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: **SCOTT L. STEINMETZ** **Respondent.**	**STIPULATION AND CONSENT ORDER** **Docket No. SD-13-0013**

The Utah Division of Securities ("Division"), by and through its Director of Enforcement, Dave R. Hermansen and the Respondent, Scott L. Steinmetz ("Respondent" or "Steinmetz"), hereby stipulate and agree as follows:

1. 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 February 5, 2013, the Division initiated an administrative action against Respondent by filing an 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 Respondent pertaining to the 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 voluntarily agrees to the entry of the Order set forth below. No promises or other agreements have been made by the Division, nor by any representative of the Division, to induce Respondent to enter into this Order, other than as described in this Order.

7. Respondent is represented by attorney Nathan D. Miller and is satisfied with the legal representation he has received.

I. FINDINGS OF FACT

8. Steinmetz is an insurance agent licensed in Utah. He has never been licensed in the securities industry in any capacity.

9. During the period relevant to this action, Steinmetz was affiliated as an insurance agent with Horizon Financial and Insurance Group, Inc.[1] ("insurance agency"), a general insurance agent for Union Central Life Insurance Company. The insurance agency was owned and controlled by Dee Allen Randall ("Randall").

Dee Randall and the Horizon Companies

10. Steinmetz and others referred their insurance clients to Randall, who offered private placement securities investments in "Horizon Notes" which, as used herein collectively refers to promissory notes issued by various companies owned and controlled by Randall. Those companies include, but are not limited to, Horizon Auto Funding, LLC, Horizon

[1]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.

Financial Center I, LLC, and Horizon Mortgage and Investment, Inc. dba Independent Financial & Investment (collectively referred to at times as "the Horizon entities").

11. In addition to selling insurance, Randall, through the Horizon entities and Horizon Notes, purported to offer private placement securities investments[2] in commercial and residential property development and rentals, as well as an automobile loan business for individuals with poor credit.

12. Unknown to Steinmetz, the Horizon entities operated as a Ponzi scheme run by Randall[3] 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 Steinmetz.

Referrals to Randall

13. Between 2005 and 2009, Steinmetz referred a number of his insurance clients, including his mother, to Randall to discuss investing in the Horizon Notes.

14. The Horizon Notes are securities under the Act.

15. Steinmetz arranged and attended most of the meetings his clients had with Randall.

16. Of the clients who met with Randall, eleven made investments in the Horizon Notes.

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[2]The Horizon Notes were purportedly sold in reliance on Rule 506 of Regulation D of the 1933 Securities Act.

[3]On December 18, 2012, the Division filed an Order to Show Cause against Randall and the Horizon entities, which action is currently pending. For additional information, see: http://securities.utah.gov/dockets/12007901.pdf

17. None of the notes were sold through a licensed broker-dealer. Steinmetz assisted clients with the paper work required to transfer their monies from existing accounts into the Horizon investments.

18. Steinmetz's clients' investments totaled approximately $517,000, a majority of which consisted of retirement monies.

19. Steinmetz and other agents 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.[4] Some of the payments were documented in the insurance agency records as "commission bonus" or "marketing bonus" or otherwise.

20. Steinmetz received at least $6,600 in direct compensation for the sales of the Horizon Notes.

21. Interest payments due to investors under the Horizon Notes began to arrive late in 2009 or 2010, and payments to most investors ceased entirely in 2010.[5]

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[4]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.

[5]Randall declared a personal Chapter 11 bankruptcy on December 20, 2010. Following a September 2011 hearing in which Randall admitted commingling monies among the Horizon entities, a Trustee (the "Trustee") was appointed. The Trustee subsequently filed a Chapter 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.

II. CONCLUSIONS OF LAW

22. At no time was Steinmetz licensed to offer or sell securities such as the Horizon Notes. In soliciting investors and receiving compensation for the sales of the Horizon Notes, Steinmetz acted as an unlicensed agent in violation of Section 61-1-3(1) of the Act.

