

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

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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:**

**DEAN A. HAMILTON, CRD#5089531**

**Respondent.**

**ORDER TO SHOW CAUSE**

Docket No. SD-12-0078

It appears to the Director ("Director") of the Utah Division of Securities ("Division") that Respondent Dean A. Hamilton ("Hamilton") 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. From October 16, 2009 to December 31, 2009, Hamilton was licensed in Utah as a broker-dealer agent of Brokers International Financial Services, LLC ("BIFS"), CRD#139627. He has not been licensed in the securities industry in any capacity since December 31, 2009.
2. Hamilton has taken and passed the FINRA Series 6, Investment Company/Variable Contracts Limited Representative Examination, and Series 63, Uniform Securities Agent

State Law Examination.

3. Between April 2009 and January 2011, Hamilton was affiliated with Galileo Financial, LLC (“Galileo”), a Utah limited liability company with its place of business in South Jordan, Utah. Hamilton was a licensed insurance agent during that period, and as an independent contractor of Galileo, Hamilton sold insurance and annuity products. BIFS was the broker-dealer through which Galileo conducted its securities business.
4. Through Galileo, Hamilton conducted business on the premises of several Utah credit unions, including Box Elder County Credit Union (“BECU”) in Brigham City, Utah, Weber Credit Union (“Weber Credit Union”) in South Ogden, Utah, and Summit One Credit Union (“Summit One”) in Ogden, Utah.
5. With the exception of the period between October 16, 2009 and December 31, 2009, Hamilton was not licensed to offer or sell any securities products. The Series 6 license held by Hamilton during that period limited his securities activities to mutual funds and variable annuities. In addition, Hamilton’s authorized credit union activities were restricted to products reviewed and approved by Galileo, his broker-dealer, BIFS, and the credit unions.

Dee Randall and the Horizon Companies

6. Hamilton and others sold private placement securities investments in “Horizon Notes” which as used herein collectively refers to promissory notes issued by various companies owned and controlled by Dee Allen Randall (“Randall”). Those companies include, but are not limited to, Horizon Auto Funding, LLC, Horizon Financial Center I, LLC, and Horizon Mortgage and Investment, Inc. (collectively referred to at times as “the Horizon

entities”).

7. During the period relevant to this action, one of Randall’s companies, Horizon Financial and Insurance Group, Inc.<sup>1</sup> (“insurance agency”) was a general insurance agent for Union Central Life Insurance Company. Most of the individuals who sold Horizon Notes were insurance agents who conducted insurance business through the insurance agency.
8. In addition to selling insurance, Randall, through the Horizon entities and Horizon Notes, purported to offer private placement securities investments<sup>2</sup> in commercial and residential property development and rentals, as well as an automobile loan business for individuals with poor credit.
9. The Horizon entities operated as a Ponzi scheme run by Randall in which investor monies were routinely and freely commingled and transferred among the various Horizon entities. New investor monies were used to pay interest to prior investors, or for personal use, including the payment of sales compensation to agents, including Hamilton.
10. On numerous occasions, Horizon payment obligations owed to investors outpaced available funds, causing interest payments to investors to be missed, late, or otherwise in default.
11. Randall declared a personal Chapter 11 bankruptcy on December 20, 2010.<sup>3</sup> However, he

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<sup>1</sup>This entity was also known as or affiliated with other entities controlled by Randall, Horizon Financial & Insurance Agency, LLC, and Utah Horizon Financial & Insurance Agency, LLC.

<sup>2</sup>The Horizon Notes were purportedly sold in reliance on Rule 506 of Regulation D of the 1933 Securities Act.

<sup>3</sup>Following a September 2011 hearing in which Randall admitted commingling monies among the Horizon entities, a Trustee was appointed. The Trustee subsequently filed a Chapter

continued to raise capital for Horizon after that date through agents such as Hamilton, and failed to disclose the bankruptcy to potential investors.

12. According to the Trustee appointed in the bankruptcy proceeding, Randall raised more than \$72 million from approximately 700 investors.

