

Division of Securities  
Utah Department of Commerce  
160 East 300 South, 2<sup>nd</sup> 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:**

**BREAKTHROUGH TECHNOLOGIES  
CHARLES ROSS CHATWIN, CRD#1080299  
MARK ANDREW JACKSON**

**Respondents.**

**ORDER TO SHOW CAUSE**

Docket No. ~~10-12-0071~~  
Docket No. ~~11-12-0072~~  
Docket No. ~~11-12-0073~~

It appears to the Director of the Utah Division of Securities (Director) that Breakthrough Technologies, Charles Ross Chatwin, and Mark Andrew Jackson (Respondents) have engaged in acts and practices that violate the Utah Uniform Securities Act, Utah Code Ann. § 61-1-1, *et seq.* (the Act). Those acts and practices 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 Respondents and the subject matter is appropriate because the Division alleges that they 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 RESPONDENTS**

2. Breakthrough Technologies (Breakthrough) is a Nevada corporation, registered on October 27, 2008. Breakthrough's current status is revoked. Mark Jackson is the president, treasurer, and director of Breakthrough. Breakthrough has never registered with the Division.
3. Charles Ross Chatwin (Chatwin) was, at all relevant times, a resident of the state of Arizona. Chatwin has never been licensed in the securities industry in any capacity.
4. Mark Andrew Jackson (Jackson) was, at all relevant times, a resident of the state of Utah. Jackson was licensed to sell securities at one time in the 1980's, but has not been licensed to sell securities since that time.<sup>1</sup>

### **GENERAL ALLEGATIONS**

5. Between January 2009 and March 2009, Respondents offered and sold investment contracts to an investor, in or from Utah, and collected a total of \$285,000.
6. Investment contracts are securities under the Act.
7. Respondents made material misstatements and omissions in connection with the offer and sale of securities to the investor identified below.
8. Respondents engaged in an act, practice, or course of business, which operated as a fraud or deceit upon the investor identified below.

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<sup>1</sup> FINRA's Central Registration Depository (CRD) shows that in 1985 Jackson had three complaints against him for placing investor funds in outside business investments when he worked for Prudential-Bach Securities. The complaints allege Jackson used over \$3 million in a Bingo venture and \$46,000 in a real estate investment.

INVESTOR O.A.

**First Investment (Respondents)**

9. O.A.'s daughter, D.W., had a pre-existing business relationship with Chatwin prior to January 2009.
10. In or about January 2009, D.W. contacted Chatwin by telephone to discuss ways O.A. could recoup losses from non-related previous investments. D.W. was in Salt Lake City, Utah at the time of the call.
11. Shortly following the telephone call, O.A. and D.W. met with Chatwin and Jackson in Jackson's St. George home to discuss a potential investment opportunity.
12. During the conversation, Jackson made the following statements about himself:
  - a. He had previous banking experience as a board director for some major banks;
  - b. He had been involved in international banking transactions;
  - c. He had worked with Fortune 500 companies to invest company funds;
  - d. He had homes in Los Angeles, California and Las Vegas, Nevada; and
  - e. He had been working on a project involving biodiesel in Las Vegas, Nevada.
13. Jackson then made the following statements about a potential investment with himself and Chatwin:
  - a. Jackson had a way to take care of O.A.'s previous financial losses;
  - b. Jackson needed \$25,000 for an appraisal on artwork which belonged to an individual from San Francisco, California;

- c. Jackson would then use the appraisal and artwork to obtain a loan;
  - d. Jackson would then use the loaned funds for another project;
  - e. Jackson also needed \$200,000 to store the artwork in a secure location at the request of a lending bank;
  - f. Jackson would pay O.A. \$1.2 million in return for an investment of \$225,000 to facilitate this project; and
  - g. Jackson would take care of O.A.
14. Jackson did not discuss how he would generate a profit using O.A.'s investment funds.
  15. Following Jackson's presentation, Chatwin told O.A. and D.W. that Chatwin would personally guarantee the investment.
  16. O.A. asked for more time to consider the opportunity. Chatwin recommended an accountant that O.A. could consult about the investment and she considered the investment opportunity.
  17. Following the meeting, O.A. and D.W. met with the accountant in St. George, Utah. O.A. described Jackson's proposed investment to the accountant.
  18. The accountant advised O.A. not to pursue the investment because it appeared to have too much risk.
  19. O.A. and D.W. later met with Jackson and Chatwin again in St. George, Utah.
  20. During the meeting, O.A. asked Jackson about the risk the potential investment carried.
  21. Jackson told O.A. and D.W. that there was no risk because everything was in place and he only needed investment funds to start the transaction.

