

Division of Securities  
Utah Department of Commerce  
160 East 300 South  
P.O. Box 146760  
Salt Lake City, Utah 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:**

**BRIAN Y. HORNE, CRD#1830136  
KEVIN D. KUNZ, CRD#1274540  
INVESTMENT MANAGEMENT  
CORPORATION, CRD#37196  
DESERET FINANCIAL SERVICES, INC.  
HORNE FINANCIAL, INC.  
TWIN K INVESTMENTS, INC.  
MODENA HILLS, INC.**

**Respondents.**

**STIPULATION AND CONSENT ORDER**

Docket No. SD-11-0017  
**Docket No. SD-11-0018**  
**Docket No. SD-11-0019**  
  
**Docket No. SD-11-0020**  
Docket No. SD-11-0020  
**Docket No. SD-11-0021**  
**Docket No. SD-11-0022**

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The Utah Division of Securities ("Division"), by and through its Director of Licensing and Compliance, Dave R. Hermansen, and Respondents Kevin D. Kunz, Investment Management Corporation, Twin K Investments, Inc., and Modena Hills, Inc.

(Kunz/Respondents), hereby stipulate and agree as follows:

1. The Respondents have 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 March 10, 2011, the Division initiated an administrative action against the Respondents by filing an Order to Show Cause. Actions against Respondents Brian Y.

Horne (“Horne”), Deseret Financial Services, Inc. (“Deseret Financial”), and Horne Financial, Inc. (“Horne Financial”) are currently pending.

3. Respondents hereby agree to settle this matter with the Division by way of this Stipulation and Consent Order (“Order”). If entered, the Order will fully resolve all claims the Division has against Respondents Kunz, Investment Management Corporation, Twin K Investments, Inc. and Modena Hills, Inc. pertaining to the March 10, 2011 Order to Show Cause.
4. Respondents admit that the Division has jurisdiction over them and the subject matter of this action.
5. Respondents hereby waive any right to a hearing to challenge the Division’s evidence and present evidence on their behalf.
6. Respondents have read this Stipulation and Consent Order, understand its contents, and freely and voluntarily submit to the entry of the Order. No promises or agreements, other than this Stipulation and Consent Order, have been made by the Division, nor by any representative of the Division, to induce them to enter into this Order, other than as described in this Order.
7. Respondents understand that they may be represented by counsel in this matter, understand the role that counsel would have in defending and representing their interests in this case, and hereby knowingly, freely and voluntarily waive their right to have counsel represent them in this proceeding.

## I. FINDINGS OF FACT

8. Investment Management Corporation (“IMC”) is a defunct broker-dealer which was licensed in Utah from 1994<sup>1</sup> until December 2007.
9. From 1994 through December 2007, Kevin Dee Kunz (“Kunz”) was a licensed agent and principal of IMC. Kunz was one of the founders of IMC, its majority owner, and president. Prior to IMC, he was licensed in the securities industry from 1984 to 1994 with a number of other broker-dealer firms.
10. From December 1999 through December 2007, Brian Y. Horne (“Horne”) was a licensed agent and principal of IMC. In addition, Horne was an owner of IMC and served as an officer of IMC in several capacities, most recently as president and chief executive officer. Prior to his association with IMC, Horne was licensed in the securities industry from 1988 through 1999 with a number of other broker-dealer firms.
11. In 2008, IMC was expelled from membership by the Financial Industry Regulatory Authority (“FINRA”). IMC principals Kunz and Horne were barred from associating with any FINRA member in any capacity.
12. Kunz is currently licensed as an insurance agent in Utah.
13. 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.

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<sup>1</sup>At the time of its formation in 1994, IMC was known as Kunz & Cline Investment Management, Inc. It was renamed in 1999.

14. Twin K Investments, Inc. (“Twin K”) was a Utah corporation controlled by Kunz.
15. Modena Hills Inc. (“Modena Hills”) was a Utah corporation incorporated by Horne’s wife, K. Tisha Horne. Claudia Kunz, Kunz’s wife, was identified as the corporation’s president and director, and K. Tisha Horne was identified as the secretary and director.
16. Deseret Financial, Horne Financial, Twin K, and Modena Hills have never been licensed as broker-dealers at any time.