#### Solicitations and Sales by Hamilton

13. Between 2009 and 2011, Hamilton solicited investors in Utah to purchase Horizon Notes.
14. Hamilton's Horizon investors all met him through their credit unions where he had offices. Hamilton's investors believed the Horizon Notes were products that had been reviewed and approved for sale by the credit unions as appropriate investment options for credit union members.
15. Despite his extremely limited background in the securities industry, Hamilton represented himself to investors as a "financial advisor" and made recommendations to investors as to how to invest their monies, including retirement funds.
16. The Horizon Notes offered and sold by Hamilton are securities under the Act.
17. Hamilton sold Horizon Notes to fifteen investors, raising at least \$890,000, from which he received at least \$33,000 in direct compensation. Hamilton and other agents who sold Horizon Notes also received indirect compensation through rent-free use of office space in buildings owned by Randall.
18. At no time was Hamilton authorized by BIFS, Galileo or the credit unions to sell Horizon Notes.

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11 bankruptcy for each of the Horizon entities, all of which were consolidated with the Randall bankruptcy proceeding to be administered by the Trustee as a single bankruptcy estate.

19. None of the notes were sold through a licensed broker-dealer. Hamilton met with potential investors to offer and sell the Horizon Notes and thereafter assisted with the paperwork required to transfer their monies from existing accounts into the Horizon investments. A majority of the monies raised by Hamilton came from retirement accounts.
20. Prior to investing, Hamilton's investors did not receive audited company financial statements or a Private Placement Memorandum ("PPM") describing the details of the investment.
21. Most of Hamilton's investors only met with Hamilton and never met with Randall prior to investing. In some cases, Hamilton arranged and attended meetings between potential investors and Randall.
22. Hamilton and other agents selling the Horizon Notes were compensated for those sales through the insurance agency. Agent compensation generally was calculated as a percentage of the amount of money invested. Payments were made by cash or check, or by other means, including credits applied to monies owed by agents to Randall.<sup>4</sup> Some of the payments were documented in the insurance agency records as "commission bonus" or "marketing bonus" or otherwise.
23. Despite soliciting investors and selling Horizon Notes during the period in which he was

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<sup>4</sup>Such credits were applied against rent owed, office expenses, or monies owing as a result of "chargebacks" for insurance commissions previously received by agents when policies were later rescinded or canceled.

a licensed broker-dealer agent of BIFS, Hamilton's Form U4<sup>5</sup> failed to disclose his business activities with Horizon.

24. Hamilton sold Horizon Notes through 2010, and even into 2011, months after Randall filed for bankruptcy. When Galileo learned that Hamilton was selling the Horizon Notes in January 2011, it terminated his employment.
25. In a letter accepting his termination, Hamilton acknowledged selling Horizon Notes despite knowing they were outside the Galileo and credit union approved-products platform, and that he used the credit union platform to gain the trust and confidence of credit union members to sell the Horizon Notes in order to make a commission.
26. Hamilton continued to sell Horizon Notes through June 2011.

#### Investors Who Only Met with Hamilton Prior to Investing

##### Investor P.T.

27. P.T. met Hamilton through her credit union, Summit One, where Hamilton had an office, in 2009. Hamilton called her and told her he was working with Summit One as a "financial advisor" and invited her to meet to discuss financial planning issues.
28. P.T. was in the process of retiring and Hamilton asked her to bring all of her financial records to the meeting. Hamilton then recommended she invest some of the monies from her 401(k) in Horizon Auto Funding.
29. In connection with the offer and sale of the Horizon Note to P.T., Hamilton

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<sup>5</sup>The Form U4, Uniform Application for Securities Registration or Transfer, is filed with FINRA and the Division in order for an individual to become licensed as a securities agent in Utah. Form U4 requires the disclosure of all business activities conducted by licensed individuals. It is the agent's responsibility to ensure the form is accurate.

misrepresented material facts including but not limited to the following:

- a. Hamilton was a “financial advisor” selling a product he was properly trained, licensed and authorized to sell;
- b. Hamilton had “checked out” Randall and researched Horizon Auto Funding, and it was a “safe” investment; and
- c. if she invested in the company for three years, she would receive a 10.5% annual return on her investment.

These representations were false.

30. P.T. went to Hamilton’s office where he assisted her in completing the paperwork necessary to transfer \$38,533 in retirement funds from a T. Rowe Price mutual fund account to invest in Horizon Auto Funding. She received a promissory note issued by Horizon Auto Funding dated February 24, 2010 which was supposed to pay interest at 10.5% per annum for a three-year period. P.T. did not receive interest as promised and is still owed at least \$38,533 in principal alone.

