

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
FAX: (801)530-6980

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

IN THE MATTER OF:

KEVIN LAWRENCE WRIGHT;

Respondent.

ORDER TO SHOW CAUSE

Docket No. SD-07-0001

It appears to the Director of the Utah Division of Securities (Director) that Kevin Lawrence Wright (Respondent) 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 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 the Respondent and the subject matter is appropriate because the Division alleges that Respondent 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 RESPONDENT

2. Kevin Lawrence Wright (Wright) resides in Washington County, Utah.

GENERAL ALLEGATIONS

3. In early August 2004, Wright met with Utah investor, J. T., to discuss a real estate investment opportunity.
4. Wright told J. T. he needed \$100,000 to purchase three different properties located in Clark County, Nevada. In return, Wright told J. T. he would pay him \$399,000 by September 22, 2004.
5. Wright also told J. T. that, in the event Wright needed to keep the \$100,000 for another thirty days, Wright would pay J. T. an additional \$90,000, for a total of \$489,000.
6. Wright told J. T. that, if Wright did not pay J. T. the full amount (\$489,000) by the extended due date, Wright would convey ownership of the three properties purchased to J. T.
7. Wright drove J. T. to Henderson, Nevada, to see the properties Wright said he was going to purchase. Wright again assured J. T. that, if Wright was unable to pay J. T. by the due date, Wright would transfer ownership of the properties to J. T.
8. Wright failed to tell J. T., among other things, that there were three outstanding civil judgments against Wright totaling \$327,225 and that Wright failed to pay state income

taxes from 1995 through 2001, which resulted in the Utah State Tax Commission filing six tax liens against Wright totaling \$108,765.

9. On August 6, 2004, J. T. invested \$100,000 with Wright by giving him a cashier's check from Zion's Bank, made payable to Wright.
10. In return, Wright gave J. T. a promissory note and trust deed for each of the three properties. The trust deeds, however, were incomplete for the reason that they did not include legal descriptions for the properties. The trust deeds were not recorded with the county recorder's office.
11. The first promissory note was in the amount of \$35,000, the second in the amount of \$40,000, and the third in the amount of \$25,000. Each note stated that Wright would pay J. T. \$133,000 "on or before September 22, 2004" and that an extension of 30 days would result in the addition of \$30,000 to the note. Each note stated the address of a different property in Clark County, Nevada, and each note was signed by Wright.
12. Wright failed to pay J. T. By September 22, 2004 or by the extended due date of October 22, 2004. After the deadlines passed, Wright also failed to transfer ownership of these properties or any others to J. T.
13. On December 13, 2004, after making several demands for payment, J. T. received \$25,000 from Wright. At that time, Wright told J. T. he was not able to purchase the three properties.

14. Since December 13, 2004, J. T. has received no additional payments from Wright. J. T. is still owed \$75,000 in principal alone.

CAUSES OF ACTION

COUNT I

Securities Fraud under § 61-1-1(2) of the Act

15. The Division incorporates and re-alleges paragraphs 1 through 14.
16. The promissory notes offered and sold by Wright are securities under § 61-1-13 of the Act.
17. In connection with the offer and sale of a security to J. T., Wright made false statements, including, but not limited to, the following:
- a. That Wright would purchase three separate properties with J. T.'s investment, when, in fact, Wright did not purchase any properties. In fact, one of the three properties identified in the promissory notes given to J. T. did not exist; and
 - b. That Wright would pay J. T. up to \$489,000 in less than three months, when, given that there were three outstanding civil judgments against Wright totaling \$327,225, and he owed the state of Utah \$108,765 in income taxes, Wright had no reasonable basis on which to make this representation.
19. In connection with the offer and sale of a security to J. T., Wright failed to disclose material information, including, but not limited to, the following, which was necessary in order to make representations made not misleading:

- a. That there were three outstanding civil judgments against Wright totaling \$327,225;
 - b. That Wright failed to pay state income taxes for the years 1995 through 2001, which resulted in the Utah State Tax Commission filing six tax liens against Wright totaling \$108,765;
 - c. That the address for one of the properties listed on a promissory note given to J. T. did not exist; and
 - d. That the trust deeds Wright gave to J. T. did not contain legal descriptions and were therefore incomplete and would be impossible to record with the county recorder's office.
20. Based upon the foregoing, Kevin Lawrence Wright wilfully violated § 61-1-1 of the Act.

