correct copy of the Notice of Agency Action and Order to Show Cause to:

Brace Robinson
1479 South 800 West
Cedar City, UT 84720

Certificate # 1008 1140 0000 11042 0088


Executive Secretary