

Julie Price - Response from Ryan Miller

From: Ryan Miller <rpminherriman@hotmail.com>
To: <julieprice@utah.gov>
Date: 9/7/2011 5:45 AM
Subject: Response from Ryan Miller
Attachments: Miller - Response to UT Securities Division 9.6.2011.pdf

Julie,

Please see the attached response and forward a copy along to the D. Scott Davis office. Original will be in today's mail. I am hopeful this will avoid me having to come in to the hearing tomorrow morning.

Thanks,

Ryan P. Miller
801-232-4193
ryan_miller@byu.net

TO Utah Division of Securities
FROM Ryan Paul Miller, CRD# 4609550
DATE September 6, 2011
RE Response to petition to revoke licenses, bar licensee, and impose a fine
Docket No. SD-11-0065

STATEMENT OF FACTS

1. Accurate
2. Accurate
3. Accurate
4. Accurate
5. Accurate
6. Not accurate. My clients authorized Haskell's access to their accounts through the authorization forms that were provided and signed. Additionally, he also provided hard copy disclosure statements as well as had the content on the website. This detailed the nature of his licensure as insurance only and that he was not affiliated with any broker-dealer or registered investment advisor. The nature of our planned relationship was overtly disclosed to BYA prior to my joining them as well as multiple times since then to both BYA and SAI. They knew that I was the one conducting securities business with my clients and that often Haskell would be involved to assist with overall strategy and any insurance-only business.
7. Accurate. A copy of that book purchase agreement has been provided to the Division. It also was presented to BYA in the summer of 2006 and deemed acceptable.
8. Accurate
9. Accurate. The principals, the Chief Compliance Officer, the Director of Compliance, the Corporate OSJ whom I would report to, and others at BYA were all made fully aware of Haskell's pending bar and our desire to affiliate and begin a financial services practice under the name of Signature Wealth Management. Permission was granted for the office sharing arrangement and for our method of doing business with Haskell handling strategy and insurance and where I would handle the securities-oriented transactions. I even had a couple local securities attorneys review our planned model. BYA approved my letterhead, business cards, etc. representing my use of the DBA of Signature Wealth Management along with the required "Securities offered through ... " disclosures.
10. Accurate. That letter was approved by the BYA Compliance Department including the referenced titles and sent on BYA approved letterhead. Haskell's title of "Financial Advisor" was one that was commonly used at the time for insurance-only producers. The letter did not state Haskell's challenges as we didn't feel they needed to be included nor did BYA require that they be disclosed. This was the case as his bar happened due to a business loan from a non-client mother of a rep in his branch – not due to fraud or some other misconduct. Additionally, the transfer paperwork was individually prepared and supplied by the BYA transition team.
11. Not accurate. BYA knew well before April 2007 that Haskell had been barred. This included candid discussions on the topic from Haskell and I directly to principals and

officers of BYA going all the way back to when I first reached out to them in the early summer of 2006 when I was researching independent broker-dealers to move to. Specifically, there was face-to-face communication involving Haskell and the president of BYA as well as the chief compliance officer.

12. Accurate
13. Accurate. However, I never referenced that Haskell was affiliated with BYA in any manner of communication to my clients. I may have inadvertently mentioned his name a time or two in a follow up email to a client after a discussion.
14. Accurate. I complied with each item in a timely fashion and began doing business just as a representative of BYA rather than using a DBA.
15. Accurate. Again I completed each requirement within the expected timeframe. This included having Haskell scrub his website for all items referencing me or BYA. The SWM website had oversight and content controlled by BYA through the third-party vendor.
16. Accurate to my understanding.
17. On 10/13/2010, SAI compliance staff did visit my office on an unannounced audit and interview. Haskell's role in Signature Wealth Management, prior to the time BYA asked that I separate myself from the firm and up to September 30, 2010 was an owner of the firm and as an insurance licensed financial advisor to his clients. These included, but were not limited to, many of the same securities clients I served (stemming from the securities business I had previously acquired from Haskell). Haskell had no securities clients owing to his licensing status. It was common for Haskell and me to communicate with clients jointly and on numerous occasions Haskell was included in conversations in which client sub-account allocations were discussed. During my early conversations with clients and routinely since then I would remind my clients that I was their registered representative, I dealt with their securities transactions, and I held the contract with the Broker-Dealer. Haskell would regularly reiterate the same when we happen to be visiting with clients together. Haskell's role was related to general financial strategies and insurance products. Haskell began to limit his participation in SWM in the latter part of 2008 as he entered into a rigorous graduate program at the University of Utah. In early 2009, we agreed that I would acquire his non-securities practice. In mid 2010, we completed the transfer of his practice's clients to me. By August 2010, his academic responsibilities required that he no longer be active in his practice. By September 2010, he had turned the remaining elements of the practice over to me and no longer participates with financial clients of any kind. With the permission of Securities America, I took over the SWM name, office, and website as of October 1, 2010.
18. Accurate. According to the structure approved initially by BYA as well as the subsequent requested changes BYA had me put in place, Haskell did have some involvement with my securities clients. This included being present at discussions regarding their securities accounts, occasionally reaching out to schedule appointments to review accounts, providing account balances, etc. Such involvement was permitted by BYA and the client access was granted by the authorization forms that the clients signed. Haskell's emails to my securities clients may have included a recommendation to consider making a shift to some insurance-only product given market conditions and their risk tolerance or even some general financial planning concepts/strategies. BYA knew the level of involvement Haskell had with my clients as when someone from the home-office was in town for a visit they would often invite him to sit in or even join us for lunch. This included Randy Behymer (the corporate OSJ whom I reported) and Hal Young (the co-founder of BYA and president of their RIA).
19. Haskell on many occasions dictated summary comments regarding our joint conversations with clients into an internet and telephone based system referred to as

