

**ADMINISTRATIVE PROCEEDING  
BEFORE THE  
SECURITIES COMMISSIONER OF MARYLAND**

IN THE MATTER OF: \*

RANDY HAUGEN \* Securities Docket No. 2014-0100

ATHEROCOR CORPORATION \*

AND \*

ADGELIN MEDICAL, INC. \*

Respondents \*

\* \* \* \* \*

**FINAL ORDER**

WHEREAS, the Securities Division of the Office of the Maryland Attorney General (the “Division”), pursuant to the authority granted by section 11-701 of the Maryland Securities Act, Corporations and Associations Article, Title 11, Annotated Code of Maryland (2014 Repl. Vol. and Supp. 2021) (the “Act”), conducted an investigation of Respondent Randy Haugen (“Haugen” or “Respondent Haugen”), and of Respondents Atherocor Corporation (“Atherocor” or “Respondent Atherocor”) and Adgelin Medical, Inc. (“Adgelin” or “Respondent Adgelin”) (together “Respondent Issuers” and all three collectively “Respondents”) with regard to offers and sales of Atherocor and Adgelin securities in Maryland; and

WHEREAS, on September 14, 2021, on the basis of that investigation, the Maryland Securities Commissioner (the “Commissioner”) issued an Order to Show Cause (“Order”) requiring Respondents to show cause why they should not be barred permanently from engaging in the securities business in Maryland and why a statutory penalty of up to \$5,000 per violation should not be entered against them; and

WHEREAS, on September 14, 2021, the Order was served on the Commissioner pursuant to section 11-802(b) of the Act and sent by certified mail to Respondent; and

WHEREAS, on November 2, 2021, the U.S. Postal Service served the Order on all three Respondents by delivering the Order at Respondent Haugen's address; and

WHEREAS, to date, Respondents failed to timely file an Answer to the Order or to make a written request for a hearing, as required by COMAR .02.02.06.06A; and

WHEREAS, the Commissioner has determined that it is in the public interest to issue this Final Order against Respondents;

NOW, THEREFORE, pursuant to sections 11-301 and 11-701.1(a) of the Act, THE COMMISSIONER HEREBY FINDS, CONCLUDES AND ORDERS:

**I. JURISDICTION**

1. The Securities Commissioner has jurisdiction in this proceeding pursuant to section 11-801 of the Act.

**II. RESPONDENTS**

2. Respondent Randy Haugen, as of the date of this Final Order, is residing in a halfway house facility in Denver, Colorado, having previously served in various Colorado correctional facilities after pleading guilty to securities fraud and failure to file tax returns. At all relevant times, he had resided in Lakewood, Colorado.
3. Respondent Atherocor Corporation was incorporated in Colorado on February 25, 2010 by Respondent Haugen and, at all relevant times, was located and had its principal office in Lakewood, Colorado at Haugen's personal address.
4. Respondent Adgelin Medical was incorporated in Colorado on March 22, 2007 and reincorporated by Respondent Haugen on March 6, 2012 and, at all relevant times, was

located in Lakewood, Colorado at Haugen's personal residence.

### **III. FINDINGS OF FACTS**

5. From January 2007 to August 2010, Haugen offered and sold Adgelin securities to 22 Maryland investors for the amount of \$1,264,400.
6. From April 2010 to August 2011, Respondent Haugen offered and sold Atherocor securities to 20 Maryland investors for the amount of \$816,750.
7. Respondents Haugen and Adgelin failed to register the Adgelin securities in Maryland prior to offering and selling the Adgelin securities in Maryland. In addition, Respondents Haugen and Adgelin failed to file a notice of exemption for the offers and sales of the Adgelin securities, and the securities were not federal covered securities.
8. Similarly, Respondents Haugen and Atherocor failed to register the Atherocor securities in Maryland prior to offering and selling the Atherocor securities in Maryland. In addition, Respondents Haugen and Atherocor failed to file a notice of exemption for the offers and sales of Atherocor securities, and the securities were not federal covered securities.
9. After the Division opened an investigation and contacted the Respondents about the possibility they had offered and sold unregistered securities, Respondent Haugen provided to the Division information about Maryland investors and their investments in Atherocor and Adgelin. In addition, Respondents submitted to the Division late notice filings for the Atherocor and Adgelin securities offering, both of which the Division did not officially accept since Respondents did not resolve the issues related to the offerings.
10. Subsequently, Respondent Haugen stopped communicating with the Division and, consequently, the Division referred the matters to the Colorado Division of Securities ("Colorado"), as Colorado is Respondent Haugen's place of residence and the principal

place of business of Respondent Issuers.

