

Division of Securities  
Utah Department of Commerce  
160 East 300 South  
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:**

**KEVIN LAWRENCE WRIGHT**

**Respondent.**

**STIPULATION AND CONSENT  
ORDER**

**Docket No. SD-07-0001**

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The Utah Division of Securities (the Division), by and through its Director of Enforcement, Michael Hines, and Kevin Lawrence Wright, hereby stipulate and agree as follows:

1. Kevin Lawrence Wright (Wright) was the subject of an investigation conducted by the Division into allegations that he violated certain provisions of the Utah Uniform Securities Act (the Act), Utah Code Ann. § 61-1-1, *et seq.*, as amended.
2. In connection with that investigation, the Division issued an Order to Show Cause to against Wright on January 25, 2007, alleging securities fraud and fraudulent practices.

Criminal charges were also filed in connection with the investigation.<sup>1</sup>

3. On February 21, 2007, Respondent filed a response to the Order to Show Cause and contested the allegations, but the parties have agreed to resolve this matter by way of a stipulation and consent order. No trial was set.
4. Wright is represented by Attorney Dana M. Facemyer of the law firm Facemyer Law Firm in this matter and are satisfied with the representation he has received.
5. Wright waives any right to a hearing to challenge the Division's evidence and present evidence on his behalf.
6. Wright acknowledges that this stipulation and consent order does not affect any enforcement action that might be brought by a criminal prosecutor or any other local, state, or federal enforcement authority.
7. Wright admits the jurisdiction of the Division over him and over the subject matter of this action.

## **I. THE DIVISION'S FINDINGS OF FACT**

### **THE RESPONDENT**

8. Wright was, at all relevant times, a resident of Washington County, Utah. Wright has never been licensed as a broker-dealer, agent, investment advisor, or investment advisor

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<sup>1</sup>*State of Utah v. Kevin Lawrence Wright*, Case No. 071500259, Fifth Judicial District Court of Utah (2007). Wright later pleaded guilty to securities fraud, a second degree felony, and agreed to pay \$75,000 in restitution on August 19, 2009.

representative in Utah.

#### **GENERAL ALLEGATIONS**

9. In early August 2004, Wright met with Utah investor, J. T., to discuss a real estate investment opportunity.
10. 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.
11. 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.
12. 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.
13. 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.
14. 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, resulting in six tax liens against him by the Utah State Tax Commission. The liens totaled \$108,765.

15. 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.
16. 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.
17. 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 a 30-days extension 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.
18. 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.
19. 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.
20. Since December 13, 2004, J. T. has received no additional payments from Wright. J. T. is still owed \$75,000 in principal alone.

## SECURITIES FRAUD

21. 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. 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. 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.
  
22. In connection with the offer and sale of a security, Wright, directly or indirectly, failed to disclose material information, including, but not limited to, the following, which was necessary in order to make representations made not misleading:
  - a. There were three outstanding civil judgments against Wright totaling \$327,225;
  - b. 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. The address for one of the properties listed on a promissory note given to J.T. did not exist; and

- d. 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.

### **FRAUDULENT PRACTICES**

23. 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.

### **II. THE DIVISION'S CONCLUSIONS OF LAW**

24. Based on the Division's investigative findings, the Division concludes that:
  - a. The investment opportunities offered and sold by Wright are securities under § 61-1-13 of the Act;
  - b. Wright violated § 61-1-1(2) of the Act by misstating and omitting to state material facts in connection with the offer and sale of a security.
  - c. Wright violated § 61-1-1(3) of the Act by engaging in at least one act, practice, or course of business that operates or would operate as a fraud or deceit on an investor.

### **III. REMEDIAL ACTIONS/SANCTIONS**

25. Wright admits the Division's findings and conclusions and consents to the sanctions below being imposed by the Division.

26. Wright represents that any information he provided to the Division as part of the Division's investigation of this matter is accurate.
27. Wright agrees to the imposition of a cease and desist order, prohibiting him from any conduct that violates the Act.
28. Wright agrees that he will be barred from (i) associating with any broker-dealer or investment adviser licensed in Utah; and (ii) acting as an agent for any issuer soliciting investor funds in Utah until the fine amount is paid in full.
29. Wright agrees to cooperate with the Division, the State of Utah, and the Federal Government in any future investigations and/or prosecutions relevant to the matter herein.

#### **IV. FINAL RESOLUTION**

30. Wright acknowledges that this Order, upon approval by the Securities Commission shall be the final compromise and settlement of this matter.
31. Wright further acknowledges that if the Securities Commission does not accept the terms of the Order, it shall be deemed null and void and without any force or effect whatsoever.
32. Wright acknowledges that the Order does not affect any civil or arbitration causes of action that third-parties may have against him rising in whole or in part from their actions, and that the Order does not affect any criminal causes of action that may arise as a result of his conduct referenced herein.
33. The Stipulation and Consent Order constitutes the entire agreement between the parties

herein and supersedes and cancels any and all prior negotiations, representations, understandings, or agreements between the parties. There are no verbal agreements which modify, interpret, construe, or otherwise affect the Order in any way.

Utah Division of Securities

Date: 1-3-11

By: [Signature]

Michael Hines  
Director of Enforcement

Respondent Wright

Date: 1-3-11

By: [Signature]

Kevin Lawrence Wright

Approved:

[Signature]

Jeff Buckner  
Assistant Attorney General  
D.H.

Approved:

[Signature]

Dana M. Facemyer  
Attorney for Respondent

**ORDER**

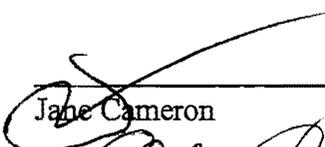
IT IS HEREBY ORDERED THAT:

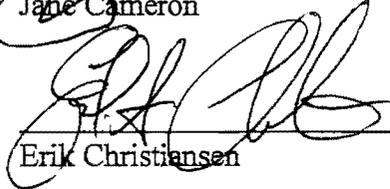
1. The Division has made a sufficient showing of Findings of Fact and Conclusions of Law to form a basis for this settlement.
2. Wright ceases and desists from violating the Utah Uniform Securities Act..
3. Wright is barred from (i) associating with any broker-dealer or investment adviser licensed in Utah; and (ii) acting as an agent for any issuer soliciting investor funds in Utah.
4. Wright cooperates with the Division in any future investigations.

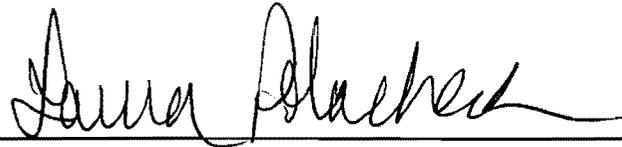
**BY THE UTAH SECURITIES COMMISSION:**

DATED this 20<sup>th</sup> day of January, 2010.

  
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Tim Bangerter

  
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Jane Cameron

  
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Erik Christensen

A handwritten signature in cursive script, appearing to read "Laura Polacheck".

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Laura Polacheck

A handwritten signature in cursive script, appearing to read "Michael O'Brien".

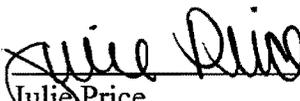
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Michael O'Brien

**CERTIFICATE OF MAILING**

I, Julie Price, hereby certify that on the 25th day of January 2011, I mailed, by certified mail, a true and correct copy of the forgoing **Stipulation and Consent Order** to:

Dana M. Facemyer  
Facemyer Law Firm  
21255 N. Freedom Blvd.  
Provo, UT 84604  
Certified Mail # 7007 0220 0001 0065 4824

  
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Julie Price  
Executive Secretary