

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

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

IN THE MATTER OF:

**RICHARD EARL HASKELL,
CRD#1275477**

Respondent.

ORDER TO SHOW CAUSE

Docket No. SD-11-0004

It appears to the Director ("Director") of the Utah Division of Securities ("Division") that Respondent has engaged in acts and practices that violate the Utah Uniform Securities Act ("Act"), Utah Code Ann. § 61-1-1, *et seq.* Those acts and practices are more fully described herein. Based upon the Division's investigation into 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 FACTS

1. Richard Earl Haskell ("Haskell"), CRD#1275477, is an individual who was licensed in Utah as a broker-dealer agent of World Group Securities, Inc. ("WGS") from April 2002 until July 21, 2006. Central Registration Depository ("CRD")¹ records indicate Haskell

¹CRD is a computerized database maintained by the Financial Industry Regulatory Authority ("FINRA") which contains employment, licensing, and disciplinary information on broker-dealers, agents, investment advisers and investment adviser representatives.

was “permitted to resign while under internal review for violating the terms of a special supervisory agreement, allegedly providing false information on a new account application and for using an unapproved training script.”

2. Haskell was previously the subject of a criminal securities fraud action² filed in November 2004, as well as a Division regulatory action (“Haskell action”) filed in February 2006.³ Through a stipulation and consent order (“Division Order”) resolving the Haskell action, in September 2006 Haskell agreed to be barred from the securities industry in Utah.⁴
3. From January 23, 2009 to October 21, 2010, Ryan Paul Miller (“Miller”), CRD#4609550, was licensed in Utah as a broker-dealer agent and investment adviser representative of Securities America Inc. (“Securities America”). Prior to that time, Miller was employed by Brecek & Young Advisors, Inc. (“BYA”) and was licensed as a broker-dealer agent from July 2006 until January 23, 2009, when BYA was acquired by Securities America. Miller was also licensed as an investment adviser representative of BYA from March 7, 2007 until January 23, 2009. Before that, Miller was licensed as a broker-dealer agent of World Group Securities, Inc. (“WGS”) from 2003 until July 2006. Miller is named as a respondent in a Petition filed by the Division contemporaneously with this action.

²Pursuant to the terms of a Diversion Agreement, Haskell paid restitution to the victim and the case was later dismissed.

³See <http://securities.utah.gov/dockets/06000701.pdf>

⁴See <http://securities.utah.gov/dockets/06000702.pdf>

4. CRD records indicate that on October 21, 2010 Miller was discharged from employment with Securities America “due to an unauthorized affiliation with an unregistered individual who has been barred from conducting securities business in the state of Utah.” The barred individual referred to is Haskell.

Division Order

5. The Division Order resolving the Haskell action imposed a fine of \$10,000. However, based on Haskell’s representations to the Division concerning his financial condition at the time, the Division waived payment of the fine “conditioned upon Haskell’s fully complying with the requirements of this Order.” The Division Order further provided:

The waived amount will become due and payable immediately, if at any time following entry of the Order, Haskell commits a material breach of the requirements of the Order or violates state or federal securities law.

6. The Division’s investigation into this matter revealed that despite Haskell’s bar from the securities industry Haskell conducted securities business with Miller from 2006 until Miller’s termination from Securities America in October 2010.
7. Haskell’s actions as set forth herein constitute a material breach of the terms of the Division Order and violated state securities laws. Accordingly, the previously waived fine is now due and payable.

Signature Wealth Management

8. Miller and Haskell worked together at WGS. In or about June 2006, while the Division’s prior action against Haskell and WGS’s internal review were pending, Miller executed a contract to purchase Haskell’s “book of securities business held through World Group

Securities” for \$350,000, with payments to be made over an eight-year period.

9. On June 12, 2006, Haskell filed documents with the Utah Division of Corporations for a dba called Signature Wealth Management (“SWM”)⁵. Haskell was the registered agent for SWM.
10. After Haskell terminated employment with WGS, Miller also left WGS and in July 2006 became associated with BYA as a broker-dealer agent. Miller and Haskell shared office space and began to conduct business using the name SWM.
11. A form letter touting SWM was sent to Haskell and Miller’s former WGS clients and enclosed paperwork to transfer client accounts to BYA⁶. Among other things, the letter stated that SWM had “chosen” BYA as its broker-dealer firm, and that Haskell and Miller’s decision to leave WGS and form SWM was “necessary to provide our clients with new, innovative, and state of the art financial programs and services.” The letter did not state that Haskell left WGS during an internal investigation, nor did the letter disclose that Haskell had a pending regulatory action for securities fraud. The letter requested that clients sign the enclosed paperwork to move their accounts from WGS to BYA and provided telephone numbers for Haskell and Miller, and closed with “Richard Haskell, Financial Advisor” and “Ryan Miller, Registered Representative.”

