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: **SILVER LEAF CAPITAL PARTNERS 1, LLC** **DWIGHT SHANE BALDWIN** **RESPONDENTS.**	**ORDER TO SHOW CAUSE** **Docket No.** SD-08-0102 **Docket No.** SD-08-0103

It appears to the Director of the Utah Division of Securities (Director) that Silver Leaf Capital Partners 1, LLC and Dwight Shane Baldwin 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' (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 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 securities in or from Utah.

STATEMENT OF FACTS

THE RESPONDENTS

2. Silver Leaf Capital Partners 1, LLC (Silver Leaf Capital) was registered as a Utah limited liability company on February 22, 2007, and its entity status is currently "active." Silverleaf Companies, LLC (Silverleaf Companies) is the sole manager and member of Silver Leaf Capital. Shane Baldwin, Robert Corcoran, Brad Esty, and Jody Rasmussen are the members of Silverleaf Companies.

3. Dwight Shane Baldwin (Baldwin) is a resident of Salt Lake County, Utah. Baldwin is one of four members of Silverleaf Companies, LLC, which manages Silver Leaf Capital and three other limited liability companies, including Silver Leaf Development LLC, Silverleaf Ventures LLC, and Silverleaf Financial, LLC.

GENERAL ALLEGATIONS

4. In January 2008, in Salt Lake County, Utah, Baldwin solicited a total of $200,000 from two Utah investors.

5. Baldwin told the investors that Baldwin and Silver Leaf Capital would use their money to invest in a California company called GarageCo, Inc. GarageCo manufactures a plastic toy called "Yo Baby" that is similar to a skateboard (minus the wheels) and is intended to be used on carpet.

6. Baldwin told investors they would receive a return of their principal plus a profit in about three to five months. One of the investors recalled Baldwin saying the profit would be around approximately $300,000. Baldwin also promised the investors they would receive

an equity interest in GarageCo and Silver Leaf Capital.

7. Baldwin personally guaranteed the investment to one investor, and gave both investors a written guaranty from Silverleaf Companies.

8. To date, the investors have received no return of their principal from the Respondents, and have received no profit or equity ownership in GarageCo or Silver Leaf Capital.

Investor NL

9. On or about January, 2008, NL, ML (the other investor), and JP (a licensed real estate agent for Silver Leaf Realty, PLLC[1]), met with Baldwin and one other employee of Silverleaf Companies at Silverleaf Companies' office in Salt Lake City, to discuss an investment opportunity with Silver Leaf Capital.

10. Baldwin told NL the following about the investment opportunity:

    a. Baldwin had a shell company called Silver Leaf Capital Partners 1, LLC, that could be used to invest in GarageCo, Inc. and its product, Yo Baby;

    b. If NL invested $100,000, NL would own 16.66% of Silver Leaf Capital, ML would own 16.66% of Silver Leaf Capital in return for ML's $100,000, and Silverleaf Companies would fund the remaining 66.67% of Silver Leaf Capital;

    c. Silver Leaf Capital would invest in GarageCo, and become a 60% owner in the corporation;

    d. Through this process, NL and ML would each have a 10% equity interest in

[1] Silver Leaf Realty, PLLC, is a Utah professional limited liability company located in Salt Lake City, Utah, and managed by Jody Rasmussen.

GarageCo;

e. A bank account would be set up for Silver Leaf Capital, and GarageCo's expenses and profits would be split pro-rata amongst NL, ML, and Silverleaf Companies;

f. NL's money would be invested for three to five months at the most, at which time NL would receive a return of her principal, plus a profit of about $300,000;

g. Silverleaf Companies had a relationship with a company called DC Shoes who agreed to put Yo Baby in all of its stores across the country;

h. Baldwin knew a manufacturer who could produce Yo Baby for less than the current manufacturer;

i. Baldwin would personally guarantee NL's principal investment;

j. $100,000 was a lot of money for NL, but it was "no big deal" to Baldwin.

11. On January 11, 2008, NL invested $100,000 with Silver Leaf Capital, via personal check, made payable to Silver Leaf Capital Partners.

12. In return for NL's investment, on January 11, 2008, NL received a Letter of Intent, Commercial Guarantee, and a draft Operating Agreement, via e-mail, from Jake Reid, Director of Operations of Silverleaf Companies. The e-mail states "[h]ere is the Commercial Guaranty document for your investment in Yo Baby / GarageCo Toys, Inc. We also plan on getting you the Equity Ownership Agreement by the end of the day."

