Division of Securities
Utah Department of Commerce
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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:	**ORDER TO SHOW CAUSE**
DJW INVESTMENTS, LLC **DAREN DENNIS WHITE**	**Docket No.** SD-08-0064 **Docket No.** SD-08-0065
Respondents.	

It appears to the Director of the Utah Division of Securities (Director) that DJW Investments, LLC and Daren Dennis White (the Respondents) have engaged in acts and practices that violate the Utah Uniform Securities Act, Utah Code Ann. § 61-1-1, et seq. (the Act). Those acts are more fully described herein. Based upon information discovered in the course of the Utah Division of Securities' (Division) investigation of this matter, the Director issues this Order to Show Cause in accordance with the provisions of § 61-1-20(1) of the Act.

STATEMENT OF JURISDICTION

1. Jurisdiction over the Respondents and the subject matter is appropriate because the Division alleges that Respondents violated § 61-1-1 (securities fraud) of the Act while engaged in the offer and sale of securities in or from Utah.

STATEMENT OF FACTS

THE RESPONDENTS

2. DJW Investments, LLC (DJW Investments) was registered as a Utah limited liability company on April 7, 2000, but its entity status expired in April 2007. Daren Dennis White was the manager and registered agent of DJW Investments.

3. Daren Dennis White (White) resides in Davis County, Utah.

GENERAL ALLEGATIONS

4. On May 6, 2003, in Salt Lake County, Utah, DJW Investments and C&G Funding, Inc. (C&G Funding) entered into a Master Business Loan Agreement and Secured Revolving Credit Note, in which C&G Funding agreed to invest $1 million with DJW Investments.

5. C&G Funding is an entity created by investors CM and GH to invest money with DJW Investments. CM and GH are the president and secretary, respectively, of a local steel manufacturing company (SME) doing business in Utah since 1992.

6. Sometime in early April 2003, at SME's place of business in Salt Lake County, Utah, White met with CM and GH to discuss a possible investment opportunity. Present at this meeting were White, White's friend Dana T., CM, and GH. The meeting lasted for approximately two-and-a-half to three hours and White did the majority of the speaking.

7. At this first meeting, White told CM and GH the following about the investment opportunity:

   a. There were opportunities in Clinton, Utah, to make large profits from the sale of

pre-fab homes;

b. "Clinton was going to explode";

c. White needed money to purchase the pre-fab home kits and additional real estate;

d. White had a real estate license and he planned on being the developer, contractor, and seller;

e. White already owned land that he could build on, and had a list of potential customers;

f. White had a huge reservoir of customers that were already on board;

g. White would miss big opportunities by just building a few homes, and the market could accommodate twenty homes; and

h. With CM's and GH's help they could build dozens of homes and split the profits.

8. Within a few days of the first meeting, GH told SME's general counsel, MW, about the investment opportunity with White. MW had several questions regarding the investment opportunity that he wanted to address with White.

9. The second meeting with White was one or two weeks after the first meeting, but still in April 2003. The meeting again took place at SME's place of business. Present at the second meeting were White, Dana T., CM, GH, and MW.

10. At the second meeting, White again explained that he would use invested funds to purchase pre-fab homes and additional real estate, build the pre-fab homes, and then quickly sell the homes for a profit. White also told CM, GH, and MW the following:

a. CM's and GH's investment would be secured by the real estate purchased by White; and

b. CM and GH would receive a first trust deed on each property purchased.

11. At the second meeting, White showed CM, GH, and MW a list of potential customers, and lists of the lots White could potentially purchase, but did not give them a copy.

12. At the end of the second meeting, CM and GH agreed to invest money with White and DJW Investments. White agreed to let MW prepare a formal agreement between White, CM and GH.

13. Within a few days of the second meeting, White hand-delivered a one-page term sheet entitled "Rough Draft of Agreement and Use of Funds" to MW, to assist MW in preparing the formal agreement. Some of the terms included that CM would own 70% of the subdivisions purchased, CM would receive interest of 9% per year on the invested funds, and invested funds would be deposited into a CD at Centennial Bank and pay 2.5% interest.

14. Based largely on White's term sheet, MW drafted a formal agreement called a "Master Business Loan Agreement" (the Agreement). MW also drafted a "Secured Revolving Credit Note" (the Note) to accompany the Agreement. MW gave a draft of the Agreement and Note to White for his review.