Haskell’s Involvement in Miller’s Securities Business

⁵Haskell and Signature Management, L.L.C. (“SM”), a Utah limited liability company, were the applicants for use of the dba. Haskell, Miller, and Haskell’s wife were the three members of SM.

⁶Though BYA approved the letter, it understood Haskell would only be acting in an insurance-related capacity and was not aware that Haskell was facing an industry bar by the Division action.

12. In April 2007, BYA learned that Haskell had been barred from the securities industry and discovered through a review of Miller's client correspondence that Haskell was involved in making securities recommendations to Miller's clients. BYA sent Miller a "Cease and Desist Order" advising that Miller's actions violated NASD⁷ and firm policy and requiring that Miller immediately cease using Haskell's name in any correspondence.
13. In a written response, Miller acknowledged he understood that Haskell's name should not be referenced in securities correspondence to a client, and stated "[t]his will never happen again."
14. Due to ongoing concerns about Miller's activities with Haskell, on August 13, 2007 BYA sent a "Letter of Caution" to Miller, reiterating its earlier directive prohibiting Miller and Haskell from representing or implying that Haskell was affiliated with BYA "in any manner, form, or fashion" and that Haskell was not to be referenced in any client communications. The letter further noted:

Our records indicate that you continue to include Rick Haskell in electronic communications sent to your securities clients.
15. After additional discussion with Miller, by letter dated August 15, 2007 BYA withdrew approval of Miller's activities with SWM. Miller was told to immediately cease:
 - 1) Corresponding with clients (in written or verbal form) referencing, or holding yourself out, as affiliated with, or associated with, Signature Wealth Management in any capacity.
 - 2) Disseminating business cards or letterhead referencing the name Signature Wealth Management.
 - 3) Submitting business under the name Signature Wealth Management
 - 4) Maintaining a live website that references Signature Wealth Management.

⁷NASD is now known as FINRA.

16. BYA also required that Miller and BYA's names be removed from the SWM website, www.signaturewealthmanagement.com, that Miller divest his ownership interest in SWM, and physically separate his office space from SWM. Miller agreed to do so.

2010 Division Investigation and Miller's Termination

17. In September 2010, the Division received an anonymous tip that despite Haskell's bar from the securities industry, Miller was sharing an office with Haskell and that Haskell was actively involved in Miller's securities business.
18. On October 13, 2010, Securities America compliance staff conducted an unannounced audit of Miller's offices and interviewed Miller, and found "clear evidence" of Haskell meeting with Miller's clients and giving advice.
19. Miller's files revealed that Haskell had been continuously involved with Miller's clients despite the bar and despite the prior warnings to Miller. Among other items were e-mail communications between Haskell and Miller's clients discussing a variety of topics, including providing account balances, scheduling appointments to review accounts, recommending investments to a client, and discussing how "busy" the "financial advisory business" was at the time.
20. In addition, there were transcriptions of dictations from Haskell indicating that Haskell had met with clients both in-person and by telephone, and was forwarding order instructions to Miller. Other transcriptions discussed earning the trust of a potential client who was currently self-managing stock and bond accounts, and convincing the prospect to become a client. In addition, other documents showed Haskell recommending the use of a third party money manager for client accounts.

21. Miller's files also contained written SWM "Client Authorization Forms" signed in 2008 and 2009 by Miller's clients permitting Haskell to access the clients' accounts online.
22. Miller's bank statements showed that every time Miller received a commission from Securities America, a subsequent payment was made by Miller to SWM. Although Miller's purchase agreement of Haskell's book of business only required payment of \$42,500 per year, in 2010 Miller had paid Haskell over \$100,000. Miller also made payments totaling \$3,000 to Haskell's wife, which Miller said was to help pay for a vacation to Ireland for Haskell and his family.
23. As a result of the findings made by Securities America, Miller's employment was terminated on October 21, 2010.
24. The Division interviewed Miller in November 2010. At that time, he acknowledged Haskell was still involved in his business and that they began sharing office space again several months before. Miller claimed the reason Haskell was still involved in his business was for a smooth transition of Haskell's clients – despite the fact that it had been four years since Miller acquired the clients.

FIRST CAUSE OF ACTION
Securities Fraud Under Section 61-1-1(2) of the Act

25. Haskell misrepresented or omitted material facts in connection with the offer or sale of securities to Miller's clients, including but not limited to:
 - a. sending a misleading letter to former WGS clients which misrepresented the reasons for Haskell's departure from WGS and identified Haskell as a "financial advisor";

- b. failing to disclose to clients that he had been barred from the securities industry;
and
- c. failing to disclose that Miller's employing firm had prohibited Miller from sharing office space with Haskell or involving Haskell in any securities-related activities.