Investor T.H.

31. T.H. met Hamilton in 2009 through her credit union, BECU. Hamilton represented himself to be a “financial advisor” and recommended she invest retirement monies in Horizon Auto Funding.
32. In connection with the offer and sale of the Horizon Note to T.H., Hamilton misrepresented material facts including but not limited to the following:
  - a. Hamilton was a “financial advisor” selling a product he was properly trained, licensed and authorized to sell;

- b. the company was in business for over 10 years;
- c. her money would be used for loans on the sale of European cars;
- d. her monies would earn 9% interest per year; and
- e. the Horizon Note was not a risky investment;

These representations were false.

33. In May 2010, T.H. invested \$16,520 in Horizon Auto Funding. She received a promissory note issued by Horizon Auto Funding dated May 25, 2010, which was supposed to pay 9% per annum interest for a three-year period. She did not receive interest as promised and is still owed at least \$16,520 in principal alone.

Investors M.C. and T.C.

34. Investors M.C. and T.C., a married couple, met Hamilton in 2010 through their credit union, Weber Credit Union. M.C. had just retired and was looking for someone to help manage his retirement account. Hamilton represented himself as a “financial advisor”. After meeting with Hamilton, he recommended they both invest in Horizon Auto Funding and provided them with all the documents necessary to make an investment.
35. In connection with the offer and sale of Horizon Notes to M.C. and T.C., Hamilton misrepresented material facts including but not limited to the following:
- a. Hamilton was a “financial advisor” selling a product he was properly trained, licensed and authorized to sell;
  - b. the company was very successful and had been in business for the past 15 years;
  - c. an investment with Horizon carried “next to no risk”;
  - d. an investment would pay at least the minimum annual interest of 10.5% and

possibly more;

- e. their principal was secure and “guaranteed” due to Randall’s ownership of cars, car lots, real property and buildings; and
- f. the amount of the interest earned was the only part of the investment subject to any risk.

These representations were false.

- 36. In May 2010, M.C. invested \$24,832 of his retirement monies into Horizon Auto Funding. In July 2010, T.C. invested \$ 40,000 in Horizon Auto Funding. The Horizon Notes purchased were to pay 10.5% interest annually over a three-year period.
- 37. Several weeks after T.C.’s investment, Hamilton received a “commission bonus” in the amount of \$4,000, or 10% of T.C.’s investment<sup>6</sup>, from the insurance agency, as compensation for T.C.’s investment.
- 38. Hamilton later provided additional information to M.C. and T.C. which further portrayed the Horizon companies as a sound investment due to expanding business operations. In the meantime, M.C. and T.C.’s account statements showed that interest was accruing.
- 39. In May 2011, M.C. invested an additional \$6,754 of retirement funds in Horizon Auto Funding, and in June 2011, more than six months after Randall had declared bankruptcy, T.C. invested approximately an additional \$52,351 in Horizon Auto Funding.
- 40. M.C. and T.C. did not receive interest as promised. M.C. is owed at least \$31,586 in principal alone, and T.C. is owed at least \$92,351 in principal alone.

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<sup>6</sup>At that time, Randall was paying 10% commissions to agents raising up to \$50,000 for Horizon Notes.

Investor C.W.

41. C.W. met Hamilton through her credit union, BECU. At the time, she had some monies invested at the credit union in CDs and was interested in learning about other options that might pay a higher interest rate. As a “financial advisor” officed in her credit union, Hamilton met with her several times, reviewed her financial situation and documents, and recommended she invest in Horizon Auto Funding.
42. In connection with the offer and sale of the Horizon Note to C.W., Hamilton misrepresented material facts including but not limited to the following:
- a. Hamilton was a “financial advisor” selling a product he was properly trained, licensed and authorized to sell;
  - b. Hamilton had researched Horizon Auto Funding, and found it to be a “solid” company and a “safe” investment;
  - c. if she invested in the company for three years, she would receive a 12% annual return on her investment; and
  - d. her money would be used to fund the company’s operations financing the sale of repossessed high-end automobiles.

These representations were false.

43. Thereafter, at Hamilton’s recommendation, C.W. refinanced two homes and withdrew \$55,000 of home equity to invest, a majority of which came from her primary residence. Hamilton told her investing was a better use of her home equity than simply letting those values sit. She also cashed in a \$15,000 certificate of deposit to bring the total investment amount up to \$70,000.

