

Division of Securities  
Utah Department of Commerce  
160 East 300 South, Second Floor  
Box 146760  
Salt Lake City, UT 84114-6760  
Telephone: (801) 530-6600  
FAX: (801) 530-6980

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**BEFORE THE DIVISION OF SECURITIES  
OF THE DEPARTMENT OF COMMERCE  
OF THE STATE OF UTAH**

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**IN THE MATTER OF:**

**DAVID FRANKLIN HULL, JR.;**

**Respondent.**

**ORDER TO SHOW CAUSE**

**Docket No. SD-06-0088**

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It appears to the Director of the Utah Division of Securities (Director) that Davis Franklin Hull, Jr., may 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 are more fully described herein. Based upon information discovered in the course of the investigation of this matter by the Utah Division of Securities (Division), 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 the Respondent and subject matter is appropriate in this matter based on allegations that the Respondent violated § 61-1-1 (Securities Fraud) of the Act while engaged in the offer and sale of a security in Utah.

## **STATEMENT OF FACTS**

### **THE RESPONDENT**

2. David Franklin Hull, Jr. (Hull) currently resides in Ada County, Idaho, but at all times relevant to the matters asserted in this OSC, Hull resided in Summit County, Utah.

### **GENERAL ALLEGATIONS**

3. In December 2003, D. A., a Utah investor, met Hull in Summit County, Utah, where they were both on the board of directors of a local church (the Church).
4. On July 14, 2004, as president and CEO of Tambora Financial Corporation (Tambora)<sup>1</sup>, Hull issued a letter to Tambora shareholders stating that Tambora had “signed a binding commitment with a public shell, which puts us on a specific timetable to become a public company.”
5. Over a period of several months in 2004, Hull solicited D. A. to purchase shares of Tambora. Hull told D. A. that Tambora was a private corporation, but when it went public<sup>2</sup>, D. A. would make three times what he invested.
6. Hull failed to tell D. A. that for a period beginning in March 2004, Hull had been

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<sup>1</sup> Tambora Financial Corporation was incorporated in the state of Utah on September 22, 1997, and its corporate status is currently “active.” According to documents Tambora provided to the Division, Tambora was organized for the purpose of purchasing existing insurance companies.

<sup>2</sup> “Going Public” is when a private company first offers its shares to the public. See John Downes and Jordan Elliot Goodman, *Dictionary of Finance and Investment Terms* 240 (Fifth Edition) (1998).

fraudulently misusing the Church's credit card, and subjected himself to potential civil and/or criminal actions.

7. On November 10, 2004, D. A. purchased \$7,500 in Tambora stock, by giving Hull a personal check made payable to the Church. D. A. intended to donate the Tambora stock to the Church.
8. Hull deposited D. A.'s check into the Church's bank account, and in turn, issued a check from the Church to Tambora for \$7,500.
9. In late November 2004, D. A. decided against purchasing the Tambora stock, and contacted Hull to ask for a refund. Hull told D. A. a refund was not possible.
10. D. A. then told Hull to put the stock certificate in D. A.'s name rather than the Church's name.
11. On or about December 24, 2004, D. A. received his stock certificate representing 10,000 shares of Tambora.
12. On July 29, 2005, as president and CEO of Tambora, Hull issued a letter to shareholders stating that the board of directors had "voted to remain a private company and not become public."

### **CAUSES OF ACTION**

#### **COUNT I Securities Fraud under § 61-1-1 of the Act (David Franklin Hull, Jr. )**

13. The Division incorporates and re-alleges paragraphs 1 through 12.

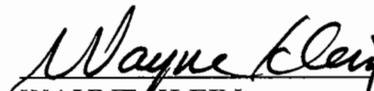
14. The stock offered and sold by Hull is a security under § 61-1-13 of the Act.
15. In connection with the offer and sale of a security to the investor, Hull made at least one false statement, including, but not limited to, the following:
  - a. That when Tambora went public, D. A.'s investment would triple in value, when, in fact, Hull had no reasonable basis on which to make this representation.
16. In connection with the offer and sale of a security to the investor, Hull failed to disclose at least one piece of material information, including, but not limited to, the following:
  - a. That beginning in March 2004, Hull had been fraudulently misusing the Church's credit card, subjecting himself to potential civil and/or criminal actions.
17. Based on the above, David Franklin Hull, Jr. willfully violated § 61-1-1 of the Act.

### **ORDER**

The Director, pursuant to § 61-1-20 of the Act, hereby orders Respondent to appear at a formal hearing to be conducted in accordance with Utah Code Ann. §§ 63-46b-4 and 63-46b-6 through -10, and held before the Utah Division of Securities. The hearing will occur on Monday, December 11<sup>th</sup>, 2006, at 10:00 a.m., at the office of the Utah Division of Securities, located in the Heber Wells Building, 160 East 300 South, 2<sup>nd</sup> Floor, Salt Lake City, Utah. If Respondent fails to file an answer or appear at the hearing, the Division of Securities may hold Respondent in default, and a fine may be imposed in accordance with Utah Code Ann. § 63-46b-11. In lieu of default, the Division may decide to proceed with the hearing under § 63-46b-10. At the hearing, Respondent may show cause, if any he has:

- a. Why David Franklin Hull, Jr. should not be found to have engaged in the violations alleged by the Division in this Order to Show Cause;
- b. Why David Franklin Hull, Jr. should not be ordered to cease and desist from engaging in any further conduct in violation of Utah Code Ann. § 61-1-1, or any other section of the Act; and
- c. Why David Franklin Hull, Jr. should not be ordered to pay a fine of ten thousand dollars (\$10,000) to the Division.

