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

IN THE MATTER OF:	**RESPONSE TO ORDER TO SHOW CAUSE**
RACE, LLC RANDY JAMES BRADLEY ANNA LEE BRADLEY Respondents.	Docket No. SD-08-0038 Docket No. SD-08-0039 Docket No. SD-08-0040

Respondents hereby respond to the Order to Show Cause, filed by the Director for the Utah Division of Securities (Director), responding to each of the numbered paragraphs as follows:

RESPONSE TO NUMBERED ALLEGATIONS

1. Respondents admit that this Court has jurisdiction over matters wherein a violation of Utah Code Ann. §61-1-1, *et seq.*, is alleged. Respondents deny that they have engaged in any acts constituting a violation of the same.

2. Respondents admit that RACE, LLC is a single member LLC owned by Randy J. Bradley as the sole member and registered agent.
3. Respondents admit that Randy J. Bradley resides in Utah County, Utah.
4. Respondents admit that Ann Lee Bradley resides in Utah County, Utah. Respondents deny that Anna Lee Bradley was a member of Race LLC at all times relevant to the matters asserted in the Order to Show Cause.
5. Respondents deny that Randy Bradley and Anna Bradley have received investments from any investors.
6. Respondents deny the allegations in paragraph 6. RACE borrowed money from TRD Investments, LLC and complied with all requirements demanded by TRD for the loan. RACE never solicited the loan and Anna Bradley never acted for or on behalf of RACE or Randy Bradley.
7. Respondents deny that they failed to disclose any material information to TRD or to any of its agents prior to the transaction referenced in paragraph 6.
8. Respondents generally deny the allegations in paragraph 8 but admit that two of the parties involved in the transactions have been repaid in full for all principal and interest. Respondents deny that the characterization of the parties involved as "investors" is accurate. Further, not just two but all of the parties involved in the transactions alleged in the Division's Order to Show Cause have been paid in full for all principal and interest.

9. Respondents deny the allegations in paragraph 9. No such introduction to an "investment opportunity" occurred, nor did such opportunity exist. Neither WH nor RH entered into any business relationship with Respondents. WH approached her friend, Anna Bradley, and requested information about RACE.
10. Respondents deny the allegations in paragraph 10. WH sought a relationship with RACE and used her social and church relationship with Anna Bradley to do so. Anna Bradley was unable to provide the information WH wanted so she referred WH to Randy Bradley. None of the Respondents approached or requested WH, RH, or TRD to provide any loans.
11. Respondents deny the allegations in paragraph 11. See answer to paragraph 10 above.
12. Respondents admit the allegation in paragraph 12 that WH told Anna Bradley that WH sold her mother's home in California. However, WH indicated that other monies were available from the sale of her mother's home to cover her mother's nursing home costs.
13. Respondents deny the allegations in paragraph 13. Respondents never solicited any investments or loans. WH was actively seeking for and soliciting an opportunity to loan money and earn interest.
14. Respondents deny the allegations in paragraph 14. WH and Randy Bradley discussed the terms and conditions related to the loan WH desired to make as an agent of TRD.

15. Respondents deny the Division's characterization of this social occasion referenced in paragraph 15 as a solicitation by the Respondents. WH orchestrated the social event to explain her desire to loan money to RACE and to present her own business proposals as an agent of TRD.
16. Respondents deny the allegations in paragraph 16. WH represented that the interest for the $30,000 loan would help pay the cost of her mother's nursing home. WH repeatedly stated that if the $30,000 was lost there were additional monies from the sale of the home so they could deal with the loss.
17. Admitted in part and denied in part. The loan was not secured by real estate pursuant to the express terms of the note. Both RH and WH knew this and agreed to it. Randy Bradley did subsequently personally guarantee and in fact performed pursuant to the terms of that guarantee, as admitted by the Division in paragraph 24.
18. Respondents deny the allegations in paragraph 18. RACE had been in business for eighteen months at that time and had paid all of its obligations up to August 2007.
19. Respondents deny the allegations in paragraph 19. Other than the lender, the only entity involved in the transaction was RACE, LLC. Founders Capital was not a party to any transaction described herein and respondents did not claim or represent any authority or ability to represent Founders Capital.

20. Respondents deny the allegations in paragraph 20. Neither RH nor WH invested with RACE. TRD did loan RACE money. This was a business transaction between two limited liability companies duly registered in the State of Utah and in good standing.

21. Respondents admit that a promissory note was delivered to TRD from RACE on June 1, 2007, in the amount of $30,000.

22. Respondents admit that in about September 2007, RH invited Randy Bradley to lunch with a "business partner" of RH. During that meeting, RH reported to Randy Bradley that he had been contacted by Michael Hines of the Division of Securities and that Mr. Hines had told RH things about Randy Bradley and Anna Bradley that were false and misleading. Mr. Hines also purportedly threatened that Randy Bradley and Anna Bradley were going to be incarcerated.

