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:	ORDER TO SHOW CAUSE
HORIZON INVESTMENT HOLDINGS, LTD	Docket No. SD-08-0074
JOHN FRANCIS RILEY JR.	Docket No. SD-08-0075
LOU GETMAN	Docket No. SD-08-0076
KERRY REX SMITH	Docket No. SD-08-0077
Respondents.	

It appears to the Director of the Utah Division of Securities (Director) that Horizon Investment Holdings, LTD, John Francis Riley Jr., Lou Getman, and Kerry Rex Smith, 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' (the Division's) 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 they violated § 61-1-1 (securities fraud) of the Act while engaged in

the offer and sale of a security in or from Utah.

STATEMENT OF FACTS

THE RESPONDENTS

2. Horizon Investment Holdings, LTD (Horizon) is a putative business entity whose real identity is unknown. It is not a registered business entity in Utah.

3. John Francis Riley Jr. (Riley) resides in Riverside County, California.

4. Lou Getman (Getman) resides in Orange County, California.

5. Kerry Rex Smith (Smith) resides in Utah County, Utah.

GENERAL ALLEGATIONS

Investor DI

6. In November or December 2005, Smith contacted Dick Jenkins (Jenkins), a Utah cousin of Smith, via telephone, and told Jenkins about an investment opportunity in California that would provide a great return for whoever can come up with funds.

7. Smith told Jenkins to contact an individual by the name of Getman to find out more about the investment opportunity.

8. In late 2005, Jenkins contacted Getman in California, via telephone from Utah, and Getman told Jenkins the following:

   a. Someone by the name of John Riley needed $50,000 to put toward a project; and

   b. Getman knew Riley to be an upstanding person who would not take advantage of anyone.

9. Getman gave Riley's telephone number to Jenkins and suggested Jenkins give him a call.

10. When Jenkins called Riley, Riley told Jenkins the following:

    a. "They" found a cash box in the London airport which contained a large sum of money;

    b. "They" needed $50,000 to pay customs to release the cash box; and

    c. Whoever provides the money for customs will double his or her money within a few months.

11. In December 2005, in Washington County, Utah, Jenkins told one of his tax clients (DI) about an investment opportunity that provided a return of 100% in a short amount of time.

12. Jenkins told DI that, if he invested $35,000 in December 2005, DI would receive $70,000 by March 2006.

13. Jenkins told DI someone needed money in his or her bank account to "bring in more funds."

14. Jenkins told DI that, by providing this someone with money to deposit into his or her account, DI would double his money.

15. Jenkins did not tell DI about Smith, Getman, or Riley, or the cash box at the London airport while describing the investment opportunity.

16. On December 9, 2005, DI sent $35,000 from his Sunfirst Bank account in Utah, via wire transfer, to a bank account controlled by Jenkins, at America First Credit Union.

17. Per Riley's instructions, Jenkins then sent $32,500 of DI's $35,000, via wire transfer, to Horizon's bank account in California. According to Jenkins, the remaining $2,500 was used to pay some accounting fees that DI owed to Jenkins.

18. Several weeks after DI invested, Smith contacted Jenkins and said Smith had been to London and transported the cash box from the airport to a bank via armored car. Smith told Jenkins when "they" got to the bank and opened the box it was filled with black paper. Smith said the banker took one piece of the black paper, dipped it in a chemical, which revealed that it was a U.S. dollar bill. Smith also told Jenkins that the banker told Smith the money just needed to be cleaned off.

19. Jenkins heard nothing more from Smith, and DI never received his money.

20. In March 2006, Jenkins telephoned Getman to inquire about DI's money, and Getman told Jenkins, "things were not going along like they were supposed to."

21. In June 2007, Jenkins spoke to Riley, who told Jenkins that Riley had "another deal going" and should be able to pay DI very soon.

22. To date, DI is still owed $35,000 in principal alone.

23. The Division and Jenkins are currently negotiation an administrative Stipulation and Consent Order to address Jenkins' role in this matter.