**Vescor**

17. IMC and its agents, including Kunz, sold securities investments in “Vescor”, which as used herein collectively refers to a network of more than 115 companies owned or controlled by Val Edmund Southwick (“Southwick”). Those companies include, but are not limited to VesCor Capital Corp., VesCorp Capital, LLC, VesCor Capital, Inc., Vescor Development, LLC, Siena Vista, LLC, Five Star Lending, LLC, SV Lending, LLC, One Mortgage, Ltd., VDC Commercial, VesCor Capital IV-M, LLC, and VesCor Capital IV-A, LLC.
18. Vescor raised significant capital from investors through the sale of securities. Investors were told their monies were being used to finance commercial and industrial real estate projects. However, in reality, new investor monies were used to pay interest owed to prior investors, to pay commissions for the sale of Vescor securities, or for personal use.
19. Some Vescor investors were unsophisticated senior citizens who invested substantial amounts of their net worth in Vescor, often consisting of retirement monies and equity from investors’ homes.
20. Vescor securities were issued as promissory notes which paid interest ranging from 8% to

24% annually, with terms ranging from 24 to 60 months. Investors were given an option of receiving monthly interest payments on the notes (“monthly notes”), or accruing the interest until the end of the term (“accrual notes”), at which time the investor was to be paid their principal plus accrued interest in a lump sum.

21. Investors who chose the accrual notes received a higher interest rate. As the principal amounts for monthly notes and accrual notes became due, investors were encouraged by IMC agents to “renew” or “roll over” their investments into new Vescor notes, and to move from monthly interest payments to accrual interest notes.
22. In May 2006 Vescor ceased making payments to most investors.
23. More than \$44 million in Vescor sales were made through IMC and its agents, from which more than \$4 million in commissions was paid to Kunz and IMC agents.
24. Kunz also offered and sold Vescor securities to investors. In addition, Kunz received override compensation based on Vescor sales by other IMC agents.
25. 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.

#### Kunz and IMC History with Southwick and Vescor

26. Southwick began Vescor operations in approximately 1990. In 1992, a Division investigation revealed that Vescor offered unregistered, non-exempt securities to Utah residents. Vescor, through Southwick, entered into a Stipulation and Consent Order (“1992 Vescor Order”) in which it agreed to: a) withdraw the offering; b) pay a \$5,000 fine; and c) not engage in future violations of the registration provisions of the Act.

27. Kunz met Southwick in 1987 through a mutual acquaintance. At that time, Southwick offered Kunz the opportunity to sell Vescor notes, but Kunz initially declined because he believed the notes were securities and that his participation in the program violated NASD's "selling away"<sup>2</sup> prohibition as Kunz was then an agent of a broker-dealer firm.
28. In August 1994, Kunz became an employee of Vescor for a short time. He expected to take over managing Vescor within five years, as Southwick intended to retire.
29. Instead, in September 1994, Kunz left Vescor to form Kunz & Cline Investment Management, Inc. (later renamed IMC). Southwick agreed to provide all of the funds necessary to establish the broker-dealer firm, approximately \$250,000, with the understanding that Vescor would control the firm as a "captive broker." It was anticipated the firm would act as a selling agent or underwriter for Vescor securities offerings.
30. During the firm's application process, Kunz worked as a consultant for Vescor, where he advised on putting together a Private Placement Memorandum ("PPM") for a Vescor securities offering and assisted in preparing certain language for the PPMs.
31. After the firm was approved, it offered and sold Vescor securities to the public, which led to a 1996 NASD (now FINRA) enforcement action against Kunz and the firm. Following

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<sup>2</sup>Engaging in private securities transactions away from an employing agent's broker-dealer, commonly referred to as "selling away" is prohibited by industry regulations. *see NASD Conduct Rule 3040*, and is deemed in Utah to be an act, practice, or course of business operating as a fraud, in violation of Section 61-1-1(3) of the Act.

an evidentiary hearing, NASD imposed a fine and sanctions<sup>3</sup>, finding

a) material misrepresentations and omissions in the offer and sale of the Vescor securities<sup>4</sup>; b) that the securities were unregistered; and c) that Kunz knowingly paid commissions to an unlicensed agent who sold Vescor securities.