22. Jackson told O.A. that she would be perfectly safe.
23. Based on Jackson and Chatwin's statements, O.A. decided to invest the initial \$25,000 at that time and the remaining \$200,000 at a later time.
24. On February 6, 2009, O.A., D.W., Jackson, and Chatwin met in Jackson's St. George home where Jackson and Chatwin presented and signed a contract. The contract made the following statements:
  - a. O.A.'s funds would be used to open offshore accounts "to complete a bank transaction that will enable Breakthrough Technologies/Mark Jackson to acquire an International bank loan;"
  - b. O.A. would receive \$25,000 in principal and \$80,000 in interest within forty-five days; and
  - c. Chatwin "personally guarantees" the repayment of principal.
25. On February 6, 2009, O.A. wired \$25,000 to Breakthrough's Sun First Bank account, bringing the balance to \$24,991.95 after a \$10 wire fee.
26. Based on a first in, first out analysis, bank records indicate that Respondents used O.A.'s funds in the following manner:
  - a. \$17,000 transferred to Jackson's savings account and subsequently used in the following manner:
    - i. \$7,183 to Bank of America
    - ii. \$2,500 to American Musical and Dramatic Academy; and

- iii. Various personal expenses.
- b. \$2,000 to Jackson's wife;
- c. \$1,356 to Best Buy;
- d. \$1,191 withdrawn as cash;
- e. \$967 to food and groceries;
- f. \$739 for unknown purchases;
- g. \$400 to Verizon Wireless;
- h. \$381 for gasoline; and
- i. \$966 in various personal expenses such as Walmart, Big 5 Sporting Goods, Casinos, Hotels, and Playboy.

**Second Investment (Chatwin)**

- 27. On or about February 7, 2009, Chatwin contacted D.W. by telephone while D.W. was in Salt Lake City, Utah.
- 28. Chatwin told D.W. that if O.A. invested \$60,000 with him then Chatwin could double that amount and pay O.A. back at a rate of \$6,000 per month.
- 29. Within days, Chatwin met with O.A. and D.W. in O.A.'s home in Provo, Utah to discuss a potential investment with Chatwin.
- 30. During the meeting, Chatwin made the following statements about O.A.'s potential investment of \$60,000:
  - a. Chatwin had an online account where his own funds and those of family members

had been earning profits for months;

- b. Chatwin would pay O.A. \$6,000 per month and then repay the \$60,000 principal at the end of 2009, thereby doubling O.A.'s investment;
  - c. Chatwin felt comfortable investing O.A.'s funds because he had been earning profits for months.
31. Based on Chatwin's statements, O.A. decided to invest \$60,000 with Chatwin. On or about February 25, 2009, O.A. gave Chatwin \$60,000 in cash.
32. In exchange for the funds, on February 25, 2009, O.A. received a contract that was signed by Chatwin and D.W. The contract stated that D.W. was acting as a trustee for the funds.
33. The contract also states that O.A.'s investment funds would be used for the "purpose of investing into Programs that make good returns."
34. O.A. did not receive a return of her principal under this contract and received only one interest payment of \$6,000.

### **Third Investment (Respondents)**

35. On or about March 19, 2009, Jackson met with O.A. and D.W. at O.A.'s home in Provo.
36. During the meeting, in an effort to reassure O.A., Jackson called Ava LNU to verify that Jackson was using Ava LNU's art as collateral.
37. Jackson further told O.A. that if O.A. did not want to invest, he was on his way to Salt Lake City to meet with another potential investor who would.
38. Jackson restated the terms of the investment contract and opportunity one more time.