23. Respondents deny the allegations in paragraph 23. The promissory note issued by RACE and held by TRD Investments, LLC was a short-term commercial note that was callable by TRD with 30-day written notice. TRD simply provided that written notice. RH and WH never asked RACE to "return their investment."

24. Respondents admit that TRD Investments, LLC, was paid in full for both principal and interest. The total amount paid to TRD was $34,581.81.

25. Respondents admit that RM and Karl Markham attended a meeting in about April 2006 during which Rick Koerber spoke. This event had no relationship or relevance to RACE.

26. Respondents assert that the allegations in paragraph 26 are improper and irrelevant as respondents were not privy to any conversations between RM and Markham, and therefore deny the same. To the extent Markham may have acted in the manner the Division describes, Markham acted without Respondents' knowledge and without authorization from RACE.
27. Respondents deny the allegations in paragraph 27. On or about April 4, 2006, RACE entered into a partnership agreement, orchestrated by Markham, with a group of individuals (including RM and Markham) who formally organized a limited liability company, KDRM Enterprises, LLC. Markham set up all of the meetings and formed KDRM for this purpose.
28. Respondents deny the allegations in paragraph 28. RM never received a promissory note from RACE. RACE issued a promissory note to Markham as the organizing entity of his family as part of a general partnership agreement reached between the parties. RACE did not sell any note to any of Markham's family including RM.
29. Respondents deny the allegations in paragraph 29 for lack of knowledge. Moreover, whatever acts Markham may have engaged in, he had no authority to represent Respondents.
30. Respondents deny that RM "invested" any money with RACE, but only acted in her capacity as a registered agent and Markham family financial partner in KDRM.

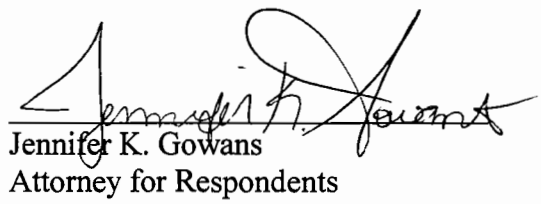
31. Respondents admit that RM attended a class which was not a solicitation nor did the class have any affiliation with RACE. RM used that as a social opportunity to discuss the partnership between KDRM and RACE.
32. Respondents deny the allegations in paragraph 32. Markham organized JAMAR Property, LLC to further his own purposes. Markham made a loan from JAMAR to RACE with a new note and different terms.
33. Respondents deny the allegations in paragraph 33. See answer to paragraph 30 above.
34. Respondents deny the allegations in paragraph 34.
35. Respondents deny the allegations in paragraph 35. KDRM received payments pursuant to the partnership agreement and the Division admits that RM acted as a director and/or executive of KDRM in paying other members of the LLC.
36. Respondents deny the allegations in paragraph 36. In August 2007, the financial arrangements between RACE and KDRM changed.
37. Respondents deny the allegations in paragraph 37.
38. Respondents deny the allegations in paragraph 38. RACE successfully performed according to the terms of the partnership agreement between RACE and KDRM and brought a buyer who wanted to purchase the real estate for $755,000. RM used her director/executive status to stop the sale. As a result, RACE relinquished its leasehold rights in the property for full satisfaction of all debts owed by RACE to KRDM notwithstanding the fact that there is substantial equity in the property

that exceeds RACE's former indebtedness to KDRM. Accordingly, RACE has paid all debts owed to KDRM in full. Should RM contest this fact, RACE believes that it has good faith legal grounds under the partnership agreement to reassert its claim to the portion of equity owed to RACE, which is approximately $250,000.

39. Respondents incorporate and re-allege paragraphs 1-38 herein.
40. Respondents admit that a promissory note is generally construed as a "security" under the Act. However, Respondents deny that the promissory notes referenced by the Division in this case were securities under the applicable case law.
41. Respondents deny the allegations in paragraph 41 and further note that the Division generally fails to allege any false statements purportedly made by respondents; and to the extent any false statements are alleged, those allegations are contradicted by the Division's factual claims and by the documents at issue.
42. Respondents deny the allegations in paragraph 42.
43. Respondents deny the allegations in paragraph 43. Moreover, the Division's Count I relates solely and expressly to the one transaction involving TRD Investments, LLC, of which entity RH and WH are principals. The Division fails to allege any violation relative to the Markham/KDRM transaction.

WHEREFORE based on the foregoing, Respondents request that the Division dismiss the Order to Show Cause with prejudice and Order that Respondents be reimbursed for their costs and attorney's fees.

DATED this 30th day of May, 2008.



Jennifer K. Gowans
Attorney for Respondents

CERTIFICATE OF MAILING/DELIVERY

I hereby certify that on this 30th day of May, I faxed and mailed, postage prepaid, the original and a true and correct copy of the foregoing **RESPONSE TO ORDER TO SHOW CAUSE** to the following, respectively:

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