CAUSES OF ACTION

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

24. The Division incorporates and re-alleges paragraphs 1 through 23.

25. The investment opportunity offered and sold by Respondents to DI 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).

26. In connection with the offer and sale of a security to DI, the Respondents, directly or indirectly, made false statements, including, but not limited to, the following:

    a. An investment of $35,000 would produce $70,000 in three months, when in fact, the Respondents had no reasonable basis on which to make this representation.

27. In connection with the offer and sale of a security to DI, the Respondents, 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 March 2004, in Utah's Fourth District Court, in Utah County, Smith was

charged with two counts of securities fraud (2nd degree felonies), one count of selling unregistered securities, and one count of sale by an unlicensed agent (3rd degree felonies). Smith pleaded guilty to one count of securities fraud in 2007, and the other charges were dismissed;

b. Some of the information typically provided in an offering circular or prospectus regarding Horizon Investment Holdings, LTD, such as:

i. Horizon's business and operating history;

ii. The identities of Horizon's principals and their experience in this type of business;

iii. Horizon's financial statements;

iv. The track record for Horizon investors;

v. Risk factors;

vi. The number of other investors;

vii. The liquidity of the investment;

viii. A discussion of suitability factors;

ix. The involvement of Horizon or its principals in certain legal proceedings, such as bankruptcies or violations of state or federal securities laws;

x. Conflicts of interest Horizon, its principals, or its agents may have with respect to the investment;

xi. Whether the investment was a registered security or exempt from

registration; and

xii. Whether the person(s) selling the investment were licensed.

28. Based upon the foregoing, Horizon Investment Holdings, LTD, John Francis Riley Jr., Lou Getman, and Kerry Rex Smith 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, September 9, 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 Horizon Investment Holdings, LTD, John Francis Riley Jr., Lou Getman, and Kerry Rex Smith should not be found to have engaged in the violations alleged by the Division in this Order to Show Cause;

b. Why Horizon Investment Holdings, LTD, John Francis Riley Jr., Lou Getman, and Kerry Rex Smith 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 Horizon Investment Holdings, LTD should not be ordered to pay a fine of fifty thousand dollars ($50,000) to the Division of Securities, which may be reduced by restitution paid to the victim; and

d. Why John Francis Riley Jr. should not be ordered to pay a fine of fifty thousand dollars ($50,000) to the Division of Securities, which may be reduced by restitution paid to the victim;

e. Why Lou Getman should not be ordered to pay a fine of five thousand dollars ($5,000) to the Division of Securities, which may be reduced by restitution paid to the victim; and

f. Why Kerry Rex Smith should not be ordered to pay a fine of five thousand dollars ($5,000) to the Division of Securities, which may be reduced by restitution paid to the victim.

DATED this 28th day of July, 2008.

KEITH WOODWELL
Director, Utah Division of Securities

Approved:

JEFF BUCKNER
Assistant Attorney General

J. S.

Division of Securities
Utah Department of Commerce
160 East 300 South, 2nd Floor
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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
HORIZON INVESTMENT HOLDINGS, LTD	Docket No. SD-08-0074
JOHN FRANCIS RILEY JR.	Docket No. SD-08-0075
LOU GETMAN	Docket No. SD-08-0076
KERRY REX SMITH	Docket No. SD-08-0077
Respondents.	

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, September 9, 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 28th day of July, 2008.

KEITH WOODWELL
Director, Division of Securities

Certificate of Mailing

I certify that on the 1ST day of ~~July~~ AUGUST, 2008, I mailed, via certified and regular mail, a true and correct copy of the Order to Show Cause and Notice of Agency Action to:

John Francis Riley Jr. / Horizon Investment Holdings, LTD
26355 Palm Tree Lane
Murrieta, CA 92563

Certified Mailing # 70070710000302082041

Lou Getman
33796 Bridgehampton
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Certified Mailing # 70070710000302082027

Kerry Rex Smith
838 West 880 North
Orem, UT 84057

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Pamela Radzinski
Executive Secretary