

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:

**ARCHES CONSTRUCTION &
DEVELOPMENT, LLC; and
KEVIN LAWRENCE WRIGHT,**

Respondents.

**AFFIDAVIT OF SERVICE AND NON
RESPONSE**

Docket No. SD 08-0085

Docket No. SD 08-0086

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 August 13, 2008, the Division served, by both certified mail and regular mail, an Order to Show Cause (OSC) dated August 7, 2008, on Arches Construction &

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**NOTICE OF ENTRY OF DEFAULT AND
ORDER**

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I. BACKGROUND

A formal adjudicative proceeding was initiated by the Division's Order to Show Cause (OSC) and Notice of Agency Action (Notice or NOAA) dated July 7, 2008, against Arches Construction & Development, Inc. and Kevin Lawrence Wright, advising them to file an answer within 30 days of the mailing date of the Notice, or appear at a hearing set for Tuesday September 9, 2008, or default would be entered against them. A hearing was convened that day, but no responses were received by any respondent and no appearances were made. Default was entered against them.

II. FINDINGS OF FACT

1. Arches Construction & Development LLC (Arches Construction) is a Utah limited liability company. The company was registered on January 6, 2006, and its entity status is currently “active.” Kevin Lawrence Wright is one of three members of Arches Construction, and the registered agent. The other two members are Jody Burnside and Andrus Ramose.

2. Kevin Lawrence Wright (Wright) is a resident of Washington County, Utah.

Investment #1

3. On or about May 19, 2006, in Washington County, Utah, Wright met with SH to solicit a short-term investment of money for the purchase of property.

4. Wright told SH the following regarding the investment opportunity:

- a. Wright needed SH’s funds for sixty days;
- b. The money would be used to purchase 500 acres of land in Beaver, Utah;
- c. The land could be sold quickly to a waiting buyer;
- d. Wright would repay SH with the profits from the sale of the land;
- e. The investment would be secured by a first position recorded Trust Deed Note on property owned by Wright in Kanarraville, Utah; and
- f. SH would receive a return on his principal investment of 12%, plus 8 points.

5. Wright failed to tell SH, among other things, that Wright was facing allegations of securities fraud in a pending criminal proceeding in Salt Lake County, Utah, regarding

another investor.

6. On May 23, 2006, SH invested \$600,000 with Wright, via cashier's check made payable to United Title of St. George, Utah. The same day, United Title contacted SH and told him to make the cashier's check payable to Wright's company, J Bar T Investments, LLC (J Bar T Investments¹).
7. On May 23, 2006, United Title sent SH, via facsimile, a copy of a signed and notarized Trust Deed Note (the Note) on the property Wright purportedly owned in Kanarrville, Utah. The Note had not been recorded at the county recorder's office.
8. The Note was signed by Wright on behalf of Arches Construction, as the Trustor, and outlined the terms of SH's investment (12% interest, plus 8 points, in 60 days). The Note also allowed for an extension of 45 days, for which SH would receive an additional 4 points. If Wright exercised the right to a 45 day extension, the Note would expire on September 6, 2006.

Investment #2

9. On or about September 15, 2006, in Washington County, Utah, SH met with Wright to inquire about payment on SH's first investment with Wright.
10. Wright told SH the purchase of the real property in Beaver, Utah, had fallen through, but Wright had an investment opportunity in another piece of property in Southern Utah.

¹ J Bar T Investments was registered as a Utah limited liability company on January 6, 2006, but its entity status expired in November 2007. Wright is the sole member and registered agent of J Bar T Investments.

11. Wright told SH the following regarding the second investment opportunity:
 - a. The property in Southern Utah had \$600,000 of built-in equity;
 - b. Wright needed funds until the end of September, when permanent financing from a lender would be secured;
 - c. SH would be paid back once Wright received the permanent financing; and
 - d. SH would receive another Trust Deed Note secured by the same property in Kanarraville, Utah.
12. On September 28, 2006, Wright, on behalf of Arches Development, signed a second Trust Deed Note (Note #2) in the amount of \$672,000. The \$672,000 was comprised of SH's original \$600,000 investment, plus accrued interest and points.
13. In Note #2, Wright promised to pay SH his principal investment of \$672,000, plus a return of \$26,880 (4 points), on or before November 27, 2006. Note #2 also had a 45 day extension, which would provide SH with an additional \$24,000 (3.5 points).
14. Shortly after agreeing to make the second investment, SH discovered that earlier in 2006, Wright had been prosecuted in Utah's Third District Court for defrauding a Salt Lake County investor.
15. SH contacted United Title in St. George, Utah, and spoke to M. Heiner who had accepted SH's \$600,000 check on behalf of Wright for the first investment. M. Heiner informed SH the Trust Deed Note for the Kanarraville, Utah property had never been recorded. M.

