Bryan T. Allen (7127)
Timothy B. Smith (8271)
PARR BROWN GEE & LOVELESS
185 South State Street, Suite 800
Salt Lake City, Utah 84111
Telephone: (801) 532-7840
Facsimile: (801) 532-7750

Attorneys for Silver Leaf Capital Partners 1, LLC and Dwight Shane Baldwin

**BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENTOF COMMERCE
OF THE STATE OF UTAH**

IN THE MATTER OF: SILVER LEAF CAPITL PARTNERS 1, LLC DWIGHT SHANE BALDWIN, Respondents.	**RESPONDENTS' ANSWER AND SEPARATE DEFENSES TO ORDER TO SHOW CAUSE** Docket No. SD-08-0102 Docket No. SD-08-0103

Respondents Silver Leaf Capital Partners 1, LLC ("SLCP1") and Dwight Shane Baldwin ("Baldwin") (collectively, "Respondents") respond to the numbered paragraphs contained in the Division of Securities' ("Division") Order to Show Cause ("OSC") filed in the above-captioned matter and file this Answer and Separate Defenses as follows:

ANSWER

STATEMENT OF JURISDICTION

1. Responding to the allegations contained in Paragraph 1 of the OSC, Respondents admit that the division has jurisdiction over the subject matter of the OSC but deny that they have violated any provision of the Utah Code and specifically have not violated U.C.A. §§ 61-1-1 and 61-1-3.

STATEMENT OF ALLEGED FACTS

The Respondents

2. Responding to the allegations contained in Paragraph 2 of the OSC, Respondents admit that SLCP1 was registered as a Utah limited liability company on or about February 22, 2007 and is an active entity, that Silverleaf Companies, LLC is the sole manager and member that Shane Baldwin, Brad Esty and Jody Rasmussen are the members of Silverleaf Companies, LLC and deny generally and specifically each and every remaining allegation contained in Paragraph 2 of the OSC.

3. Responding to the allegations contained in Paragraph 3 of the OSC, Respondents admit that Baldwin is one of three members of Silverleaf Companies, LLC, that Silverleaf Companies, LLC manages SLCP1, Silver Leaf Development LLC, Silverleaf Ventures LLC, and Silverleaf Financial, LLC and deny generally and specifically each and every remaining allegation contained in Paragraph 3 of the OSC.

General Allegations

4. Responding to the allegations contained in Paragraph 4 of the OSC, Respondents deny generally and specifically each and every allegation contained in Paragraph 4 of the OSC and affirmatively state that ML and NL approached Respondents about making an investment in GarageCo, Inc.

5. Responding to the allegations contained in Paragraph 5 of the OSC, Respondents deny generally and specifically each and every allegation contained in Paragraph 5 of the OSC and affirmatively state that Matthew Lee and Nicole Lindley approached Respondents about making an investment in GarageCo, Inc. and that Respondents were not even aware of GarageCo, Inc. until ML and NL approached Respondents in December 2007 about investing in GarageCo, Inc.

6. Responding to the allegations contained in Paragraph 6 of the OSC, Respondents deny generally and specifically each and every allegation contained in Paragraph 6 of the OSC.

7. Responding to the allegations contained in Paragraph 7 of the OSC, Respondents deny generally and specifically each and every allegation contained in Paragraph 7 of the OSC and affirmatively state that SLCP1 presented ML and NL with commercial guarantees that effectively gave ML and NL a priority return if GarageCo, Inc. was successful and, as a result, SLCP1 had cash that could be accessed to pay ML and NL.

8. Responding to the allegations contained in Paragraph 8 of the OSC, Respondents deny generally and specifically each and every allegation contained in Paragraph 8 of the OSC.

Investor NL

9. Responding to the allegations contained in Paragraph 9 of the OSC, Respondents admit that on or about January 2008, ML and NL met with Baldwin at Silverleaf Companies, LLC's offices and deny each and every remaining allegation contained in Paragraph 9 of the OSC.