32. NASD found that despite numerous red flags, Kunz and the firm failed to reasonably investigate Vescor's false representations<sup>5</sup> and suspended the firm from participating as primary placement or sales agent in securities offerings such as Vescor until it complied with certain remedial actions, including the retention of an independent consultant to review the firm's policies and procedures relating to securities offerings. Kunz was suspended as a securities agent for 30 calendar days, and from acting as a securities principal for one year.

33. Following numerous appeals by Kunz<sup>6</sup>, the sanctions were affirmed by the Tenth Circuit Court of Appeals on March 28, 2003, at which time the sanctions described in paragraph

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<sup>3</sup>For additional information, see:

<http://www.finra.org/web/groups/industry/@ip/@enf/@adj/documents/nacdecisions/p007219.pdf>

<sup>4</sup>NASD found that the PPMs for the offering falsely portrayed a positive net worth by including real property on the Vescor balance sheet that the company did not own; the PPMs failed to disclose that Kunz received compensation from Vescor for consulting purposes and that such payments and advances had financed the establishment of the firm; and the PPMs materially misrepresented Vescor's financial condition and failed to disclose Southwick's litigation history.

<sup>5</sup>In a later appellate review, the United States Securities & Exchange Commission ("SEC") concluded the failure to respond to red flags amounted to "willful blindness".

<http://www.sec.gov/litigation/opinions/34-45290.htm>

<sup>6</sup>Kunz unsuccessfully appealed the original November 1997 NASD District Business Conduct Committee for District 3 disciplinary decision to NASD's National Adjudicatory Council ("NAC"), n.3. Thereafter, Kunz unsuccessfully appealed the NAC decision to the SEC, and unsuccessfully appealed the SEC decision to the 10<sup>th</sup> Circuit Court of Appeals.

26 became effective.

### 2001 NASD Action

34. A 2001 NASD enforcement action against Kunz and IMC led to additional sanctions, including fines, a bar against Kunz from acting as a Financial and Operations Principal<sup>7</sup> for any NASD member firm, and an additional suspension from acting in any other principal capacity for six months. Kunz also unsuccessfully appealed that decision, which was affirmed by NASD's National Adjudicatory Council ("NAC") on December 15, 2003.<sup>8</sup>
35. Among the violations found by NASD in that matter following an evidentiary hearing were that once again Kunz permitted the sales of securities and commissions being paid to an unlicensed agent. In so doing, NAC found that Kunz and IMC "showed a willingness to ignore or evade established NASD rules."<sup>9</sup>

### Vescor 2002 Order

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<sup>7</sup>A Financial and Operations Principal oversees a firm's back office operations, including the maintenance of books and records and the firm's compliance with financial responsibility rules.

<sup>8</sup><http://www.finra.org/web/groups/industry/@ip/@enf/@adj/documents/nacdecisions/p006957.pdf>

<sup>9</sup>The NASD Hearing Panel also found that IMC, acting through Kunz, violated net capital rules; maintained inaccurate books and records; filed inaccurate FOCUS reports; submitted an incomplete and materially inaccurate notice of a possible net capital deficiency; failed to file required information concerning an NASD arbitration award and a settlement; and failed to establish adequate written supervisory procedures with respect to the reporting of arbitration awards and settlements. For additional information, see n.8.

36. In September 2002, Southwick and Vescor were sanctioned by the Division for selling unregistered, nonexempt securities in Utah in violation of the 1992 Vescor Order. The 2002 Order prohibited Vescor and Southwick from offering or selling unregistered securities in Utah, imposed a fine of \$75,000, and required Vescor to make rescission offers to investors who had purchased the unregistered securities. Some of the transactions at issue were effected by IMC and its agents.

