

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.

**AFFIDAVIT OF SERVICE AND NON
RESPONSE**

Docket No. SD-08-0092

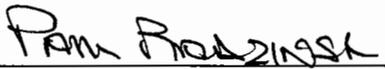
I, Pam Radzinski, first being duly sworn, depose and state as follows:

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 September 22, 2008, the Division mailed, by certified mail, an Order to Show Cause (OSC) dated September 18, 2008, to Stephen Dana Ellis, along with a Notice of Agency Action (Notice), advising him that a default order would be entered if he failed to appear

at a hearing set for Tuesday, November 4, 2008, or file a written response to the OSC within thirty (30) days of the mailing date of the Notice. The Notice designated the adjudicative proceeding as formal.

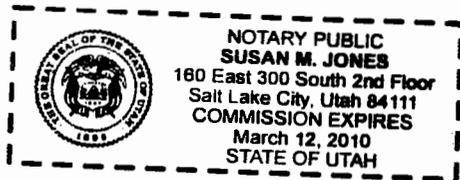
4. The OSC and Notice served on Stephen Dana Ellis at 4112 S. Highland Drive, Holladay, UT 84124 were delivered on October 2, 2008. The return receipt portion of the certified mailing was received by the Division on October 6, 2008.
5. As of the date of this Affidavit, the Respondent has not filed a response.

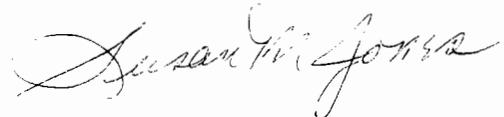
DATED this 1st day of DECEMBER 2008.


PAM RADZINSKI
Executive Secretary

SALT LAKE COUNTY)
) ss
STATE OF UTAH)

Signed and subscribed to before me this 1st day of December 2008.





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**BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
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IN THE MATTER OF:

STEPHEN DANA ELLIS

Respondent.

**NOTICE OF ENTRY OF DEFAULT AND
ORDER**

Docket No. SD-08-0092

I. BACKGROUND

A formal adjudicative proceeding was initiated by the Division's Order to Show Cause (OSC) and Notice of Agency Action (Notice) dated September 18, 2008, against Stephen Dana Ellis. At the initial administrative hearing on November 4, 2008, the presiding officer found Stephen Dana Ellis in default for failing to appear at the hearing, and for failing to file a response to the OSC.

II. FINDINGS OF FACT

1. Stephen Dana Ellis (Ellis) is a resident of Salt Lake County, Utah.
2. In early 2004, Ellis went to investor GD's home, in Utah County, Utah, to discuss an

investment opportunity.

3. 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.
4. 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.
5. On April 15, 2004, GD invested \$1,500 cash with Ellis.
6. 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.
7. On April 24, 2004, Ellis returned to GD's home and told GD he needed additional cash for printing costs.
8. 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.

9. With the exception of one cash payment of \$50 in early 2008, GD has received no return of his principal or interest from Ellis.
10. Ellis still owes GD \$2,100 in principal alone.

III. CONCLUSIONS OF LAW

11. The service of the OSC and the Notice initiating these proceedings is valid upon Ellis.
12. Despite notice, Ellis failed to file a response or otherwise appear at the initial hearing on November 4, 2008.
13. Because Ellis failed to file a written response to the OSC of September 18, 2008 within 30 days, and because he failed to appear at the initial hearing on November 4, 2008, he is in default.
14. The promissory notes offered and sold by Ellis are securities under § 61-1-13 of the Act.
15. In connection with the offer and sale of securities in Utah, 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.
16. In connection with the offer and sale of securities, Ellis failed to disclose material

information, including, but not limited to, the following, which was necessary in order to make representations 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, 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.

17. Based upon the foregoing, Stephen Dana Ellis violated § 61-1-1 of the Act.

IV. ORDER

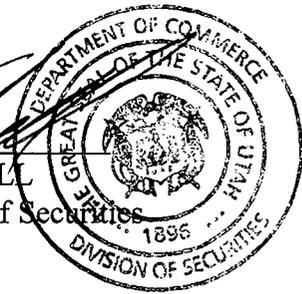
Based on the above, the Director hereby:

1. Declares Stephen Dana Ellis in default for failing to file a written response to the OSC of September 18, 2008, and for failing to appear at the initial administrative hearing on November 4, 2008.
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 Stephen Dana Ellis violated the Utah Uniform Securities Act by:
 - a. Making material misrepresentations in connection with the offer and sale of a security in Utah in violation of § 61-1-1(2); and

- b. Omitting material information in connection with the offer and sale of a security in Utah in violation of § 61-1-1(2).
5. Orders Stephen Dana Ellis to permanently CEASE and DESIST from any violations of the Act.
6. Orders Stephen Dana Ellis to pay a fine of two thousand five hundred dollars (\$2,500) to the Division within 30 days of the entry of this Order.

DATED this 1st day of December 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/Service

I, Pam Radzinski, certify that on the 1st day of DECEMBER, 2008, I mailed,
via certified mail, a true and correct copy of the Notice of Entry of Default and Order to:

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

Certified Mailing # 70041160000301963540

Pam Radzinski
Executive Secretary