11. Based on the Colorado investigation, Respondent Haugen was indicted on January 5, 2018 by the Colorado State Grand Jury on eleven counts of securities fraud as it related to his offers and sales of Respondent Atherocor's securities, and on four counts for failures to file tax returns.
12. Among other findings, the Grand Jury determined that "Haugen failed to disclose to investors that both civil and criminal cases had been filed against him" and that "he did not inform investors that he had a prior felony criminal conviction for Theft in the State of Utah, Case No. 07140064." Haugen failed to inform investors that on August 20, 2007 he was sentenced in the Utah case and that the sentence included "a civil judgment for unpaid restitution related to the criminal case" in the amount of \$177, 380. That judgment remained unsatisfied at the time he solicited funds from investors for the Respondent Issuers.
13. Further, the Colorado Grand Jury determined that Haugen had "failed to disclose to investors that a civil judgment" was entered "against him in the U.S. District Court of Colorado" on January 25, 2008 in the amount of \$103,500. That "judgment also remained unsatisfied at the time Haugen solicited investor funds" for investment in the Respondent Issuers.
14. On August 30, 2018, Respondent Haugen was convicted in the Colorado case and pled guilty to one count of "Taxation – Fail to File Return/Pay Tax" and one count of "Securities –Fraud or Deceit."
15. On December 20, 2018, in the Colorado case, Respondent Haugen was sentenced to the Custody of the Executive Director of the Department of Corrections for 8 years and was

ordered to pay \$1,193,349 in restitution to Atherocor investors, many of whom are Maryland investors.

#### **IV. CONCLUSIONS OF LAW**

The Commissioner concludes that:

16. Respondents violated section 11-501 of the Securities Act by offering and selling unregistered securities that were neither exempt nor subject to preemption as a federal covered security.
17. Respondents acted as unregistered broker-dealers and/or agents, in violation of section 11-401 of the Securities Act.
18. Respondent Haugen acted as an unregistered agent for Respondents Atherocor and Adgelin to offer and sell. Respectively, Atherocor or Adgelin securities, although Respondent Haugen was not registered with the Division as a broker-dealer or issuer agent in violation of section 11-402 of the Securities.
19. Respondents offered and sold securities by making materially false and misleading statements and omitting to state material information, including making guarantees against losses and misrepresenting how investors' funds would be used, in violation of sections 11-301(2) and (3) of the Securities Act.
20. Respondents failed to disclose material facts, including facts regarding, among other things, the disciplinary history of Respondent Haugen, and that offers and sales were being made by sales people who were not registered to offer and sell securities in Maryland. Further, among other things, Respondents omitted material disclosure to investors that these investments should have been registered pursuant to the Act but were neither registered, exempt, nor preempted from registration in violation of section 11-301 of the

Securities Act.

**V. SANCTIONS**

NOW, THEREFORE, IT IS HEREBY ORDERED that:

21. Respondents cease and desist from engaging in the offer and sale of securities in violation of sections 11-301, 11-401, 11-402 and 11-501 of the Act.
22. Respondents are permanently barred from engaging in the securities business in Maryland for or on behalf of any other, or from acting as principal or consultant in any entity so engaged.
23. Respondents, jointly and severally, are assessed a civil monetary penalty pursuant to section 11-702 of the Act in the amount of \$1,050,000 for the violations set forth in this Order of 42 transactions multiplied by 5 violations per transactions multiplied by \$5,000 per violation. Payment shall be by certified check payable to the Office of the Attorney General. Said penalty shall be paid within one hundred eighty (180) days of the date of this Order. However, this penalty shall be reduced dollar for dollar by the amount of restitution made by Respondents to investors within one hundred eighty (180) days of the date of this Order. Payment of restitution shall then be distributed by the Office of the Attorney General in a manner within its discretion. Payments made to the Division more than one hundred eighty (180) days from the date of this Order shall be allocated, within the Division's discretion, to the payment of the civil monetary penalty or restitution. If the Division involves the Central Collections Unit of Maryland in collecting the penalty imposed by this Order, the fee(s) assessed by the Central Collections Unit shall be in addition to, and not offset from, the balance of the civil monetary penalty owed to the Division.

**VI. JURISDICTION RETAINED**

24. Jurisdiction is retained by the Commissioner for the purpose of enabling any party to this Order to apply for such further orders and directions as may be necessary or appropriate for the construction or enforcement of this Order.

**VII. NOTICE OF APPEAL RIGHTS**

25. Pursuant to COMAR 02.02.06.24, Respondents have the right to file an appeal of this Order with the appropriate circuit court of the State of Maryland. Any appeal must be filed within 30 days from the date this Order is mailed by the Division.

**DATE OF THIS ORDER:**

January 24, 2022

**SO ORDERED:**

**Commissioner's Signature on File  
w/Original Documents**

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Melanie Senter Lubin  
Maryland Securities Commissioner