

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:

**LOUIS DEAN PARRISH d.b.a. J & L
MORTGAGE AND INVESTMENTS,
CRD# 4122170,**

Respondent.

ORDER TO SHOW CAUSE

Docket No. 00-11-028

It appears to the Director of the Utah Division of Securities (Director) that Louis Dean Parrish d.b.a. J & L Mortgage and Investments 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. Louis Dean Parrish (Parrish) was, at all relevant times, a resident of the State of Utah. In 2000, Parrish passed the Series 6 and Series 63 exams. Parrish has not been associated with a firm since 2001.

GENERAL ALLEGATIONS

3. From September 2005 to May 2007, Parrish offered and sold securities to an investor, in or from Utah, and collected a total of \$538,576.
4. Parrish made material omissions in connection with the offer and sale of a security to the investor below.
5. The investor lost approximately \$230,748 of his investment funds.

INVESTOR V.G.

6. In 2005, V.G. met Parrish when Parrish and Ryan Prescott (Prescott) visited V.G.'s home to solicit an investment in Parrish's company J & L Mortgage and Investments (J&L).
7. Parrish provided documentation encouraging V.G. to take equity out of his home for investing purposes.
8. During the meeting, Parrish made the following statements about a potential investment with Parrish:

- a. Many investments “come across [his] desk;”
 - b. He could generate large enough returns for V.G. that they would cover V.G.’s mortgage payments and living expenses and still have enough left over for charitable donations; and
 - c. V.G.’s funds would be diversified among several short-term investments.
9. Prescott offered to establish a charitable foundation for V.G. so that investment income from Parrish’s investments could be paid directly into the foundation and avoid a taxable event for V.G.¹
10. Based on Parrish’s statements, V.G. invested \$538,576 with Parrish.
11. After the initial meeting, but before V.G. invested with Parrish, Parrish refinanced V.G.’s home and pulled approximately \$253,000 of equity out of V.G.’s home.
12. Between September 30, 2005 and May 29, 2007, V.G. invested with Parrish in the following manner:
- a. \$21,000 on September 30, 2005 in exchange for a promissory note;
 - b. \$20,000 on October 19, 2005 in exchange for two promissory notes;
 - c. \$30,000 on October 21, 2005 in exchange for a promissory note;
 - d. \$68,250 on November 29, 2005;
 - e. \$73,250 on November 29, 2005 in exchange for two promissory notes;

¹V.G. gave Prescott \$5,000 to establish the foundation, but the IRS informed V.G. the foundation had not been properly created and did not recognize its existence.

- f. \$25,000 on December 8, 2005;
- g. \$17,500 on January 9, 2006 and bank records show that Parrish used no less than \$14,731 of the funds to pay previous investors;
- h. \$10,000 on January 13, 2006;
- i. \$9,000 on March 26, 2006;
- j. \$20,000 on March 29, 2006 in exchange for a promissory note;
- k. \$7,200 on May 19, 2006 and bank records show that Parrish used no less than \$5,243 of the funds to pay previous investors;
- l. \$17,500 on June 1, 2006 and bank records show that Parrish used no less than \$12,100 to pay previous investors and used \$2,470 to pay a return to V.G.;
- m. \$58,300 on July 10, 2006 and bank records show that Parrish used no less than \$8,497 to pay previous investors, business expenses, or returned to V.G. as investment returns;
- n. \$7,200 on August 4, 2006;
- o. \$22,000 on October 4, 2006;
- p. \$14,376 on October 7, 2006;
- q. \$8,000 on October 31, 2006;
- r. \$60,000 on February 20, 2007; and
- s. \$50,000 on May 29, 2007.

13. V.G. received seven promissory notes in exchange for much of his investment funds. In the absence of a promissory note on the other investments, Parrish offered V.G. an investment contract.
14. Between November 25, 2005 and June 6, 2007, bank records show Parrish distributed \$307,828 to V.G. in the form of checks drawn from his bank account.
15. After V.G.'s final investment, V.G. informed Parrish that he was not willing to invest any more funds. Parrish then stopped making payments to V.G.
16. Later in 2007, V.G. found that Parrish had closed his Utah office and was living in Hawaii. V.G. requested that his funds be returned.
17. Parrish still owes V.G. \$230,748 in principal alone.