15. On May 6, 2003, at SME's place of business, White, CM, GH, and MW met to execute the Agreement and Note. White also provided GH and CM with a written personal

guarantee, and a written corporate guarantee from DJW Investments.

16. After executing the Agreement and Note, CM and GH gave White the first investment check in the amount of $400,000, made payable to Centennial Bank and DJW Investments.

17. Pursuant to the Agreement, White was supposed to deposit all invested funds in a CD with Centennial Bank. The funds in the CD would then be used by White as collateral to borrow up to 90% of the amount on deposit from Centennial Bank. White was also supposed to designate C&G Funding as the beneficiary of the CD, and provide C&G Funding with a current copy of the CD and agreement between White and Centennial Bank.

18. The Agreement states that "None of the proceeds of the Loan will be used directly for [White's] commercial purposes or for personal, family or household use of [White] or of other persons or entities affiliated with [White]." The Agreement also states that C&G Funding would receive interest of 9% per year, paid quarterly, that C&G Funding would receive first trust deeds on any properties purchased by White, and that the term of the Agreement is three years. The Agreement was signed by White as the managing member of DJW Investments, and by GH as an authorized officer of C&G Funding.

19. C&G Funding's only role was to provide investment funds.

20. Like the Agreement, the Note states that in return for the $1 million in investment funds, C&G Funding would receive 9% interest per year, security of first trust deeds on any

property purchased by White using the invested funds, and that the Note matured in three years. White signed the Note as the president and managing member of DJW Investments.

21. C&G Funding distributed the following amounts of investment funds to White pursuant to the Agreement and Note:

Date	Amount	Method	Payable to
05/06/2003	$400,000	check	Centennial Bank and DJW Investments
06/02/2003	$140,000	check	Centennial Bank and DJW Investments
07/14/2003	$200,000	check	Centennial Bank and DJW Investments
08/19/2003	$65,000	check	Centennial Bank and DJW Investments
12/04/2003	$120,000	check	Centennial Bank and DJW Investments
08/24/2004	$20,000[1]	check	Whitfield Homes
12/10/2004	$103,730.66[2]	wire transfer	DJW Investments

[1]Although the $20,000 was to be treated as part of the investment funds pursuant the Agreement and Note, neither CM nor GH expected White to deposit this money into the CD. White told CM and GH that he needed some money to make payroll and for other business expenses, and CM and GH agreed to give White some money for that specific purpose.

[2]Although the $103,730.66 was to be treated as part of the investment funds pursuant the Agreement and Note, neither CM nor GH expected White to deposit this money into the CD. White told CM and GH that he needed some money to complete the paving and other final projects within a certain subdivision, and CM and GH agreed to give White this money for that specific purpose.

TOTAL =	**$1,048,730.66**		

22. C&G Funding received just one interest payment of $25,000 from White sometime in June 2003. White hand-delivered the interest payment to C&G Funding only after being asked several times for the payment by GH.

23. In November or December 2003, White proposed a different investment plan to GH and CM, due to purported changes in the pre-fab home market. White told GH and CM that pre-fab homes did not qualify for mortgaging on the secondary market.

24. White proposed that instead of building the pre-fab homes, they develop the subdivisions to a certain extent, sell them to home builders for traditional custom built homes. White said he would complete the curbs and gutters and sell the lots to other developers. White mentioned that he had a great relationship with a home builder named Great American Homes.

25. CM and GH agreed to proceed with the investment with White despite the changed business plan because they still believed that their funds were secured by real estate and safely deposited in a CD or a similar interest earning account at Centennial Bank.

26. After the above-mentioned discussion with White, in late 2003 or early 2004, GH started asking White for documentation of the CD with Centennial Bank. After several weeks of requests, White finally supplied GH with one of White's bank statements from Centennial Bank. After reviewing the bank statement, GH told White that there was no evidence of a CD on the bank statement provided.

27. Approximately one year after seeing White's bank statement (late 2004 or early 2005), White admitted to GH that White never placed the funds in a CD. White said to GH, "What good does a CD do? If I put the money in a CD it is locked up and I can only get to it every so often." White told GH that Centennial Bank was taking too long to process the loan, and White needed the money to purchase the properties.

28. In late 2003 or early 2004, when it appeared that White had not placed C&G Funding's investment funds into a CD, GH started pressing White for evidence of the real estate security that was supposed to back the investment.