13. NL never received the Equity Ownership Agreement.

14. Pursuant to the terms of the Letter of Intent, dated January 11, 2008 and signed by Baldwin and NL, Silverleaf Companies agreed to form a new entity called Silver Leaf

Capital Partners 1, LLC to act as the majority shareholder of GarageCo, and NL agreed to provide Silver Leaf Capital with a capital contribution of $100,000.

15. The Commercial Guaranty, dated January 11, 2008 and signed by Baldwin, states that Baldwin and Silverleaf Companies "absolutely and unconditionally guarantee satisfaction of the agreement" and that NL will "either be refunded by Guarantor or, alternatively, that the funding sought by [Silver Leaf Capital] will be realized and [NL] will be repaid in cash and equity as agreed under the Equity Ownership Agreement between Investor and [Silver Leaf Capital].

16. In the Spring of 2008, NL became concerned about her investment when the monthly meetings and weekly updates she was promised did not occur, and Baldwin did not return her telephone calls.

17. In May 2008, ML told NL that he went to the offices of Silver Leaf Capital to view its books and records. ML told NL that according to the books and records their funds were commingled with funds from other Silver Leaf companies and used to pay expenses for the various companies.

18. According to records obtained from Silverleaf Companies' accountant, at least $20,000 of NL's investment was used to pay for a party at Harry O's in Park City, Utah; at least $16,500 of NL's investment was used to pay Silverleaf Companies' American Express bill; at least $20,000 was used to pay Silverleaf Companies' payroll and commissions; at least $3,300 was used to pay the company's February 2008 health insurance premium; and at least $17,000 was not accounted for.

19. On June 4, 2008, NL went to the offices of Silverleaf Companies to demand a return of her investment funds.

20. To date, NL has received no return of principal or interest.

21. The Respondents owe NL a total of $100,000 in principal alone.

Investor ML

22. On or about January 2008, ML, NL (the above investor), and JP (a licensed real estate agent for Silver Leaf Realty, PLLC), met with Baldwin and one other employee of Silverleaf Companies at Silverleaf Companies' offices in Salt Lake City, to discuss an investment opportunity with Silver Leaf Capital.

23. Baldwin told ML the following about the investment opportunity:

    a. Silverleaf Companies would provide a one million dollar line of credit to GarageCo for a 60% ownership interest in the company;

    b. Of the one million dollars, ML and investor NL would each invest $100,000;

    c. In return for their investment, ML and investor NL would receive a profit in a short amount of time;

    d. Baldwin would give ML a commercial guaranty for ML's investment;

    e. Silverleaf Companies would provide the remaining $800,000 and "refinance the deal" in four months, changing the equity to debt, repaying ML and NL, and also allowing them to keep an ownership interest in Silver Leaf Capital;

    f. ML would have one half of a seat on Silver Leaf Capital's board but would have no specific role or duty in the company;

g. Baldwin's uncle would manufacture the Yo Baby product in Mexico for less money than the current arrangement;

h. DC Shoes would partner with GarageCo and sell the Yo Baby product in its stores;

i. Baldwin had completed other funding deals that were very successful;

j. Baldwin was investing $300,000 - 500,000 of his own money in GarageCo;

k. Because of Baldwin's prior experience working for Merrill Lynch, Baldwin had relationships with banks and could get loans for his companies;

l. Baldwin held a Series 7 securities license; and

m. A separate bank account would be opened for Silver Leaf Capital's investment funds.

24. On January 29, 2008, ML invested $60,000 in Silver Leaf Capital, via a Washington Mutual official check, made payable to Silverleaf Companies. On February 7, 2008, ML made a second investment of $40,000 in Silver Leaf Capital, via a Washington Mutual official check, made payable to Silver Leaf Capital.

25. On February 7, 2008, ML received an invoice from Silver Leaf Capital regarding ML's investment. The invoice states that it is for a "GarageCo Investment," and under "Description" it states "10% Equity Ownership investment in GarageCo" for $100,000.

