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Utah Department of Commerce  
Division of Securities

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Attorney for Respondents

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BEFORE THE DIVISION OF SECURITIES  
OF THE DEPARTMENT OF COMMERCE  
OF THE STATE OF UTAH

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	)	<b>RESPONDENT'S ANSWER TO ORDER</b>
	)	<b>TO SHOW CAUSE</b>
IN THE MATTER OF:	)	
	)	
HOME AND BUSINESS NETWORKS, LLC	)	Docket No. SD-09-0020
CHRISTOPER STERLING BELLISTON	)	Docket No. SD-09-0021
MANLY "TED" ELWOOD LOGAN	)	Docket No. SD-09-0022
GRANT DALE PROTZMAN, CRD #4480336	)	Docket No. SD-09-0023
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Respondents answer the allegations of the Order To Show Cause issued by the Director of the Utah Division of Securities (the "Director"), by admitting, denying and affirmatively alleging as follows:

1. Respondents deny that the Utah Division of Securities (the "Division") has either personal or subject matter jurisdiction. Respondents have not engaged in the offer and

sale of securities, and, therefore, could not have violated Utah Code Ann. §§ 61-1-1 or 61-1-7.

2. Respondents admit the allegations of Paragraph 2.
3. Respondents admit the allegations of Paragraph 3.
4. Respondents admit the allegations of Paragraph 4.
5. Respondents admit the allegations of Paragraph 5.
6. Respondents admit the allegations of Paragraph 6.
7. Respondents deny the allegations of Paragraph 7.
8. Respondents deny the allegations of Paragraph 8.
9. Respondents deny the allegations of Paragraph 9.
10. Respondents deny the allegations of Paragraph 10, because they did not offer or market securities, as alleged by the Director/Division. The individuals identified herein were not investors nor are they owed any principal from the respondents.
11. Answering Paragraph 11 the respondents admit that Grant Protzman indicated to MC and other individuals that at one time he had held securities and insurance licenses, but that he no longer held such licenses and was not required to do so to perform any of his current job requirements or personal endeavors.
12. Answering Paragraphs 12, 13 and 14, the respondents admit that one or more of them held meetings with MC, gave MC materials to review, including perhaps a business card, and discussed the HBS business venture. Respondents also admit that MC was told that he could become a “core member” of the enterprise and could potentially become

a top tier participant of any multi-level marketing campaign in which HBS participated, and deny the remaining allegations of Paragraphs 12, 13 and 14.

13. Respondents admit the allegations of Paragraph 15.
14. Respondents deny the allegations of Paragraph 16.
15. Answering Paragraphs 17 and 18, the respondents admit that MC was told that the sooner he began to participate in the multi-level marketing ventures available through his participation, the greater income opportunity that would present itself. The respondents deny the remaining allegations of Paragraph 18.
16. Respondents deny the allegations of Paragraph 19.
17. Answering Paragraph 20, respondents admit that HBN held weekly meetings, but deny that those meetings were for the purpose of discussing solely multi-level campaigns with investors.
18. Respondents admit the allegations of Paragraph 21.
19. Answering Paragraph 22, respondents admit that MC was told that respondents had lost money that they had invested in Novus Technologies.
20. Answering Paragraph 23, respondents admit that MC asked Belliston for a refund of his money, but deny that he demanded a refund of his investment and affirmatively allege that he was not entitled to a refund.
21. Answering Paragraph 24, respondents admit that Belliston told MC that HBN was experiencing liquidity issues and that HBN likely would not recover its own investment in Novus Technologies. Respondents deny the remaining allegations of Paragraph 24.

22. Answering Paragraph 25, respondents admit that MC has received no refund of the \$10,000.00 that he provided to HBN/HBS and has received no income. Respondents deny the remaining allegations of Paragraph 25, and affirmatively allege that he was not an investor and did not hold an investment in HBN/HBS.
23. Respondents admit the allegations of Paragraph 26.
24. Answering Paragraph 27, respondents admit that Belliston and others discussed HBS with LP and KP. They further admit that they represented that Belliston was a key member of HBS, a multi-level telemarketing company. They admit that they represented that the business plan call for HBS to have an automated telephone dialer and a lead list of interested persons to call. They admit that they represented that HBS had key members, including Belliston and Logan. They admit that they represented that Belliston had been successful in multi-level marketing companies in the past. They admit that Logan represented that he had previously owned successful businesses in development and real estate. They admit that one or more of them represented that HBS was seeking people who might be interested in using a call center to build multi-level marketing organizations. They admit that one or more of them represented that HBS already had persons who were involved in the venture. They admit that one or more of them represented that LP and KP could invest \$10,000.00 and become one of the remaining core members of the enterprise. They admit that one or more of them represented that HBS was the only company of its kind and that it was using innovative ideas for building multi-level marketing enterprises. They admit that one or more of