#### October 2004 Vescor Letters to Division

37. In October 2004, Vescor, through Southwick and Vescor employees Shawn Moore and Christopher Layton, sent letters to the Division representing it had ceased the offer and sale of Vescor securities in Utah, including the renewal of any existing notes, and agreed to make full and final payment of principal and accrued interest at the maturity date of each Vescor note or at an earlier date. In addition, Vescor promised not to give effect to automatic “rollover” renewal provisions contained in the notes absent investor consent and prior notice to the Division.

38. Despite such representations, Vescor, through IMC, Kunz, and IMC agents continued to offer and sell Vescor securities in Utah and elsewhere.

#### Unlicensed Activity in Connecticut

39. In 2005, the State of Connecticut filed an administrative Order to Cease and Desist against IMC for selling Vescor securities in Connecticut while the firm and its selling agent were not licensed in Connecticut. In the resolution of that action, IMC paid a fine, and Kunz was prohibited from supervising any agents doing business in Connecticut.

### Disregard of NASD Suspension and Requirements

40. Under the NASD Order affirmed by the Tenth Circuit Court of Appeals, IMC was prohibited from participating as primary placement or sales agent in securities offerings such as Vescor until it retained an independent consultant to a) review the firm policies and procedures relating to such offerings, and b) provide a report with recommendations, after which IMC was required to demonstrate to NASD that it had implemented the consultant's recommendations prior to participating in any offering.
41. IMC never complied with those requirements. Nonetheless, it continued to sell Vescor, acting as the sales agent in connection with four private placements from April 2003 through August 2004, selling more than \$16.5 million in Vescor notes in that period.
42. Despite Kunz's principal suspension from May 5, 2003 until August 16, 2004, he continued to function in a principal capacity during that period through his active involvement in the supervision and management of IMC activities relating to Vescor private placements.

### Selling Away through Non-Broker-Dealer Entities

43. After the NASD suspension, to conceal IMC's activities from regulators, Vescor transactions were not recorded on the books and records of IMC as required by law, and Kunz and Horne facilitated the payment of commissions from Vescor through outside business entities.
44. At least \$145,500 in commissions was paid to Kunz's entity Twin K and \$199,415 in commissions to Modena Hills.
45. In 2003, Kunz received more than \$178,000 in "override" commission payments from

these amounts.

46. In total, at least \$1,825,890 in Vescor commissions were paid through Deseret Financial, and \$116,964 through Horne Financial.

Misrepresentations and Omissions of Material Fact

47. IMC, Kunz, and IMC agents misrepresented material facts in connection with the offer and sale of Vescor securities, including but not limited to the following:
- a. an investment in Vescor was “safe” and carried little to no risk;
  - b. Vescor was a highly successful company in good financial condition and its operations were profitable;
  - c. Southwick had a successful 20-year history;
  - d. a Vescor investment was guaranteed because it was backed by real estate; and
  - e. investors would be protected by an ownership interest in real estate purchased with their monies.

These representations were false.

48. In connection with the offer and sale of Vescor securities, IMC, Kunz and IMC agents omitted numerous material facts, including but not limited to:
- a. risk factors of the investment;
  - b. relevant disclosures about Vescor’s true financial condition, significant liabilities, history of operating losses and substantial negative net equity;
  - c. failing to disclose to investors material misrepresentations in prior Vescor securities offerings, including the use of a fraudulent balance sheet based upon a sham land transaction to reflect a positive net value;

- 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. that new Vescor investor monies were used to pay interest owed to prior investors, to pay commissions for the sale of Vescor securities, or for personal use;
- f. investors who extended or renewed their investments in 2005 or 2006 were not told that Vescor had operated with substantial negative equity in 2003 and 2004;
- g. that Vescor and its principal employees had agreed they would not solicit or accept any funds from Utah residents after October 2004;
- h. significant commissions paid to IMC agents and "overrides" to Horne and Kunz as well as other special incentive payments;
- i. IMC's and Kunz's NASD disciplinary history and sanctions with respect to some of the Vescor sales and offerings;
- j. that after March 2003, IMC was prohibited by NASD from selling Vescor securities or any other private offering;
- k. that all post-March 2003 sales of Vescor by IMC were in violation of an express NASD Order;
- l. that IMC was "selling away" from itself and violating the securities laws by not recording Vescor transactions on the books and records of the firm so IMC could evade detection by regulators of its continued violations of the securities laws and the NASD order;
- m. that by paying its agents through non-broker-dealer entities such as Deseret