10. Responding to the allegations contained in Paragraph 10 of the OSC, Respondents admit that Baldwin told ML and NL that SLCP1 could be used as a means for investing in GarageCo, Inc., that ML and NL would each obtain a 16.66% equity interest in SLCP1 in exchange for their respective payments of $100,000, that Baldwin knew a manufacturer who he believed could produce Yo Baby for less than the current manufacturer and deny generally and specifically each and every remaining allegation contained in Paragraph 10 of the OSC.

11. Responding to the allegations contained in Paragraph 11 of the OSC, Respondents admit that on or about January 11, 2008, NL provided SLCP1 with a check for $100,000 in exchange

for an equity interest in SLCP1 and deny generally and specifically each and every remaining allegation contained in Paragraph 11 of the OSC.

12. Responding to the allegations contained in Paragraph 12 of the OSC, Respondents are without knowledge as to the allegations contained in Paragraph 12 and on that basis deny generally and specifically each and every allegation contained in Paragraph 12 of the OSC.

13. Responding to the allegations contained in Paragraph 13 of the OSC, Respondents are without knowledge as to the allegations contained in Paragraph 13 and on that basis deny generally and specifically each and every allegation contained in Paragraph 13 of the OSC.

14. Responding to the allegations contained in Paragraph 14 of the OSC, Respondents state that SLCP1 was formed prior to the Letter of Intent and deny generally and specifically each and every remaining allegation contained in Paragraph 14 of the OSC.

15. Responding to the allegations contained in Paragraph 15 of the OSC, Respondents state that the document referenced in Paragraph 15 speaks for itself and deny generally and specifically each and every remaining allegation contained in Paragraph 15 of the OSC.

16. Responding to the allegations contained in Paragraph 16 of the OSC, Respondents are without knowledge as to the allegations contained in Paragraph 16 and on that basis deny generally and specifically each and every allegation contained in Paragraph 16 of the OSC.

17. Responding to the allegations contained in Paragraph 17 of the OSC, Respondents are without knowledge as to the allegations contained in Paragraph 17 and on that basis deny generally and specifically each and every allegation contained in Paragraph 17 of the OSC.

18. Responding to the allegations contained in Paragraph 18 of the OSC, Respondents deny generally and specifically each and every allegation contained in Paragraph 18 of the OSC.

19. Responding to the allegations contained in Paragraph 19 of the OSC, Respondents admit that on or about June 4, 2008 NL went to the offices of Silverleaf Companies, LLC and deny generally and specifically each and every remaining allegation contained in Paragraph 19 of the OSC.

20. Responding to the allegations contained in Paragraph 20 of the OSC, Respondents state that NL did not purchase a promissory note and, as a result, is not entitled to a return of principal or interest, and deny generally and specifically each and every remaining allegation contained in Paragraph 20 of the OSC.

21. Responding to the allegations contained in Paragraph 21 of the OSC, Respondents deny generally and specifically each and every allegation contained in Paragraph 21 of the OSC.

Investor ML

22. Responding to the allegations contained in Paragraph 22 of the OSC, Respondents admit that on or about January 2008, ML and NL met with Baldwin at Silverleaf Companies, LLC's offices and deny each and every remaining allegation contained in Paragraph 22 of the OSC.

23. Responding to the allegations contained in Paragraph 23 of the OSC, Respondents admit that Baldwin told ML and NL that SLCP1 could be used as a means for investing in GarageCo, Inc., that ML and NL would each obtain a 16.66% equity interest in SLCP1 in exchange for their respective payments of $100,000, that Baldwin knew a manufacturer who he believed could produce Yo Baby for less than the current manufacturer, that Baldwin *held* (as distinguished from "holds") a Series 7 securities license and deny generally and specifically each and every remaining allegation contained in Paragraph 23 of the OSC.

