

JAMES M. PARK, #5408
THE PARK FIRM, P.C.
Attorney for Defendant
141 North Main Street, Suite 200
P.O. Box 765
Cedar City, Utah 84720
Telephone: (435) 586-6532
Fax: (435) 586-3879

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

IN THE MATTER OF:

BRACE ROBINSON

Respondent.

**ANSWER TO THE DIVISIONS OF
SECURITIES ORDER TO SHOW
CAUSE**

Docket No. SP-10-0076

Respondent, Brace Robinson, by and through his attorney, James M. Park, *THE PARK FIRM, P.C.*, hereby submits this Memorandum in Opposition to the Divisions of Securities Order to Show Cause.

STATEMENT OF FACTS

1. Robinson was, at all relevant times, a resident of the State of Utah. Robinson has never been a licensed broker-dealer, agent, investment advisor, or an investment advisor representative in the State of Utah. Further, Robinson has never claimed, acted or represented himself to be a licensed broker-dealer, agent, investment advisor, or an investment advisor representative in the State of Utah.

2. Robinson did not solicit to anyone, including Samuel Noel, to trade on his software.

Noel came to Robinson countless times to inquire about investing his money into the software.

3. From January 2008 to November 2008, Robinson never offered or sold to an investor. Greenlight Strategies, a trading software company located in Bountiful Utah, traded the securities. In addition, Robinson never openly offered the software to other individuals. Robinson was approached by a personal friend, Samuel Noel, who inquired about his new software Robinson had purchased. At this particular time, the software was providing returns and doing well. Noel continually would bring up the software to Robinson with a great deal of interest.

4. Robinson never made material misrepresentations or omissions to Noel. Greenlight Strategies provided graphs for Robinson and literature for the software. Once again, there was never a proactive sell of securities that took place between friends Noel and Robinson.

5. Noel lost \$6,300.00 due to the software trading and the unstable stock market at that time. In addition, Robinson lost approximately \$25,000.00 and Robinson was the one who purchased the software which Noel wanted to use for free.

6. Robinson and Noel were close friends for two (2) years. Robinson helped Noel move to Kanab, State of Utah on his own time and his own money. Robinson considered them to be good friends and helped Noel many times in addition to the move as set forth above. Because the two were such close friends Noel knew that Robinson was not a licensed securities broker. Noel had been inquiring about the software for at least three (3) months prior to investing his money with the

software. Robinson never once solicited or approached Noel. At the time Noel invested his money into the software program, he was employed by Beneficial Life and was a licensed investor advisor in the State of Utah. Moreover, Noel was much more knowledgeable in this particular area. Noel was very interested in capitalizing on this software without paying for the software or even trading under his own social security number. Robinson was simply a friend letting a friend use his software because Noel wanted too.

7. Noel was aware that at the time he wanted to invest his money into the software program, that Robinson had made some substantial returns. Noel would inquire about this often to see how Robinson was doing. Noel wanted to make money on Robinson's software, which Robinson had purchased. There is no possible way that Robinson could predict that the Stock Market would take a fall nation wide.

8. After multiple requests by Noel, Robinson agreed to invest Noel's money in his software. There was never a formal agreement because once again, Robinson was not a licensed broker and Noel knew that. At Noel's request he told Robinson not to mention this to his wife because she would be upset. According to Noel, he liked to gamble and his wife didn't like the risk. Thus, Noel knew that there would be risks involved with the investment.

9. At the time of Noel's Investment, the software was doing well and Greenlight Strategies assured Robinson that the investments were projected to continue their success. A man by the name of "Callahan" with Greenlight Strategies had been telling Robinson that 10 to 15 percent

returns were occurring at that time. At no time was Noel ever promised by Robinson a 10 percent return. Greenlight Strategies guaranteed emotional free trading, meaning no emotions were involved in the trading software. Robinson relayed this information from the software company to Noel. Robinson had been able to pull money out of the account before and advised Noel that the money would be able to be pulled out so long as it was still available. Robinson never told, or promised Noel that there was “no risk” involved. Noel, being a licensed investing advisor, knows that there are risks involved in investing. This is clear based on the statements he made to Robinson that he did not want his wife to know he was investing the \$10,000.00. Finally, at no time did Robinson ever tell Noel that the money could never be lost.

