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

IN THE MATTER OF: CASH FLOW GURUS, INC. DAVID RHETTE ADLARD Respondents.	AFFIDAVIT OF SERVICE AND NON-RESPONSE Docket No. SD-07-0066 Docket No. SD-07-0067

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 October 11, 2007, the Division mailed, by certified mail, an Order to Show Cause (OSC) to Cash Flow Gurus, Inc. and David Rhette Adlard, along with a Notice of Agency Action (Notice), advising that a default order would be entered if they failed to file a written response to the OSC within thirty (30) days of the mailing date of the Notice. Mr. Adlard is an individual Respondent, and also the director and registered agent for Cash Flow Gurus, Inc.

4. On October 16, 2007, the Division was notified by the United States Postal Service (USPS) that delivery of the OSC and Notice to Cash Flow Gurus, Inc. and David Rhette Adlard was attempted but not successful because there was no mail receptacle at Mr. Adlard's address.

5. On November 6, 2007, the Division mailed the OSC and Notice, by certified mail, to two other possible addresses for David Rhette Adlard, one in Wasatch County, Utah, and the other in Lafayette County, Missouri.

6. On November 13, 2007, the Division was notified by USPS that delivery of the OSC and Notice to the Missouri address was successful.

7. On November 26, 2007, the Division was notified by USPS that delivery of the OSC and Notice to the Wasatch County, Utah address was attempted but not successful.

8. As of the date of this Affidavit, the Division has not received a response from Cash Flow Gurus, Inc. or David Rhette Adlard.

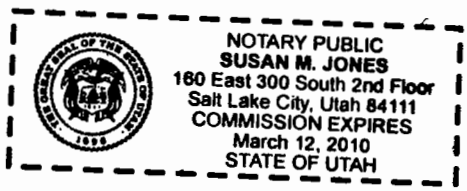
DATED this 17th day of December, 2007.

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

IN THE MATTER OF: CASH FLOW GURUS, INC. DAVID RHETTE ADLARD Respondents.	NOTICE OF ENTRY OF DEFAULT AND ORDER Docket No. SD-07-0066 Docket No. SD-07-0067

I. BACKGROUND

A formal adjudicative proceeding was initiated by the Division's Order to Show Cause and Notice of Agency Action dated September 13, 2007, against Cash Flow Gurus, Inc. and David Rhette Adlard. At the December 10, 2007 continued administrative hearing in this matter, the Presiding Officer held Cash Flow Gurus, Inc. and David Rhette Adlard in default for failing to file answers or appear at the hearing.

II. FINDINGS OF FACT

1. Cash Flow Gurus, Inc. (Cash Flow) was registered as a Utah corporation on September 23, 2005, but its corporate status expired on January 5, 2007. Cash Flow was located in Midway, Utah, and David Rhette Adlard was its registered agent and sole director.

2. David Rhette Adlard (Adlard) resides in Wasatch County, Utah.

Investor DV

3. In October 2005, Investor DV met Adlard at a "Free Dinner Workshop" held by Adlard and his wife at a Salt Lake City restaurant. The purpose of the workshop was to educate people about obtaining extra money through financial aid and scholarships to pay for a child's college tuition.

4. At the workshop, Adlard stated he could act as a financial advisor to anyone in attendance.

5. In late December 2005 or early January 2006, DV contacted Adlard and told him DV was going to receive an inheritance, and wanted Adlard to help him invest it.

6. Adlard told DV to contact him the moment he received the inheritance so they could get the money invested.

7. In April 2006, DV received his inheritance of $57,000, and immediately informed Adlard.

8. Adlard asked DV to visit Adlard at his home in Wasatch County, Utah, to see Adlard's real estate project in Midway.

9. In April 2006, DV drove to Wasatch County to meet with Adlard. Adlard drove DV around Midway and showed him multiple pieces of property, including one in which DV could invest.

10. Adlard told DV the following about the investment opportunity:

    a. Adlard and his Cash Flow partners had bought the property early, before the "for sale" signs had been placed;

    b. The piece of property had been divided into six lots and Adlard and Cash Flow were going to purchase all six;

    c. DV could purchase two of the six lots for $50,000, and receive a guaranteed annual return of 24%;

    d. The investment was for six months or until the properties sold;

    e. Adlard and his Cash Flow partners were investing $850,000 to develop the lots; and

    f. Adlard and his Cash Flow partners would sell each lot for $1.9 to $3.5 million.

11. On April 24, 2006, DV sent the following e-mail to Adlard:

> Thanks for the generous offer. I do have a few questions . . . If I understand this correctly, the money I invest will be used as a portion of the funds to purchase the property. Your group may make more or less than this rate, but you're also accepting the risk. By offering the 24% to me, you are giving me a risk free investment in the hopes of making more than this rate of return. Don't misunderstand my assessment; I think this is a fantastic deal for this guaranteed rate. I just want to be sure I understand that I am assuming none of the risk.

