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Division of Securities  
Utah Department of Commerce  
160 East 300 South  
P.O. Box 146760  
Salt Lake City, Utah 84114-6760  
Telephone: 801 530-6600

Utah Department of Commerce  
Division of Securities

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

**IN THE MATTER OF:**

MICHAEL EVENHUIS

**Respondents.**

**STIPULATION AND CONSENT ORDER  
AS TO MICHAEL EVENHUIS**

Docket No. SD-09-0035

The Utah Division of Securities (“Division”), by and through its Director of Licensing, George Robison, and Audience Alliance Partners (1), LLC, hereby stipulate and agree as follows:

1. Michael Evenhuis has been the subject of an investigation by the Division into allegations that it violated the Utah Uniform Securities Act (“Act”), Utah Code Ann. §61-1-1, *et seq.*
2. On May 14, 2009, the Division filed an Order to Show Cause against Mr. Evenhuis and others.
3. Mr. Evenhuis has agreed with the Division to settle this matter by way of this Stipulation and Consent Order (“Order”). If entered, the Order will fully resolve all claims the Division has against Mr. Evenhuis pertaining to the May 14, 2009 Order to Show Cause.

4. Mr. Evenhuis admits the jurisdiction of the Division over him and over the subject matter of this action.
5. Mr. Evenhuis waives any right to a hearing to challenge the Division's evidence and present evidence on its behalf.
6. Mr. Evenhuis has read the Order, understands its contents, and submits to this Order voluntarily. No promises or other agreements have been made by the Division, nor by any representative of the Division, to induce Mr. Evenhuis to enter into this Order, other than as described in this Order.
7. Mr. Evenhuis understands that he has the right to be represented by an attorney in this proceeding, and understands that an attorney would advise, negotiate, advocate and otherwise represent and protect Mr. Evenhuis' interests in this matter. Notwithstanding this understanding, Mr. Evenhuis waives the right to be represented by an attorney in this proceeding.

#### **I. FINDINGS OF FACT**

8. Audience Alliance Partners (1), LLC ("Audience Alliance") is a Wyoming limited liability company with a place of business in Provo, Utah.
9. KCM Partners, LLC ("KCM") is a Wyoming limited liability company with a place of business in Kaysville, Utah.
10. During the relevant period, Utah residents Clifton K. Oram ("Clif Oram") and Kirk L. Oram ("Kirk Oram"), together with Aisling Opportunities II, LP ("Aisling"), were the principals and members of KCM.

11. Aisling is an Arizona limited partnership affiliated with and controlled by Arizona resident Michael P. McLaughlin (“McLaughlin”). Aisling is not registered as a foreign limited partnership in Utah.
12. Clif Oram, Kirk Oram, and McLaughlin have all been previously licensed in the securities industry as broker-dealer agents, but are not currently licensed in any capacity.
13. During the relevant period, Audience Alliance was a joint venture between Audience Alliance Motion Picture Studios Limited, which was then a Hong Kong limited liability company (“AAMPS”), and KCM. AAMPS has a place of business in Provo, Utah.
14. KCM and AAMPS were the only members of Audience Alliance.
15. Audience Alliance was formed for the purpose of producing, marketing, and distributing family-friendly films.
16. Audience Alliance intended to finance its business plan through the sale of debt securities in the form of loan agreements.
17. Michael Evenhuis is a Utah resident who acted as an agent of KCM. He has never been licensed in the securities industry.

#### The Offering

18. On June 11, 2007, the Division’s Corporate Finance section (“Corporate Finance”) received a Form D Rule 506 notice filing (“Form D”) for a private placement offering by Audience Alliance (“the offering”), Division File No. B00680264.
19. Under the terms of the offering, an investor could purchase notes of at least \$50,000 and select from different interest rates and repayment options. Depending on the amount of

investment and duration of the note, annual interest rates ranged from 12% for one-year notes to 22% for five-year notes.

20. Because of deficiencies in the Form D, Corporate Finance requested additional information from Audience Alliance. Audience Alliance revised its Form D and responded to the Division's requests for information and documentation.
21. The Division's examination of this matter revealed that between May and December 2007, sales of the offering totaling \$5.7 million were made by and through KCM and agents of KCM, none of whom were licensed to sell securities. In addition, the Private Placement Memorandum ("PPM") for the offering contained misrepresentations of material fact concerning the background of Kirk Oram, and failed to disclose a prior regulatory action against McLaughlin.
22. Pursuant to a Relationship Agreement between KCM and Audience Alliance, KCM agreed to provide various services for Audience Alliance relating to the offering, including sales of the notes to investors. KCM engaged thirteen agents to sell the notes.
23. KCM was compensated for sale of the notes according to a schedule. Depending on the term of the note, the gross compensation paid was between 6% of the invested monies for one-year term notes and 18% for five-year term notes. Most of the compensation was paid at the time of sale, with remaining compensation to be paid out over the term of a note. KCM shared 50% of its compensation with the agent who sold each note.
24. KCM engaged thirteen agents, including Michael Evenhuis, to sell the notes.

