

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**

IN THE MATTER OF:

**LANDMARK FINANCIAL SERVICES, LLC,
LANDMARK REO CLUB, LLC,
TRENT D. WILLIAMS, and
DANIEL BRYCE PRESCOTT,**

Respondents.

ORDER TO SHOW CAUSE

Docket No. SD-13-0033
Docket No. SD-13-0034
Docket No. SD-13-0035
Docket No. SD-13-0036

It appears to the Director of the Utah Division of Securities (Director) that Landmark Financial Services, LLC; Landmark Reo Club, LLC; Trent D. Williams; and Daniel Bryce Prescott (collectively, 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 Respondents 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. Landmark Financial Services, LLC (LFS) is a Utah limited liability company that registered with the Utah Division of Corporations (Corporations) on May 13, 2009. As of August 20, 2012, its status changed to “expired.” While active, the managers of LFS were M. Parker Management, LLC¹ and Landmark Investment Group, LC.² LFS has never registered with the Division in any capacity.
3. Landmark Reo Club, LLC (LRC) is a Utah limited liability company that registered with Corporations on September 8, 2008. As of January 14, 2013, LRC’s status is listed as “expired.” While active, M. Parker Management, LLC¹ and Landmark Investment Group, LC² served as managers of the entity. LRC has never registered with the Division in any capacity.
4. Trent D. Williams (Williams) was, at all relevant times, a resident of the state of Utah. Williams has never been licensed in the securities industry in any capacity.
5. Daniel Bryce Prescott (Prescott) was, at all relevant times, a resident of the state of Utah.

¹ The sole member of M. Parker Management, LLC is Daniel Bryce Prescott.

² Landmark Investment Group, LC is a Utah limited liability company that registered with Corporations on May 13, 2009. Its status is currently listed as expired. While active, Trent D. Williams served as manager of that entity.

Prescott has never been licensed in the securities industry in any capacity.

GENERAL ALLEGATIONS

6. From January 2009 to August 2009, Respondents offered and sold securities, in or from Utah, to two investors and collected a total of \$607,000.
7. Respondents made material misstatements and omissions in connection with the offer and sale of securities to the investors identified below.
8. The investors lost \$360,000 of their investment funds.

INVESTOR S.P.

FIRST OFFER AND SALE OF A SECURITY

9. In or around January 2009, S.P., a resident of Costa Rica, learned about an investment opportunity in LFS and LRC through her boyfriend, E.M.
10. Specifically, E.M. provided S.P. with information about Williams and Prescott, the principals of LFS and LRC, and explained that the investment involved foreclosed real estate.
11. Sometime thereafter, Williams contacted S.P. by email from his office in Salt Lake County, Utah. The email described the operations of LFS and LRC, as well as the investment opportunity. In addition, it provided S.P. with a link to the LFS website.
12. Sometime thereafter, S.P. participated in several telephone calls whereby Williams and Prescott discussed the investment opportunity in greater detail.
13. On or around April 1, 2009, Williams sent S.P. an email, with a copy to Prescott. The email included two documents entitled “Escrow Instructions” and “Reo Acquisition and

Finance Agreement.” Both documents are dated April 1, 2009 and are signed by Williams and S.P.

14. According to the document entitled “Escrow Instructions,” LRC would use S.P.’s \$300,000 investment to purchase certain assets on S.P.’s behalf, or, in the alternative, S.P. would purchase said assets from LRC.
15. Through the “Reo Acquisition and Financing Agreement,” Williams made the following statements concerning S.P.’s \$300,000 investment with LRC:
 - a. LRC would purchase properties in certain geographic locations, as set forth in the document;
 - b. In return, S.P. would receive a monthly fee of five percent of the total amount invested; and
 - c. LRC would provide S.P. with a first priority security interest in the collateral to secure repayment of the investment.
16. Based on these representations, S.P. invested \$300,000 with LRC on or around April 6, 2009. Specifically, the funds were wire transferred into LRC’s account at Zions Bank on that date.
17. More than three months later, Williams sent an email to S.P. explaining that he had an attorney draft an agreement to govern S.P.’s investment going forward.
18. Williams also stated that this agreement would “put [S.P.] in a better place” to take advantage of this country’s favorable view of foreign investments.
19. The email included the agreement as an attachment entitled “Commercial Loan and

Security Agreement,” dated July 6, 2009. Williams signed the agreement on behalf of LFS, rather than LRC.