them represented that at some time in the future, they might be able and willing to buy the core membership from LK and PK, if and when they had the money to do so. Respondents deny all remaining allegations of paragraph 27.

25. Answering Paragraph 28, respondents admit that LK and PK advanced \$5,000.00 to HBS, lack sufficient knowledge or information to know whether LK and PK used proceeds from their 401K retirement account to provide the \$5,000.00 advancement and deny the remaining allegations of Paragraph 28.
26. Respondents admit the allegations of Paragraph 29.
27. Respondents admit the allegations of Paragraph 30, with the exception that they deny that the meeting was for HBS investors.
28. Answering Paragraph 31, respondents admit that Logan indicated to LK and PK that respondents hoped that the multi-level marketing enterprise would begin to provide income or profit to participants by December 2006.
29. Answering Paragraph 32, respondents admit that LK and PK had discussions with Logan and Belliston in late December 2006 regarding when the multi-level marketing operation would begin to make money.
30. Answering Paragraph 33, respondents that Belliston and Logan indicated that the telephone dialer was not in place working as anticipated and that additional down lines would need to be built before HBN participants would begin to receive payments.
31. Answering Paragraph 34, respondents admit that on or about February 6, 2007, LP and KP were at the HBN offices in Salt Lake County and advanced an additional \$5,000.00,

providing the funds to Belliston. Respondents further admit that Protzman, Logan, Joseph Allem and an HBN secretary were at the offices, but were in another part of the complex doing their own work and tasks while LP and KP were meeting with Bellisto.

32. Respondents admit the allegations of Paragraph 35.
33. Answering Paragraph 36, respondents admit that in March and April of 2007, LP and KP met with Protzman, Belliston, and Logan, but deny that they attempted to recover their investment.
34. Answering Paragraph 37, respondents admit that Logan told LP and KP that HBN was not in a financial position to return to them their \$10,000.00, but deny the remaining allegations of Paragraph 37.
35. Answering Paragraph 38, respondents admit that LP and KP have not been repaid the money that they advanced to HBN, but affirmatively allege that they are not entitled to a refund. Respondents deny the remaining allegations of Paragraph 38.
36. Answering Paragraph 39, respondents admit that LD may have met with Logan and Belliston in early November 2006 in HBS' offices in Cottonwood Mall. They further admit that other persons may have been present at this meeting, but deny that the other persons were potential investors.
37. Answering Paragraph 40, respondents admit that Logan and Belliston told LD and other persons present at the above referenced meeting that they were building out a multi-level marketing business, that they were seeking participants, that the call center would market the multi-level marketing products and that the call center would help

participants build their down line and that to participate in the multi-level marketing business as a core member, the cost would be \$10,000.00. Respondents deny all other allegations of Paragraph 40.

38. Answering Paragraph 41, respondents admit that on or about November 2006, LD advanced \$10,000.00 by a check made payable to HBS, but deny that it was an investment and deny all other remaining allegations of Paragraph 41.
39. Answering Paragraph 42, respondents lack sufficient knowledge or information to either admit or deny.
40. Answering Paragraph 43, respondents admit that HBN held weekly meetings with persons who were participating and that Logan and Belliston would sometimes present to persons at the meetings potential products. Respondents deny all other allegations of Paragraph 43.
41. Answering Paragraph 44, respondents admit that in early spring 2007, LD asked that his money be returned to him, but deny that it was an investment and deny all remaining allegations of Paragraph 44.
42. Answering Paragraph 45, respondents admit that Belliston and Logan indicated to LD that the business needed more time to develop and that they believed that things would turn around. Respondents deny all remaining allegations of Paragraph 45.
43. Answering Paragraph 46, respondents admit that LD has received no income or profit as a result of his participation in the HPN enterprise. Respondents deny that LD is owed \$10,000.00. Respondents deny all remaining allegations of Paragraph 46.

