

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.

**NOTICE OF ENTRY OF DEFAULT AND
ORDER**

**Docket No. SD 09-0014
Docket No. SD 09-0015**

I. BACKGROUND

A formal adjudicative proceeding was initiated by the Division's Order to Show Cause (OSC) and Notice of Agency Action (Notice) dated February 23, 2009, against George L. Critchfield and Jeffrey R. Johnson, advising them to file an answer or appear at a hearing set for April 7th, 2009 or default would be entered against them. A hearing was convened on that day, but they failed to appear and no response was received or filed by respondent.

II. FINDINGS OF FACT

THE RESPONDENTS

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

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

GENERAL ALLEGATIONS

3. On June 18, 2008, in Salt Lake County, Utah, Johnson went to his neighbor RE's home and asked to borrow money.
4. Johnson said he needed \$5,500 for 30 days and would pay RE a return of 10%.
5. RE gave Johnson \$5,500 in cash the same day.
6. 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.
7. 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.
8. A few days later, Johnson went to RE's home to ask for more money.
9. Johnson said he needed \$21,500 to pay inheritance tax on a \$900,000 inheritance out of Switzerland.
10. Johnson also said he needed the money for three days and Johnson would pay RE \$10,000 for lending Johnson the money.
11. Johnson said a man named George Lawrence Critchfield was traveling to Europe to pick up the \$900,000 inheritance.
12. While Johnson was at RE's home. Johnson contacted Critchfield via telephone so RE could speak to Critchfield.

13. RE spoke to Critchfield on the telephone for a few minutes. Critchfield said he was traveling to Europe to get the \$900,000 inheritance.
14. On June 23, 2008, RE purchased an official check from Washington Mutual Bank for \$11,500, made payable to Lawrence Critchfield.
15. The same day, RE gave the official check and \$10,000 cash to Johnson while Johnson was at RE's home.
16. 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.
17. 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.
18. 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 due (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."
19. 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.
 20. The next few days following RE's investment, RE spoke to Johnson several times.
 21. Johnson told RE he talked to Critchfield while Critchfield was in Europe.
 22. Johnson also said that Critchfield was having problems securing the inheritance and had to stay in Europe longer than expected.
 23. On January 8, 2009, RE's attorney mailed a letter to Critchfield demanding payment in full within five working days.
 24. 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

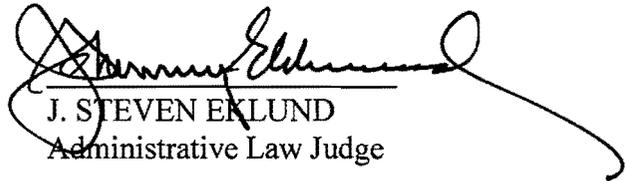
COUNT I

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

25. The Division incorporates and re-alleges paragraphs 1 through 24.
26. The promissory notes offered and sold by Respondents are securities under § 61-1-13 of the Act.
27. 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.
28. 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.
29. Based upon the foregoing, George Lawrence Critchfield and Jeffrey B. Johnson violated § 61-1-1 of the Act.


J. STEVEN EKLUND
Administrative Law Judge

Approved:


JEFF BUCKNER
Assistant Attorney General

J.S.

IV. ORDER

Based on the above, the Securities Commission hereby:

1. Declares George L. Critchfield and Jeffrey B. Johnson in default for failing to file a written response to the February 23, 2009 OSC and for failing to appear at the April 7, 2009 hearing.
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 Respondent violated the Utah Uniform Securities Act by misrepresenting material facts in connection with the offer and sale of a security in or from Utah in violation of § 61-1-1(2).
5. Finds that Respondent violated the Utah Uniform Securities Act by failing to disclose material information which was necessary to make the statements made not misleading, in connection with the offer and sale of a security in or from Utah in violation of § 61-1-1(2).
6. Orders Respondent to permanently CEASE and DESIST from any violations of the Act.
7. Orders George L. Critchfield to pay a fine of twenty-five thousand dollars (\$25,000) to the Division within 30 days of the entry of this Order, which may be reduced by

restitution paid to the investor.

8. Orders Jeffrey B. Johnson to pay a fine of thirty-five thousand dollars (\$35,000) to the Division within 30 days of the entry of this Order, which may be reduced by restitution paid to the investor.

DATED this 28th day of October 2010.



Tim Bangerter

Jane Cameron

Erik Christiansen

Laura Polacheck

Michael O'Brien

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

I, Julie Price, hereby certify that on the 10th day of November 2010, I mailed, by regular mail, a true and correct copy of the forgoing **Notice of Entry of Default and Order** to:

George L. Critchfield
40 N. State St. # 1A
Salt Lake City, UT 84103

A handwritten signature in cursive script that reads "Julie Price". The signature is written in black ink and is positioned above a horizontal line.

Julie Price
Executive Secretary

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**AFFIDAVIT OF SERVICE AND NON
RESPONSE**

Docket No.

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SP-09-014
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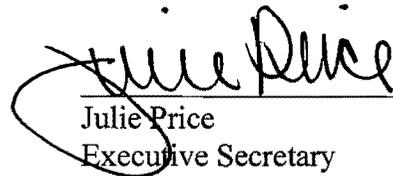
I, Julie Price, first being duly sworn, depose and state as follows:

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 February 24, 2009, the Division served, by certified mail, an Order to Show Cause (OSC) dated February 23, 2009, to George L. Critchfield (Critchfield) along with a Notice of Agency Action (Notice), advising that a default order would be entered if he

failed to appear at a hearing set for Tuesday April 7, 2009, 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. On March 2, 2009, the OSC mailed to Critchfield was returned indicating an erroneous apartment number. The OSC was then served by certified mail to Critchfield at 40 N. State St. Apt. 1A Salt Lake City, Utah 84103 on March 4, 2009. The return receipt portion of the certified mail sent to Critchfield at that address was returned on March 10, 2009, showing it was signed for as received on March 9, 2009.
5. A hearing was convened on April 7, 2010. Respondents did not appear nor did they file a Response.
6. As of the date of this Affidavit, the respondent has not filed the required response.

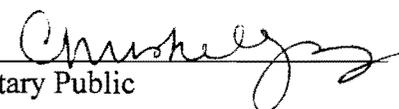
DATED this 7th day of October 2010.



Julie Price
Executive Secretary

SALT LAKE COUNTY)
) ss
STATE OF UTAH)

Signed and subscribed to before me this 7th day of October 2010.



Notary Public