Copy Talk. When Haskell dictated the summary, Copy Talk often only noted his name rather than both of our names. When I dictated the summary, Copy Talk often only noted my name. There are many summary notations from Copy Talk that indicate both names, regardless of which of us was offering the dictation. This was done to keep accurate and current notes on my client households and to aid in any needed follow up. I was present and leading the discussions when it was regarding securities-oriented accounts, products, recommendations, etc.

20. Accurate. Haskell used those authorization forms to comply with the privacy policy he had in place and would distribute to his clients each year.
21. Partially accurate. I did have an annual commitment to Haskell each year for \$42,500 and in years that were going well I would try to pay more to reduce that balance. However, above that annual commitment, I had a responsibility for a good portion of the office rent and other overhead items. This was based on the structure that was approved by BYA way back when I started with them in 2006. Even when I had to physically separate my branch operations from the SWM space, I still had a responsibility for the SWM costs. The \$3000 paid directly to the Haskell family for the Ireland trip was of a personal nature and unrelated to my annual commitment on the book purchase or SWM office overhead.
22. Accurate
23. Partially accurate. Knowing that Haskell had all but left the SWM space entirely to focus on his education and other pursuits, I began the process of transitioning to that space and getting SAI's approval to take over the address, logo, DBA, website, etc. His involvement in financial services began fading years ago and the interactions he had with my securities clients were mainly of a friendly nature as he was interested in their lives and many still considered him as a friend. He would consistently inform them of his focus on education and his intent to exit entirely.
24. Deny.
 - a. The "misleading" letter that was sent to former WGS clients did not misrepresent the reasons for the departure. We wanted better tools and technology for my clients and BYA approved the entire letter's contents and respective titles.
 - b. I didn't fail to disclose to clients that Haskell was barred from the securities industry. Rather, I understood that I didn't need to. BYA never indicated that that would be required. I would always discuss how I was the registered rep and I had the relationship with the broker-dealer. To the extent that Haskell was involved, we always made sure the clients knew that he didn't hold an active securities license any longer and had no affiliation with any broker dealer (BYA, SAI or otherwise).
 - c. Again, I didn't fail to disclose as I was under the impression that I didn't need to. Had BYA told me that I needed to, I would have.
25. Deny. Fraud indicates intent to deceive. If that were the case, I wouldn't have fully disclosed Haskell's history and likely outcome to BYA before joining them as well as our planned business structure. Additionally, I disclosed numerous times to my clients the reasons why SWM operated as it did and why Haskell didn't hold an active securities license – this was always the case when I was meeting with prospective new clients. A handful of my clients knew of Haskell's challenges in very specific detail due to my disclosure.
26. Deny. When Haskell and I first formed Signature Wealth Management back in the summer of 2006, we took extra caution to see to it that we would be setting it up appropriately. We intentionally wanted it to be a respectable firm and never at any time wanted to deceive anyone or do anything dishonest, untoward or unethical. To that end, we had face-to-face discussions with the top officers of BYA and several phone conversations with them detailing the specifics of the structure of our business

arrangement. This included: Tom Delaney (Chief Compliance Officer, BYA), Leia Farmer (Director of Compliance, BYA), Roland Brecek (President and Co-Founder, BYA), Frank Chan (Recruiter, BYA), and even a couple local attorneys. This included one of the most respected and accomplished securities attorneys in Utah. We even had a long conversation with Roland Brecek in his office where Rick gave full disclosure of his difficulties and pending regulatory action and we asked him very pointedly why he would consider bringing me on board and allowing our planned affiliation. He responded that he believed we were good and honorable men that wouldn't jeopardize his firm or his clients.