39. Based on Jackson's statements, O.A. decided to invest the remaining \$200,000 with Respondents.
40. On or about March 20, 2009, O.A. wired \$200,000 to Breakthrough's account bringing the balance to \$201,206. In exchange for the funds, Jackson signed and gave O.A. a contract with the following provisions:
  - a. O.A.'s funds would be used "for the purpose of moving some artwork to a safe keeping warehouse for the purpose of obtaining a loan;"
  - b. O.A.'s principal would be repaid within 60 days from the wire date;
  - c. \$1.4 million in interest and principal would be paid via two \$700,000 payments within 120 days.
41. Based on a first in, first out analysis, bank records indicate that Respondents used the majority of O.A.'s funds in the following manner:
  - a. \$29,000 to Executive Car Sales;
  - b. \$27,471 to Bank of America;
  - c. \$20,750 to Xotic Motorsports for a 2007 Mercedes C230;
  - d. \$15,000 to Grand Capital Finance;
  - e. \$12,000 to Alan White;
  - f. \$11,000 to Wendell Knight;
  - g. \$8,300 to Pamela Jean Weston;
  - h. \$5,000 to an unknown Breakthrough account;

- i. \$4,566 to Wells Fargo Bank;
- j. \$3,860 to Jones Paint and Glass;
- k. \$3,450 in cash withdrawals;
- l. \$3,000 to Chatwin;
- m. \$2,500 to Private Financial Advisors c/o Calvin Mathis;
- n. \$2,293 to AMDA;
- o. \$1,777 to Sofa Mart;
- p. \$1,700 to Zions Motors;
- q. \$1,600 to A-aire;
- r. \$1,013 to Qwest;
- s. \$1,000 to Emily Jackson;
- t. \$13,300 in transfers to other accounts; and
- u. \$3,283 in various personal expenses such as Big 5 Sporting Goods, collision repair, Verizon and Qwest.

#### CAUSES OF ACTION

##### **First Cause of Action** **Securities Fraud under § 61-1-1(2) of the Act**

- 42. The Division incorporates and re-alleges paragraphs 1 through 42.
- 43. The investment contracts sold by Respondents are securities under § 61-1-13 of the Act.
- 44. In connection with the sale of securities to investor O.A., Respondents, directly or indirectly, made false statements, including, but not limited to, the following:

- a. Respondents would pay O.A. \$1.2 million for her \$225,000 investment, when in fact, Respondents had no reasonable basis for making this statement; and
  - b. Chatwin would personally guarantee O.A.'s \$225,000 investment, when in fact, Chatwin had no reasonable basis for making this statement considering his civil suits and judgments; and
  - c. The investment was safe and carried no risk, when in fact, Respondents had no reasonable basis for making such a statement.
45. In connection with the sale of securities to investor O.A., Respondents, directly or indirectly, failed to disclose material information, including, but not limited to, the following, which was necessary in order to make statements made in the investment contracts not misleading:
- a. Respondents used all of O.A.'s \$25,000 investment for purposes other than promised;
  - b. Respondents would use the majority of O.A.'s funds for purposes other than promised;
  - c. How Respondents would earn a profit;
  - d. Chatwin had thirteen civil judgments against him since 1993;
  - e. Jackson had three complaints against him for misusing investor funds when he was working with Prudential-Bache Securities in 1985;
  - f. Jackson had filed for Chapter 13 bankruptcy in 2008<sup>2</sup>;
  - g. Jackson had three customer complaints against him for selling away from an

investment firm; and

- h. Some or all of the information typically provided in an offering circular or prospectus regarding Respondents, such as:
  - i. Financial statements;
  - ii. Risk factors;
  - iii. Total number of investors;
  - iv. Suitability factors for the investment; and
  - v. Whether Respondents were licensed to sell securities.

**Second Cause of Action**  
**Securities Fraud under § 61-1-1(3) of the Act**

- 46. The Division incorporates and re-alleges paragraphs 1 through 42.
- 47. The investment contracts sold by Respondents are securities under § 61-1-13 of the Act.
- 48. Respondents engaged in an act, practice, or course of business, which operated as a fraud or deceit upon O.A., in violation of §61-1-1(3) of the Act by:
  - a. Promising to repay principal plus a stated percentage interest, when in fact, Respondents were delinquent on interest payments on prior investments; and
  - b. Converting investor funds for use in the following manner:
    - i. Payments to other non-related individuals;
    - ii. Payments to outstanding debts; and
    - iii. Other personal expenses including purchasing vehicles, sporting goods,

groceries, utilities, casinos, hotels, etc.