III. REMEDIAL ACTIONS/SANCTIONS

23. Respondent neither admits nor denies the Division's findings and conclusions, but consents to the sanctions below being imposed by the Division.

24. Respondent represents that the information he has provided to the Division as part of the Division's investigation is accurate and complete.

25. Respondent agrees to cease and desist from violating the Act and to comply with the requirements of the Act in all future business in this state.

26. Respondent agrees to disgorge $6,600 in commissions he received for sale of the Horizon Notes, and to make payment in that amount to the Trustee for distribution to investors as part of the bankruptcy estate.

27. Pursuant to Utah Code Ann. Section 61-1-20, and in consideration of the guidelines set forth in Utah Admin. Code Rule R164-31-1, Respondent shall pay a fine in the amount of $3,000 to the Division.

28. Respondent shall pay the disgorgement of commissions and fine as follows: (i) $5,000 of the disgorgement within thirty (30) days of entry of the Order; and (ii) the remaining $1,600 of disgorgement and, thereafter, the $3,000 fine in 24 equal monthly installments of $191.66 beginning on the sixtieth (60th) day following entry of the Order.

29. Respondent agrees that he will provide truthful testimony and cooperation, including

production of documents and providing information informally without the necessity of a subpoena or other process, in any state or federal investigation (including investigations conducted by or actions filed by the Trustee) involving Randall, the Horizon entities, and any individuals under investigation as a result of their affiliation with Randall and/or the Horizon entities.

IV. FINAL RESOLUTION

30. 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.

31. 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 on, and do not bar, this administrative action by the Division against him.

32. 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 13 day of MAY, 2013

Dave R. Hermansen
Director of Enforcement
Utah Division of Securities

Dated this 30 day of May, 2013

Scott L. Steinmetz

Approved:

Paul G. Amann
Assistant Attorney General

Approved:

Nathan D. Miller
Attorney for Respondent

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. Respondent shall cease and desist from violating the Act and comply with the requirements of the Act in all future business in this state.
3. Respondent agrees to disgorge $6,600 in commissions he received for sale of the Horizon Notes, and to make payment in that amount to the Trustee for distribution to investors as part of the bankruptcy estate.
4. Pursuant to Utah Code Ann. Section 61-1-20, and in consideration of the guidelines set forth in Utah Admin. Code Rule R164-31-1, Respondent shall pay a fine in the amount of $3,000 to the Division.
5. Respondent shall pay the disgorgement of commissions and fine according to the schedule as set forth above in paragraph 28.
6. Respondent shall provide truthful testimony and cooperation, including production of documents and providing information informally without the necessity of a subpoena or other process, in any state or federal investigation (including investigations conducted by or actions filed by the Trustee) involving Randall, the Horizon entities, and any individuals under investigation as a result of their affiliation with Randall and/or the Horizon entities.

BY THE UTAH SECURITIES COMMISSION:

DATED this_____day of _____ , 2013

_____
Brent Baker

_____
Tim Bangerter

_____
Jane Cameron

_____
Erik Christiansen

_____
Laura Polacheck

BY THE UTAH SECURITIES COMMISSION:

The foregoing Stipulation and Consent Order is hereby accepted, confirmed and approved by the Utah Securities Commission.

DATED this 30 day of May, 2013.

Tim Bangerter

Gary Cornia

Erik Christiansen

Brent Baker

David A. Russon

Certificate of Mailing

I certify that on the 30th day of May, 2013, I mailed, by certified mail, a true and correct copy of the fully executed Stipulation and Consent Order to:

Nathan D. Miller
Attorney for Scott Steinmetz
311 S. State, Ste. 380
Salt Lake City, UT 84111

Certified Mail # 7007 0220 0001 0064 7291

Maria Lohse
Executive Secretary

7007 0220 0001 0064 7291

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Nathan D. Miller
Attorney for Scott Steinmetz
311 S. State, Ste. 380
Salt Lake City, UT 84111

PS Form 3800, August 2006 See Reverse for Instructions