20. The “Commercial Loan and Security Agreement,” marked confidential, provides greater detail and disclosures regarding the \$300,000 investment and includes the following language:
 - a. The investment is “speculative and involves substantial risk”;
 - b. The investment has not been “registered under any federal or state securities laws”;
 - c. “[S.P.] has not received any investment advice from [LFS] or any of its affiliates”; and
 - d. “[S.P.] has a prior relationship with [LFS] and its affiliates and did not receive any information regarding [LFS] on an unsolicited basis or by means of a general solicitation.”
21. The “Commercial Loan and Security Agreement” also refers to a security interest in certain collateral; however, the exhibit included for the purpose of defining such collateral fails to list anything to secure the investment.
22. At no time did S.P. receive an interest in any real property to secure her investment.
23. With respect to the use of funds, a first in, first out analysis reveals that Williams and Prescott, as authorized signers on the account, used S.P.’s \$300,000 investment in the following manner:

Categorized Expenses:

- a. \$1,938.79 in credit card payments;
- b. \$1,484.26 in cash withdrawals;
- c. \$793.74 in personal care;
- d. \$232.79 in food and dining expenses;
- e. \$106.16 in shopping expenses;
- f. \$69.92 in bank fees; and
- g. \$116,447.80 in counter check withdrawals.

Uncategorized Expenses:

- h. \$87,260.00 paid to Title Services of Florida;
- i. \$34,904.25 paid to Reo Clearing;
- j. \$33,250.00 paid to a separate account for Landmark Reo Club;
- k. \$6,478.71 paid to the entity S.P. created for purposes of this investment;
- l. \$5,000 paid to Blue River;
- m. \$3,610.73 paid to B&K Consulting;
- n. \$3,300.00 paid to Clear Horizons Financial Inc.;
- o. \$1,382.46 paid to Blanka Uhrovckova;³
- p. \$1,000.00 paid to Rob Lusk Consulting Services;
- q. \$905.05 paid to 6338465, NB Inc.;

³ A portion of S.P.'s funds were transferred to a bank account entitled "Good Livin Inc." Corporate Consulting Group, LLC was the registered agent of Good Livin Inc. and Blanka Uhrovckova, Williams's wife, served as an officer and director of that company. Both Williams and Uhrovckova had signatory authority over the account.

- r. \$750.00 paid to Wendy;
- s. \$342.19 paid to Rachel K.;
- t. \$324.75 paid to Full of Pepper;
- u. \$141.00 paid to Gayle Riley;
- v. \$100.00 transferred to another account;
- w. \$52.40 paid to Living Cuisine; and
- x. \$15.00 paid to Bluelasertech@hawaii.r.

SECOND OFFER AND SALE OF A SECURITY

24. In or around April 2009, Williams and Prescott, along with two other men, traveled to Costa Rica to meet with S.P. and discuss the investment in greater detail. During that visit, Williams and Prescott made the following representations regarding an additional investment in LFS and LRC:
- a. LFS and LRC purchased foreclosed properties throughout the United States;
 - b. The companies make improvements on these properties and sell them for a profit;
 - c. S.P.'s investment would be used to purchase more foreclosed properties;
 - d. S.P. would receive monthly interest payments for her investment;
 - e. If desired, S.P. could opt to receive ownership of the properties, rather than receive interest payments;⁴ and
 - f. There was very little risk to the investment because LRC could sell a portion of the many properties it owned if it encountered financial difficulties.

⁴ S.P. did not opt to receive an ownership interest in the properties. She elected to receive interest payments instead.