24. Responding to the allegations contained in Paragraph 24 of the OSC, Respondents admit that between about January 29, 2008 and February 7, 2008 ML provided SLCP1 with $100,000 in exchange for an equity interest in SLCP1 and deny generally and specifically each and every remaining allegation contained in Paragraph 24 of the OSC.

25. Responding to the allegations contained in Paragraph 25 of the OSC, Respondents state that a bookkeeper at SLCP1, acting on her own and not under the direction of Baldwin, sent ML an invoice and deny generally and specifically each and every remaining allegation contained in Paragraph 25 of the OSC.

26. Responding to the allegations contained in Paragraph 26 of the OSC, Respondents state that the document referenced in Paragraph 26 speaks for itself and deny generally and specifically each and every remaining allegation contained in Paragraph 26 of the OSC.

27. Responding to the allegations contained in Paragraph 27 of the OSC, Respondents are without knowledge as to the allegations contained in Paragraph 27 and on that basis deny generally and specifically each and every allegation contained in Paragraph 27 of the OSC.

28. Responding to the allegations contained in Paragraph 28 of the OSC, Respondents deny generally and specifically each and every allegation contained in Paragraph 28 of the OSC.

29. Responding to the allegations contained in Paragraph 29 of the OSC, Respondents state that in or about mid-May 2008, ML went to the offices of Silverleaf Companies, LLC, and deny generally and specifically each and every remaining allegation contained in Paragraph 29 of the OSC.

30. Responding to the allegations contained in Paragraph 30 of the OSC, Respondents deny generally and specifically each and every allegation contained in Paragraph 30 of the OSC.

31. Responding to the allegations contained in Paragraph 31 of the OSC, Respondents deny generally and specifically each and every allegation contained in Paragraph 31 of the OSC.

32. Responding to the allegations contained in Paragraph 32 of the OSC, Respondents state that the document referenced in Paragraph 32 speaks for itself and deny generally and specifically each and every remaining allegation contained in Paragraph 32 of the OSC.

33. Responding to the allegations contained in Paragraph 33 of the OSC, Respondents state that the document referenced in Paragraph 33 speaks for itself and deny generally and specifically each and every remaining allegation contained in Paragraph 33 of the OSC.

34. Responding to the allegations contained in Paragraph 34 of the OSC, Respondents state that ML did not purchase a promissory note and, as a result, is not entitled to a return of principal or interest, and deny generally and specifically each and every remaining allegation contained in Paragraph 34 of the OSC.

35. Responding to the allegations contained in Paragraph 35 of the OSC, Respondents deny generally and specifically each and every allegation contained in Paragraph 35 of the OSC.

CAUSES OF ACTION

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

36. Responding to the allegations contained in Paragraph 36 of the OSC, Respondents incorporate herein by this reference each and every one of their responses to Paragraphs 1 thru 35 above.

37. Responding to the allegations contained in Paragraph 37 of the OSC, Respondents deny generally and specifically each and every allegation contained in Paragraph 37 of the OSC.

38. Responding to the allegations contained in Paragraph 38 of the OSC, Respondents deny generally and specifically each and every allegation contained in Paragraph 38 of the OSC.

39. Responding to the allegations contained in Paragraph 39 of the OSC, Respondents deny generally and specifically each and every allegation contained in Paragraph 39 of the OSC.

40. Responding to the allegations contained in Paragraph 40 of the OSC, Respondents deny generally and specifically each and every allegation contained in Paragraph 40 of the OSC.

COUNT II
Sale by an Unlicensed Agent under § 61-1-3 of the Act

41. Responding to the allegations contained in Paragraph 41 of the OSC, Respondents incorporate herein by this reference each and every one of their responses to Paragraphs 1 thru 40 above.

42. Responding to the allegations contained in Paragraph 42 of the OSC, Respondents deny generally and specifically each and every allegation contained in Paragraph 42 of the OSC.

43. Responding to the allegations contained in Paragraph 43 of the OSC, Respondents deny generally and specifically each and every allegation contained in Paragraph 43 of the OSC.