44. In October 2010, she gave Hamilton a \$70,000 check. In return, she received a \$70,000 promissory note for a three-year term issued by Horizon Auto Funding, LLC with an interest rate of 12% per annum.
45. Several months later, Hamilton contacted C.W. to tell her he had left the credit union. At that time, he asked her to sign a document holding BECU harmless for any previous investments she made through Hamilton. She signed the document.
46. After her investment, C.W. heard nothing further and received no statements. In May 2011 she called Hamilton to inquire. He gave her a phone number for Horizon, after which she called and requested an investment statement from Horizon, and received a document showing her investment was valued at \$75,156.67. She has not received any payments under the note and is still owed at least \$70,000 in principal alone.
47. Hamilton called C.W. on September 23, 2011 to advise her that Randall was filing a personal bankruptcy, even though Randall had in fact filed personal bankruptcy ten months earlier.

Investor B.M.

48. B.M. met Hamilton through her credit union, BECU. In June 2010, after being solicited by Hamilton she invested approximately \$25,000 in Horizon Auto Funding. B.M.'s investment consisted of \$12,964 of nonretirement monies and \$11,893 in retirement monies. Hamilton helped fill out the paperwork.
49. In connection with the offer and sale of the Horizon Note to B.M., Hamilton misrepresented material facts, including but not limited to:
  - a. Hamilton was a "financial advisor" selling a product he was properly trained,

licensed and authorized to sell;

- b. Hamilton had also invested his own monies; and
- c. the investment would give her enough money to “make ends meet”.

These statements were false.

50. B.M. did not receive interest as promised and is still owed at least \$24,857 in principal alone.

Investor B.M.S.

51. Investor B.M.S. met Hamilton through her credit union, BECU. In February 2010, after being solicited by Hamilton, she invested approximately \$2,000 of retirement funds in Horizon Auto Funding.

52. In connection with the offer and sale of the Horizon Note to B.M.S, Hamilton misrepresented material facts including but not limited to the following:

- a. Hamilton was a “financial advisor” selling a product he was properly licensed, trained and authorized to sell;
- b. the company had been in business for 25 years; and
- c. the investment was risk-free, required no maintenance, and was a good place to put her money in and “forget about it”.

These representations were false.

53. B.M.S. did not receive interest as promised and is still owed at least \$2,000 in principal alone.

Investor G.H.

54. G.H. met Hamilton in 2009 after Hamilton cold-called her. He told her he was working

with her credit union, Summit One, where he also had an office. In early 2010 after several telephone calls, G.H. met with Hamilton to discuss her plans to retire. G.H. was looking to safely supplement her retirement funds and make a higher return than she would with conventional products such as savings and CD accounts.

55. After reviewing her assets and retirement plans, Hamilton told G.H. about an investment opportunity with Randall, and recommended she invest in Horizon Auto Funding. Hamilton misrepresented material facts in connection with the offer and sale of the Horizon Note, including but not limited to:

- a. Hamilton was selling a product he was properly trained, licensed and authorized to sell;
- b. that her monies would be used to finance car loans;
- c. that the investment would generate an annual interest return of 12%; and
- d. that in the event of default the company would repossess and sell the cars.

These statements were false.

56. In January 2010, G.H. invested \$65,325 of retirement monies in Horizon Auto Funding, for which she received a promissory note with an annual interest rate of 12% per annum and a term of three years.

57. A year later, after receiving a statement reflecting gains in her account, G.H. believed the first investment had been very successful. After further discussions with Hamilton, she transferred monies from her T. Rowe Price mutual fund account in order to invest in another Randall company.

58. On January 21, 2011 G.H. made her second investment, also consisting of retirement

monies, in the amount of \$252,980. While G.H. understood her monies were to be invested in real property, the monies actually went to Horizon Auto Funding instead. That investment was made approximately one month after Randall filed for personal bankruptcy.

