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OFFICE OF THE SECRETARY

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING
File No. 3-16354

In the Matter of

David B. Havanich, Jr.,
Carmine A. DellaSala,
Matthew D. Welch, Richard
Hampton Scurlock, III,
Retirement Tax Advisory
Group, Jose F. Carrio, Dennis
K. Karasik, Carrio, Karasik
& Associates, LLP, and
Michael J. Salovay,

Respondents.

DIVISION OF ENFORCEMENT'S REPLY
IN SUPPORT OF ITS MOTION FOR
PARTIAL SUMMARY DISPOSITION
AGAINST RESPONDENT MICHAEL
SALOVAY

The Division of Enforcement submits the following Reply in Support of its Motion for Partial Summary Disposition Against Respondent Michael Salovay:

In his response,¹ Salovay disputes none of the *material* facts pertinent to the Division's motion. Salovay's claim that Diversified told him he did not need to have a securities license to sell Diversified bonds is irrelevant because, as the Division pointed out at p.5 of its Motion for Partial Summary Disposition Against Respondents Richard Hampton Scurlock, III and RTAG Inc., Exchange Act Section 15(a) is a strict liability offense—Salovay's mistaken belief as to the lawfulness of his conduct is simply immaterial. With respect to the material facts, Salovay does not dispute that he conducted substantial due diligence on Diversified, discussed the merits of the investment with clients, and received from Diversified \$100,000 in transaction based compensation for bonds purchased by investors he brought to the table. Therefore, the issue of

¹The Division received Salovay's response by email on May 28, 2015. It does not appear he filed it with the Office of the Secretary. A copy of his response is attached as Exhibit A.

Salovay's liability can be determined as a matter of law, and summary disposition on this issue is appropriate.

June 5, 2015

Respectfully submitted,



Andrew O. Schiff
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DIVISION OF ENFORCEMENT
SECURITIES AND EXCHANGE COMMISSION
801 Brickell Avenue, Suite 1800
Miami, FL 33131
Phone: (305) 982-6300
Fax: (305) 536-4154

CERTIFICATE OF SERVICE

I hereby certify that an original and three copies of the foregoing were filed with the Securities and Exchange Commission, Office of the Secretary, 100 F Street, N.E., Washington, D.C. 20549-9303, and that a true and correct copy of the foregoing has been served by U.S. Mail, on this 5th day of June 2015, on the following persons entitled to notice:

The Honorable Carol Fox Foelak
Administrative Law Judge
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

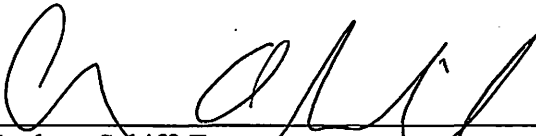
Carl F. Schoeppl, Esq.
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Andre F. Regard, Esq.
Regard Law Group
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(Counsel for Richard Hampton Scurlock, III and RTAG, Inc.)

Mr. Michael J. Salovay




Andrew Schiff, Esq.

May 29th, 2015

Securities and Exchange Commission

801 Brickell Ave, Suite 1800

Miami, FL 33131

Andrew Schiff, Esq

File No. 3-16354

In the matter of David Havanich, Jr, Carmine DellaSala, Matthew Welch, Michael Salovay

In response to the Motion for partial summary disposition under Sec. 1, statement of facts, I did see the advertisement for Diversified Energy Group (DEG) in a professional journal and that journal was for insurance professionals and insurance products. After calling the phone number in the advertisement and asking questions to Mr. Welch, he sent me some information on DEG. I gave him some personal information and they said they did a background check on me and saw that my Series 7 license was suspended do to an issue with my U-4, not reporting a change in a timely manner. Mr. Welch asked if I was going to pay the \$5,000 fine to remove the suspension and I told him no because I barely do any securities trading anymore, it just wasn't worth it. He said I did not need a Series 7 that they had many representatives that just had Insurance licenses. I do have my PA licenses for Life, Accident, Health and Variable products; see Exhibit 1 attached. It was after that in which I entered into the finder's fee agreement which was part of the exhibits. At no point after my Series 7 license was suspended did I ever take part in trading securities or represent myself as having the authority to trade securities to any clients or companies. I was not the only person that DEG told that they did not need a securities license, see exhibit 2, I did a broker check on FINRA and many of the people on exhibit 2 were not registered or have never been registered.

As I testified I did do an in person visit to DEG's office in Tequesta, FL in which, Mr. Havanich, Mr. DellaSala and Mr. Welch introduced me to their office manager Candie and showed me around the office which they said they bought. They also showed me a map of the United States, Canada, and Mexico which had push pins, that were to represent the oil and gas wells that DEG had owned or leased.

The vast majority of the people I know that invested in DEG were introduced to the company through client appreciation dinners I would conduct annually. DEG had a table set up with their information in packets (sales pieces, returns, wells they owned and subscription agreements) that they would hand to the people attending and had them sign in. DEG were the guest speaker at these dinners, I never discussed any DEG business at these dinners. DEG had a power point presentation showing the oil and gas wells they owned and the return they were getting and discussing the information they handed out to clients. Where these participants came from was that my insurance clients that I have known for years invited their friends, family and co-workers. Mr. Welch and Mr. DellaSala presented their information and answered the questions from the participants.