44. Responding to the allegations contained in Paragraph 44 of the OSC, Respondents deny generally and specifically each and every allegation contained in Paragraph 44 of the OSC.

45. Responding to the allegations contained in Paragraph 45 of the OSC, Respondents deny generally and specifically each and every allegation contained in Paragraph 45 of the OSC.

FIRST SEPARATE DEFENSE

Respondents deny generally and specifically each and every allegation set forth in the OSC except to the extent such allegation has been specifically and expressly admitted herein.

SECOND SEPARATE DEFENSE

The OSC fails to state any claim against Respondents upon which relief can be granted.

THIRD SEPARATE DEFENSE

Some or all of the Division's alleged claims asserted in the OSC are barred by the doctrines of waiver, estoppel and/or laches.

FOURTH SEPARATE DEFENSE

Some or all of the Division's alleged claims are barred by ML and NL's failure to mitigate any alleged damages.

FIFTH SEPARATE DEFENSE

Some or all of the Divisions's alleged claims are barred by the applicable statutes of limitations and/or statutes of repose.

SIXTH SEPARATE DEFENSE

Some or all of the Division's alleged claims are barred by the doctrine of accord and satisfaction.

SEVENTH SEPARATE DEFENSE

Some or all of the Division's alleged claims are barred by payments made to ML and NL.

EIGHTH SEPARATE DEFENSE

Some or all of the conduct of which the Division complains is privileged.

NINTH SEPARATE DEFENSE

Some or all of the Division's alleged claims are barred by the doctrine of unclean hands.

TENTH SEPARATE DEFENSE

Some or all of the Division's alleged claims are barred because the damages complained of, if any, were proximately caused by acts or omissions, negligence, or intentional acts by third parties over whom Respondents had no control or right of control, or if Respondents had any right of control, were acting beyond the scope of any relationship with Respondents, or such damages were caused by conditions or events over which Respondents had no control or right of control.

ELEVENTH SEPARATE DEFENSE

Some or all of the Division's alleged claims are barred by ML and NL's assumption of risk.

TWELFTH SEPARATE DEFENSE

Some or all of the Division's alleged claims are barred by the doctrine of failure of consideration.

THIRTEENTH SEPARATE DEFENSE

Some or all of the Division's alleged claims are barred by the statute of frauds.

FOURTEENTH SEPARATE DEFENSE

Some or all of the Division's claims are barred because ML and NL's own acts or omissions were the sole proximate cause, or substantial proximate cause, of their damage.

FIFTEENTH SEPARATE DEFENSE

Some or all of the Division's claims are barred by the doctrine of offset.

SIXTEENTH SEPARATE DEFENSE

Some or all of the Division's claims are barred by ML and NL's own negligence.

SEVENTEENTH SEPARATE DEFENSE

Some or all of the Division's claims are barred by settlement and release.

WHEREFORE, having fully answered the OSC, Respondents pray as follows:

A. That the Division's OSC be withdrawn with prejudice;

B. That Respondents be awarded judgment in their favor on the Division's OSC; and

C. That pursuant to U.C.A. § 78-27-56, Respondents be awarded their costs and attorneys' fees incurred in connection with this action, together with such other relief deemed appropriate.

DATED this 23 day of March 2009.

PARR BROWN GEE & LOVELESS

By: _____

Bryan T. Allen
Timothy B. Smith
Attorneys for Respondents Silver Leaf Capital Partners 1, LLC, and Dwight Shane Baldwin

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the **RESPONDENTS' ANSWER AND SEPARATE DEFENSES TO ORDER TO SHOW CAUSE** was served this 2nd day of March 2009, via hand-delivery, addressed to the following:

Administrative Court Clerk
c/o Pam Radzinski
Division of Securities
160 E. 300 S., Second Floor
Box 146760
Salt Lake City, Utah 84114-6760

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

Kris Herrick