Once we got BYA's and our attorney's approval on our structure, I went forward with changing broker-dealers, contracting with them, and began servicing my securities clients through them. As time went on, they occasionally asked that I/we change various items and those corrections were done in a timely fashion. Whenever Leia Farmer or Randy Behymer (my OSJ) wanted or needed something done differently I complied with their requests promptly. Had I known that setting things up the way I was given approval to do so with Signature Wealth Management was going to cause so much difficulty and eventually put me out of business, I never would have structured the relationship I did with Haskell the way we were given permission to do so.

The turmoil caused by SAI terminating me in October 2010 and the State of Utah Division of Securities not approving my registration request with my new B-D (Kovack Securities) has left my clients feeling confused, displaced and concerned - the very investing public that I have served so well over the years and that FINRA, the State of Utah, and the broker-dealers involved are supposed to be protecting. Now over 300 households are left to their own devices to make investment decisions and/or find another qualified investment professional to assist them.

Over the course of my career I've never had a client complaint. I was even chosen to be the lead representative for a series of FINRA on the record interviews held during the summer of 2009 with SAI/BYA. These were in an effort to understand some of BYA's compliance and supervision procedures. I was chosen to be first due to my exceptional documenting of 1035 exchanges for my compliance and supervisory team to review. This documentation included items I prepared like memos of understanding and spreadsheets detailing the costs of each product. I thought myself to be one of their "poster-boys" of compliance so it is a bit disheartening that they chose the course of action they did with me. I know that SAI has been dealing with some of their own issues completely unrelated to me or the type of products I have helped clients with and perhaps those other major cases took priority.

I have served my clients with respect, honor, integrity, superior communication, tremendous follow-through, and an undeviating practice of writing clean and suitable business. All of this has now been done for nothing as my respectable financial services practice has been taken from me and I have had to find another career path and retirement income source. What hurts the most is that many of my clients I consider friends and they have come to rely on me for financial/investment guidance that I am no longer able to provide. Many have been thankful that I am relatively young and they (and I) were planning on being around to guide them for a long, long time. Now they are left to start over in an attempt to build another trusted relationship with an advisor.

REQUEST FOR RELIEF

I know that once the Division has made its mind up on something, it is difficult if not impossible to change. Therefore, I will consent to my securities licenses being revoked and being barred from the securities industry in the State of Utah with the stipulation that it be for affiliating with a barred individual and NOT for fraud, dishonesty, being unethical or any other character defamation.

In addition to the difficulties this situation has caused my clients it has been financially devastating to me and my little growing family. I haven't been able to make any significant money since last October. I was expecting (as was Kovack Securities) that my registration request would be approved at the first of the year and that I could move forward serving my clients. When this wasn't granted, I have been left to search for a different career that will support my family and our needs. I have found full-time employment and I have a part-time job. With these two small income sources we are barely keeping our heads above water. Earlier this year, while out of work, we had to live on credit cards and deplete our savings including what little we had set aside for retirement just to stay afloat or run the risk of losing our home and not keeping our health insurances in force. We even had to reach out to family and other support services to keep the lights on and food on the table. My wife and I had our second child in June which was a very costly pregnancy due to complications and it looks like our new little guy is going to need a couple surgeries over the coming months which will not be cheap.

Me paying a fine of \$10,000 is not an option for me right now and won't be for a long, long time. If I were able to serve my clients in the industry that was my chosen career path and in which I have years of experience and have enjoyed some modest success I would be in a better position to handle a fine or at least make payments. However, as mentioned, the Division isn't going to allow that.

Due to my tight financial situation, I simply cannot afford to miss any work to attend the hearing scheduled for September 8th at 10 AM. Additionally, my day job has recently added extra restrictions for time-off requests that will make it extremely difficult for me to attend a hearing this week or anytime in the foreseeable future. I request that if at all possible this matter be settled without having to waste the time and expense of a hearing.

Respectfully,



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