Financial and Horne Financial, IMC caused its selling agents to violate the securities laws;

- n. that IMC permitted several agents whom Kunz and Horne knew did not have the required license to sell Vescor securities and receive commissions; and
- o. that in addition to sales commissions and overrides for Horne and Kunz, Respondents also received undisclosed bonus incentives to encourage Vescor sales and to minimize any investors taking their money out of Vescor pursuant to a rescission offer or at the end of a note's duration. Those incentives included cash payments..

#### Other Fraudulent Acts

##### Sales by Unlicensed Agents

- 49. IMC and Kunz permitted the sale of Vescor securities by agents whose Series 6 licenses limited their securities activities to selling mutual funds and variable insurance products through IMC. Despite the lack of appropriate licensure, Respondents paid compensation to such agents, and shared in such compensation.
- 50. When two agents later left IMC and wanted to maintain a direct relationship with Vescor in order to continue to receive payments from the investments of their clients, Kunz objected, acknowledging to Vescor in an email that the agents had not been properly licensed to sell Vescor. Kunz further indicated that "if a former representative tries to make a separate deal with [Vescor], we will turn them over to the NASD." Kunz also noted "[w]e also have power to write an amendment to their license that will keep them from ever being securities licensed again anywhere."

## Undisclosed Special Incentive Agreements

### Minimizing Acceptance of Rescission

51. On April 29, 2003, Kunz executed a handwritten contract with Southwick (“FX-35 Agreement”), in which Kunz agreed to contact Utah investors to convince them to decline the rescission offering. In exchange for a “successful” rescission offer to Utah clients – with less than \$100,000 in rescission monies paid – Kunz would receive an Infinity FX-35 luxury SUV automobile with an maximum price of “\$45,000 out the door.” An additional term of the agreement provided that Kunz was to offset any rescinding transactions with the addition of new investor monies.
52. Kunz later received a bonus payment of \$45,000 on June 12, 2003. This special incentive agreement was not disclosed to investors.

### Other Undisclosed Incentive Compensation

53. On other occasions, IMC, Kunz, and IMC agents received additional undisclosed incentive compensation based upon achieving fund-raising goals set by IMC principals and Southwick.
54. Renewal investments were closely tracked for maturity dates. Agents were notified of clients who were due to renew. Special undisclosed incentives were offered and paid to some IMC agents as a bonus for successfully convincing clients to “renew” their investments and keep their money with Vescor rather than cashing out.

### “Cleaning” Files to Avoid Discovery During Audit

55. In a 2004 e-mail from Kunz to Southwick, Kunz referred to having previously “cleaned” IMC files during the NASD audit to conceal information from regulators and also

discussed attempts to “distract” a securities examiner’s attention regarding sales of Vescor by IMC. Kunz discussed the questions being asked by the Utah Securities Division and noted that “we know there is nothing we can do to stop the flood if it comes.”

56. Kunz also asked a Vescor employee to refrain from communicating by email during the time of the audit.

Preferential Payments and Discouraging Cooperation with Division Investigation

57. After the Vescor scheme began to unravel in May 2006, Respondents helped prolong the fraud by working with Southwick to make preferential transfers of remaining Vescor monies to investors who had made significant investments and to complaining investors deemed likely to contact regulators.
58. Kunz also actively discouraged investors from cooperating with the Division’s investigation of Vescor.

