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: **GEORGE LAWRENCE CRITCHFIELD** **JEFFREY B. JOHNSON** **RESPONDENTS.**	**ORDER TO SHOW CAUSE** **Docket No.** SD-09-0014 **Docket No.** SD-09-0015

It appears to the Director of the Utah Division of Securities (Director) that George Lawrence Critchfield and Jeffrey B. Johnson 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 Respondents and the subject matter is appropriate because the Division alleges that they violated § 61-1-1 (securities fraud) of the Act while engaged in the offer and sale of securities in or from Utah.

STATEMENT OF FACTS

THE RESPONDENTS

2. George Lawrence Critchfield (Critchfield) is a resident of Salt Lake County, Utah.

3. Jeffrey B. Johnson (Johnson) is a resident of Salt Lake County, Utah.

GENERAL ALLEGATIONS

4. On June 18, 2008, in Salt Lake County, Utah, Johnson went to his neighbor RE's home and asked to borrow money.

5. Johnson said he needed $5,500 for 30 days and would pay RE a return of 10%.

6. RE gave Johnson $5,500 in cash the same day.

7. On or about June 20, 2008, Johnson gave RE a promissory note (Note #1) in the amount of $5,500. The note, dated June 18, 2008, bears Johnson's signature as the borrower.

8. Note #1 states that Johnson will pay RE the principal invested, annual interest of 10%, plus a processing fee of $300 on or by July 18, 2008.

9. A few days later, Johnson went to RE's home to ask for more money.

10. Johnson said he needed $21,500 to pay inheritance tax on a $900,000 inheritance out of Switzerland.

11. Johnson also said he needed the money for three days and Johnson would pay RE $10,000 for lending Johnson the money.

12. Johnson said a man named George Lawrence Critchfield was traveling to Europe to pick up the $900,000 inheritance.

13. While Johnson was at RE's home, Johnson contacted Critchfield via telephone so RE could speak to Critchfield.

14. RE spoke to Critchfield on the telephone for a few minutes. Critchfield said he was traveling to Europe to get the $900,000 inheritance.

15. On June 23, 2008, RE purchased an official check from Washington Mutual Bank for $11,500, made payable to Lawrence Critchfield.

16. The same day, RE gave the official check and $10,000 cash to Johnson while Johnson was at RE's home.

17. Later the same day (June 23, 2008), Johnson returned to RE's home and gave RE an undated check from G.L. Critchfield and Associates, LLC in the amount of $21,500; a promissory note for $21,500 (Note #2); Exhibit A to Note #2; and a letter from Critchfield to Critchfield's attorney, Alan Mecham.

18. Note #2 states that Critchfield and Johnson will pay RE his principal investment, annual interest of 10%, plus a processing fee of $10,000, on or by July 26, 2008. Note #2 is dated June 23, 2008, and bears the initials of Johnson and Critchfield, and the signature of Johnson.

19. Exhibit A bears the initials of Critchfield and Johnson, and makes the following representations:

    a. "Borrowers are to repay the principal amount borrower (sic) by Wed or Thursday at latest from authorized advance from funds to be deposited in Critchfields

attorney trust account that is manager (sic) by Alan Mecham P.C."

b. "It is understood that 5500 of the fee is die (sic) and payable with the remaining balance of 4500 due within 7 business days. Lender would like it all paid if possible but is willing to work in the best interest of all involved."

c. "Critchfield is to Sign Promissory note and provide check for the principle (sic) amount back to lender as promise to repay. Upon repayment of principal and agreed upon fee the note and check will be voided and returned and the note considered paid in full."

d. "In the event there is a delay in payment of fee earned beyond 7 business days then the unpaid balance will be subject to the default terms of the note herein."

20. The letter to Alan Mecham is dated June 23, 2008 and includes instructions to Mr. Mecham to release payment on the promissory note to RE.

21. The next few days following RE's investment, RE spoke to Johnson several times.

22. Johnson told RE he talked to Critchfield while Critchfield was in Europe.

23. Johnson also said that Critchfield was having problems securing the inheritance and had to stay in Europe longer than expected.

