

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:

SCI PARTNERS, LLC
STRATEGIC TRADERS LLC
STRATEGIC INVESTORS LLC
PRO TRADERS CLUB LLC
GO 2 INVESTMENTS LLC
KEVIN L. WARNER LLC
KEVIN L. WARNER

Respondents.

AFFIDAVIT OF SERVICE AND NON-
RESPONSE

Docket No. SD-07-0059
Docket No. SD-07-0060
Docket No. SD-07-0061
Docket No. SD-07-0062
Docket No. SD-07-0063
Docket No. SD-07-0064
Docket No. SD-07-0065

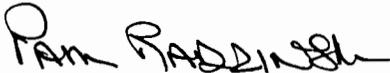
I, Pam Radzinski, first being duly sworn, depose and state as follows:

1. I am the Executive Secretary for the Department of Commerce Division of Securities (the Division).
2. As executive secretary for the Division, I am responsible for supervising the mailing of

the Division's Orders to Show Cause and for receiving any responses filed by respondents.

3. On September 10, 2007, the Division mailed, by certified mail, an Order to Show Cause (OSC) to Kevin L. Warner LLC's registered agent (Robert Payne), along with a Notice of Agency Action (Notice), advising that a default order would be entered if it failed to file a written response to the OSC within thirty (30) days of the mailing date of the Notice.
4. On or about September 25, 2007, the Division received notice in the mail from the United States Postal Service (USPS) that delivery to Robert Payne was attempted, but unsuccessful.
5. On November 14, 2007, the Division mailed the OSC and Notice to Kevin L. Warner LLC's manager (Kent Perry) by certified mail and regular mail, and to the registered agent by regular mail.
6. On December 3, 2007, the Division received notice in the mail from USPS that delivery to Kent Perry was attempted, but not successful.
7. As of the date of this Affidavit, the Division has not received a response from Kevin L. Warner LLC.

DATED this 17TH day of December, 2007.



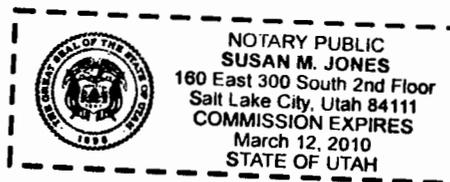
PAM RADZINSKI
Executive Secretary

SALT LAKE COUNTY)
) ss
STATE OF UTAH)

Signed and subscribed to before me this 17th day of December, 2007.



Notary Public



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Respondents.

NOTICE OF ENTRY OF
DEFAULT AND ORDER

Docket No. SD-07-0059
Docket No. SD-07-0060
Docket No. SD-07-0061
Docket No. SD-07-0062
Docket No. SD-07-0063
Docket No. SD-07-0064
Docket No. SD-07-0065

I. BACKGROUND

A formal adjudicative proceeding was initiated by the Division's Order to Show Cause and Notice of Agency Action dated September 10, 2007, against Kevin L. Warner LLC, SCI Partners, LLC, Strategic Traders LLC, Strategic Investors LLC, Pro Traders Club LLC, Go 2 Investments LLC, and Kevin L. Warner. On October 23, 2007, SCI Partners, LLC, Strategic Traders LLC, Strategic Investors LLC, Pro Traders Club LLC, Go 2 Investments LLC, and

Kevin L. Warner were all held in default for failing to file an answer to the September 10, 2007 Order to Show Cause, and for failing to appear at the initial administrative hearing. On December 10, 2007, at the continued administrative hearing, the presiding officer held Kevin L. Warner LLC in default for failing to file an answer to the September 10, 2007 Order to Show Cause, and for failing to appear at the hearing.

II. FINDINGS OF FACT

1. On September 10, 2007, the Division mailed, by certified mail, an Order to Show Cause (OSC) to Kevin L. Warner LLC's registered agent (Robert Payne), along with a Notice of Agency Action (Notice), advising that a default order would be entered if it failed to file a written response to the OSC within thirty (30) days of the mailing date of the Notice.
2. On or about September 25, 2007, the Division received notice in the mail from the United States Postal Service (USPS) that delivery to Robert Payne was attempted, but unsuccessful.
3. On November 14, 2007, the Division mailed the OSC and Notice to Kevin L. Warner LLC's manager (Kent Perry) by certified mail and regular mail, and to the registered agent, by regular mail.
4. On December 3, 2007, the Division received notice in the mail from USPS that delivery to Kent Perry was attempted, but unsuccessful.
5. The Division has yet to receive a response from Kevin L. Warner LLC.