10. Noel gave Robinson a \$10,000.00 check at a small restaurant in Cedar City, State of Utah known as “Great Harvest” to invest into the software. Robinson then deposited the check into his account at Wells Fargo, which was the bank account that was linked to the software and securities broker.

11. Robinson gave Noel a \$1,200.00 check. The trading software lost all of Robinson’s money including his friend Noels. This was hard for Robinson emotionally and financially because he had lost much more than Noel. Robinson tried countless times to communicate with the software company to see if there was anything they could do which , in the end, the software company would not.

12. Robinson told Noel that the money had been lost by the software trading. Due to the

friendship Robinson tried to help. Noel claimed to Robinson that he was about to lose his house. Robinson paid Noel \$2,500.00 additional, to help him out, even though Robinson was strained financially.

13. Noel then wanted the rest of his money that was gone because he had told his wife he was not responsible for the loss on his investment. Obviously Noel was an investment advisor and didn't want to look unknowledgeable. Robinson lost much more financially than did Noel. Subsequently, Noel emailed Robinson's father who in turn gave Noel's wife a teaching job. Robinson's father knew what had happened and simply replied back, "Brace is sure lucky to have a friend like you!" At no time did Robinson use any of Noel's money for personal expenses.

ARGUMENT

14. In connection with Count 1 contained in the Order to Show Cause, the broad definition of Fraud is "an intentional deception made for personal gain or to damage another individual." Robinson did not intentionally deceive a friend (Noel) who knows much more about this particular industry than does Robinson. Moreover, they were close friends at the time and Robinson did not want to damage his friendship with Noel by refusing to invest the \$10,000.00 into the software which Noel was adamant about. There can be absolutely no securities fraud which has taken place in the involvement between Noel and Robinson. Essentially, what has taken place is Robinson was approached on numerous occasions by his friend to inquire how his investments were doing based on the software he had purchased. Noel wanted "in" because with his knowledge as an investor he

realized he could benefit from his friends software. The bottom line is Noel was a licensed investment advisor and wanted to capitalize on an investment and when things went south he didn't want any part of it. In the end, unfortunately, they both lost money and their friendship.

15. Robinson has never stated to Noel that there would be no risks involved. To the contrary, Noel, being a licensed agent in the State of Utah knew there were risks involved and understood fully that Robinson did not and could not guarantee the investment. The investment funds were used to trade securities. The 10 percent was not used for personally expenses. Robinson gained zero benefit from Noel's investment.

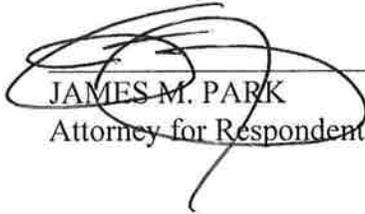
16. Noel knew that Robinson would not be providing financial statements, risk factors, suitability factors for the investment etc. Robinson did not pose as a broker or investor, simply a friend to Noel. Noel knew exactly what he was doing, especially with his knowledge as an investment advisor. The investment did not turn out to be profitable and Noel wanted someone to blame.

17. In its simplest form, Robinson and Noel had been close personal friends for two (2) years. Robinson purchased computer software and invested some money into the software and for a period of time was making money. Noel was continually asking Robinson how his investments were doing. Noel was a licensed investment advisor and had knowledge into this particular type of activity. It was Noel, who in essence "begged" Robinson to invest his \$10,000.00 into the software program. Noel knew the risks involved but insisted Robinson invest the money. Noel did not pay

for any of the computer software, and had there been significant returns, it would have been under Robinson's investment account and Robinson would have been the one responsible to pay the taxes on any potential returns. Stated another way, Noel invested his money, wanted significant returns, and didn't want to pay any of the consequences. This was nothing more than one friend seeing another friend make some money off computer software investments and wanting to jump on the "band wagon". For that, Robinson should not be penalized.

RESPECTFULLY SUBMITTED this 13 day of December, 2010.

THE PARK FIRM, P.C.



JAMES M. PARK
Attorney for Respondent

CERTIFICATE OF SERVICE

I hereby certify that I mailed a true and correct copy of the foregoing Memorandum in Opposition to the Division of Securities Order to Show Cause postage prepaid, this 2th day of December, 2010, to the following:

Division of Securities
Utah Department of Commerce
160 East 300 South, 2nd Floor
Box 146760
Salt Lake City, Utah 84114-6760



Legal Assistant