25. Based on these representations, S.P. invested an additional \$250,000 on July 29, 2009. Specifically, S.P. wired the full amount to LFS's account at Zions Bank on that date.
26. In exchange for the investment funds, S.P. received a document entitled "Commercial Loan and Security Agreement." That contract is dated August 1, 2009 and signed by Williams on behalf of LFS.
27. The "Commercial Loan and Security Agreement" contains the following terms and disclosures:
 - a. The investment amount is \$250,000 and will accrue interest at a rate of 5% per month;
 - b. The investment is to be secured by the collateral defined in an exhibit to the agreement; however the exhibit does not list any collateral;
 - c. The investment is "speculative and involves substantial risk";
 - d. The investment has not been "registered under any federal or state securities laws";
 - e. "[S.P.] has not received any investment advice from [LFS] or any of its affiliates; and
 - f. "[S.P.] has a prior relationship with [LFS] and its affiliates and did not receive any information regarding [LFS] on an unsolicited basis or by means of a general solicitation."
28. A first in, first out analysis of the bank records reveals that Williams and Prescott used S.P.'s funds from her \$250,000 investment in the following manner:

Categorized Expenses:

- a. \$3,015.13 in car payments;
- b. \$1,522.00 in cash withdrawals;
- c. \$1,280.07 in shopping expenses;
- d. \$1,201.24 in healthcare-related expenses;
- e. \$1,077.38 in utilities;
- f. \$943.51 in entertainment expenses;
- g. \$732.97 in food and restaurant expenses;
- h. \$388.15 in bank and service fees;
- i. \$297.60 in television expenses;
- j. \$145.39 in gas and fuel;
- k. \$134.14 in personal care;
- l. \$127.01 in credit card payments;
- m. \$56.96 in home improvements; and
- n. \$38.95 in car service and parts.

Uncategorized Expenses:

- o. \$125,430.77 paid to Landmark Investment Group;
- p. \$24,114.39 paid to Reo Clearing,
- q. \$20,838.50 paid to Laflesch Realty LLC;
- r. \$15,360.00 paid to Mountain High Finance, LLC;
- s. \$13,000.00 paid to David Jenkins;

- t. \$10,861.50 paid to the entity S.P. created for purposes of this investment;
- u. \$7,386.99 paid to GBG Capital Leasing;
- v. \$5,000.00 paid to Landmark Reo Club;
- w. \$5,000.00 paid to B&K Consulting;
- x. \$4,000.00 paid to M. Parker Management;⁵
- y. \$3,500.00 paid to Rob Lusk Consulting Services;
- z. \$1,180.00 paid to Michael Tescano;
- aa. \$1,000.00 paid to Vaughn Street LLC;
- bb. \$500.00 paid to Annie Prescott;
- cc. \$446.00 paid to Robert Moreno;
- dd. \$408.99 paid to 6338465, NB Inc.;
- ee. \$400.00 paid to Souleence;
- ff. \$264.71 paid to O Shea Management LLC;
- gg. \$120.00 paid to Carrie Butler;
- hh. \$64.08 paid to The Childr;
- ii. \$56.25 paid to MD Diet of Salt Lake;
- jj. \$50.00 paid to Linda Kellman;
- kk. \$50.00 paid to Andrea Gallegos; and
- ll. \$7.32 paid to Over the T.

⁵ M. Parker Management is a company in which Prescott serves as sole member.

THIRD OFFER AND SALE OF A SECURITY

29. On November 10, 2009, Williams contacted S.P. via email, inquiring as to whether she would be willing to lower the previously agreed upon interest rate from 5% to 2% of her total investment. Williams stated that the reduction would work better for the company. The alternative would be for Williams to return S.P.'s investment as he liquidates properties.
30. On November 22, 2009, S.P. responded to Williams's email agreeing to the interest rate reduction in lieu of cancelling her investment.
31. Sometime thereafter, S.P. received another document entitled "Commercial Loan and Security Agreement" dated December 1, 2009. The document, signed by Williams, is similar to the prior two agreements, dated July 6, 2009 and August 1, 2009, with the exception of the modified interest rate.
32. Until September 2010, S.P. received the agreed upon monthly interest payments from Williams and Prescott. In total, she received a return of \$247,000 from her \$550,000 investment.

INVESTOR B.T.