**II. CONCLUSIONS OF LAW**

59. IMC and Kunz violated Section 61-1-1(2) of the Act by misrepresenting or omitting material facts in connection with the offer or sale of securities, including but not limited to those set forth in paragraphs 47-48 above.
60. In connection with the offer or sale of securities, IMC and Kunz engaged in acts, practices, and 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. failing to comply with the NASD Order disqualifying Respondents from participating in the offer or sale of any private offering;

- b. continuing to offer and sell Vescor securities despite the NASD Order and Vescor's own October 2004 representations to the Division;
  - c. Respondents did not record Vescor securities transactions on the books and records of IMC and instead sold away from IMC, running commissions for securities transactions through non-broker-dealer entities Deseret Financial, Horne Financial, Twin K and Modena Hills;
  - d. by failing to tell IMC agents that IMC was disqualified from selling private placement securities, Respondents caused IMC agents to sell away, exposing the agents to civil liability and regulatory actions;
  - e. permitting the offer and sale of Vescor securities by agents who did not have the securities licenses required in order to sell an individual security such as a private offering, and paying commissions to such agents;
  - f. accepting undisclosed sales incentives to encourage Vescor sales and to minimize any investors taking their money out of Vescor pursuant to a rescission offer or at the end of a note's duration;
  - g. attempting to deceive regulators by "cleaning" files pertaining to Vescor;
  - h. perpetuating the Vescor fraud by making preferential payments to certain investors; and
  - i. discouraging investors from cooperating with the Division's investigation.
61. The only entity through which Kunz and other IMC agents were licensed to sell securities was IMC.
62. As described above, Kunz and Horne oversaw and conducted securities transactions

through and were paid compensation by Twin K, Modena Hills, Deseret Financial and Horne Financial. They were not licensed agents of any of those entities, and their conduct violates Section 61-1-3(1) of the Act.

63. Accordingly, each offer or sale of Vescor securities by Kunz and other IMC agents for which they were paid by these non-broker-dealer entities violated Section 61-1-3(1) of the Act.
64. In effecting such transactions, Twin K and Modena Hills acted as unlicensed broker-dealers in violation of Section 61-1-3(1) of the Act.
65. Kunz's Form U4 documents, filed with the Division through the CRD, were false and misleading at the time they were filed, in violation of Section 61-1-16 of the Act, because they failed to disclose his outside business activities with Twin K and Modena Hills, and significantly, did not disclose that Kunz was receiving substantial investment-related securities compensation from these entities, rather than IMC, the broker-dealer with which he was licensed.

### **III. REMEDIAL ACTIONS/SANCTIONS**

66. The Respondents neither admit nor deny the Division's findings and conclusions, but consent to the sanctions below being imposed by the Division.
67. Respondents represent that the information they have provided to the Division as part of the Division's investigation is accurate and complete.
68. Pursuant to Utah Code Ann. §61-1-20(1)(f), and in consideration of the guidelines set forth in Utah Administrative Code Rule R164-31-1 the Division imposes fines against the Respondents as follows:

- a. Kevin D. Kunz: \$750,000.00;
  - b. IMC: \$500,000.00;
  - c. Twin K Investments, Inc.: \$50,000.00;
  - d. Modena Hills, Inc.: \$50,000.00.
69. Each Respondent named herein agrees to be barred from associating with any licensed broker-dealer or investment adviser in this state, and from acting as an agent for any issuer soliciting investor funds in this state.
70. Respondents agree that they will provide truthful testimony and cooperation, including production of documents, with any State or Federal investigation involving Southwick, the VesCor companies, Horne, Deseret Financial, Horne Financial, and any individuals under investigation as a result of their affiliation with VesCor and/or Southwick.
71. Respondents agree to cease and desist from violating the Utah Uniform Securities Act.

**IV. FINAL RESOLUTION**

72. Respondents acknowledge that this Order, upon approval by the Utah Securities Commission, shall be the final compromise and settlement of this matter. Respondent further acknowledge 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.
73. Respondents acknowledge that the Order does not affect any civil or arbitration causes of action that third-parties may have against them arising in whole or in part from their actions, and that the Order does not affect any criminal causes of action that may arise as a result of their conduct referenced herein. Respondents also acknowledge that any civil.

criminal, arbitration or other causes of actions brought by third-parties against them have no effect, and do not bar, this administrative action by the Division against them.