12. On the same day, Adlard responded to DV's e-mail with, "Your understanding of this first arrangement is exactly correct. My partners and I will probably make more than that rate of return but we are assuming all of the risk. We may make less."

13. On April 25, 2006, DV invested $50,000 with Adlard and Cash Flow by sending the money via wire transfer to Adlard and Cash Flow's bank account at a Bank of America in Independence, Missouri.

14. On the same day DV signed a document entitled "Joint Venture Agreement" between Cash Flow and DV, which states that DV invested $50,000, the agreement expires in six months, and that DV has no duties with respect to improving the real estate. The agreement was signed by Adlard as the president of Cash Flow.

15. In June or July 2006, DV and his wife had dinner at Adlard's home in Wasatch County. While there, Adlard drove DV and his wife to the investment property where they saw a trailer with the name "Rainmaker Group" parked next to the lots. Additionally, each lot had a Rainmaker Group "for sale" sign.

16. Adlard said Rainmaker Group[1] was his company. This was the first time DV had heard of the Rainmaker Group.

17. While looking at the property, Adlard told DV and DV's wife there was no risk because the worst thing that could happen was DV and his wife would get their principal investment back.

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[1] Rainmaker Group is not registered as a business entity in Utah.

18. On August 31, 2006, DV contacted Adlard by telephone and they spoke about DV obtaining an equity loan to cover college tuition for his son. Adlard suggested DV use a portion of the loan for tuition, and invest the remainder with Adlard and Cash Flow.

19. On September 25, 2006, Adlard and DV met at DV's place of employment in Salt Lake County to discuss the second investment in more detail.

20. At the meeting, Adlard gave DV a document entitled "[DV] College Funding Summary," which included a plan to roll-over DV's initial $50,000 investment plus accrued interest of $4,043.01 into a new plan in January 2007 that would provide and annual return of 12% paid monthly.

21. DV also asked Adlard if the lots in Midway had sold, and Adlard said they had not but there was still some good prospects.

22. DV asked Adlard what happened to his initial investment once the Joint Venture Agreement expired in October 2006, and Adlard told DV his money would continue to earn 24% accrued annual interest until it was rolled into the new investment plan in January 2007.

23. Adlard told DV that nobody who had invested with Adlard had not made money.

24. On October 2, 2006, DV received his home equity loan for $80,000, in the form of a check from his credit union.

25. On or about October 4, 2006, DV received a promissory note signed by Adlard as president of "Cash Flow Gurus, Inc. DBA Rainmaker Capital Partners."[2] The original amount of the note was $75,593.01 ($70,000 equity loan plus $5,593.01 interest earned on first investment as of October 4, 2006), but the amount increased to $119,332.32 on January 1, 2007, after DV rolled-over $54,043.01 ($50,000 plus $4,043.01 interest earned from October 4, 2006 to January 1, 2007) from his first investment. The interest rate stated on the note was 12% annually (1% per month), paid in monthly payments for a term of just under 15 years.

26. On October 6, 2006, DV sent $70,000, via bank transfer, to Adlard and Cash Flow's account per Adlard's instructions.

27. Adlard used DV's investment to pay for personal expenses such as child support, federal and state taxes, dining, groceries, gas, car washes, and other retail spending.

28. DV received interest payments from Adlard in the amount of $907.25[3] in November and December, but had trouble getting his January payment, which included a $10,000 payout for DV's son's college tuition.

29. On January 29, 2007, Adlard visited DV at DV's home. Adlard wrote DV a check for $11,126.27 in payment of his monthly interest (including a late fee), plus $10,000 for his son's tuition.

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[2] Rainmaker Capital Partners is not a registered business entity in Utah.

[3] Although Adlard's promissory note stated annual interest of 12%, the $907.25 interest payment represents annual interest of 14.4%, or 1.2% per month.

30. DV told Adlard he was unhappy with the state of their relationship and the lack of communication, and that he did not like that his investment was unsecured.

31. Adlard offered to return all of DV's investment with interest, but said it would take up to 120 days.

32. DV told Adlard that if their agreement could be amended to reduce his risk, he would not withdraw his money. Adlard suggested they "sleep on it."

33. The $11,126.27 check DV received from Adlard on January 29, 2007 bounced twice, and DV was not able to cash it until February 27, 2007.

34. Sometime in February 2007, DV received an interest payment of $1,500 from Adlard ($1,432.19[4] interest payment plus $67.81 for a late fee).

35. Adlard telephoned DV on Thursday, March 1, 2007, and told DV he was sending via wire transfer, $1,000 on Friday and $500 on Saturday, for DV's March payment.