### Sales to Utah Investors

25. In November 2007, Evenhuis sold a note to Utah investor A.E., who invested \$80,000 in a 5-year note accruing interest of 22% annually, for a repayment value of \$216,216. Pursuant to the Relationship Agreement, KCM was paid initial compensation of 10%, or \$8,000, half of which was paid to Evenhuis. The remaining commissions of an additional 8% (\$6,400) were to be paid out later.
26. According to information provided to the Division by Audience Alliance and KCM, KCM sold \$5.7 million in notes and was paid \$565,466 in sales compensation.<sup>1</sup>
27. The Audience Alliance PPM misrepresented or omitted material facts in connection with the offer and sale of the offering, including:
  - a. failing to disclose that neither KCM nor any of the agents selling the offering were licensed to sell the securities.

### **II. CONCLUSIONS OF LAW**

28. Michael Evenhuis violated Section 61-1-3(1) by transacting securities business in Utah while unlicensed.

### **III. REMEDIAL ACTIONS/SANCTIONS**

29. Michael Evenhuis admits engaging in an unlicensed securities activities, a violation of Utah Code 61-1-3(1).
30. Pursuant to Utah Code Ann. § 61-1-20(1)(f) and in consideration of the guidelines set forth in Utah Admin. Code Rule R164-31-1, the Division imposes, and Mr. Evenhuis agrees to pay, a fine of \$2,500.

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<sup>1</sup>Following a meeting between Audience Alliance and Division staff, on November 29, 2007 KCM signed a promissory note agreeing to pay back to AAMPS the sales compensation in its entirety. It has not yet made any payments, however, and has not sought disgorgement of any commissions paid to the unlicensed KCM agents.

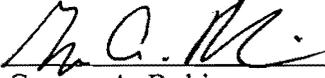
31. Mr. Evenhuis shall disclose this Order to potential investors if he engages in any future securities activities.
32. Mr. Evenhuis shall comply with the requirements of the Utah Uniform Securities Act in all future business in this state.

#### **IV. FINAL RESOLUTION**

33. Michael Evenhuis represents that the information he has provided during the Division's investigation of this matter is accurate and complete, and that he has identified to the Division all investors in the offering.
34. Mr. Evenhuis acknowledges that this Order, upon approval by the Utah Securities Commission shall be the final compromise and settlement of this matter. He further acknowledges that if the Securities Commission does not accept the terms of the Order, it shall be deemed null and void and without any force or effect whatsoever.
35. Mr. Evenhuis acknowledges that the Order does not affect any civil or arbitration causes of action that third-parties may have against him arising in whole or in part from his actions, and that the Order does not affect any criminal causes of action that may arise as a result of his conduct referenced herein.
36. This Order constitutes the entire agreement between the parties herein and supersedes and cancels any and all prior negotiations, representations, understandings, or agreements between the parties. There are no verbal agreements which modify, interpret, construe, or otherwise affect this Order in any way.

Utah Division of Securities

Dated this 10<sup>th</sup> day of September, 2009.

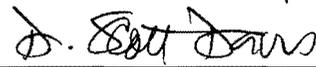
By:   
George A. Robison  
Director of Licensing

Dated this 22 day of July, 2009.

  
Michael Evenhuis

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Keith Woodwell  
Director  
Utah Division of Securities

Approved:

  
D. Scott Davis  
Assistant Attorney General

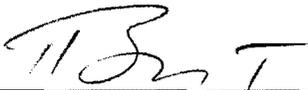
**ORDER**

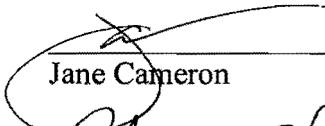
IT IS HEREBY ORDERED THAT:

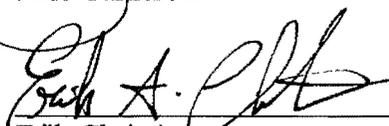
1. The Division has made a sufficient showing of Findings of Fact and Conclusions of Law to form a basis for this settlement.
1. Michael Evenhuis pay a fine of \$2,500 within thirty (30) days of entry of this Order.
2. Michael Evenhuis shall disclose this Order to potential investors in any future securities activities.
3. Michael Evenhuis comply with the requirements of the Utah Uniform Securities Act in all future business in this state.

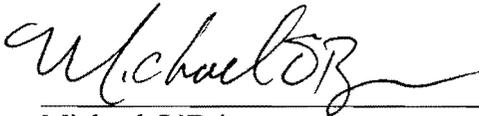
**BY THE UTAH SECURITIES COMMISSION:**

DATED this 17<sup>th</sup> day of September, 2009.

  
\_\_\_\_\_  
Tim Bangerter

  
\_\_\_\_\_  
Jane Cameron

  
\_\_\_\_\_  
Erik Christiansen

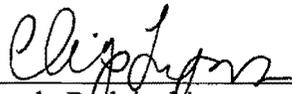
  
\_\_\_\_\_  
Michael O'Brien

  
\_\_\_\_\_  
Laura Polacheck

CERTIFICATE OF SERVICE

The undersigned certifies that on the 13 day of September, 2009, I mailed a true and correct copy of this Stipulation and Consent Order to:

Michael Evenhuis  
2595 Eastwood Blvd.  
Uintah, Utah 84403

  
\_\_\_\_\_  
Pamala Radzinski  
Executive Secretary