

Division of Securities
Utah Department of Commerce
160 East 300 South
Box 146760
Salt Lake City, UT 84114-6760
Telephone: (801) 530-6600
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BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH

IN THE MATTER OF:

DONALD WESLEY DENNETT

Respondent.

STIPULATION AND CONSENT
ORDER

Docket No. SD-07-0052

The Utah Division of Securities (the Division), by and through its Director of Enforcement, Michael Hines, and Donald Wesley Dennett (Dennett or Respondent), hereby stipulate and agree as follows:

1. Dennett was the subject of an inquiry conducted by the Division regarding 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, on July 26, 2007, the Division issued an Order to Show Cause to Dennett.
3. Dennett and the Division have agreed to settle this matter by way of this Stipulation and

Consent Order.

4. Dennett is represented by the law firm of David J. Winterton and Associates, of Las Vegas, Nevada, and is satisfied with the representation he has received.
5. Dennett admits the jurisdiction of the Division over him and over the subject matter of this action.
6. Dennett waives any right to a hearing to challenge the Division's evidence and present evidence on his behalf.

I. THE DIVISION'S FINDINGS OF FACT

7. Dennett resides in Washington County, Utah.
8. In early March 2004, investor A. L., a disabled veteran, noticed a flyer in the Cedar City, Utah, newspaper from Don Dennett, owner of Family & Estates Financial Services.¹
9. The flyer stated "Your Current & Future Cash Needs Leave You Up The Creek Without a Paddle? Get 9% Guaranteed on Return." The flyer also included contact information for Dennett.
10. After seeing the flyer, A. L. contacted Dennett and set up an appointment.
11. A few days later, still in early March 2004, Dennett met with A. L. and his wife at their home in Iron County, Utah. The meeting lasted for about one hour, and the discussion revolved around an investment in the Resort Holding Universal Lease.

¹ Family & Estates Financial Services was registered as a Utah DBA in January 2004, but its entity status expired in February 2007. "Danald" W. Dennett was the applicant and registered agent for the entity.

12. Dennett told A. L. and his wife that their money would be invested in a Mexican resort called the Avalon Grand.
13. Dennett said it was a solid investment that guaranteed returns of 9% annually, paid in monthly payments.
14. Dennett said if A. L. invested \$16,000, A. L. would receive monthly payments of \$120.
15. Dennett said A. L. and his wife could get their money back, with no penalty fee, after three years.
16. Dennett also said he invested \$600,000 of his own money, and that his brother, Dan Dennett had invested \$2,000,000.
17. Dennett failed to tell A. L. and his wife, among other things, that in December 2003, Dennett was named in an administrative action by the Division, along with Resort Holding, in connection with the offer of the Resort Holding Universal Lease to undercover Division investigators. The action was still pending when Dennett solicited A. L. and his wife.
18. On March 8, 2004, Dennett returned to A. L.'s home where A. L. executed the Universal Lease with Resort Holding, and accompanying Management Agreement with Majesty Travel (collectively the Universal Lease Documents).
19. The term of the lease, under the Universal Lease Agreement is 25 years, the purchase amount is \$16,000, and it includes sections regarding operations and maintenance fees, common areas, insurance, and default fees.

20. In the Management Agreement, A. L. is designated the “Client” and Majesty Travel is the “Administrator.” Under the terms of the Management Agreement, Majesty Travel will rent, manage, administer, and collect rental income on behalf of the Client, and guarantees rental of the unit. A. L. would also receive compensation of 4% annually as rental compensation, and an additional 5% annually for the option to purchase A. L.’s unit (for a total of 9% annually), on the accrual basis.
21. Dennett signed the Universal Lease Application (a two-page document with A. L.’s contact and beneficiary information) as the Universal Lease representative.
22. On March 23, 2004, A. L. invested \$16,000 in a Resort Holding Universal Lease by giving Dennett a personal check made payable to Resort Holding International. A. L. gave Dennett the check in the parking lot of a Subway restaurant in Cedar City, Utah.
23. After investing, A. L. received a packet in the mail from Resort Holding which included a copy of his executed Universal Lease Documents. A. L. also received two or three “Rental Income Statements” from Galaxy Properties Management S.A. through the mail.
24. From July 2004 to May 2005, A. L. received eight interest payments, initially from Majesty Travel, and then from Galaxy Properties when it replaced Majesty Travel, for a total of \$930.39. The interest payments varied from as little as \$72.33 to as much as \$134.56, and arrived by mail in the form of a check.
25. When the interest payments stopped, A. L. contacted Dennett, and when Dennett was not available, A. L. contacted Dennett’s brother, Dan Dennett (Dan).

26. Although Dan did not solicit the investment from A. L., he did process the Universal Lease Documents, and was familiar with the investment opportunity.
27. When A. L. contacted Dennett or Dan, A. L. would typically be told, “we are working on it.”
28. In October, and again in November 2005, when A. L. was struggling financially, Dan gave A. L. a check for \$240.
29. On November 14, 2007, the State of Utah filed a criminal action against Donald Wesley Dennett in Iron County, Utah (case no. 071500646) alleging one count of securities fraud and one count of abuse of a vulnerable adult, both second degree felonies, in connection with the same actions alleged in the Order to Show Cause.
30. On October 21, 2008, Dennett entered a plea of guilty to the one count of securities fraud (reduced to a third degree felony), and the other count was dismissed.
31. On October 21, 2008, Dennett was sentenced to 0-5 years in the Utah State Prison, but the prison term was suspended. Dennett was ordered to pay restitution of \$14,830 to the victim (A. L.) by October 1, 2011. Dennett was also placed on probation for 36 months and ordered to serve 100 hours of community service.