DATED this 6<sup>th</sup> day of November, 2006.

  
WAYNE KLEIN  
Director, Utah Division of Securities



Approved:

  
JEFFREY BUCKNER  
Assistant Attorney General

D. H.

Division of Securities  
Utah Department of Commerce  
160 East 300 South, 2<sup>nd</sup> Floor  
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**BEFORE THE DIVISION OF SECURITIES  
OF THE DEPARTMENT OF COMMERCE  
OF THE STATE OF UTAH**

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**IN THE MATTER OF:**

**NOTICE OF AGENCY ACTION**

**DAVID FRANKLIN HULL, JR.;**  
  
**Respondent.**

**Docket No. SD-06-0088**

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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 Division of Securities (Division). Utah Code Ann. § 63-46b-2(1)(a). The adjudicative proceeding is to be formal and will be conducted according to statute and rule. See Utah Code Ann. §§ 63-46b-6 through 11; see also Utah Admin. Code R151-46b-1 et seq.; Utah Admin. Code 164-1 et seq. 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 R151-46b-6.

You must file a written response with the Division within thirty (30) days of the mailing date

of this Notice. Utah Admin. Code R151-46b-8(1). Your response must be in writing and signed by you or your representative. Your response must include the file number or other reference number; the 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 § 63-46b-6(1). In addition, the presiding officer requires that your response:

- (a) admit or deny the allegations in each numbered paragraph of the Order to Show Cause. Allegations in the Order to Show Cause not specifically denied are deemed admitted;
- (b) identify any additional 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).

Shortly after the deadline for filing your response to the Order to Show Cause, an initial pre-hearing conference in this adjudicative proceeding will be held. Utah Admin. Code R151-46b-9(9). The time, date and place for that hearing are given below as well as in the Order to Show Cause. Utah Code Ann. § 61-1-20(1)(b). The purpose of the initial pre-hearing conference is to set a deadline for the filing of pre-hearing motions, including summary judgment; determine whether to

modify the deadlines for disclosures; to order initial disclosures and resolve discovery issues; schedule any additional pre-hearing conferences; schedule a tentative hearing date to adjudicate whether the facts alleged in the Order to Show Cause or agency action accompanying this Notice are true and the relief requested is appropriate; and to deal with any other matters.

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 Pam Radzinski  
Utah Division of Securities  
160 E. 300 South, 2<sup>nd</sup> Floor  
Box 146760  
Salt Lake City, UT 84114-6760  
(801) 530-6600

**A copy to:**

Jeffrey Buckner  
Assistant Attorney General  
160 E. 300 South, Fifth Floor  
Box 140872  
Salt Lake City, UT 84114-0872  
(801) 366-0310

Please note that an initial pre-hearing conference on the Order to Show Cause has been scheduled for Monday, December 11, 2006, at 10:00 AM. The hearing will take place at the Division of Securities, 160 East 300 South, Second Floor, Salt Lake City, Utah.

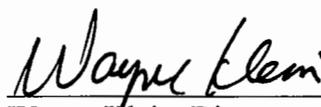
If you fail to file a response or fail to attend or participate in the initial pre-hearing conference, the presiding officer may enter a default order against you without any further notice. Utah Code Ann. § 63-46b-11; Utah Admin. Code R151-46b-11(a). After issuing the default order, the presiding officer 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 determine all issues in the proceeding. Utah Code Ann. § 63-46b-11(4); Utah Admin. Code R151-46b-11(b). In the alternative, the Division may proceed with a hearing under § 63-46b-10. At the hearing, you may appear and be heard and present evidence on your behalf.

The presiding officer in this case is Wayne Klein, Director, Division of Securities. An administrative law judge may be assigned after the initial pre-hearing conference. At any hearings, the Division will be represented by the Attorney General's Office.

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 Jeffrey Buckner, Assistant Attorney General, 160 E. 300 South, Fifth Floor, Box 140872, Salt Lake City, UT 84114-0872, Tel. No. (801) 366-0310.

Dated this 6<sup>th</sup> day of November, 2006.



Wayne Klein, Director  
Division of Securities  
Utah Department of Commerce



**Certificate of Mailing**

I certify that on the 21<sup>st</sup> day of November, 2006, I mailed, by certified mail, a true and correct copy of the Notice of Agency Action and Order to Show Cause to:

David Franklin Hull, Jr.  
344 West Hale St., #103  
Boise, ID 83706

Certified Mail #7006 0100 0001 7688 9180

  
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Executive Secretary