26. On January 11, 2008, ML received the promised Commercial Guaranty from Jake Reid. The Commercial Guaranty was signed by Baldwin and states that Silver Leaf Capital Partners, LLC "absolutely and unconditionally guarantee satisfaction of the agreement

between [ML] and Silver Leaf Capital Partners ("SLCP") with respect to a proposed investment in GarageCo Inc. This Guaranty is executed to provide additional security to [ML] that [his] investment of $100,000 into SLCP as one of the 'investors' will either be refunded by Guarantor or, alternatively, that the funding sought by SLCP will be realized and [ML] will be repaid in cash and equity."

27. ML did not like the form of the Commercial Guaranty he received from Baldwin, so ML had his attorney draft a new guaranty which included Baldwin's verbal representations made before ML invested.

28. ML asked Baldwin to sign the new guaranty, but Baldwin refused.

29. In mid-May 2008, ML went to the offices of Silverleaf Companies in Salt Lake City and demanded to see the books and records for Silver Leaf Capital.

30. The books and records for Silver Leaf Capital reveal that a separate account was opened for Silver Leaf Capital, but ML's and NL's investments were not deposited into the account.

31. Baldwin deposited both ML's and NL's checks into Silverleaf Companies' bank account, where the funds for the various entities managed by Silverleaf Companies were co-mingled. Additionally, there was no record of a deposit for $300,000 - 500,000 made by Baldwin.

32. On April 14, 2008, ML sent an e-mail to Baldwin and Jack Reid, Silverleaf Companies' Director of Operations, asking for the return of ML's investment.

33. Baldwin responded via an e-mail dated April 15, 2008 stating, "I will let you know if [a

return of ML's principal] is possible and if so when that would be."

34. To date, ML has received no return of his principal or profit.

35. The Respondents owe ML a total of $100,000 in principal alone.

CAUSES OF ACTION

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

36. The Division incorporates and re-alleges paragraphs 1 through 35.

37. The equity in GarageCo (i.e. stock) offered and sold by the Respondents is a security under § 61-1-13 of the Act. The personal and commercial guaranties offered and sold by the Respondents are securities under § 61-1-13 of the Act. Additionally, the investment opportunity in general, as described to the investors by the Respondents, is an investment contract, and therefore a security, under § 61-1-13 of the Act. An investment contract includes,

> any investment in a common enterprise with the expectation of profit to be derived through the essential managerial efforts of someone other than the investor; or . . . any investment by which . . . an offeree furnishes initial value to an offerer; . . . a portion of this initial value is subjected to the risks of the enterprise; . . . the furnishing of the initial value is induced by the offerer's promises or representations which give rise to a reasonable understanding that a valuable benefit of some kind over and above the initial value will accrue to the offeree as a result of the operation of the enterprise; and . . . the offeree does not receive the right to exercise practical or actual control over the managerial decisions of the enterprise.

UTAH ADMIN. CODE R164-13-1(B)(1)(a) and 1(b).

38. In connection with the offer and sale of securities to investors, the Respondents, directly

or indirectly, made false statements, including, but not limited to, the following:

a. Investors money would be deposited into a separate bank account created for Silver Leaf Capital, and Baldwin would invest $300,000 - 500,000 of his own money into the account;

b. Baldwin told NL he would personally guarantee NL's investment;

c. NL's money would be invested for three to five months at the most, at which time NL would receive a return of her principal, plus a profit of about $300,000;

d. ML would receive a return of his principal plus a profit in a short amount of time in return for an investment;

e. NL's and ML's money would be invested in GarageCo, and they would receive an equity interest in GarageCo; and

f. Baldwin told ML that Baldwin held a Series 7 securities license, when in fact, Baldwin had passed his Series 7 exam, but had not been licensed as a broker-dealer agent or an investment adviser representative since April 2007.