33. In or around August 2009, B.T. learned about an investment opportunity in LFS through a friend, D.F.
34. Specifically, B.T., D.F., Prescott, and Brent Rose (Rose), an employee of LFS, participated in a conference call in August 2009, whereby Prescott offered B.T. an investment opportunity involving the purchase of seven properties located in various

parts of the country.

35. Prescott and Rose placed the call from their office in Salt Lake County, Utah.
36. While on the conference call, Prescott provided B.T. with the website address for LFS, which included general information about LFS and its owners, including educational background and accomplishments.
37. Prescott also made the following statements regarding the investment opportunity in LFS:
 - a. B.T.'s funds would be used to purchase a package of seven properties;
 - b. All of the properties in the package would sell within three to nine months;
 - c. All of the properties in the package would sell for over \$20,000, which would result in a profit of approximately \$10,000 per property;
 - d. For an extra fee, a third party management company would handle the financing involved with the sale of the properties and the maintenance requirements of the properties, including lot and building maintenance;
 - e. In the event of a natural disaster that impacted the properties, B.T. would be able to sell the land for an amount equal to his purchase price; and
 - f. Once buyers were found for the properties, B.T. could either sell the notes to the properties outright or retain the notes and act as a bank, collecting payments on the properties.
38. Several days later, Rose contacted B.T. to let him know that the package of seven properties was ready for purchase.
39. Rose also provided wire instructions and informed B.T. that B.T. would be required to

establish a limited liability company to invest, as LFS only accepted “business to business” transactions.

40. Following that conversation, B.T. established a limited liability company for the purpose of effecting the transaction.
41. Based on Prescott’s representations, as described above, B.T. invested \$57,000 with LFS on August 17, 2009. Specifically, B.T. wired that amount to the LFS account at Zions Bank.
42. In exchange for the investment, B.T. received a document entitled “Real Estate Purchase and Sale Agreement,” dated August 12, 2009. The document lists LFS as the seller and B.T. as the buyer. It also includes an addendum listing the addresses and purchase prices for the seven properties.
43. In addition, the document includes two exhibits, labeled “Form of Bill of Sale” and “Management Agreement.” The “Form of Bill of Sale” is dated August 18, 2009 but unsigned, and the “Management Agreement,” which lists Landmark Mortgage Servicing, LLC as manager, is similarly dated August 18, 2009.
44. With respect to the use of funds, a first in, first out analysis reveals that Prescott and Williams, as authorized signers on the account, used B.T.’s funds in the following manner:
 - a. \$21,625.00 to Reo Clearing;
 - b. \$21, 021.29 to the entity S.P., the prior investor, created in connection with her investment; and

- c. \$14,353.71 to Landmark Investment Group.
- 45. Sometime after the investment, B.T. received notification that the management company no longer managed the properties. B.T. then received a mailing from LFS that included copies of several deeds, none of which were recorded in his name.
- 46. B.T. has never received marketable title to any of the seven properties.
- 47. To date, B.T. has not received any payments from LFS.

CAUSES OF ACTION

Securities Fraud under § 61-1-1 of the Act (Investor S.P.)

- 48. The Division incorporates and re-alleges paragraphs 1 through 47.
- 49. The investment opportunities offered and sold by Respondents are securities under § 61-1-13 of the Act.
- 50. In connection with the first offer and sale of securities to investor S.P., Williams, directly or indirectly, made false statements, including, but not limited to, the following:
 - a. LRC would use S.P.'s funds to purchase foreclosed properties in certain pre-defined locations, when in fact, Williams and Prescott used the funds for other expenses, including personal expenses; and
 - b. S.P. would receive a first priority security interest in the collateral used to secure repayment of the investment, when in fact, S.P. received none.
- 51. In connection with the second offer and sale of securities to investor S.P., Williams and Prescott, directly or indirectly, made false statements, including, but not limited to, the

following:

