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Utah Department of Commerce  
Division of Securities

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

**IN THE MATTER OF:**

**NATURAL LAW DYNAMICS, LLC  
THOMAS DELON DYCHES,**

**Respondents.**

**STIPULATION AND CONSENT  
ORDER**

Docket No. SD-10-0009

Docket No. SD-10-0010

The Utah Division of Securities (the Division), by and through its Director of Enforcement, Michael Hines, and Natural Law Dynamics, LLC and Thomas Delon Dyches, hereby stipulate and agree as follows:

1. Natural Law Dynamics, LLC (NLD) and Thomas Delon Dyches (Dyches) were the subject of an investigation conducted by the Division into allegations that they violated certain provisions of the Utah Uniform Securities Act (the Act), Utah Code Ann. § 61-1-

- 1, *et seq.*, as amended.
2. NLD, Dyches, and the Division have agreed to settle this matter by way of this Stipulation and Consent Order.
3. Respondents have been advised of their right to be represented by counsel, but have voluntarily chosen to proceed without counsel in this matter.
4. Respondents admit the jurisdiction of the Division over them and over the subject matter of this action.
5. Respondents waive any right to a hearing to challenge the Division's evidence and present evidence on their behalf.

#### **I. THE DIVISION'S FINDINGS OF FACT**

From approximately February 2009 to the present the Division has been conducting an investigation into this matter which revealed the following:

6. NLD is a Utah limited liability company, registered October 16, 2006. Dyches is the manager and registered agent for NLD. NLD has never been licensed by the Division as a broker/dealer agent nor an issuer/agent to sell securities.
7. Dyches was, at all relevant times, a resident of Washington County, Utah. Dyches has never been licensed as a broker-dealer, agent, investment advisor, or investment advisor

representative in Utah.

INVESTORS TG AND BG, A MARRIED COUPLE

8. TG met Dyches in late 2006 at a community event.
9. TG asked Dyches what he did for work that allowed him to take so much time off to attend such events. Dyches said he was the president of a “group” called Producer Revolution, which Dyches said was a forum for individuals to talk about wealth and prosperity. Dyches claimed he could help TG invest her money.
10. Dyches offered to set up a meeting with TG to talk about investing money with Dyches.
11. In March or April 2007, TG and BG met with Dyches in St. George, Utah. During the meeting, Dyches said he was partnered with his brother, Troy Dyches, who was working with someone named Rick Koerber (Koerber).
12. Dyches made the following representations:
  - a. He and his wife had been investing and finding ways to build wealth for three years;
  - b. He worked with the Boardwalk Group (Boardwalk), a firm from which BG and TG had purchased life insurance;
  - c. If BG and TG invested with him, their investment funds would go to one of three

places:

- i. To build Natural Law College, which would teach students principals of Producer's Revolution;
  - ii. Boardwalk Group would make hard money loans at 50% interest and pay BG and TG a portion of that interest;
  - iii. Dyches' brother, Troy, who was working with Koerber and Franklin Squires. Dyches said the money would be invested in a fund called American Founders' Fund, or Founders Capital.
- d. He would pay investors 36% per year on their funds and would pay 3% per month beginning eight weeks after receiving investment funds because it would take time to get the money working;
  - e. The more BG and TG invested, the more money they would make;
  - f. He had done this for over three years and he and his wife had never had an issue receiving interest payments every month nor do they "worry about money anymore;"
  - g. He did not see anything that could go wrong with the investment;
  - h. He had received returns as high as 5% per month working with his brother, who

was doing equity milling and Boardwalk doing hard-money lending.

13. When asked by BG and TG how the investment would be guaranteed, Dyches said that they would have to “trust.”
14. Dyches said he would sign a one-year term promissory note, yielding 36%, to secure the investment.
15. Based on Dyches’ representations, BG and TG decided to invest \$200,000 through NLD.
16. On or about May 03, 2007, BG signed a \$100,000 promissory note as the lender. Dyches signed the same note as the borrower on behalf of NLD. The note states the following:
  - a. Principal amount is \$100,000;
  - b. Interest rate on the note will be 36%;
  - c. Payments will be mailed out on the 20<sup>th</sup> of each month;
  - d. Borrower will pay this loan annually, upon maturation of the investment, with principal and accrued interest in its entirety;
  - e. The term of the note is one year.
17. BG and TG were not provided disclosure documents prior to their May 3 investment.
18. Following the May 3 meeting, TG went to a Wells Fargo Bank in St. George, Utah and executed two \$50,000 intra-bank transfers to NLD’s Wells Fargo Bank account, for

which Dyches had signatory authority.

