

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:

IRA SORENSEN, CRD#4768540

Respondent.

ORDER TO SHOW CAUSE

Docket No. 13-0039

It appears to the Director ("Director") of the Utah Division of Securities ("Division") that Respondent Ira Sorensen ("Sorensen"), CRD#4768540, 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 Section 61-1-20(1) of the Act.

STATEMENT OF FACTS

1. Sorensen is a Utah resident and insurance agent licensed in Utah.
2. From May 2004 through January 2008, Larsen was licensed in Utah as a broker-dealer agent of MML Investors Services, Inc. ("MML"), CRD#10409. He has not been licensed in the securities industry in any capacity since that time.
3. Sorensen has taken and passed the FINRA Series 6, Investment Company/Variable Contracts Limited Representative Examination, and Series 63, Uniform Securities Agent

State Law Examination.

4. With the exception of the period between May 2004 and January 2008, Sorensen was not licensed to offer or sell any securities products. Moreover, the Series 6 license held by Sorensen during that period limited his securities activities to mutual funds and variable annuities. In addition, Sorensen's authorized securities activities were restricted to products reviewed and approved for sale by his broker-dealer, MML.

Dee Randall and the Horizon Companies

5. During the period relevant to this action, Sorensen 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").
6. Sorensen 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 Financial Center I, LLC, and Horizon Mortgage and Investment, Inc. dba Independent Financial & Investment (collectively referred to at times as "the Horizon entities").
7. In addition to selling insurance, Randall, through the Horizon entities and Horizon Notes,

¹This 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.

purported to offer private placement securities investments² in commercial and residential property development and rentals, as well as an automobile loan business for individuals with poor credit.

8. The Horizon entities operated as a Ponzi scheme run by Randall³ 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 Sorensen.

Referrals to Randall

9. Between 2006 and 2009, Sorensen referred many of his insurance clients, including his parents, to Randall to discuss investing in the Horizon Notes.
10. The Horizon Notes are securities under the Act.
11. Sorensen arranged and attended some of the meetings his clients had with Randall.
12. Of the clients referred by Sorensen, twenty invested in the Horizon Notes.
13. None of the notes were sold through a licensed broker-dealer. Sorensen assisted some clients with the paper work required to transfer their monies from existing accounts into the Horizon investments.
14. Sorensen's clients' investments totaled approximately \$1,660,000, a majority of which consisted of retirement monies. Some of the monies also came from inheritances

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

³On 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>

received by the clients.

15. Sorensen 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 “agent allowance,” “bonus” or “commission bonus.”
16. In a recorded interview with the Division, Sorensen acknowledged receiving approximately \$20,000 in compensation for the referrals.
17. Sorensen and other agents who referred investors to Randall also received indirect compensation through rent-free use of office space in buildings owned by Randall.

Selling Away

18. Sorensen made referrals to Randall during the period he was a licensed broker-dealer agent of MML and was compensated for at least one transaction while so licensed. MML was not aware of and had not approved those activities. Sorensen’s Form U4⁵ failed to disclose his securities activities with Horizon.
19. Interest payments due to investors under the Horizon Notes began to arrive late in 2009 or

⁴Such 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.

⁵The 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.

2010, and payments to most investors ceased entirely in 2010.⁶

FIRST CAUSE OF ACTION

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

20. By accepting compensation for a securities transaction from an entity other than his employing broker-dealer, MML, Sorensen engaged in an act, practice, or course of business operating as a fraud upon the investor and MML and in so doing exposed MML to civil liability.

SECOND CAUSE OF ACTION

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

21. At no time was Sorensen licensed to offer or sell securities such as the Horizon Notes. In soliciting investors and receiving compensation for the sales of the Horizon Notes, Sorensen acted as an unlicensed agent in violation of Section 61-1-3(1) of the Act.
22. Moreover, during the period he was licensed, Sorensen's Series 6 license limited his securities activities to selling mutual funds and variable insurance products through MML.

REQUEST FOR RELIEF

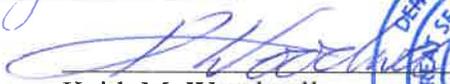
The Director, pursuant to Utah Code Ann. § 61-1-20, hereby orders the Respondent to appear at a formal hearing to be conducted in accordance with Utah Code Ann. §§ 63G-4-202 and 63G-4-204 through -209, and held before the Division. As set forth in the Notice of Agency Action accompanying this Order, Respondent is required to file a written response with the

⁶Randall 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.

Division, and an initial hearing on this matter has been scheduled for October 22, 2013 at 9:00 a.m. The initial hearing will take place at the Division of Securities, 2nd 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:

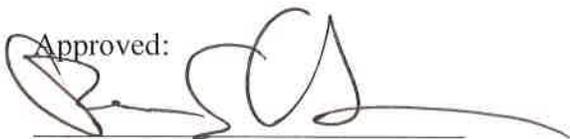
1. Why Respondent should not be found to have engaged in the violations of the Act as alleged by the Division in this Order to Show Cause;
2. Why Respondent should not be ordered permanently to cease and desist from engaging in any further conduct in violation of Utah Code Ann. § 61-1-1, -3, or any other 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 \$30,000.00.

Dated this 27th day of August, 2013


Keith M. Woodwell
Director, Utah Division of Securities



Approved:



Paul G. Amann
Assistant Attorney General

Division of Securities
Utah Department of Commerce
160 East 300 South, 2nd Floor
Box 146760
Salt Lake City, UT 84114-6760
Telephone: (801) 530-6600

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OF THE STATE OF UTAH**

IN THE MATTER OF:

IRA SORENSEN, CRD#4768540

Respondent.

NOTICE OF AGENCY ACTION

Docket No. 13-0039

THE DIVISION OF SECURITIES TO THE ABOVE-NAMED RESPONDENT:

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). Pursuant to Utah Admin. Code Rule R164-18-6(C) and Utah Code Ann. § 63G-4-202(3), the Division Director finds that it is in the public interest and does not unfairly prejudice the rights of any party to convert this adjudicative matter from an informal to formal proceeding, which 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 Maria Lohse
Utah Division of Securities
160 E. 300 South, 2nd Floor
Box 146760
Salt Lake City, UT 84114-6760
(801) 530-6600

A copy to:

Paul G. Amann
Assistant Attorney General
Utah Division of Securities
160 East 300 South, 5th Floor
Salt Lake City, UT 84114-0872
(801) 366-0310

An initial hearing in this matter has been set for October 22, 2013 at the Division of Securities, 2nd Floor, 160 East 300 South, 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 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 Judge 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 Paul G. Amann, Assistant Attorney General, 160 E. 300 South, 5th Floor, Box 140872, Salt Lake City, UT 84114-0872, Tel. No. (801) 366-0196.

Dated this 27th day of August, 2013



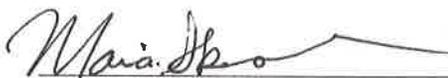
Keith M. Woodwell
Director, Division of Securities



Certificate of Mailing

I certify that on the 27th day of August, 2013, I mailed, by certified mail, a true and correct copy of the Notice of Agency Action and Order to Show Cause to: 70070220 000100656897

Ira J. Sorensen
10808 South River Front Parkway, #311
South Jordan, UT 84095



Executive Secretary