SECOND CAUSE OF ACTION
Securities Fraud Under Section 61-1-1(3) of the Act

26. Haskell's active involvement in Miller's securities business despite being barred from the industry constitutes an act, practice or course of business which operated as a fraud on Miller's clients as well as BYA and Securities America, in violation of Section 61-1-1(3) of the Act.

THIRD CAUSE OF ACTION
Violating Division Order Under Section 61-1-20

28. Haskell's conduct constitutes a material breach and violation of the Division Order, warranting the immediate reinstatement of the fine which was previously waived.

REQUEST FOR RELIEF

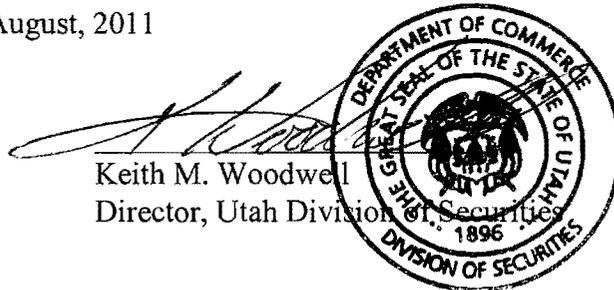
The Director, pursuant to Utah Code Ann. § 61-1-20, hereby orders the Respondent to appear at a formal hearing to be conducted in accordance with Utah Code Ann. §§ 63G-4-202 and 63G-4-204 through -209, and held before the Division. As set forth in the Notice of Agency Action accompanying this Order, Respondent is required to file a written response with the Division, and an initial hearing on this matter has been scheduled for September 8, 2011 at 9:30am. The initial hearing will take place at the Division of Securities, 2nd floor, 160 East 300 South, Salt Lake City, Utah. The purpose of the initial hearing is to establish a scheduling order and address any preliminary matters. If Respondent fails to file a written response or appear at

the initial hearing, findings may be entered, a permanent Order to Cease and Desist may be issued, and a fine may be imposed against Respondent, as provided by Utah Code Ann. §§ 63G-4-206 or -209.

At the Order to Show Cause hearing, Respondent may show cause, if any he has:

1. Why Respondent should not be found to have engaged in the violations of the Act alleged by the Division in this Order to Show Cause;
2. Why Respondent should not be ordered permanently to cease and desist from engaging in any further conduct in violation of Utah Code Ann. § 61-1-1, -3, -20 or any other section of the Act;
3. Why Respondent should not be ordered to immediately pay a fine to the Division in the amount of \$10,000 based upon Respondent's breach of the September 2006 Division Order and an additional fine in the amount of \$10,000 for the violations described herein.

Dated this 4th day of August, 2011



Keith M. Woodwell
Director, Utah Division of Securities

Approved:

D. Scott Davis
D. Scott Davis
Assistant Attorney General

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:

**RICHARD EARL HASKELL,
CRD#1275477**

Respondent.

NOTICE OF AGENCY ACTION

Docket No. 00-11-0004

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 facts on which this action is based are set forth in the accompanying Order to Show Cause. 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:

D. Scott Davis
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 September 8, 2011 at the Division of

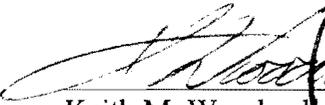
Securities, 2nd Floor, 160 East 300 South, Salt Lake City, Utah, at 9:30am. The purpose of the initial hearing is to enter a scheduling order addressing discovery, disclosure, and other deadlines, including pre-hearing motions, and to set a hearing date to adjudicate the matter alleged in the Order to Show Cause.

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 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 Attorney General's Office. Questions regarding the Order to Show Cause should be directed to D. Scott Davis, Assistant Attorney General, 160 E. 300 South, 5th Floor, Box 140872, Salt Lake City, UT 84114-0872, Tel. No. (801) 366-0310.

Dated this 4th day of August, 2011


Keith M. Woodwell
Director, Division of Securities

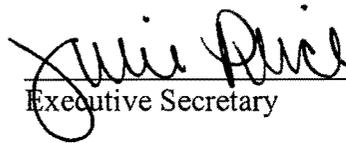


Certificate of Mailing

I certify that on the 7th day of AUGUST, 2011, I mailed, by certified mail, a true and correct copy of the Notice of Agency Action and Order to Show Cause to:

Richard E. Haskell
1160 Bell Canyon Drive
Sandy, UT 84094

Certified Mail # 7007 0220 0001 0007 2418



Executive Secretary