I did hand out my own packets containing materials which you can see in exhibit 3.

Mr. Welch also made the statement that the DEG bonds were registered with the SEC and with the state of Pennsylvania, to find out that was not true.

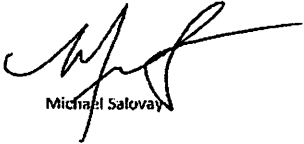
Anytime there was a question in regards to the Bonds and state registration Mr. Welch said he would check with Robert Hackney their attorney, who Mr. Welch said was a SEC attorney, again not true.

I do not deny that I was not registered as a broker or with a securities broker dealer during the time in question with respect to doing business with DEG.

If DEG just said from day one . you need to be a registered representative my clients and myself would not be in this position today.

I have already agreed to the cease and desist [REDACTED]
[REDACTED]
[REDACTED]

Respectfully,



Michael Salovay

Detach this wallet size license and carry on your person

C/A.H. B.T #1



MICHAEL JOSEPH SALOVAY
License Number 323688

License Type: Resident Producer Indv
Effective Date: March 1, 2004
Expiration Date: June 30, 2016

MICHAEL JOSEPH SALOVAY
[Redacted]
PITTSBURGH, PA [Redacted]

Lines of Authority:
Life and Fixed Annuities,
Accident and Health, Variable
Life/Variable Annuity

1 2 3 4 5 6 7 8 9 0 A B C D E F G H I J K L M N O P Q R S T U V W X Y Z [Redacted] 4157112756

- This is your new License. Please note your new license number and check your lines of authority to be certain they are correct.
- If your license is subject to Continuing Education (CE) requirements, this requirement **MUST BE SATISFIED** prior to your license expiration date.
 - To obtain information on your CE requirements and current CE status, access www.sircon.com/pennsylvania
- You must notify the Insurance Department of address changes within 30 days of the change.
 - You may report the address change via e-mail sent to ra-in-producer@pa.gov
- For additional information on the services of the Insurance Department visit our website at www.insurance.pa.gov
- You must notify the Insurance Department in writing within 30 days of being charged with any misdemeanor or felony.

Visit the Pennsylvania Insurance Department's WEB Site at www.insurance.pa.gov

DETACH BELOW

MICHAEL JOSEPH SALOVAY
License Number 323688

is licensed to engage in the business of insurance in the Commonwealth of Pennsylvania in the capacity stated below, subject to applicable laws and rules

License Type: Resident Producer Indv

Effective Date: March 1, 2004
Expiration Date: June 30, 2016

MICHAEL JOSEPH SALOVAY
[Redacted]
PITTSBURGH, PA 15216



Lines of Authority:
Life and Fixed Annuities, Accident and Health,
Variable Life/Variable Annuity



EXH. B. 7 #2

Before that first contact, did you know any of the following individuals or companies (Check all that apply):

The person who contacted you about the investment ____

David [redacted] ____

Carmine [redacted] ____

Matthew [redacted] ____

Candice [redacted] ____

Hampton [redacted] ____

John [redacted] ____

José [redacted] ____

Keith [redacted] ____

Michael [redacted] ____

Ron [redacted] ____

Chad [redacted] ____

Harvey [redacted] ____

Stevor [redacted] ____

Janet [redacted] ____

James [redacted] ____

Michael [redacted] ____

David [redacted] ____

Nancy [redacted] ____

Kenneth [redacted] ____

Victoria [redacted] ____

Jerry [redacted] ____

William [redacted] ____

Hunter [redacted] ____

John [redacted] ____

Jeff [redacted] ____

126. b. 1 H.S.

David [redacted] _____

Jim [redacted] _____

William [redacted] _____

Michael [redacted] _____

Jack [redacted] _____

John [redacted] _____

Stepner [redacted] _____

Diversified or anybody associated with it _____

Retirement Tax Advisory Group or anybody associated with it _____

Cooper & Associates or anybody associated with it _____

Carrio, Karasik, & Associates, LLP or anybody associated with it _____

CMG Estate planner or anybody associated with it _____

BFS Financial, Inc. or anybody associated with it _____

Tusoro Wealth management, LLC or anybody associated with it _____

Cornerstone Financial or anybody associated with it _____

Evercare Financial or anybody associated with it _____

Hentzel Ins. Inc. or anybody associated with it _____

If you answer yes to any of the individuals or companies above, please explain below how you know that individual or company

3. Did you ever communicate with anybody associated with Diversified prior to investing with Diversified?

() Yes () No

If yes, who did you speak with? _____

If yes, how many times? _____

If yes, when? _____

Exhibit #2

Can you picture yourself or a loved one in a Nursing Home?

Most people can't!