39. In connection with the offer and sale of securities to investors, 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 not misleading:

a. On September 25, 2007, Silver Leaf Development, LLC (a real estate company managed by Silverleaf Companies) and Jody Rasmussen (a member of Silverleaf Companies) were sued in civil court and the action was still pending when NL and ML invested;

b. On September 25, 2007, Silver Leaf Capital applied for a license as an investment advisor in Utah, and the Division raised numerous concerns with the application, which was still pending when NL and ML invested;

c. As early as November 2007, the Division informed Baldwin that in order to syndicate private placement investments with other accredited investors or institutions, Silver Leaf Capital would have to be licensed as a broker-dealer or issuer agent;

d. Some or all of the information typically provided in an offering circular or prospectus regarding Silver Leaf Capital and GarageCo (the Companies), such as:

   i. the Companies' business and operating history;

   ii. The principals' experience with buying, developing, and selling real estate;

   iii. the Companies' financial statements;

   iv. The market for the Companies' service(s) or product(s);

   v. The nature of the competition for the service(s) or product(s);

   vi. the Companies' current capitalization;

   vii. The track record of the Companies to other investors;

   viii. The number of other investors;

   ix. The minimum capitalization needed to participate in the investment;

   x. The disposition of any investments received if the minimum capitalization were not achieved;

xi. Discussion of pertinent suitability factors for the investment;

xii. Any conflicts of interest the issuer, the principals, or the agents may have with regard to the investment;

xiii. Agent commissions or compensation for selling the investment;

xiv. Whether the investment is a registered security or exempt from registration; and

xv. Whether the person selling the investment is licensed.

40. Based upon the foregoing, Silver Leaf Capital Partners 1, LLC and Dwight Shane Baldwin violated § 61-1-1 of the Act.

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

41. The Division incorporates and re-alleges paragraphs 1 through 40.

42. Baldwin offered or sold securities in or from Utah.

43. When offering and selling these securities on behalf of Silver Leaf Capital and GarageCo, Baldwin was acting as an agent of an issuer.

44. Baldwin has never been licensed to sell securities in Utah as an agent of these issuers.

45. Based on the above information, Dwight Shane Baldwin 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

Wednesday, February 4, 2009, 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 Silver Leaf Capital Partners 1, LLC and Dwight Shane Baldwin should not be found to have engaged in the violations alleged by the Division in this Order to Show Cause;

b. Why Silver Leaf Capital Partners 1, LLC and Dwight Shane Baldwin 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;

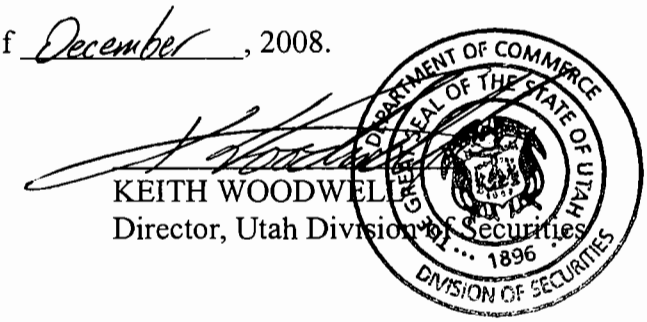
c. Why Dwight Shane Baldwin should not be barred from associating with any broker-dealer or investment adviser licensed in this State, and from acting as an agent for any issuer soliciting investor funds in this State;

d. Why Silver Leaf Capital Partners 1, LLC should not be ordered to pay a fine of two hundred and fifty thousand dollars ($250,000), which may be reduced by restitution paid to the investors; and

e. Why Dwight Shane Baldwin not be ordered to pay a fine of two hundred and fifty thousand dollars ($250,000) to the Division of Securities, which may be reduced

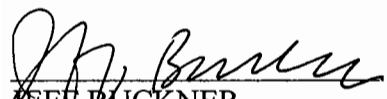
by restitution paid to the investors.

DATED this 11th day of December, 2008.



KEITH WOODWELL
Director, Utah Division of Securities

Approved:



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A. K.

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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
SILVER LEAF CAPITAL PARTNERS 1, LLC DWIGHT SHANE BALDWIN Respondents.	Docket No. SD-08-0102 Docket No. SD-08-0103

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 Wednesday, February 4, 2009, 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 11th day of December, 2008.

KEITH WOODWELL
Director, Division of Securities

Certificate of Mailing/Service

I certify that on the 15TH day of DECEMBER, 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:

Silver Leaf Capital Partners 1, LLC
Attn: Registered Agent (Jody Rasmussen)
224 South 200 West, Ste 150
Salt Lake City, UT 84101

Certified Mailing # 70041160000301963748

Dwight Shane Baldwin
594 South Ridge Top Lane
North Salt Lake, UT 84054-2650

Certified Mailing # 70041160000301963755

PAM RADZINSKI
Executive Secretary