

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:

STEPHEN DANA ELLIS

Respondent.

ORDER TO SHOW CAUSE

Docket No. SD-08-0092

It appears to the Director of the Utah Division of Securities (Director) that Stephen Dana Ellis has 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 Respondent and the subject matter is appropriate because the Division alleges that he 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 RESPONDENT

2. Stephen Dana Ellis (Ellis) is a resident of Salt Lake County, Utah.

GENERAL ALLEGATIONS

3. In early 2004, Ellis went to investor GD's home, in Utah County, Utah, to discuss an investment opportunity.
4. Ellis told GD the following about the investment opportunity:
 - a. The LDS Church had agreed to buy Ellis' portrait of Church President Gordon B. Hinckley for \$1,000 under the terms of a business arrangement;
 - b. In 30 days the LDS Church would own the copyright on the portraits, but until then, Ellis could sell copies of the portrait via door-to-door sales, making \$200 to \$300 a night;
 - c. Ellis needed money for the cost of printing the portraits; and
 - d. Ellis would return GD's principal investment plus interest by May 25, 2004.
5. Ellis failed to tell GD, among other things, that Ellis had a criminal history, and that he had an extensive history of civil litigation which resulted in numerous judgments against Ellis.
6. On April 15, 2004, GD invested \$1,500 cash with Ellis.
7. In return for GD's investment, Ellis gave GD a promissory note, promising to pay GD's principal, plus interest of \$600, by May 25, 2004.

8. On April 24, 2004, Ellis returned to GD's home and told GD he needed additional cash for printing costs.
9. GD agreed to invest an additional \$600 in cash with Ellis. In return for the cash, Ellis gave GD another promissory note, promising to pay GD his principal, plus interest of 10% (\$60), by April 24, 2004.
10. With the exception of one cash payment of \$50 in early 2008, GD has received no return of his principal or interest from Ellis.
11. Ellis still owes GD \$2,100 in principal alone.

CAUSES OF ACTION

COUNT I

Securities Fraud under § 61-1-1 of the Act

12. The Division incorporates and re-alleges paragraphs 1 through 11.
13. The promissory notes offered and sold by Stephen Dana Ellis are securities under § 61-1-13 of the Act.
14. In connection with the offer and sale of a security, Stephen Dana Ellis made false statements, including, but not limited to, the following:
 - a. Ellis had an arrangement with the LDS Church whereby the Church would purchase Ellis' portrait of Gordon B. Hinckley, when in fact, there was no such arrangement; and
 - b. Ellis would pay GD his principal investment, plus interest, by May 25, 2004.

15. In connection with the offer and sale of a security, Stephen Dana Ellis 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. Since early 2000, Ellis had multiple felony convictions for which he had been fined and ordered to pay over \$2,200 in restitution;
 - b. Since early 2000, Ellis had multiple misdemeanor convictions for which he had been fined over \$200, and owed over \$1,200 in restitution; and
 - c. Since early 2000, Ellis had numerous civil judgments entered against him totaling more than \$5,000.
16. Based upon the foregoing, Stephen Dana Ellis violated § 61-1-1 of the Act.

ORDER

The Director, pursuant to § 61-1-20 of the Act, hereby orders the Respondent 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, November 4, 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 Respondent fails to file an answer and appear at the hearing, the Division of Securities may hold Respondent 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 Respondent may show cause, if any he has:

- a. Why Stephen Dana Ellis should not be found to have engaged in the violations alleged by the Division in this Order to Show Cause;
- b. Why Stephen Dana Ellis 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; and
- c. Why Stephen Dana Ellis should not be ordered to pay a fine of two thousand five hundred dollars (\$2,500) to the Division of Securities, which may be reduced by restitution paid to the victim.

DATED this 18th day of September, 2008.


KEITH WOODWELL
Director, Utah Division of Securities



Approved:


JEFF BUCKNER
Assistant Attorney General

A. K.

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:

STEPHEN DANA ELLIS

Respondent.

NOTICE OF AGENCY ACTION

Docket No. SD-08-0092

THE DIVISION OF SECURITIES TO THE ABOVE-NAMED RESPONDENT:

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:

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

A copy to:

Jeff Buckner
Assistant Attorney General
160 E. 300 S., Fifth Floor
Box 140872
Salt Lake City, UT 84114-0872
(801) 366-0310

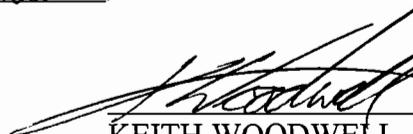
A hearing date has been set for Tuesday, November 4th, 2008, at 9:00 a.m., at the office of the Utah Division of Securities, located in the Heber Wells Building, 160 East 300 South, 2nd Floor, Salt Lake City, Utah.

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

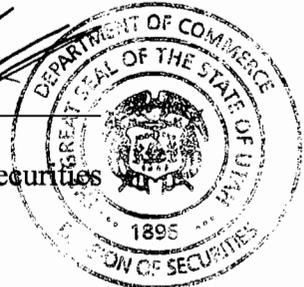
against you in accordance with Utah Code Ann. § 63-46b-11, without the necessity of providing you with any further notice. In lieu of default, the Division may decide to proceed with the hearing under § 63-46b-10. At the hearing, you may appear and be heard and present evidence on your behalf. You may 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 18th day of September, 2008.



KEITH WOODWELL
Director, Division of Securities



Certificate of Mailing/Service

I certify that on the 22 day of SEPTEMBER, 2008, I mailed, via certified mail, a true and correct copy of the Order to Show Cause and Notice of Agency Action to:

Stephen Dana Ellis
4113 S. Highland Dr.
Holladay, UT 84124

Certified Mailing # 70041160 000301961904

Pam Rademski
Executive Secretary