36. DV received $1,000 on March 4, 2007 and nothing else.

37. DV attempted to contact Adlard by telephone, but Adlard did not answer or return DV's calls.

38. Adlard still owes DV $110,000 in principal alone.

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[4] This also represents 14.4% annual interest, or 1.2% per month.

Misrepresentations and Omissions

39. In connection with the offer and sale of securities to investors, Cash Flow Gurus, Inc. and David Rhette Adlard, directly or indirectly, made false statements, including, but not limited to, the following:

a. DV would receive a guaranteed return of 24% annually;

b. Adlard and his partners were assuming all of the risk;

c. There was no risk and the worst thing that could happen is DV would get their principal back; and

d. Adlard could give DV a return of 12% monthly on his second investment.

40. In connection with the offer and sale of securities to investors, Cash Flow Gurus, Inc. and David Rhette Adlard, 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. That in 1996 Adlard filed for Chapter 7 bankruptcy in Kansas City, Missouri;

b. That in 2005, Adlard had a judgment for child support entered against him in the amount of $25,860, which was modified to $26,760 just prior to DV's first investment;

c. That Adlard would use DV's investment to pay personal expenses; and

d. Some or all of the information typically provided in an offering circular or prospectus regarding Cash Flow Gurus, Inc., Rainmaker Group, and Rainmaker Capital Partners, such as:

i. The business and operating history for Cash Flow Gurus, Inc., Rainmaker Group, and Rainmaker Capital Partners;

ii. Identities of the principals for Cash Flow Gurus, Inc., Rainmaker Group, and Rainmaker Capital Partners, along with their experience with developing and selling real estate;

iii. Financial statements for Cash Flow Gurus, Inc., Rainmaker Group, and Rainmaker Capital Partners;

iv. The market for Cash Flow's, Rainmaker Group, and Rainmaker Capital Partners product(s);

v. The nature of the competition for the product(s);

vi. The current capitalization for Cash Flow Gurus, Inc., Rainmaker Group, and Rainmaker Capital Partners;

vii. A description of how the investment would be used by Cash Flow Gurus, Inc., Rainmaker Group, and Rainmaker Capital Partners;

viii. The track record of Cash Flow Gurus, Inc., Rainmaker Group, and Rainmaker Capital Partners 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

41. The service of the OSC and the Notice initiating these proceedings is valid upon Cash Flow Gurus, Inc. and David Rhette Adlard.

42. Because Cash Flow Gurus, Inc. and David Rhette Adlard failed to file a written response to the September 13, 2007 OSC, and because they failed to appear at the December 10, 2007 continued administrative hearing, they are in default.

43. The investment contract and promissory note offered and sold by Cash Flow and Adlard to DV are securities under § 61-1-13 of the Act. An investment contract includes "any investment in a common enterprise with the expectation of profit to be derived through the essential managerial efforts of someone other than the investor." UTAH ADMIN. CODE R164-13-1(B)(1).

44. In connection with the offer of a security, Cash Flow Gurus, Inc. and David Rhette Adlard misrepresented material facts to investors.

45. In connection with the offer and sale of securities, Cash Flow Gurus, Inc. and David Rhette Adlard failed to disclose material information to investors which was necessary to make the statements made not misleading.

46. By this conduct, Cash Flow Gurus, Inc. and David Rhette Adlard violated § 61-1-1(2) of the Utah Uniform Securities Act (the Act).

IV. ORDER

Based on the above, the Director hereby:

1. Declares Cash Flow Gurus, Inc. and David Rhette Adlard in default for failing to file a written response to the September 13, 2007 OSC and for failing to appear at the December 10, 2007 continued administrative hearing.

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 Cash Flow Gurus, Inc. and David Rhette Adlard violated the Utah Uniform Securities Act by misrepresenting material facts in connection with the offer of a security in or from Utah in violation of § 61-1-1(2) of the Act.

5. Finds that Cash Flow Gurus, Inc. and David Rhette Adlard violated the Utah Uniform Securities Act by omitting to disclose material information in connection with the offer of a security in or from Utah in violation of § 61-1-1(2) of the Act.

6. Orders Cash Flow Gurus, Inc. and David Rhette Adlard to permanently CEASE and DESIST from any violations of the Act.

7. Orders Cash Flow Gurus, Inc. to pay a fine of one hundred fifty thousand dollars ($150,000) to the Division, by February 29, 2007.

8. Orders David Rhette Adlard to pay a fine of one hundred fifty thousand dollars ($150,000) to the Division, by February 29, 2007.

DATED this 17th day of December, 2007.

Wayne Klein

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 18TH day of December, 2007, I mailed, by certified mail, a true and correct copy of the Notice of Entry of Default and Order to:

David Rhette Adlard (Individually, and on behalf of Cash Flow Gurus, Inc.)
C/O John T. Adlard III
3377 Highway Oo
Odessa, MO 64076

Certified Mail #7007 0710 0003 0208 1402

Pam Radzinski
Executive Secretary