COUNT II
Fraudulent Practices under § 61-1-1(3) of the Act

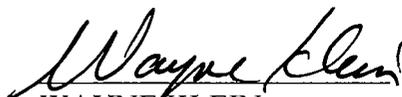
21. The Division incorporates and re-alleges paragraphs 1 through 14.
22. Wright engaged in at least one act, practice, or course of business that operates or would operate as a fraud or deceit on investor J. T. when Wright provided J. T. with trust deeds to create an appearance of a security interest in certain properties.
23. Based upon the foregoing, Kevin Lawrence Wright wilfully violated § 61-1-1(3) of the Act.

ORDER

The Director, pursuant to § 61-1-20 of the Act, hereby orders the 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 March 5, 2007, 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 the Respondent fails to file an answer and 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, the Respondent may show cause, if any he has:

- a. Why Kevin Lawrence Wright should not be found to have willfully engaged in the violation alleged by the Division in this Order to Show Cause;
- b. Why Kevin Lawrence Wright 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 Kevin Lawrence Wright should not be ordered to pay a fine of one hundred and fifty thousand dollars (\$150,000) to the Division of Securities.

DATED this 25th day of January, 2007.


WAYNE KLEIN

Director, Utah Division of Securities



Approved:

A handwritten signature in black ink, appearing to read "Jeff Buckner", written over a horizontal line.

JEFF BUCKNER

Assistant Attorney General

D. H.

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
FAX: (801) 530-6980

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

IN THE MATTER OF:

KEVIN LAWRENCE WRIGHT;

Respondent.

NOTICE OF AGENCY ACTION

Docket No. SD-07-0001

THE DIVISION OF SECURITIES TO THE ABOVE-NAMED RESPONDENT:

The purpose of this Notice of Agency Action is to inform you that the Division hereby commences a formal adjudicative proceeding against you as of the date of the mailing of the Order to Show Cause. The authority and procedure by which this proceeding is commenced are provided by Utah Code Ann. §§ 63-46b-3 and 63-46b-6 through 11. The facts on which this action is based are set forth in the foregoing Order to Show Cause.

Within thirty (30) days of the mailing date of this notice, you are required to file an Answer with the Division. The Answer must include the information required by Utah Code § 63-46b-6 (1). In addition, you are required by § 63-46b-6 (3) to state: a) by paragraph, whether you admit or deny each allegation contained in the Order to Show Cause, including a detailed

explanation for any response other than an unqualified admission; b) any additional facts or documents which you assert are relevant in light of the allegations made; and c) any affirmative defenses (including exemptions or exceptions contained within the Utah Uniform Securities Act) which you assert are applicable. To the extent that factual allegations or allegations of violations contained in the Order to Show Cause are not disputed in your Answer, they will be deemed admitted.

Your Answer, 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
Division of Securities
160 E. 300 S., Second Floor
Box 146760
Salt Lake City, UT 84114-6760
(801) 530-6600

A copy to:

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

A hearing date has been set for Monday, March 5, 2007, 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.

If you fail to file an Answer, as set forth herein, or fail to appear at the hearing, the Division of Securities may hold you in default, and a fine and other sanctions may be imposed against you in accordance with Utah Code Ann. § 63-46b-11, without the necessity of providing

you with any further notice. In lieu of default, the Division may decide to proceed with the hearing under § 63-46b-10. At the hearing, you may appear and be heard and present evidence on your behalf. You may be represented by counsel during these proceedings.

The presiding officer in this case is Wayne Klein, Director, Division of Securities. Questions regarding the Order to Show Cause and Notice of Agency Action should be directed to the Division's attorney, Jeff Buckner, at (801) 366-0310.

DATED this 25th day of January, 2007.


WAYNE KLEIN
Director, Division of Securities
Utah Department of Commerce



Certificate of Mailing

I certify that on the 25th day of January, 2007, I mailed, by certified mail, a true and correct copy of the Order to Show Cause and Notice of Agency Action to:

Kevin Lawrence Wright
3090 Swaps Dr.
St. George, UT 84790

Certified Mail # 7005 1820 0003 71903822

PAMALA RADEINER
Executive Secretary