19. Bank records reveal that, on May 3, 2007, Dyches withdrew \$95,000 from NLD's Wells Fargo account and, on May 4, 2007, Dyches deposited \$95,000 into a Wells Fargo account controlled by Dyches' brother, Troy.
20. BG and TG obtained a mortgage loan secured by real property they owned in Maine and subsequently arranged a meeting with Dyches in St. George, Utah on June 6, 2007.
21. At the June 6 meeting, BG signed another \$100,000 promissory note as the lender and Dyches signed as the borrower. This note was identical to the note referenced in Paragraph 16.
22. Following this meeting, TG called Guaranty Bank and transferred \$91,000 from her account at Guaranty Bank to NLD's account with Wells Fargo Bank. The next day, TG visited a Wells Fargo Bank branch in St. George, Utah, and transferred \$9,000 from her Wells Fargo Bank account to NLD's Wells Fargo Bank account.
23. Bank records reveal that on June 5, 2007, TG deposited \$91,000 into NLD's Wells Fargo account. On June 6, 2007, TG deposited \$9,000 into NLD's Wells Fargo account.
24. On June 5, 2007, Dyches transferred \$91,000 to his brother, Troy's Wells Fargo account that was referenced in Paragraph 19.

25. BG and TG were not provided disclosure documents prior to their June 6 investment.
26. BG and TG received the following interest payments on the notes:
  - a. \$3,000 on or about July 20, 2007, representing an interest payment for the May 3 note;
  - b. \$6,000 on or about August 20, 2007, representing an interest payment for both the May 3 note and the June 6 note;
  - c. \$6,000 on or about September 20, 2007, representing an interest payment for both the May 3 note and the June 6 note.
27. BG and TG received no further payments from Dyches.

INVESTORS JS AND KS, A MARRIED COUPLE

28. In April 2007, JS learned of investment opportunities through NLD through mutual friends who had invested with NLD through Dyches.
29. JS telephoned Dyches and scheduled a meeting.
30. At the end of April 2007, JS and KS met at Dyches's office in St. George, Utah.
31. Dyches made the following representations about an investment opportunity with NLD:
  - a. An investor would receive monthly interest payments equal to 3% of their investment principal;

- b. If JS and KS invested they would be given a promissory note;
  - c. Dyches' brothers worked with a company called Franklin Squires in Utah County;
  - d. Dyches would give JS and KS's investment principal to Dyches' brothers to invest in Franklin Squires;
  - e. Franklin Squires would generate profits using a process Dyches referred to as "equity milling;"
  - f. Dyches would provide JS and KS with monthly reports detailing the use and location of their investment monies; and
  - g. JS and KS could lose their investment principal depending upon the performance of the real estate market.
32. Subsequent to the April 2007 meeting, JS contacted Dyches several times on the telephone to get more information about the investment opportunity. During these telephone conversations Dyches said the following:
- a. The minimum investment amount was \$50,000;
  - b. Any money invested would be illiquid for the period of one year;
  - c. JS and KS's investment funds could be moved into a number of real estate holding funds;

- d. JS and KS's monthly statements would identify in which funds their investment funds were invested;
  - e. The investment was risky because the real estate market could "turn;"
  - f. If JS and KS's principal was lost Dyches would do anything he could to get it back; and
  - g. Dyches would receive 1% per month commission on their investment.
33. In May 2007, JS learned that Koerber was under investigation for investment-related misconduct. When JS confronted Dyches about Koerber's investigation, Dyches said the investigation had nothing to do with JS and KS's investment or Franklin Squires' investment methods.
34. Dyches did not provide JS or KS with a prospectus or other written disclosure statement.
35. On or about July 12, 2007, JS delivered a \$60,000 cashier's check to NLD's office in St. George, Utah. JS gave the check to Dyches and in return Dyches gave JS a promissory note.
36. Bank records reveal that on July 12, 2007, Dyches deposited JS's \$60,000 cashier's check into NLD's Wells Fargo account. On July 18, 2007, NLD's account was charged \$55,000 for a bank originated debit. Later that day, \$55,000 was deposited into Dyches' brother's

Wells Fargo account.

37. JS and KS received \$1,800 interest payments from NLD in September 2007, October 2007, November 2007, December 2007, and January 2008.
38. JS and KS received no further payments from Dyches. When confronted about nonpayment, Dyches said nonpayment was due to the controversy surrounding Franklin Squires and to the real estate market performing poorly.

MISREPRESENTATIONS AND OMISSIONS

39. In connection with the offer and sale of securities, Respondents, directly or indirectly, made false statements, including, but not limited to, the following:
  - a. That Dyches would provide investors with monthly reports detailing the use and location of their investment monies when in fact Dyches did not do so;
  - b. To TG and BG:
    - i. The promissory notes offered by Dyches to the investors carried no foreseeable risk and paid a guaranteed interest rate of 36% per year;
40. In connection with the offer and sale of securities, NLD and Dyches, 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. Some or all of the information typically provided in an offering circular or prospectus regarding NLD, such as:
  - i. The business and operating history for Dyches, NLD, Dyches' brother, Franklin Squires, or Koerber;
  - ii. Risk factors for investors;
  - iii. The number of other investors;
  - iv. Whether the investment is a registered security or exempt from registration; and
  - v. Whether Dyches was licensed to sell securities.
- b. Koerber filed for Chapter 7 bankruptcy protection in September 2001;
- c. On November 22, 2000, Koerber entered into a stipulated order with the Wyoming Division of Securities for selling unregistered securities, employing unlicensed agents, and committing securities fraud;<sup>1</sup>
- d. Dyches was selling securities which were not registered;
- e. Dyches was not licensed to sell securities.
- f. NLD was not registered as a broker-dealer.

