

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.

STIPULATION AND CONSENT ORDER

Docket No. SD-11-0064

The Utah Division of Securities (“Division”), by and through its Director of Licensing and Compliance, Dave R. Hermansen, and Respondent, Richard E. Haskell (“Haskell” or “Respondent”), hereby stipulate and agree as follows:

1. The Respondent has 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 August 4, 2011, the Division initiated an administrative action against the Respondent by filing a Notice of Agency Action and Order to Show Cause.
3. Respondent hereby agrees 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 Haskell pertaining to the August 4, 2011 Order to Show Cause.

4. Respondent admits that the Division has jurisdiction over him and the subject matter of this action.
5. Respondent hereby waives any right to a hearing to challenge the Division's evidence and present evidence on his behalf.
6. Respondent has read this Order, understands its contents, and freely and voluntarily submits to the entry of the Order. No promises or agreements have been made by the Division, nor by any representative of the Division, to induce him to enter into this Order, other than as described in this Order.
7. Respondent understands that he may be represented by counsel in this matter, understands the role that counsel would have in defending and representing his interests in this case, and hereby knowingly, freely and voluntarily waives his right to have counsel represent him in this proceeding.

I. FINDINGS OF FACT

8. 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 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."

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.

9. 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
10. 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. The Miller action is currently pending.
11. CRD records indicate that on October 21, 2010 Miller was discharged from employment with Securities America “due to an unauthorized affiliation with an unregistered

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>

individual who has been barred from conducting securities business in the state of Utah.”

The barred individual referred to is Haskell.

Division Order

12. 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.

13. 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.

Signature Wealth Management

14. 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.
15. 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

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.

for SWM.

16. 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.
17. 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

18. 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

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.

⁷NASD is now known as FINRA.

requiring that Miller immediately cease using Haskell's name in any correspondence.

19. 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."

20. 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.

21. 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.

22. 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

23. 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.

24. 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.
25. 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.
26. 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.
27. 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.
28. 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.

29. As a result of the findings made by Securities America, Miller's employment was terminated on October 21, 2010.
30. 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.

II. CONCLUSIONS OF LAW

31. In violation of Section 61-1-1(2) of the Act, 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.

32. 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.
33. Haskell's conduct constitutes a material breach and violation of the Division Order and violated state securities laws, warranting the immediate reinstatement of the fine which was previously waived.

III. REMEDIAL ACTIONS/SANCTIONS

34. Respondent neither admits nor denies the Division's findings and conclusions, but consents to the sanctions below being imposed by the Division.
35. Respondent represents that the information he has provided to the Division as part of the Division's investigation is accurate and complete.
36. Pursuant to Utah Code Ann. §61-1-20(1)(f), the Division Order described in paragraph 12 above, and in consideration of the guidelines set forth in Utah Administrative Code Rule R164-31-1 the Division imposes a fine against Respondent in the amount of \$20,000.00. Beginning in December, 2011, Respondent shall pay at least \$150.00 by the 20th day of each month. In addition, a balloon payment in the amount of \$7,500.00 is due by the 20th of August, 2014. Thereafter, Respondent shall continue to pay at least \$150.00 per month until August 20, 2015 at which time a balloon payment for the remaining fine is due. If, due to Haskell's financial situation he is unable to make either

balloon payment, he may approach the Division, prior to the due date, to request additional time to do so. The Division may, in its discretion, grant Haskell additional time to make the balloon payment. If the Division finds that Respondent materially violates any term of this Order, the entire fine shall become immediately due and payable.

37. Respondent agrees that he will provide truthful testimony and cooperation, including production of documents, with any State or Federal investigation involving Ryan P. Miller, or any other investigation or proceeding arising out of, or related to, the Notice and Order to Show Cause in this matter.
38. Respondent agrees to cease and desist from violating the Utah Uniform Securities Act and comply with the Act in all future business in this state.

IV. FINAL RESOLUTION

39. Respondent acknowledges that this Order, upon approval by the Utah Securities Commission, shall be the final compromise and settlement of this matter. Respondent further acknowledges 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.
40. Respondent acknowledges that the Order does not affect any civil or arbitration causes of action that third-parties may have against him arising in whole or in part from his actions, and that the Order does not affect any criminal causes of action that may arise as a result of his conduct referenced herein. Respondent also acknowledges that any civil, criminal, arbitration or other causes of actions brought by third-parties against him have no effect, and do not bar, this administrative action by the Division against them.

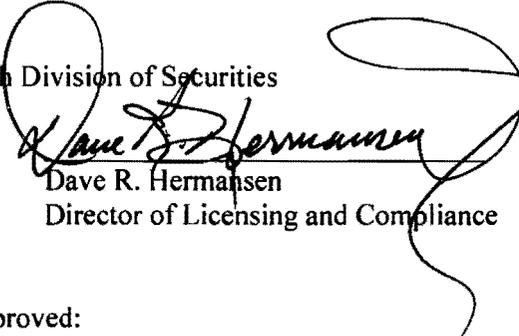
41. This Order constitutes the entire agreement between the parties herein and supersedes and cancels any and all prior negotiations, representations, understandings, or agreements between the parties. There are no verbal agreements which modify, interpret, construe, or otherwise affect this Order in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

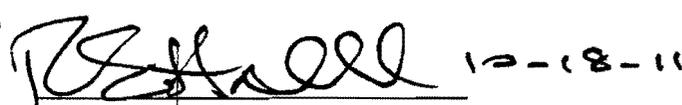
Dated this 25 day of OCTOBER 2011.

Dated this ___ day of _____, 2011.

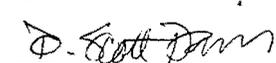
Utah Division of Securities

By:


Dave R. Hermansen
Director of Licensing and Compliance

 10-18-11
Richard E. Haskell
Respondent

Approved:


D. Scott Davis
Assistant Attorney General

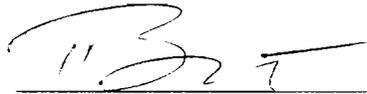
ORDER

IT IS HEREBY ORDERED THAT:

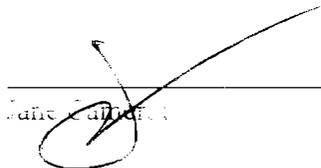
1. The Division's Findings and Conclusions, which are neither admitted nor denied by the Respondent, are hereby entered.
2. Pursuant to Utah Code Ann. § 61-1-20(1)(f), the prior Division Order described in paragraph 12 above, and in consideration of the guidelines set forth in Utah Admin. Code Rule R164-31-1, a fine is imposed against the Respondent in the amount of \$20,000.00. Respondent shall make payments according to the schedule set forth in paragraph 36 above. If the Division finds that Respondent materially violates any term of this Order, the entire fine shall become immediately due and payable.
3. Respondent shall provide truthful testimony and cooperation (including production of documents) with any State or Federal investigation involving Ryan P. Miller or any other investigation or proceeding arising out of, or related to, the Notice and Order to Show Cause in this matter.
4. Respondent 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 27 day of October, 2011.



Tim Bangert



Jane Calhoun

Erik Christiansen

Jan Graham
Jan Graham

Laura Polacheck
Laura Polacheck

Certificate of Mailing

I certify that on the 28 day of October, 2011, I mailed, by certified mail, a true and correct copy of the signed and executed Stipulation and Consent Order to:

Richard E. Haskell
10955 Star Pine Drive
Sandy, UT 84094

7007 0220 0001 0003 0479



Executive Secretary