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
ARCHES CONSTRUCTION & DEVELOPMENT LLC; and KEVIN LAWRENCE WRIGHT Respondents.	Docket No. SD-08-0085 Docket No. SD-08-0086

It appears to the Director of the Utah Division of Securities (Director) that Arches Construction & Development LLC and Kevin Lawrence Wright, 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) and 61-1-3 (sale by unlicensed agent) of the Act while engaged in the offer and sale of a security in or from Utah.

STATEMENT OF FACTS

THE RESPONDENTS

2. 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.

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

GENERAL ALLEGATIONS

Investor S.H.

Investment #1

4. 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.

5. 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.

6. 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.

7. 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 Investments[1]).

8. 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 Kanarraville, Utah. The Note had not been recorded at the county recorder's office.

9. 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

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[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.

points. If Wright exercised the right to a 45 day extension, the Note would expire on September 6, 2006.

Investment #2

10. 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.

11. 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.

12. 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.

13. 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.

14. 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).

15. 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.

16. 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.

17. 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.

CAUSES OF ACTION

COUNT I
Securities Fraud under § 61-1-1 of the Act
(Arches Construction & Development LLC and Kevin Lawrence Wright)

18. The Division incorporates and re-alleges paragraphs 1 through 17.

19. The notes offered and sold by Respondents to SH are securities under § 61-1-13 of the Act.

20. 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.

21. 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.

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

COUNT II
Sale by Unlicensed Agent under § 61-1-3 of the Act
(Kevin Lawrence Wright)

23. The Division incorporates and re-alleges paragraphs 1 through 22.

24. Wright offered or sold securities in or from Utah.

25. When offering and selling these securities on behalf of Arches Construction, Wright was acting as an agent of an issuer.

26. Wright has never been licensed to sell securities in Utah as an agent of this issuer, or any other issuer.

27. Based on the above information, Kevin Lawrence Wright violated § 61-1-3(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 Arches Construction & Development LLC and Kevin Lawrence Wright should not be found to have engaged in the violations alleged by the Division in this Order to Show Cause;

b. Why Arches Construction & Development LLC and Kevin Lawrence Wright 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 Arches Construction & Development LLC should not be ordered to pay a fine of one hundred fifty thousand dollars ($150,000) to the Division of Securities, which may be reduced by restitution paid to the victim; and

d. Why Kevin Lawrence Wright should not be ordered to pay a fine of one hundred fifty thousand dollars ($150,000) to the Division of Securities, which may be reduced by restitution paid to the victim.

DATED this 7th day of August, 2008.

KEITH WOODWELL
Director, Utah Division of Securities

Approved:

JEFF BUCKNER
Assistant Attorney General

D. H.

Division of Securities
Utah Department of Commerce
160 East 300 South, 2nd Floor
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Salt Lake City, UT 84114-6760
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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
ARCHES CONSTRUCTION & DEVELOPMENT LLC; and KEVIN LAWRENCE WRIGHT Respondents.	Docket No. SD-08-0085 Docket No. SD-08-0086

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 7th day of August, 2008.

KEITH WOODWELL
Director, Division of Securities

Certificate of Mailing

I certify that on the 13TH day of 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:

Arches Construction & Development LLC
Attn: Kevin Lawrence Wright, Registered Agent
3090 Swaps Drive
Saint George, UT 84790

Certified Mailing #7007 2560 0000 5773 1691

Kevin Lawrence Wright
3090 Swaps Drive
Saint George, UT 84790

Certified Mailing # 7007 2560 0000 5773 1707

Pam Radzinski
Executive Secretary