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<sup>1</sup>*National Business Solutions, LLC and C. Rick Koerber, Case #00-04.*

## **II. THE DIVISION'S CONCLUSIONS OF LAW**

41. Based on the Division's investigative findings, the Division concludes that:
  - a. The promissory notes offered and sold by Respondents are securities under § 61-1-13 of the Act; and
  - b. Respondents violated § 61-1-1 of the Act by making misrepresentations of material facts and by omitting to state material facts in connection with the offer and sale of a security.

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

42. Respondents admit the Division's findings and conclusions and consent to the sanctions below being imposed by the Division.
43. Respondents represent that any information they have provided to the Division as part of the Division's investigation of this matter is accurate.
44. Pursuant to Utah Code Ann. § 61-1-6(1)(d) and in consideration of the guidelines set forth in Utah Admin. Code Rule R164-31-1, the Division imposes a fine of \$5,000.
45. As part of the resolution of this matter, Dyches has expressed a willingness and desire to disgorge the monies collected from the investors according to the following terms:
  - a. Dyches shall disgorge all monies collected from the investors to the Division.

The Division believes that amount to be \$19,000. Dyches shall pay the Division directly according to the following terms: \$50.00 at the signing of the Stipulation and a minimum of \$50.00 due on the 15<sup>th</sup> of each month beginning April 15, 2010.

46. Payment of the \$5,000 fine imposed by the Division shall be suspended until six months after full disgorgement of the \$19,000 collected from the investors. At which time, the fine amount shall be waived. If Dyches does not timely make the disgorgement payments or materially violates any of the terms of the Order, after notice and opportunity to be heard before an administrative officer, the entire fine shall become immediately due.
47. Respondents agree to the imposition of a cease and desist order, prohibiting them from any conduct that violates the Act.
48. Respondents agree to cooperate with the Division in any future investigations.

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

49. Respondents acknowledge that this Order, upon approval by the Division Director shall be the final compromise and settlement of this matter. Respondents further acknowledge that if the Division Director does not accept the terms of the Order, it shall be deemed null and void and without any force or effect whatsoever.

50. Respondents acknowledge that the Order does not affect any civil or arbitration causes of action that third-parties may have against them arising in whole or in part from their actions, and that the Order does not affect any criminal causes of action that may arise as a result of their conduct referenced herein. The Division represents that, with respect to the matters asserted herein, and absent additional information being discovered by the Division, it does not intend to refer Dyches to the Attorney General's office for criminal prosecution.
51. The Stipulation and Consent Order constitute 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 the Order in any way.

Utah Division of Securities

Date: 5/4/10

By: [Signature]  
Michael Hines  
Director of Enforcement

Respondent Natural Law Dynamics, LLC

By: Thomas Dyches

Its: Manager

Date: 4/28/2010

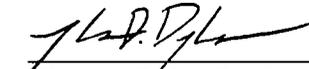
Approved:



Jeff Buckner  
Assistant Attorney General  
J.G.

Respondent Dyches

Date: 4/28/2010

By:   
Thomas Delon Dyches

**ORDER**

IT IS HEREBY ORDERED THAT:

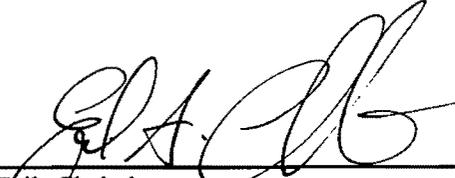
1. The Division has made a sufficient showing of Findings of Fact and Conclusions of Law to form a basis for this settlement.
2. Dyches pay a fine of \$5,000 to the Division. Based upon Dyches's agreement to disgorge monies collected from the investors, upon full disgorgement to the Division, the \$5,000 fine shall be suspended and subsequently waived as described in paragraph 46 above. If Dyches does not timely make the disgorgement payments or materially violates any of the terms of this Order, after notice and opportunity to be heard before an administrative officer, the entire fine shall become immediately due.
3. Respondents cease and desist from violating the Utah Uniform Securities Act.

**BY THE UTAH SECURITIES COMMISSION:**

DATED this 24<sup>th</sup> day of June, 2010

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

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

  
Erik Christiansen

  
Laura Polacheck

  
Michael O'Brien

**Certificate of Mailing**

I certify that on the 29th day of JUNE, 2010, I mailed, by certified mail, a

true and correct copy of the Stipulation and Consent Order to:

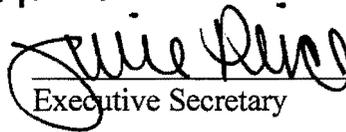
Thomas Delon Dyches / Natural Law Dynamics, LLC

276 N. Duck Springs Dr.

Moroni, UT 84646

Certified Mailing #

7008 1190 0004 1042 2835

  
Executive Secretary