

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

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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:**

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

**Respondent.**

**STIPULATION AND CONSENT  
ORDER**

**Docket No. SD -11-0038**

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The Utah Division of Securities (the Division), by and through its Director of Enforcement, Thomas Brady, and Louis Dean Parrish, hereby stipulate and agree as follows:

1. Louis Dean Parrish (Parrish), doing business as J & L Mortgage and Investments, 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. In connection with that investigation, the Division issued an Order to Show Cause against Parrish on May 25, 2011, alleging securities fraud. Criminal charges were also filed

against Parrish in connection with the investigation.<sup>1</sup>

3. Parrish waives any right to a hearing to challenge the Division's evidence and present evidence on his behalf. Parrish understands that by waiving a hearing, he is waiving the requirement that the Division prove the allegations against him by a preponderance of evidence, waiving his right to confront and cross-examine witnesses who may testify against him, to call witnesses on his own behalf, and any and all rights to appeal the findings, conclusions and sanctions set forth in this Stipulation and Consent Order.
4. Parrish understands that he has a right to be represented by counsel, and he voluntarily and knowingly waives the right to have counsel represent him in this matter.
5. Parrish acknowledges that this Stipulation and Consent Order does not affect any enforcement action that might be brought by a criminal prosecutor or any other local, state, or federal enforcement authority.
6. Parrish admits the jurisdiction of the Division over him and over the subject matter of this action.

#### **I. THE DIVISION'S FINDINGS OF FACT**

##### **THE RESPONDENT**

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<sup>1</sup>*State of Utah v. Louis Dean Parrish*, Case No. 111905000, Third Judicial District Court of Utah (2011). Parrish later entered into a plea in abeyance to two counts of securities fraud on January 23, 2012. As a condition thereof, Parrish agreed to pay \$230,000 plus interest in restitution.

7. 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**

8. 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.
9. Parrish made material omissions in connection with the offer and sale of a security to the investor below.
10. The investor lost approximately \$230,748 of his investment funds.

#### INVESTOR V.G.

11. 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.
12. Parrish provided documentation encouraging V.G. to take equity out of his home for investing purposes.
13. 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.
14. 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.<sup>2</sup>
  15. Based on Parrish's statements, V.G. invested \$538,576 with Parrish.
  16. 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.
  17. 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;

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<sup>2</sup>V.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 \$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.

18. 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.
19. 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.
20. 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.
21. 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.
22. Parrish still owes V.G. \$230,748 in principal alone.

**SECURITIES FRAUD UNDER § 61-1-1 OF THE ACT**

23. The Division incorporates and re-alleges paragraphs 1 through 22.
24. The investment opportunities offered and sold by Parrish are securities under § 61-1-13 of the Act.
25. In connection with the offer and sale of securities to the investor, 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 bankruptcy<sup>3</sup>;
- 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.

## **II. THE DIVISION'S CONCLUSIONS OF LAW**

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

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<sup>3</sup>*United States Trustee v. Louis Dean Parrish*, Case No. 01-31611 (Utah 2001).

- a. The investment opportunities offered and sold by Parrish are securities under § 61-1-13 of the Act;
- b. Parrish violated § 61-1-1(2) of the Act by omitting to state material facts in connection with the offer and sale of a security.

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

27. Parrish admits the Division's findings and conclusions and consents to the sanctions below being imposed by the Division.
28. Parrish agrees to the imposition of a cease and desist order, prohibiting him from any conduct that violates the Act.
29. Parrish agrees that he will be barred from (i) associating<sup>4</sup> 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.
30. Parrish agrees to pay restitution as required in the criminal case, *State of Utah v. Louis Dean Parrish*, Case No. 111905000, Third Judicial District Court of Utah (2011).

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<sup>4</sup>“Associating” includes, but is not limited to, acting as an agent of, receiving compensation directly or indirectly from, or engaging in any business on behalf of a broker-dealer, agent, investment adviser, or investment adviser representative licensed in Utah. “Associating” does not include any contact with a broker-dealer, agent, investment adviser, or investment adviser representative licensed in Utah incidental to any personal relationship or business not related to the sale or promotion of securities or the giving of investment advice in the State of Utah.

#### **IV. FINAL RESOLUTION**

31. Parrish acknowledges that this Stipulation and Consent Order, upon approval by the Securities Commission shall be the final compromise and settlement of this matter.
32. Parrish further acknowledges that if the Securities Commission does not accept the terms of the Stipulation and Consent Order, it shall be deemed null and void and without any force or effect whatsoever.
33. Parrish acknowledges that the Stipulation and Consent Order does not affect any civil or arbitration causes of action that third-parties may have against him rising in whole or in part from his actions, and that the Stipulation and Consent Order does not affect any criminal causes of action that may arise as a result of his conduct referenced herein.
34. The Stipulation and Consent 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 the Stipulation and Consent Order in any way.

Utah Division of Securities

Date: 5/22/12

By: Thomas A. Brady  
Thomas A. Brady  
Director of Enforcement

Respondent Parrish

Date: 5/21/12

By: Louis Dean Parrish  
Louis Dean Parrish

Approved:

D. Scott Davis  
D. Scott Davis  
Assistant Attorney General

**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. Parrish ceases and desists from violating the Utah Uniform Securities Act.
3. Parrish agrees to be barred from the securities industry in Utah.
4. Parrish agrees to pay restitution as ordered in the criminal case, State of Utah v. Louis Dean Parrish, Case No. 111905000, Third Judicial District Court of Utah (2011).

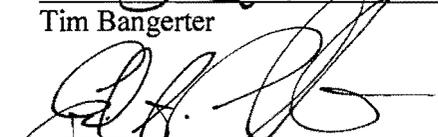
**BY THE UTAH SECURITIES COMMISSION:**

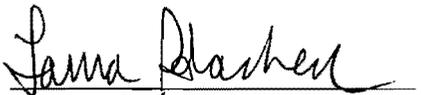
DATED this 31 day of May, 2012.

  
\_\_\_\_\_  
Brent Baker

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

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

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

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

**Certificate of Mailing**

I certify that on the 5th day of June, 2012, I mailed, by regular mail, a true and correct copy of the Stipulation and Consent Order to:

LOUIS DEAN PARRISH  
9963 SUMMIT VIEW DRIVE  
SANDY, UT 84092

  
\_\_\_\_\_  
Executive Secretary