**Unlicensed Activity under § 61-1-3(3) of the Act (Jackson, Chatwin)**

49. The Division incorporates and re-alleges paragraphs 1 through 42.
50. At all relevant times, Respondents were not licensed in the securities industry in any capacity.
51. Respondents acted as investment advisers in the offer and/or sale of a security in Utah.
52. Jackson received compensation by converting the majority of the \$225,000 investment funds for personal use. These funds were received in the offer and/or sale of a security in Utah.
53. Chatwin received compensation of \$3,000 in the offer and/or sale of a security in Utah.
54. Accordingly, each offer or sale of securities by Respondents violated Section 61-1-(3) of the Act.
55. Based on the above information, Jackson and Chatwin violated § 61-1-3(3).

**ORDER**

The Director, pursuant to § 61-1-20 of the Act, hereby orders Respondents to appear at a 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, February 6, at 9:00 a.m.**, at the office of the Utah Division of Securities, located in the Heber Wells Building, 160 East 300 South, 2<sup>nd</sup> Floor, Salt Lake City, Utah. The purpose of the hearing is to establish a scheduling order and address any preliminary matters. If Respondents fail to file an answer and appear at the hearing, the Division of Securities may hold Respondents 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, Respondents may show cause, if any they have:

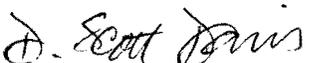
- a. Why Respondents should not be found to have engaged in the violations alleged by the Division in this Order to Show Cause;
- b. Why Respondents should not be ordered to cease and desist from engaging in any further conduct in violation of Utah Code Ann. §§ 61-1-1, or any other section of the Act; and
- c. Why Respondents should not be ordered to pay to the Division a fine amount to be determined by the Utah Securities Commission after a hearing in accordance with the provisions of Utah Admin. Rule R164-31-1, which may be reduced by restitution paid to the investor.

DATED this 10<sup>th</sup> day of December, 2012.

  
KEITH WOOD  
Director, Utah Division of Securities



Approved:

  
D. SCOTT DAVIS  
Assistant Attorney General  
J.N.

Division of Securities  
Utah Department of Commerce  
160 East 300 South, 2<sup>nd</sup> Floor  
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**BEFORE THE DIVISION OF SECURITIES  
OF THE DEPARTMENT OF COMMERCE  
OF THE STATE OF UTAH**

**IN THE MATTER OF:**

**BREAKTHROUGH TECHNOLOGIES  
CHARLES ROSS CHATWIN, CRD#1080299  
MARK ANDREW JACKSON**

**Respondents.**

**NOTICE OF AGENCY ACTION**

Docket No. ~~SD-12-0071~~  
Docket No. ~~SD-12-0072~~  
Docket No. ~~SD-12-0073~~

THE DIVISION OF SECURITIES TO THE ABOVE-NAMED RESPONDENTS:

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, 2<sup>nd</sup> 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, 5<sup>th</sup> Floor  
Salt Lake City, UT 84114-0872  
(801) 366-0358

An initial hearing in this matter is set for **February 6, 2013** at the Division of Securities, 2<sup>nd</sup>

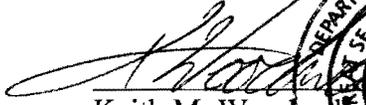
Floor, 160 E. 300 S., Salt Lake City, Utah, at **9:00 A.M.** The purpose of the initial hearing is to enter a scheduling order addressing discovery, disclosure, and other deadlines, including pre-hearing motions, and to set a hearing date to adjudicate the matter alleged in the Order to Show Cause.

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 Jennie Jonsson, 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. Jonsson 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) 366-0358.

Dated this 10<sup>th</sup> day of December, 2012

  
Keith M. Woodwell  
Director, Division of Securities



**CERTIFICATE OF MAILING**

I, Julie Price, hereby certify that on the 10th day of December 2012, I mailed, by certified mail and regular mail, a true and correct copy of the forgoing **Order to Show Cause and Notice**

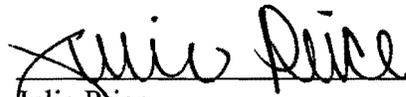
**of Agency Action** to:

Breakthrough Technologies  
Mark Andrew Jackson  
915 East Ft. Pierce Dr.  
St. George, UT 84790

Certified Receipt #: 7007 0220 0001 0064 8182

Charles Ross Chatwin  
P.O. Box 110  
Colorado City, AZ 86021

Certified Receipt #: 7007 0220 0001 0064 8199

  
\_\_\_\_\_  
Julie Price  
Administrative Secretary