29. In mid to late 2004, GH, CM, and MW had a face-to-face meeting with White in which they demanded to know what security they had to back the investment. At this meeting White did not produce evidence of any security backing C&G's investment.

30. In 2004, White continued to request additional money from C&G Funding, telling GH, CM, and MW that he needed just a little bit more money to finish paving the streets, or to complete some other construction project, to recoup C&G Funding's investment.

31. In February 2005, GH, CM, and MW were finally able to get White to deed some of the properties purchased to SME. Of the twenty known properties owned by White, 16 of them were deeded over to SME on February 1, 2005. Of the sixteen properties deeded to SME by White, ten of them were purchased by White after entering into the Agreement and Note with C&G Funding, but the other six were owned by White prior to the Agreement and Note.

32. The appraised value of the properties was not determined during the brief time C&G Funding owned the properties.

33. On May 12, 2005, White convinced GH to deed six of the properties back to White. White told GH, while at SME's offices, that White could not get the properties zoned as a subdivision, without having actual title to the property. White told GH that unless GH could make weekly visits to the recorders office, he should just deed the properties back to White.

34. White told GH that by deeding the properties back to White it would hasten White's ability to sell the properties and pay back C&G Funding. On June 9, 2005, White convinced SME to deed nine more of the properties back to White, for the same reasons.

35. This left SME with the deed to just 1 property, and according to records obtained from the Weber County recorder's office, SME never received good title to the property.

36. Within days of SME deeding fifteen of the properties back to White, White deeded 9 of the properties to an individual by the name of Larry Buttars, who then deeded the properties to Northstar Property Development. White deeded the remaining six properties to Great American Homes.

37. C&G Funding received no money from the sale of the properties.

38. In March 2006, SME received a trust deed from White on one piece of property White had purchased in 2005. Shortly thereafter, GH went to the Weber County recorder's office to see if he could determine what White was doing with the properties.

39. GH saw White changing property owners, and adding lien holders, all without telling GH, CM, or MW.

40. With respect to the property on which SME held a trust deed, GH discovered that there were at least three lien holders in front of SME's interest. With respect to the other properties SME had deeded back to White, GH discovered that White no longer owned any of them.

41. On May 12, 2006, SME and D&G Funding filed a civil action against White, Dana T., DJW Investments, Whitfield New Concept Homes, Northstar Property Development, Inc., and Great American Homes, Inc. To date, GH and CM have not been able to recover any money or properties as a result of the civil action.

Use of Investor Funds

42. On or about May 7, 2003, White deposited $397,000 of C&G Funding's $400,000 investment check into White'S DJW Investments account, bringing the balance to $397,000. Within a few days of the deposit, White purchased a $400,000 CD at Centennial Bank using C&G's funds, and obtained a loan against the CD for approximately $360,000. On March 11, 2005, White withdrew the funds from the CD, and received a check for approximately $398,000 after the penalty of approximately $2,000. White then used the money from the CD to pay off the loan.

43. On or about August 20, 2003, White deposited C&G Funding's $65,000 investment check in White's DJW Investments account, bringing the balance to $65,381.41. By

August 31, 2003, White had spent all but $208.64 of the investment funds. White withdrew at least $1,800 in cash, paid $5,900 to Catipillar Financial Services via wire transfer, used $4,312.48 for payroll, paid a local building contractor $4,700, and paid $6,375 to an individual by the name of Jason Miller.

44. On or about December 5, 2003, White deposited C&G Funding's $120,000 investment check in White'S DJW Investments account, bringing the balance to $122,547.15. By January 12, 2004, White had spent all but $1,255.02 of the investment funds. White withdrew at least $10,343 in cash, used at least $10,800 for payroll, paid a local contractor $1,800, made loan payments of at least $8,682.04, and paid an individual by the name of Larry Buttars $5,000.

CAUSES OF ACTION

COUNT I
Securities Fraud under § 61-1-1(2) of the Act

45. The Division incorporates and re-alleges paragraphs 1 through 44.

46. The Secured Revolving Credit Note and the guarantees offered and sold to investors by DJW Investments, LLC and Daren Dennis White are securities under § 61-1-13 of the Act. The Master Business Loan Agreement is an investment contract, and therefore a security 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; or . . . any investment by which . . . an offeree furnishes initial value to an offerer; . . . a portion of

> this initial value is subjected to the risks of the enterprise; . . . the furnishing of the initial value is induced by the offerer's promises or representations which give rise to a reasonable understanding that a valuable benefit of some kind over and above the initial value will accrue to the offeree as a result of the operation of the enterprise; and . . . the offeree does not receive the right to exercise practical or actual control over the managerial decisions of the enterprise.