59. G.H. received a promissory note with an annual interest rate of 14% and a term of three years.
60. Hamilton misrepresented material facts in connection with G.H.'s second investment, including but not limited to:
  - a. Hamilton was selling a product he was properly trained, licensed and authorized to sell;
  - b. her monies would be invested in income-producing real property rather than Horizon Auto Funding;
  - c. that as G.H. came closer to retiring, the Horizon investment was a safer place than the T.Rowe Price mutual fund account where the monies had been;
  - c. that the investment would be secured by real property;
  - d. that G.H. would receive a trust deed as evidence of the secured investment;
  - e. that by having the trust deed, there was no risk in the investment;
  - f. the investment would pay 14% interest annually over a three-year period; and
  - g. G.H. would be able to live off of the interest she was being paid instead of her principal.

These representations were false.

61. Several weeks after G.H.'s second investment, Hamilton received a "marketing bonus" in

the amount of \$17,708.60 or 7% of G.H.'s investment<sup>7</sup>, from the insurance agency, as compensation.

62. In March 2011, the interest payments on G.H.'s second investment started becoming delinquent and she has not received interest as promised. G.H. never received the trust deed she was promised, and later learned from the county recorder's office that no legal interest in her name was recorded. She is still owed at least \$318,305 in principal alone.

#### Investors Who Met with Hamilton and Randall Prior to Investing

##### Investor D.M.

63. D.M. met Hamilton through her credit union, Summit One, where Hamilton had an office, in 2009. Hamilton called her and told her he was working with Summit One as a "financial advisor" and invited her to meet to discuss financial planning issues.
64. D.M. had been in an automobile accident that forced her to quit her job and was seeking extra income and also was looking for somewhere to invest monies from her employer-sponsored retirement plan.
65. In February 2009 D.M. met with Hamilton at the credit union. Hamilton told D.M. about an investment opportunity with Randall, whom Hamilton described as a local businessman with whom Hamilton had worked in the past. Hamilton indicated he had previously referred other clients to Randall.
66. Following those discussions, Hamilton set up a meeting with Randall in June 2009. Hamilton attended the meeting with D.M. and Randall.

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<sup>7</sup>At that time, Randall was paying 7% commissions to agents raising amounts greater than \$50,000 for Horizon Notes.

67. Randall presented various investment opportunities to D.M. In December 2009<sup>8</sup>, based on Hamilton's endorsement and Randall's representations, D.M. invested \$62,000 of retirement monies in Horizon Notes which were to pay 14% annual interest.
68. In February 2011, after several months where interest did not appear in her account statements, she contacted Hamilton and met with him. Hamilton insisted there were no problems with the company. After Horizon employee Keith Arnell ("Arnell") reassured her likewise, a new note was issued by Horizon Auto Funding for \$2,750.81, the amount of the "missing" interest, also to pay 14% annual interest.
69. In connection with the offer and sale of the Horizon Notes to D.M., Hamilton misrepresented material facts, including but not limited to:
- a. Hamilton was a "financial advisor" selling a product he was properly trained, licensed and authorized to sell;
  - b. the investments offered by Randall were "secure" and legit";
  - c. an investment with Horizon Auto Funding was low-risk if any risk at all;
  - d. the investment would be safe because cars could simply be repossessed in the event of nonpayment; and
  - e. denying that Horizon Auto was in any financial trouble in 2011.
- These representations were false.
70. D.M. did not receive interest as promised and is still owed at least \$62,039 in principal alone.

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<sup>8</sup>Although Hamilton was a licensed broker-dealer agent of BIFS at that time, Hamilton had not reported his Horizon activities to BIFS and BIFS did not review or approve the sales.

Investors R.R. and D.R.

71. In April 2010, a married couple, R.R. and D.R., met Hamilton through their credit union, BECU, where Hamilton had an office. Hamilton represented himself as a “financial advisor” of the credit union. At the time, R.R. and D.R. were interested in investment options for about \$20,000 then invested in CDs.

72. Hamilton recommended an investment with Randall, telling them he had worked with Randall in the past, and that they could earn 12-15% annual interest. Hamilton told them an investment with Randall would be safe, and that it was appropriate for their retirement monies. Based upon Hamilton’s recommendations, R.R. and D.R. liquidated mutual funds they held at Fidelity Investments in retirement accounts in order to invest.

73. In connection with the offer and sale of the Horizon Notes to D.M., Hamilton misrepresented material facts, including but not limited to:

- a. Hamilton was a “financial advisor” selling a product he was properly trained, licensed and authorized to sell;
- b. an investment with Randall would be safe and sound;
- c. the investment would earn 12-15% interest;
- d. their investment principal would be fully secured by a mortgage on a fourplex.

