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Attorneys for Respondents

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

IN THE MATTER OF:

BRRAE, LLC
B. RONALD BROWN

Respondents.

**RESPONSE TO ORDER TO SHOW
CAUSE**

Docket No. SD-08-0057
Docket No. SD-08-0058

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 they have engaged in any acts constituting a violation of the same.
2. Respondents admit the allegations in paragraph 2.

3. Respondents admit that B. Ronald Brown resides in Utah County, Utah.
4. Respondents deny the allegations in paragraph 4. Brown told WN and DN that he had loaned some money to RACE and was earning 3% interest on the loan. Brown did not offer WN and DN any investment opportunity.
5. Over the course of several months and many conversations, Brown mentioned to WN and DN he had been working with a company for about three years. He explained that monies were loaned to RACE, LLC and the promissory note did provide interest at the rate of 3% per month. Respondents deny the remaining allegations in paragraph 5 and each of its subparagraphs.
6. Respondents deny the allegations in paragraph 6.
7. Respondents admit that in or about April 2007, WN and DN gave Brown a check for \$100,000 payable to BRRAE. WN and DN further indicated at that time that they would like to loan another \$100,000 in the near future. Respondents deny the remaining allegations in paragraph 7.
8. Respondents admit the allegations in paragraph 8.
9. Respondents admit the allegations in paragraph 9.
10. Respondents admit the allegations in paragraph 10.
11. Respondents admit the allegations in paragraph 11.
12. Respondents deny the allegations in paragraph 12.
13. Respondents deny the allegations in paragraph 13.
14. Respondents deny the allegations in paragraph 14.

15. Respondents admit that BRRAE made 1% interest on the loan during the same period of time when WN and DN received payments. Respondents deny the remaining allegations in paragraph 15.
16. Respondents admit that WN and DN mailed a letter to Brown on or about November 14, 2007, wherein they requested Brown to repay the loan within 60 days.
17. Respondents deny the allegations in paragraph 17.
18. Respondents admit the allegations in paragraph 18.
19. Respondents incorporate their responses in paragraphs 1-18.
20. Respondents admit that a promissory note is generally construed as a “security” under the Act. However, Respondents deny that the promissory note referenced by the Division in this case were securities under the applicable case law.
21. Respondents deny the allegations in paragraph 21.
22. Respondents deny the allegations in paragraph 22.
23. Respondents deny the allegations in paragraph 23.
24. Respondents incorporate their responses in paragraphs 1-23.
25. Respondents deny the allegations in paragraph 25.
26. Respondents deny the allegations in paragraph 26.
27. Respondents deny the allegations in paragraph 27.
28. Respondents deny the allegations in paragraph 28.

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 18th day of June, 2008.


Jennifer K. Gowans
Attorney for Respondents

CERTIFICATE OF MAILING/DELIVERY

I hereby certify that on this 18th day of June, 2008, 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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c/o Pam Radzinski
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