6. Kevin L. Warner, LLC (KLW) was registered as a Utah limited liability company on November 5, 2001, but its entity status expired on March 24, 2004. Kevin L. Warner held himself out to be the owner of KLW, although he was neither a manager nor member.
7. Kevin L. Warner (Warner) resides in Davis County, Utah.
8. In early 2004, KLW and Warner solicited and received a total of \$45,000 in investment funds, from two Utah investors.
9. Warner told the investors that investor funds would be used only to trade futures, that Warner would invest \$10,000 of his own money into the pool, and that investors could remove their money at any time.
10. Investors saw no profit from their investments in KLW and recovered only a portion of their principal.

Investor JL

11. In April 2004, Warner talked to JL about starting a commodity pool through his company KLW. Warner told JL the following about the commodity pool:
 - a. Only Warner, JL, and JL's parents would be involved in the pool;
 - b. There would be no minimum amount to invest into the pool;
 - c. Warner would not take a commission from this investment;
 - d. The money would be traded with a system that was working well;
 - e. Investor funds would be used only to trade futures;

- f. Warner would invest \$10,000 of his own money into the pool; and
 - g. Investors could remove their money at any time.
12. In April 2004, at Warner's office, JL invested \$15,000 in the KLW commodity pool by giving Warner a personal check.
 13. In July 2004, JL went to Warner's office to watch Warner trade. JL saw Warner lose approximately \$60,000 while trading on an account.
 14. Shortly thereafter JL asked Warner for current statements on his account.
 15. On or about July 31, 2004, Warner gave JL a statement of his account.
 16. JL requested all of his investment funds back at that time.
 17. Warner told JL it would take a few days to get the money, and then Warner continued to make excuses and delay repayment.
 18. In the end of August 2004, Warner began making payments to JL.
 19. In August 2004, Warner asked to meet with JL, JL's wife, and JL's father. During the meeting, at Warner's office, Warner confessed to having used all of their investment funds to pay personal debts and to pay other investors.
 20. JL has been able to recover between \$5,000 and \$8,000 of his investment funds.
Between JL's investments in KLW and the other opportunities presented by Warner, Warner still owes JL approximately \$66,250 in principal alone.

Investors AL and LL, Husband and Wife

21. In April 2004, Warner talked to AL and LL about investing funds into a pool that would only involve Warner, AL, LL and their son, JL. Warner told AL and LL the following about the investment pool:
 - a. The pool money would be traded based on a system that was working well.
 - b. The money would be invested through his company KLV;
 - c. Investor funds would be used only to trade futures;
 - d. Warner would invest \$10,000 of his own money into the pool; and
 - e. Investors could remove their money at any time.
22. AL and LL invested \$30,000 in the KLV pool account by giving Warner two separate checks while at Warner's office on two separate days. The first check was a personal check for \$10,000, dated February 13, 2004, made payable to KLV. The second check was a cashier's check for \$20,000, dated April 27, 2004, made payable to Strategic Traders.
23. In July 2004, AL and LL asked Warner for a current statement on the pool money, and on July 31, 2004, Warner provided it to them.
24. After reviewing the pool statement, AL, LL, and JL asked Warner to return their pool money.
25. Warner said it would take a couple of days to get the money.
26. Warner ignored subsequent requests by AL and LL to have their investments returned.

27. To date, AL and LL have received approximately \$4,600 from Warner's investment opportunities. Between AL's and LL's investments in KLW and the other opportunities presented by Warner, Warner still owes AL and LL \$40,000 in principal alone.