Heiner also informed SH there were now two lien holders recorded on the property, and the first lien holder was in the process of foreclosing.

16. To date, SH has received no return of his principal or interest, and the Respondents owe SH a total of \$672,000 in principal alone.

III. CONCLUSIONS OF LAW

17. The service of the OSC and the Notice initiating these proceedings is valid upon all Respondents.
18. Despite notice, Respondents Arches Construction & Development, Inc. and Kevin Lawrence Wright failed to file a response or otherwise appear.
19. Because they failed to file a written response to the OSC of July 7, 2008 within 30 days and because they failed to appear at the initial hearing on September 9, they are in default.
20. The investment opportunity offered and sold by Respondents is a security under § 61-1-13 of the Act.
21. In connection with the offer and sale of securities to SH, the Respondents, directly or indirectly, made false statements, including, but not limited to, the following:
 - a. SH's investment would be secured by a recorded, first position Trust Deed Note against the Kanarraville, Utah property; and
 - b. There was a party waiting to purchase the Beaver property, and SH would be paid from the proceeds of the sale.
22. In connection with the offer and sale of securities to SH, 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, in light of the circumstances under which they were made, not misleading:

- a. Wright had three unpaid civil judgments against him, totaling \$327,255;
- b. Wright was in default to the State of Utah for not paying taxes for a period of five years, totaling \$79,077;
- c. Wright had been charged with felony securities fraud in Third District Court on March 3, 2006, prior to SH's first investment, and had pleaded guilty prior to SH's second investment;
- d. Wright was in default to another investor in Washington County, Utah, and may be subject to civil and/or criminal proceedings;
- e. Wright was not licensed to sell securities in Utah;
- f. Some of the information typically provided in an offering circular or prospectus regarding Arches Construction & Development LLC, such as:
 - i. The business and operating history;
 - ii. The identities of Arches Construction's principals and their experience in this type of business;
 - iii. Whether Wright was licensed to sell Arches Construction's securities;
 - iv. Arches Construction's financial statements;
 - v. Risk factors;

- vi. The number of other investors;
- vii. The liquidity of the investment;
- viii. A description of the property, debts, liens and current ownership of the property; and
- ix. Conflicts of interest Arches Construction, its principals, or its agents may have with respect to the investment.

23. Based upon the foregoing, Arches Construction & Development LLC and Kevin Lawrence Wright violated § 61-1-1 of the Act.

IV. ORDER

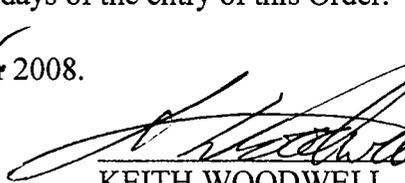
Based on the above, the Director hereby:

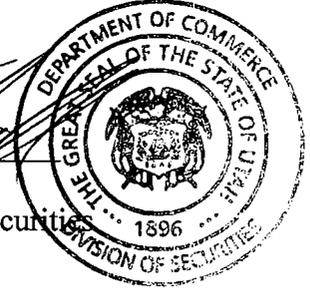
1. Declares Arches Construction & Development, Inc., and Kevin Lawrence Wright in default for failing to file a written response to the OSC of July 7, 2008, and for failing to appear at the September 9, 2008 initial hearing.
2. Enters, as its own findings, the Finding of Fact described in Section II above.
3. Enters, as its own conclusions, the Conclusions of Law described in Section III above.
4. Finds that Respondents violated the Utah Uniform Securities Act by misrepresenting material facts in connection with the offer and sale of a security in or from Utah in violation of § 61-1-1(2).
5. Finds that Respondents violated the Utah Uniform Securities Act by failing to disclose material information which was necessary to make the statements made not misleading,

in connection with the offer and sale of a security in or from Utah in violation of § 61-1-1(2).

6. Orders Respondents to permanently CEASE and DESIST from any violations of the Act.
7. Orders Arches Construction & Development, Inc. to pay a fine of one hundred fifty thousand dollars (\$150,000) to the Division within 30 days of the entry of this Order.
8. Orders Kevin Lawrence Wright to pay a fine of one hundred fifty thousand dollars (\$150,000) to the Division within 30 days of the entry of this Order.

DATED this 12th day of ~~September~~ ^{November} 2008.


KEITH WOODWELL
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.

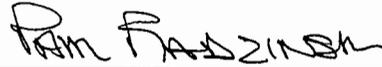
CERTIFICATE OF MAILING

I hereby certify that on the 3rd day of December 2008, I mailed, by certified mail, a true and correct copy of the forgoing **Affidavit of Service and Non-Response and**

Notice of Entry of Default and Order to:

Kevin Lawrence Wright
Arches Construction & Development
3090 Swaps Drive
ST George UT 84790

Certified Mail: 7004 1160 0003 0196 3618



Pam Radzinski
Executive Secretary