44. Answering Paragraph 47, respondents lack sufficient knowledge or information to either admit or deny. They affirmatively allege that they are attempting to assemble business records and are willing to amend this response if they are able to verify the veracity of the allegations of Paragraph 47.
45. Respondents admit the allegations of Paragraph 48.
46. Answering Paragraph 49, respondents admit that on or about December 11, 2006, and again in January 2007, SC attended an HBN core member meeting at the business offices located at Cottonwood Mall in Salt Lake County, Utah.
47. Answering Paragraph 50, respondents admit that in these meetings, members of HBN, including Chris Belliston, Ted Logan, Grant Protzman, and Joseph Allem, discussed multi-level marketing campaigns employed by HBN to solicit both customers and additional down line members.
48. Respondents deny the allegations of Paragraph 51.
49. Answering Paragraph 52, respondents admit that on or about January 3, 2007, SC advanced \$10,000.00 to HBN by giving Belliston a cashiers check made payable to HBS, per Belliston's instructions.
50. Respondents deny the allegations of Paragraph 52 and specifically that the \$10,000.00 advanced by SC was an investment.
51. Respondents lack sufficient knowledge or information to either admit or deny the allegations of Paragraph 53.
52. Answering Paragraph 54, respondents admit that Belliston may have given SC a

document entitled “Working Agreement Between Home and Business Networks and SC,” affirmatively assert that such agreement speaks for itself and deny all allegations in Paragraph 54 that are not consistent with the specific terms and provisions of such agreement.

53. Respondents lack sufficient knowledge or information to either admit or deny the allegations of Paragraph 55.
54. Respondents lack sufficient knowledge or information to either admit or deny the allegations of Paragraph 56, but affirmatively assert that the money advanced by SC was not an investment.
55. Answering Paragraph 57, respondents admit that beginning in January 2008, MC asked Belliston on more than one occasion that SC’s \$10,000.00 be returned to him, but deny that the money was an investment.
56. Respondents deny the allegations of paragraph 58, and admit that SC has received no profit as a result of his participation in the enterprise and his advance of \$10,000.00.
57. Answering Paragraph 59, respondents lack sufficient knowledge or information to either admit or deny. They affirmatively allege that they are attempting to assemble business records and are willing to amend this response if they are able to verify the veracity of the allegations of Paragraph 59.
58. Answering Paragraph 60, respondents re-incorporate their admissions, denials and affirmative assertions in their responses to paragraphs 1-59, above.
59. Answering Paragraph 61, respondents deny that they offered and sold an investment

contract as alleged in Paragraph 61. They deny that they offered and sold a security pursuant to section 61-1-13 of the Act.

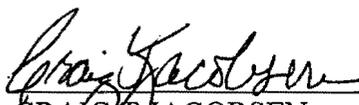
60. Respondents deny the allegations of Paragraph 62.
61. Respondents deny the allegations of Paragraph 63.
62. Respondents deny the allegations of Paragraph 64.
63. Answering Paragraph 65, respondents re-incorporate their admissions, denials and affirmative assertions in their responses to paragraphs 1-64, above.
64. Respondents deny the allegations of Paragraph 66.
65. Respondents deny the allegations of Paragraph 67.
66. Respondents deny that they offered or sold securities, and therefore deny the allegations of Paragraph 68.
67. Respondents deny the allegations of Paragraph 69.

#### **Affirmative Defense**

The order to show cause fails to state a cause of action upon which the Director/Division could obtain the relief sought.

**WHEREFORE**, respondents request that the Order To Show Cause be denied that all claims therein be dismissed, with prejudice, and that the respondents be awarded such other and further relief as may be legally appropriate under the circumstances.

**DATED** this 7<sup>th</sup> day of May, 2009.

  
CRAIG JACOBSEN  
Attorney

**CERTIFICATE OF SERVICE**

I hereby certify that on the 7<sup>th</sup> day of May, 2009, I mailed and faxed a true and correct copy of the above and foregoing Respondents's Answer To Order To Show Cause, by placing same in the United States mail, postage prepaid and by faxing to:

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