Misrepresentations and Omissions

28. In connection with the offer and sale of securities to Utah investors, KLW made false statements, including, but not limited to, the following:
- a. Investors could get their investment back at any time;
 - b. Warner would invest \$10,000 of his own money into the pool;
 - c. Warner told JL, AL and LL their money would be traded using a system that was working well; and
 - d. Warner told J. H. that to invest, he had to have a minimum amount of wealth, but if he did not have that minimum amount, he could still participate by investing in a pool.
29. In connection with the offer and sale of securities to Utah investors, KLW failed to disclose material information, including, but not limited to, the following:
- a. Warner failed to tell AL and LL that he had an unpaid tax lien against him in the amount of \$1,409;
 - b. Warner failed to tell investors that Warner had an unpaid civil judgement against him in the amount of \$3,398 from RC Willey;

- c. Warner failed to tell investors that IHC had filed a civil action against him for debt collection;
- d. Warner failed to tell AL and LL that Warner was no longer a member of the NFA, no longer a Commodity Trading Advisor, or a Commodity Pool Operator;
- e. Some or all of the information typically provided in an offering circular or prospectus regarding Kevin L. Warner LLC, such as:
 - i. The business and operating history for Kevin L. Warner LLC;
 - ii. Identities of the principals of Kevin L. Warner LLC, along with their experience in the relevant area of business;
 - iii. Financial statements for Kevin L. Warner LLC;
 - iv. The market for the product or services of Kevin L. Warner LLC;
 - v. The nature of the competition for the product or services;
 - vi. Current capitalization of the issuer;
 - vii. A description of how the investment would be used by the businesses;
 - viii. The track record of the companies to investors;
 - ix. Risk factors for investors;
 - x. The number of other investors;
 - xi. The minimum capitalization needed to participate in the investment;
 - xii. The disposition of any investments received if the minimum capitalization were not achieved;

- xiii. The liquidity of the investment;
- xiv. Discussion of pertinent suitability factors for the investment;
- xv. The proposed use of the investment proceeds;
- xvi. Any conflicts of interest the issuer, the principals, or the agents may have with regard to the investment;
- xvii. Agent commissions or compensation for selling the investment;
- xviii. Whether the investment is a registered security or exempt from registration; and
- xix. Whether the person selling the investment is licensed.

III. CONCLUSIONS OF LAW

- 30. The service of the OSC and the Notice initiating these proceedings is valid upon Kevin L. Warner LLC.
- 31. Because Kevin L. Warner LLC failed to file a written response to the September 10, 2007 OSC, and because it failed to appear at the October 15th or December 10th, 2007 administrative hearings, it is in default.
- 32. The investment contracts offered and sold by Kevin L. Warner LLC are securities under the Utah Uniform Securities Act.
- 33. In connection with the offer and sale of securities, Kevin L. Warner LLC misrepresented material facts to investors.

34. In connection with the offer and sale of securities, Kevin L. Warner LLC failed to disclose material information to investors which was necessary to make the statements made not misleading.
35. By this conduct, Kevin L. Warner LLC violated § 61-1-1(2) of the Act.

IV. ORDER

Based on the above, the Director hereby:

1. Declares Kevin L. Warner LLC in default for failing to file a written response to the September 10, 2007 OSC and for failing to appear at the October 15th and December 10th, 2007 administrative hearings.
2. Enters, as its own findings, the Finding of Fact described in Section II above.
3. Enters, as its own conclusions, the Conclusions of Law described in Section III above.
4. Finds that Kevin L. Warner LLC violated the Utah Uniform Securities Act by misrepresenting material facts in connection with the offer and sale of a security in or from Utah in violation of § 61-1-1(2).
5. Finds that Kevin L. Warner LLC violated the Utah Uniform Securities Act by omitting to disclose material information in connection with the offer and sale of a security in or from Utah in violation of § 61-1-1(2).
6. Orders Kevin L. Warner LLC to permanently CEASE and DESIST from any violations of the Act.

7. Orders Kevin L. Warner LLC to pay a fine of fifty five thousand dollars (\$55,000) to the Division of Securities by February 29th, 2008.

DATED this 17th day of December, 2007.


WAYNE KLEIN
Director, Division of Securities



Pursuant to § 63-46b-11(3), Respondent may seek to set aside the Default Order entered in this proceeding by filing such a request with the Division consistent with the procedures outlined in the Utah Rules of Civil Procedure.

Certificate of Mailing

I certify that on the 17TH day of December, 2007, I mailed, by certified mail and regular mail, a true and correct copy of the Notice of Entry of Default and Order to:

Kevin L. Warner, LLC
C/O Kent E. Perry, Manager
580 E. David Drive
Tremonton, UT 84337

Certified Mail # 70070710000302081389

Kevin L. Warner, LLC
C/O Robert D. Payne, Registered Agent
1780 N. Hwy 38
Brigham City, UT 84302

Certified Mail # 70070710000302081396



Executive Secretary