John Hancock will provide the following:

Home Health Care:

- Visits by licensed, qualified Nurses in your home
- Visits by licensed Nutritional Specialists in your home
- Visits by legally qualified Physical, Occupational, Speech and Inhalation Therapists in your home
- Home Health Aides to help perform your activities of daily living in your home
(Dressing - Bathing - Toileting - Moving in and out of bed or chair - Eating - Continence)
- Prescription drugs, medicines, durable medical equipment, wheelchairs, hospital bed, monitoring equipment, medical supplies and lab services customarily provided in a hospital or nursing home
- Home Modifications (equal to an entire month of benefits) to allow you to be able to have the proper accommodations to allow you to stay at home – without charges or reduction in benefits

And, while you're getting help from those listed above, these are also included:

- Domestic or cleaning services in your home
- Laundry services in your home
- Food shopping and errands
- Meal preparation and clean-up in your home
- Transportation to and from medical appointments
- Thorough cleaning of your home to remove hazardous dirt or debris

Adult Day Care:

- Care in a facility designed for senior Americans during the day. It is estimated that by the year 2020, Adult Day Care facilities will surpass Child Day Care as the #1 used day care in the United States!

Assisted Living:

- Care in a facility that has many of the conveniences and luxuries of home and has the medical attention readily available should it become necessary. Includes meals and care but has the privacy and protection of separate living quarters with your own lock and key.

Nursing Facility:

- Care in a qualified facility that provides more intensive care and attention on a constant basis. This would also include care in an Alzheimer's facility.

SENIOR
Solutions

Client #3
Comparing the Facts

Instrument	Principle at Risk	Liquidity	Early Withdrawal Penalty	Tax Deferred Interest	Fees	Tax Liability upon Death
Individual Retirement Account (IRA)	Dependent upon location	Yes After 59 1/2	IRS Penalties - Taxes	Yes	Dependent upon location	Immediate
Fixed Annuity	No Risk (Gov't)	10% to 20% each Year	Above 10% to 20%	Yes	No	Up to 5 Years
Certificate of Deposit (CD)	No Risk (FDIC)	No	3 to 6 months Interest	No	No	Immediate
Treasury Bills	No	No	Forfeit Yield	No	No	Immediate
Bonds (I. C. F.E. T)	Yes	No	Varies	Yes	Yes	Immediate
Money Market	No	Yes	No	No	No	Immediate
Mutual Fund	Yes	Yes	No (you realize loss or gain)	No	Yes	Immediate
Stocks	Yes	No	No (you realize loss or gain)	No	Yes	Immediate
Variable Annuity	Yes	10% each Year	Above 10%	Yes	Yes	Up to 5 Years

Exhibit #3

Taxable Yield Charts

Fixed Annuity

CD

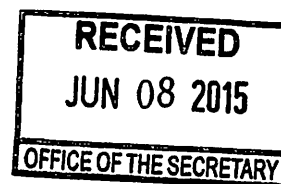
This side of the table shows the taxable interest that would be required to equal the tax-deferred interest.

This side of the table shows the after-tax gain on a taxable interest rate.

Taxable Equivalent Yields

After Tax Equivalent Yields

Your Marginal Tax Rate	10%	15%	25%	28%	33%	35%	Your Marginal Tax Rate	10%	15%	25%	28%	33%	35%
Interest Earned	A bank account would need to earn the interest rates shown below to equal an annuity earning the interest rates in the first column.						Interest Earned	If your money earns the interest rates in the first column and is in a taxable account, after taxes, you are left with the gains shown below.					
1%	1.11%	1.18%	1.33%	1.39%	1.49%	1.54%	1%	0.90%	0.85%	0.75%	0.72%	0.67%	0.65%
2%	2.22%	2.35%	2.67%	2.78%	2.99%	3.08%	2%	1.80%	1.70%	1.50%	1.44%	1.34%	1.30%
3%	3.33%	3.53%	4.00%	4.17%	4.48%	4.62%	3%	2.70%	2.55%	2.25%	2.16%	2.01%	1.95%
4%	4.44%	4.71%	5.33%	5.56%	5.97%	6.15%	4%	3.60%	3.40%	3.00%	2.88%	2.68%	2.60%
5%	5.56%	5.88%	6.67%	6.94%	7.46%	7.69%	5%	4.50%	4.25%	3.75%	3.60%	3.35%	3.25%
6%	6.67%	7.06%	8.00%	8.33%	8.96%	9.23%	6%	5.40%	5.10%	4.50%	4.32%	4.02%	3.90%
7%	7.78%	8.24%	9.33%	9.72%	10.45%	10.77%	7%	6.30%	5.95%	5.25%	5.04%	4.69%	4.55%



Office Memorandum
SECURITIES AND EXCHANGE COMMISSION

Miami Regional Office

DATE: June 5, 2015

TO: OFFICE OF THE SECRETARY

FROM: Andrew O. Schiff, Regional Trial Counsel
By: Phil Pierrot, Paralegal

RE: **In the Matter of: David B. Havanich, et al**
Adm. Proceeding No. 3-16354

Enclosed, please find the original and three copies of the Division of Enforcement's Reply In Support of its Motion for Partial Summary Disposition Against Respondent, Michael Salovay.

Thank you.