24. On January 8, 2009, RE's attorney mailed a letter to Critchfield demanding payment in full within five working days.

25. RE has received no return of principal or interest from his investments with Johnson and Critchfield, and is still owed a total of $21,500 in principal alone.

CAUSES OF ACTION

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

26. The Division incorporates and re-alleges paragraphs 1 through 25.

27. The promissory notes offered and sold by Respondents are securities under § 61-1-13 of the Act.

28. In connection with the offer and sale of securities, Respondents, directly or indirectly, made false statements, including, but not limited to, the following:

    a. RE would receive a return of 10% plus a $300 processing fee on an investment of $5,500;

    b. RE would receive a return of 10% plus a $10,000 processing fee on an investment of $21,500;

    c. The $21,500 would be used by Critchfield to pay inheritance tax on a $900,000 inheritance out of Switzerland.

29. In connection with the offer and sale of securities, 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. Johnson filed for bankruptcy in 2004;

    b. Critchfield had a criminal history;

    c. Critchfield had an unpaid civil judgment against him of $454,554, from March

2008;

d. The promissory notes were securities that needed to be registered with the Utah Division of Securities, or qualify for an exemption from registration;

e. Neither Johnson nor Critchfield were licensed to sell securities in or from Utah.

30. Based upon the foregoing, George Lawrence Critchfield and Jeffrey B. Johnson violated § 61-1-1 of the Act.

ORDER

The Director, pursuant to § 61-1-20 of the Act, hereby orders 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, April 7, 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 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, Respondents may show cause, if any they have:

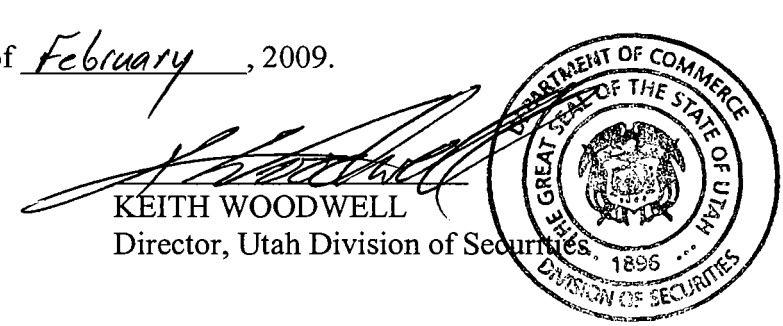
a. Why George Lawrence Critchfield and Jeffrey B. Johnson should not be found to have engaged in the violations alleged by the Division in this Order to Show Cause;

b. Why George Lawrence Critchfield and Jeffrey B. Johnson 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 George Lawrence Critchfield should not be ordered to pay a fine of twenty five thousand dollars ($25,000) to the Division of Securities, which may be reduced by restitution paid to the investor; and

d. Why Jeffrey B. Johnson not be ordered to pay a fine of thirty five thousand dollars ($35,000) to the Division of Securities, which may be reduced by restitution paid to the investor.

DATED this 23rd day of February, 2009.



KEITH WOODWELL
Director, Utah Division of Securities

Approved:

JEFF BUCKNER
Assistant Attorney General

J. S.

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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
GEORGE LAWRENCE CRITCHFIELD JEFFREY B. JOHNSON	Docket No. SD-09-0014 Docket No. SD-09-0015
Respondents.	

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, April 7th, 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 23rd day of February, 2009.

KEITH WOODWELL
Director, Division of Securities

Certificate of Mailing/Service

I certify that on the 24TH day of FEBRUARY, 2009, I mailed, via certified and regular mail, a true and correct copy of the Order to Show Cause and Notice of Agency Action to:

George Lawrence Critchfield
40 N. State Street, Apt. #3G
Salt Lake City, UT 84103

Certified Mailing # 70041160 0003019 58737

Jeffrey B. Johnson
3271 E. Walker Oaks Court
Cottonwood Heights, UT 84121

Certified Mailing # 70041160 0003019 58744

PAM RADZINSKI
Executive Secretary