UTAH ADMIN. CODE R164-13-1(B)(1)(a) and 1(b).

47. In connection with the offer and sale of a securities to investors, DJW Investments, LLC and Daren Dennis White, directly or indirectly, made false statements, including, but not limited to, the following:

a. The investment would pay 9% annual interest;

b. The investment was personally guaranteed by WHITE and DJW Investments;

c. Invested funds would be placed in a CD with Centennial Bank, and a loan for 90% of the value in the CD would be obtained by WHITE, when in fact, WHITE placed only a portion of the money in a CD; and

d. Invested funds would not be used for personal or business expenses, when in fact, White withdrew at least $12,000 in cash, used money to pay payroll, to pay construction/business related expenses, and transferred some money to his other business accounts; and

e. There was no chance of losing money on this investment.

48. In connection with the offer and sale of securities to investors, DJW Investments, LLC

and Daren Dennis White, 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. In December 2000, White was criminally charged in Davis County, Utah, with one count of issuing a bad check, a Class B misdemeanor. White entered a guilty plea in January 2001, was sentenced to 180 days in jail, fined $1,000, all but $250 of which was suspended, and was placed on probation for one year;

b. In March 2004, prior to accepting $123,730 in investment funds from GH and CM, White was criminally charged in Davis County, Utah with two counts of issuing bad checks, one of which was a 3rd degree felony, and the other a Class A misdemeanor. (Both counts were dismissed in June 2004);

c. White had over $100,000 in outstanding civil judgements;

d. Some or all of the information typically provided in an offering circular or prospectus regarding DJW Investments, such as:

    i. White's experience with building and selling pre-fab homes, and developing lots to sell to builders;

    ii. The nature of the competition for the service(s);

    iii. The current capitalization for DJW Investments;

    iv. The number of other investors;

    v. The minimum capitalization needed to participate in the investment;

vi. The disposition of any investments received if the minimum capitalization were not achieved;

vii. Discussion of pertinent suitability factors for the investment;

viii. Whether the investment is a registered security or exempt from registration; and

ix. Whether the person selling the investment is licensed.

49. Based upon the foregoing, DJW Investments, LLC and Daren Dennis White violated § 61-1-1 of the Act.

ORDER

The Director, pursuant to § 61-1-20 of the Act, hereby orders the Respondents to appear at a formal hearing to be conducted in accordance with Utah Code Ann. §§ 63-46b-4 and 63-46b-6 through -10, and held before the Utah Division of Securities. The hearing will occur on Tuesday, July 1st, 2008, at 9:00 a.m., at the office of the Utah Division of Securities, located in the Heber Wells Building, 160 East 300 South, 2nd Floor, Salt Lake City, Utah. The purpose of the hearing is to establish a scheduling order and address any preliminary matters. If the Respondents fail to file an answer and appear at the hearing, the Division of Securities may hold Respondents in default, and a fine may be imposed in accordance with Utah Code Ann. § 63-46b-11. In lieu of default, the Division may decide to proceed with the hearing under § 63-46b-10. At the hearing, the Respondents may show cause, if any they have:

a. Why DJW Investments, LLC and Daren Dennis White should not be found to

have engaged in the violations alleged by the Division in this Order to Show Cause;

b. Why DJW Investments, LLC and Daren Dennis White should not be ordered to cease and desist from engaging in any further conduct in violation of Utah Code Ann. § 61-1-1, or any other section of the Act;

c. Why DJW Investments, LLC should not be ordered to pay a fine of five hundred thousand dollars ($500,000) to the Division of Securities, which may be reduced by restitution paid to the victims; and

d. Why Daren Dennis White should not be ordered to pay a fine of two hundred fifty thousand dollars ($250,000) to the Division of Securities, which may be reduced by restitution paid to the victims.

DATED this 6th day of June, 2008.