These representations were false.

74. In August 2010, after meeting with Hamilton and Randall, R.R. invested \$146,288 and D.R. invested \$34,354 in Horizon Mortgage and Investment, Inc., for which they received promissory notes paying 12% interest per annum, as well as a Trust Deed purportedly

securing the principal amount of the investment.<sup>9</sup>

75. In 2011, interest payments stopped and R.R. and D.R. requested the return of their monies. They are still owed at least \$180,642 in principal alone.

Omissions of Material Facts by Hamilton - All Investors

76. In connection with the offer and sale of Horizon Notes, Hamilton failed to disclose material facts to all investors described above, including but not limited to:
- a. that he was not licensed to offer or sell securities such as the Horizon Notes;
  - b. that he was not licensed or qualified to give investment advice;
  - c. his lack of experience, qualifications, and training to advise investors about financial planning issues, including retirement planning;
  - d. that neither the credit union, BIFS, nor Galileo had reviewed, approved, or authorized his offer and sale of Horizon Notes;
  - e. that Hamilton would be compensated through the insurance agency, which was not a broker-dealer, in violation of securities laws and industry rules;
  - f. relevant disclosures about the Horizon entity issuing the notes, including its financial condition and liabilities;
  - g. that as nonaccredited investors, they were entitled to review audited financial statements for the company prior to investing;
  - h. that the subscription agreements the investor signed falsely indicated she/he had received and reviewed a Private Placement Memorandum prior to investing;

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<sup>9</sup>R.R. later found out he had no legally enforceable claim to the property due to another investor having a first lien position.

- i. that Randall's entities had a history of missing or late interest payments; and
- j. that the investor's money would be moved into Randall's other companies, used to pay other investors' interest, or for other personal use.

77. In addition, Hamilton failed to disclose the material fact of Randall's December 2010 bankruptcy to T.C., M.C., D.M. and G.H., all of whom he solicited and sold Horizon Notes to in 2011.

#### Offer and Sale of Unregistered Securities

78. Hamilton's investors were unsophisticated, nonaccredited<sup>10</sup> investors. Sales of the Horizon Notes purported to comply with Rule 506 of Regulation D. To qualify for an exemption from registration under Regulation D, nonaccredited investors must be provided audited financial statements for the entities in which they invest, prior to investing. Audited financial statements were not provided to investors prior to investing.
79. Audited financial statements for the Horizon entities were material because they would have shown that contrary to representations made to investors, the entities were operating at a loss rather than a profit.
80. As a result, the securities sold by Hamilton fail to qualify for the exemption from registration provided by Regulation D, rendering the securities unregistered, in violation of section 61-1-7 of the Act.

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<sup>10</sup>Accredited investors are defined in Rule 501 of Regulation D. See <http://www.sec.gov/answers/accred.htm>

**FIRST CAUSE OF ACTION**

**Misrepresentations and Omissions of Material Facts under § 61-1-1(2) of the Act**

81. Hamilton violated Section 61-1-1(2) of the Act by misrepresenting and omitting material facts as described herein in connection with the offer and sale of the Horizon Notes.

**SECOND CAUSE OF ACTION**

**Selling Away and Engaging in an Act, Practice, Course of Business Operating as a Fraud under § 61-1-1(3) of the Act**

82. By holding himself out as a “financial advisor” and selling Horizon Notes to credit union customers who understood the Horizon Notes to be legitimate investments approved by and sold through the credit unions, Hamilton engaged in an act, practice, or course of business which operated as a fraud upon the investors, the credit unions, Galileo, and his employing broker-dealer BIFS, and in so doing exposed the credit unions, Galileo, and BIFS to civil liability.

**THIRD CAUSE OF ACTION**

**Unlicensed Agent Under § 61-1-3 of the Act**

83. The only entity through which Hamilton was ever licensed to sell securities was BIFS.
84. As described herein, Hamilton conducted securities transactions through and was paid compensation by the insurance agency, which was not licensed as a broker-dealer.
85. Moreover, during the brief time he was licensed, Hamilton’s Series 6 license limited his securities activities to selling mutual funds and variable insurance products through BIFS.
86. Accordingly, each offer or sale of the Horizon Notes by Hamilton violated Section 61-1-3(1) of the Act.
87. In addition, Hamilton recommended that certain investors, T.C., R.R., D.R., P.T., and G.H. liquidate securities held in their existing accounts in order to purchase the Horizon

Notes, which constitutes further unlicensed activity in violation of Section 61-1-3(1) of the Act.