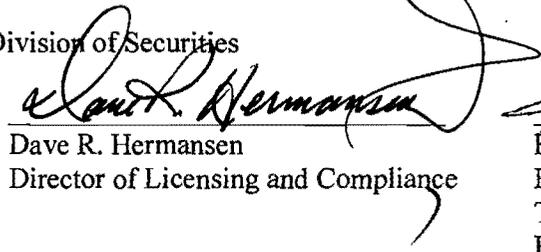
74. This Order constitutes the entire agreement between the parties herein and supersedes and cancels any and all prior negotiations, representations, understandings, or agreements between the parties. There are no verbal agreements which modify, interpret, construe, or otherwise affect this Order in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

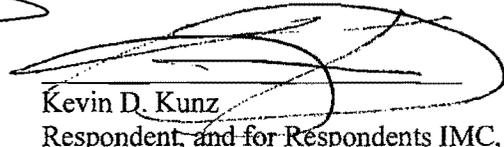
Dated this 26 day of July, 2011.

Dated this 25 day of July 2011.

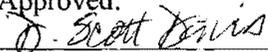
Utah Division of Securities

By:

  
Dave R. Hermansen  
Director of Licensing and Compliance

  
Kevin D. Kunz  
Respondent, and for Respondents IMC,  
Twin K Investments, Inc., and Modena  
Hills, Inc.

Approved:

  
D. Scott Davis  
Assistant Attorney General

## ORDER

IT IS HEREBY ORDERED THAT:

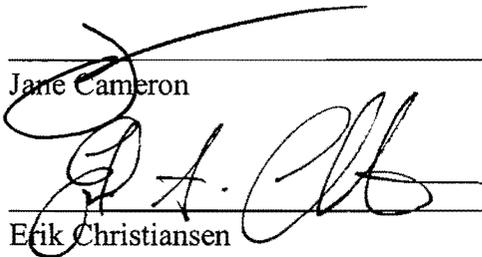
1. The Division's Findings and Conclusions, which are neither admitted nor denied by the Respondent, are hereby entered.
2. Pursuant to Utah Code Ann. §§ 61-1-20(1)(f), and in consideration of the guidelines set forth in Utah Admin. Code Rule R164-31-1, fines are imposed against the Respondents as follows:
  - a. Kevin D. Kunz: \$750,000.00;
  - b. IMC: \$500,000.00;
  - c. Twin K Investments, Inc.: \$50,000.00;
  - d. Modena Hills, Inc.: \$50,000.00.
3. Respondents are barred from associating with any licensed broker-dealer or investment adviser in this state, and from acting as an agent for any issuer soliciting investor funds in this state.
4. Respondents shall provide truthful testimony and cooperation (including production of documents) with any State or Federal investigation involving Southwick, the VesCor companies, Horne, Deseret Financial, Horne Financial, and any individuals under investigation as a result of their affiliation with VesCor and/or Southwick.
5. Respondents 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:**

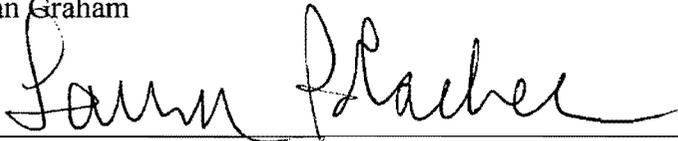
DATED this 28th day of July, 2011.

\_\_\_\_\_  
Tim Bangerter

\_\_\_\_\_  
Jane Cameron

  
\_\_\_\_\_  
Erik Christiansen

\_\_\_\_\_  
Jan Graham

  
\_\_\_\_\_  
Laura Polacheck

**CERTIFICATE OF MAILING**

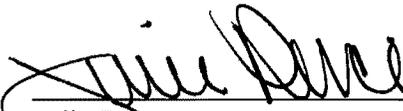
I, Julie Price, hereby certify that on the 3rd day of August 2011, I mailed, by certified mail, a true and correct copy of the forgoing **Stipulation and Consent Order as to Kevin D.**

**Kunz, Investment Management Corporation, Twin K investments, Inc., and Modena Hills,**

**Inc. to:**

Kevin D Kunz  
Modena Hills, Inc.  
Twin K Investments, Inc.  
907 East Old Farm Road  
Fruit heights, Utah 84037

Certified Receipt #: 7007 0220 0001 0063 6318

  
\_\_\_\_\_  
Julie Price  
Executive Secretary