THAD LEVAR
Acting Director, Utah Division of Securities

Approved:

JEFF BUCKNER
Assistant Attorney General

J. K.

Division of Securities
Utah Department of Commerce
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BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH

IN THE MATTER OF:	**NOTICE OF AGENCY ACTION**
DJW INVESTMENTS, LLC **DAREN DENNIS WHITE** **Respondents.**	**Docket No.** SD-08-0064 **Docket No.** SD-08-0065

THE DIVISION OF SECURITIES TO THE ABOVE-NAMED RESPONDENTS:

The purpose of this Notice of Agency Action is to inform you that the Division hereby commences a formal adjudicative proceeding against you as of the date of the mailing of the Order to Show Cause. The authority and procedure by which this proceeding is commenced are provided by Utah Code Ann. §§ 63-46b-3 and 63-46b-6 through 11. The facts on which this action is based are set forth in the foregoing Order to Show Cause.

Within thirty (30) days of the mailing date of this notice, you are required to file an Answer with the Division. The Answer must include the information required by Utah Code § 63-46b-6 (1). In addition, you are required by § 63-46b-6 (3) to state: a) by paragraph, whether

you admit or deny each allegation contained in the Order to Show Cause, including a detailed explanation for any response other than an unqualified admission; b) any additional facts or documents which you assert are relevant in light of the allegations made; and c) any affirmative defenses (including exemptions or exceptions contained within the Utah Uniform Securities Act) which you assert are applicable. To the extent that factual allegations or allegations of violations contained in the Order to Show Cause are not disputed in your Answer, they will be deemed admitted.

Your Answer, and any future pleadings or filings that should be part of the official files in this matter, should be sent to the following:

Signed originals to:	A copy to:
Administrative Court Clerk c/o Pam Radzinski Division of Securities 160 E. 300 S., Second Floor Box 146760 Salt Lake City, UT 84114-6760 (801) 530-6600	Jeff Buckner Assistant Attorney General 160 E. 300 S., Fifth Floor Box 140872 Salt Lake City, UT 84114-0872 (801) 366-0310

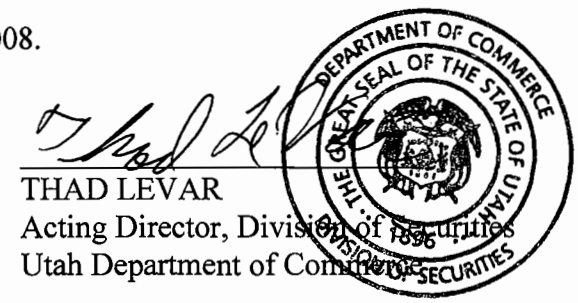
A hearing date has been set for Tuesday, July 1st, 2008, at 9:00 a.m., at the office of the Utah Division of Securities, located in the Heber Wells Building, 160 East 300 South, 2nd Floor, Salt Lake City, Utah.

If you fail to file an Answer, as set forth herein, or fail to appear at the hearing, the Division of Securities may hold you in default, and a fine and other sanctions may be imposed

against you in accordance with Utah Code Ann. § 63-46b-11, without the necessity of providing you with any further notice. In lieu of default, the Division may decide to proceed with the hearing under § 63-46b-10. At the hearing, you may appear and be heard and present evidence on your behalf. You may be represented by counsel during these proceedings.

The Administrative Law Judge will be J. Steven Eklund, Utah Department of Commerce, 160 East 300 South, P.O. Box 146701, Salt Lake City, UT 84114-6701, telephone (801) 530-6648. Pursuant to U.C.A. Subsection 63-46b-2(1)(h), Mr. Eklund is hereby designated as presiding officer for the purpose of conducting this formal administrative proceeding. Questions regarding the Order to Show Cause and Notice of Agency Action should be directed to the Division's attorney, Jeff Buckner, at (801) 366-0310.

DATED this 6TH day of June, 2008.



THAD LEVAR
Acting Director, Division of Securities
Utah Department of Commerce

CERTIFICATE OF MAILING

I hereby certify that on the 9th day of June 2008, I mailed, by certified mail, a true and correct copy of the forgoing **Order to Show Cause and Notice of Agency Action** to:

Daren Dennis White
2366 North 100 West
Clearfield UT 84015

CERTIFIED MAIL: 7004 1160 0003 0196 7807

Daren Dennis White
1029 West 2300 North
Clearfield UT 84015-9034

CERTIFIED MAIL: 7004 1160 0003 0196 7791

DJW Investments LLC
c/o Daren White, Registered Agent
5900 West 5500 South
Hooper UT 84315

CERTIFIED MAIL: 7004 1160 0003 0196 7784

Pam Radzinski

Pam Radzinski
Executive Secretary