**FOURTH CAUSE OF ACTION**  
**False Statements to Division Under § 61-1-16 of the Act**

88. Hamilton's Form U4, a document filed with the Division through CRD, was false and misleading at the time it was filed because it failed to disclose Hamilton's business activities with Horizon, and significantly, did not disclose that Hamilton was receiving securities compensation from Randall's agency, rather than the broker-dealer with which he was licensed.

**FIFTH CAUSE OF ACTION**  
**Sale of Unregistered Securities Under § 61-1-7 of the Act**

89. As set forth above, Hamilton sold unregistered securities to investors in violation of Section 61-1-7 of the Act.

**REQUEST FOR RELIEF**

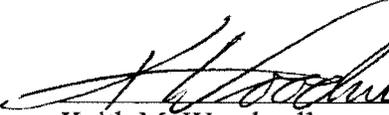
The Director, pursuant to Utah Code Ann. § 61-1-20, hereby orders the Respondent to appear at a formal hearing to be conducted in accordance with Utah Code Ann. §§ 63G-4-202 and 63G-4-204 through -209, and held before the Division. As set forth in the Notice of Agency Action accompanying this Order, Respondents are required to file a written response with the Division, and an initial hearing on this matter has been scheduled for January 29th, 2013 at 9 a.m. The initial hearing will take place at the Division of Securities, 2<sup>nd</sup> 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

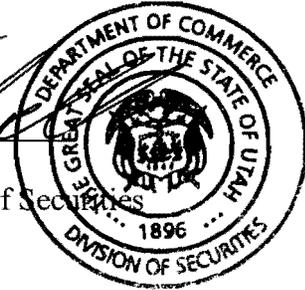
issued, and a fine may be imposed against Respondent, as provided by Utah Code Ann. §§ 63G-4-206 or -209.

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, or any other section of the Act;
3. Why Respondent should not be barred from associating with a broker-dealer or investment adviser licensed in Utah; and
4. Why Respondent should not be ordered to pay a fine to the Division in the amount of \$75,000.00.

Dated this 18<sup>th</sup> day of December, 2012

  
Keith M. Woodwell  
Director, Utah Division of Securities



Approved:



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D. Scott Davis  
Assistant Attorney General

Division of Securities  
Utah Department of Commerce  
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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:**

**DEAN A. HAMILTON, CRD#5089531**

**Respondent.**

**NOTICE OF AGENCY ACTION**

**Docket No.**

SP-12-0078

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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) 366-0310

An initial hearing in this matter has been set for January 29, 2012 at the Division of Securities, 2<sup>nd</sup> Floor, 160 East 300 South, Salt Lake City, Utah, at 9 a.m. The purpose of the initial hearing is to enter a scheduling order addressing discovery, disclosure, and other deadlines,

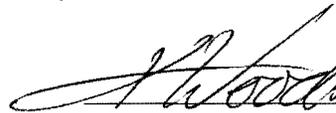
including pre-hearing motions, and to set a hearing date to adjudicate the matter alleged in the Order to Show Cause.

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 Jonnson, Utah Department of Commerce, 160 East 300 South, P.O. Box 146701, Salt Lake City, UT 84114-6701, telephone (801) 530-6706. This adjudicative proceeding will be heard by Ms. Jonnson and the Utah Securities Commission. At any hearings, the Division will be represented by the Attorney General's Office. 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 18<sup>th</sup> day of December, 2012



Keith M. Woodwell  
Director, Division of Securities



**Certificate of Mailing**

I certify that on the 18<sup>th</sup> day of December, 2012, I mailed, by certified mail, a true and correct copy of the Notice of Agency Action and Order to Show Cause to:

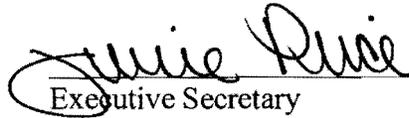
Kevin C. Timken

KRUSE LANDA MAYCOCK & RICKS, LLC

136 East South Temple, 21st Floor

Salt Lake City, Utah 84111

Counsel For Respondent

  
Executive Secretary