II. THE DIVISION’S CONCLUSIONS

32. Based on the Division’s investigative findings, the Division concludes that:
 - a. The investment opportunity offered and sold by Dennett to A. L. is an investment contract, and therefore a security, under § 61-1-13 of the Act.;

- b. Dennett violated § 61-1-3 of the Act by making misrepresentations and omission of material fact in connection with the offer and sale of a security in or from Utah;
- c. Dennett violated § 61-1-7 of the Act by offering to sell securities in or from Utah that were not registered under the Act.

III. REMEDIAL ACTIONS / SANCTIONS

- 33. Dennett admits the Division's findings and conclusions, and consents to the sanctions below being imposed by the Division.
- 34. Dennett represents that any information he provided to the Division as part of the Division's inquiry into this matter is accurate.
- 35. Pursuant to Utah Code Ann. § 61-1-6(1)(d) and in consideration of the guidelines set forth in Utah Admin. Code Rule R164-31-1, the Division imposes a fine of \$25,330 against Dennett, with the following provisions:
 - a. The fine may be reduced by up to \$14,830, by any restitution paid to the victim by October 1, 2011, pursuant to court order in State of Utah v. Dennett, case number 071500646;
 - b. An additional \$10,000 of the fine will be waived so long as Dennett violates no provisions of the Act for a period of three years from the entry of this Stipulation and Consent Order;
 - c. If Dennett materially violates any of the terms of this Stipulation and Consent Order, after notice and opportunity to be heard before an administrative officer,

the entire fine shall become immediately due;

- d. The remaining fine amount (\$500.00 if restitution paid in full) is due to the Division within three years from the entry of this Stipulation and Consent Order.

- 36. Dennett agrees to the imposition of a cease and desist order, prohibiting him from any conduct that violates the Act.

IV. FINAL RESOLUTION

- 37. Dennett acknowledges that this Order, upon approval by the Securities Commission shall be the final compromise and settlement of this matter. Dennett 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.
- 38. Dennett acknowledges that the Order does not affect any civil or arbitration causes of action that third-parties may have against him arising in whole or in part from his actions, and that the Order does not affect any criminal causes of action that may arise as a result of his conduct referenced herein.
- 39. This 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 this Order in any way.

Utah Division of Securities

Date: 8/19/09
By: [Signature]
Michael Hines
Director of Enforcement

Respondent

Date: 8/5/09
[Signature]
Donald Dennett

Approved:

[Signature]
Jeff Buckner
Assistant Attorney General

Approved:

[Signature]
David J. Winterton
Attorney for Respondent

ORDER

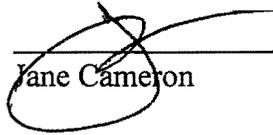
IT IS HEREBY ORDERED THAT:

1. The Division has made a sufficient showing of Findings of Fact and Conclusions of Law to form a basis for this settlement.
2. Donald Wesley Dennett pay a fine of \$25,330. Based upon the restitution order put in place in Dennett's criminal action, each dollar paid by Dennett to the injured investor shall be credited by the Division toward payment of the fine, up to \$14,830 as describe in paragraph 35 above. An additional \$10,000 shall be waived from the fine so long as Dennett violates no provisions of the Act for a period of three years from the entry of this Order. If Dennett materially violates any of the terms of this Stipulation and Consent Order, after notice and opportunity to be heard before an administrative officer, the entire fine shall become immediately due. The remaining fine amount (\$500.00 if restitution paid in full) is due to the Division within three years from the entry of this Order.
3. Donald Wesley Dennett cease and desist from violating the Utah Uniform Securities Act.

BY THE UTAH SECURITIES COMMISSION:

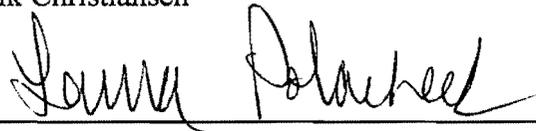
DATED this 25th day of February, 2010.

Tim Bangerter



Jane Cameron

Erik Christiansen



Laura Polacheck



Michael O'Brien

Certificate of Mailing

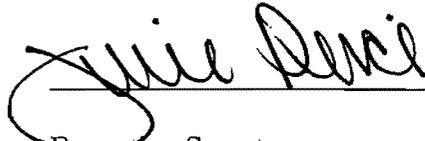
I certify that on the 11th day of MARCH, 2010, I mailed ^{certified} a true and correct copy of the Stipulation and Consent Order to Respondent's counsel at:

David J. Winterton & Assoc.

211 North Buffalo Drive, Suite A

Las Vegas, NV 89145

Certified Mailing # 7009 2820 0001 2595 7524



Executive Secretary