- a. S.P.'s investment would be used to purchase additional foreclosed properties, when in fact, Williams and Prescott used the funds for other expenses, including personal expenses.
52. In connection with the offers and sales of securities to investor S.P., 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 not misleading:
- a. Williams and Prescott would use S.P.'s funds to pay personal expenses;
 - b. In connection with the second offer and sale of securities, Williams and Prescott had misused S.P.'s first investment of \$300,000;
 - c. In connection with the third offer and sale of securities, Williams and Prescott had misused S.P.'s first and second investments of \$300,000 and \$250,000, respectively;
 - d. In 2005, Prescott filed for Chapter 7 bankruptcy relief in United States Bankruptcy Court for the District of Utah;⁶
 - e. In 2006, Prescott was ordered to pay \$7,944 for unpaid child support;⁷ and
 - f. Some or all of the information typically provided in an offering circular or prospectus regarding Respondents or an investment in LFS and/or LRC, such as:
 - i. Financial statements;

⁶ *In re Prescott*, Case No. 05-38593 (Bankr. D. Utah 2005).

⁷ *Child Supp Services Office of Recovery Services v. Daniel Bryce Prescott*, Case No. 066901400, Third Judicial District Court of Utah (2006).

- ii. Risk factors;
- iii. Suitability factors for the investment;
- iv. Whether the investment was a registered security or exempt from registration; and
- v. Whether Respondents were licensed to sell securities.

**Securities Fraud under § 61-1-1 of the Act
(Investor B.T.)**

- 53. The Division incorporates and re-alleges paragraphs 1 through 47.
- 54. The investment opportunities offered and sold by Prescott are securities under § 61-1-13 of the Act.
- 55. In connection with the offer and sale of securities to investor B.T., Prescott, directly or indirectly, made false statements, including, but not limited to, the following:
 - a. B.T.'s investment funds would be used to purchase a package of seven properties, when in fact, they were used for other expenses, including personal expenses and an interest payment to investor S.P.;
 - b. All of the properties in the package would sell within three to nine months, when in fact, Prescott had no reasonable basis for making such a statement;
 - c. B.T. would profit roughly \$10,000 per property, when in fact, Prescott had no reasonable basis for making such a statement;
 - d. In the event of a natural disaster, B.T. would be able to sell the land for an amount equal to his purchase price, when in fact, Prescott had no reasonable basis for

making such a statement; and

- e. Once buyers were found for the properties, B.T. could either sell the notes on the properties outright or retain the notes and act as a bank, collecting payments on the properties, when in fact, Prescott had no reasonable basis for making such a statement.

56. In connection with the offer and sale of a security to investor S.P., Prescott, directly or indirectly, failed to disclose material information, including, but not limited to, the following, which was necessary in order to make statements made not misleading:

- a. B.T.'s funds would be used to pay investor S.P.;
- b. Prescott and Williams had misused investor S.P.'s funds;
- c. In 2005, Prescott filed for Chapter 7 bankruptcy relief in United States Bankruptcy Court for the District of Utah;⁸
- d. In 2006, Prescott was ordered to pay \$7,944 for unpaid child support;⁹ and
- e. Some or all of the information typically provided in an offering circular or prospectus regarding Respondents or an investment in LFS and LRC, such as:
 - i. Financial statements;
 - ii. Risk factors;
 - iii. Suitability factors for the investment;
 - iv. Whether the investment was a registered security or exempt from

⁸ *In re Prescott*, Case No. 05-38593 (Bankr. D. Utah 2005).

⁹ *Child Supp Services Office of Recovery Services v. Daniel Bryce Prescott*, Case No. 066901400, Third Judicial District Court of Utah (2006).

registration; and

- v. Whether Prescott was licensed to sell securities.

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, August 7, 2013 at 9:00 a.m.**, at the office of the Utah Division of Securities, located in the Heber Wells Building, 160 East 300 South, 2nd 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 and 61-1-3, or any other section of the Act;
- c. Why Respondents should not be barred from (i) associating with any broker-dealer or investment adviser licensed in Utah; (ii) acting as an agent for any issuer soliciting investor funds in Utah, and (iii) from being licensed in any

capacity in the securities industry in Utah; and

- d. 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 27th day of June, 2013.


KEITH WOODWELL
Director, Utah Division of Securities



Approved:



PAUL AMANN
Assistant Attorney General
M.E.


D.H.