CAUSES OF ACTION

COUNT I

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

18. The Division incorporates and re-alleges paragraphs 1 through 17.
19. The investment opportunities offered and sold by Parrish are securities under § 61-1-13 of the Act.
20. In connection with the offer and sale of a security to the investors, Parrish, directly or indirectly, failed to disclose material information, including, but not limited to, the following, which was necessary in order to make statements made not misleading:
 - a. V.G.'s funds would be used to pay back previous investors, pay business operating

expenses, pay personal expenses, and to return funds back to V.G. that had never been invested;

- b. Parrish had previously misused V.G.'s funds;
- c. In 2001, Parrish filed for Chapter 7 bankruptcy²;
- d. How the funds would be invested;
- e. The return on investment;
- f. Some or all of the information typically provided in an offering circular or prospectus regarding Parrish, such as:
 - i. Financial statements;
 - ii. Risk factors;
 - iii. Track record to investors;
 - iv. Parrish's business experience and operating history;
 - v. Nature of competition;
 - vi. Whether the investment is a registered security or exempt from registration;
and
 - vii. Whether Parrish was licensed to sell securities.

ORDER

The Director, pursuant to § 61-1-20 of the Act, hereby orders Respondent to appear at a

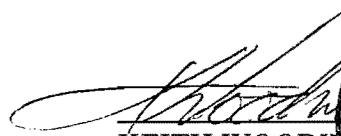
²*United States Trustee v. Louis Dean Parrish*, Case No. 01-31611 (Utah 2001).

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 Wednesday, July 6, 2011, 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 they have:

- 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 barred from (i) associating with any broker-dealer or investment adviser licensed in Utah; (ii) acting as an agent for any issuer soliciting investor funds in Utah, and (iii) from being licensed in any capacity in the securities industry in Utah.
- d. 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 investors.

DATED this 25th day of May, 2011.


KEITH WOODWELL
Director, Utah Division of Securities



Approved:


JEFFREY BUCKNER
Assistant Attorney General
D.W.

Division of Securities
Utah Department of Commerce
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IN THE MATTER OF:

**LOUIS DEAN PARRISH d.b.a. J & L
MORTGAGE AND INVESTMENTS,
CRD# 4122170,**

Respondent.

NOTICE OF AGENCY ACTION

Docket No. SH-1038

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 R151-4-101, *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 R151-4-110.

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
Utah Division of Securities
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 **July 6, 2011** at the Division of Securities,

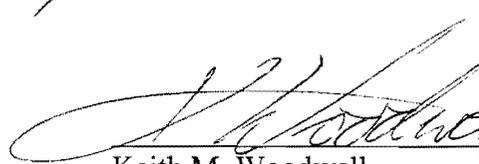
2nd Floor, 160 East 300 South, Salt Lake City, Utah, at 9 A.M.

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 R151-4-710(2). 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). In the alternative, the Division may proceed with a hearing under § 63G-4-208.

The Administrative Law Judge will be Angela Hendricks, Utah Department of Commerce, 160 East 300 South, P.O. Box 146701, Salt Lake City, UT 84114-6701, telephone (801) 530-6035. This adjudicative proceeding will be heard by Ms. Hendricks 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 Attorney General's Office. Questions regarding the Order to Show Cause should be directed to Jeff Buckner, Assistant Attorney General, 160 E. 300 South, 5th Floor, Box 140872, Salt Lake City, UT 84114-0872, Tel. No. (801) 366-0310.

Dated this 26th day of May, 2011


Keith M. Woodwell
Director, Division of Securities



Certificate of Mailing

I certify that on the 20th day of May, 2011, I mailed, by certified mail, a true and correct copy of the Notice of Agency Action and Order to Show Cause to:

Louis D. Parrish
9963 Summit View Dr.
Sandy, UT 84092

Certified Mail # 7007 0220 0001 0002 5373

Julie Pine
Executive Secretary