

Division of Securities
Utah Department of Commerce
160 East 300 South
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:

**RELIANCE INVESTMENTS, LLC,
BRYCE ROBERT MCBRIDE,**

Respondents.

**STIPULATION AND CONSENT
ORDER**

Docket No.

Docket No.

10-10-1044
10-10-1045

The Utah Division of Securities (the Division), by and through its Director of Enforcement, Michael Hines, and Reliance Investments, LLC and Bryce Robert McBride hereby stipulate and agree as follows:

1. Reliance Investments, LLC and Bryce Robert McBride 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. In connection with that investigation, the Division filed an order to show cause against them on July 1, 2010.
3. The parties have agreed to resolve this matter by way of a stipulation and consent order.

4. Respondents waive any right to a hearing to challenge the Division's evidence and present evidence on their behalf.
5. Respondents acknowledge that this agreement does not affect any enforcement action that might be brought by a criminal prosecutor or any other local, state, or federal enforcement authority.
6. Respondents admit the jurisdiction of the Division over them and over the subject matter of this action.

I. THE DIVISION'S FINDINGS OF FACT

THE RESPONDENTS

7. Reliance Investments, LLC (Reliance) is a Utah limited liability company, formed on October 27, 2005. Bryce Robert McBride is listed as a manager, member, and registered agent for Reliance. Reliance's status as a business entity is expired. On December 13, 2007, Reliance filed a Regulation D Rule 506 offering notice with the Division.¹
8. Bryce Robert McBride (McBride) was, at all relevant times, a resident of the State of Utah. McBride has never been licensed as a broker-dealer, agent, investment advisor, or investment advisor representative in Utah.

GENERAL ALLEGATIONS

¹In the filing, Reliance stated that the Rule 506 offering was not intended for non-accredited investors. The investor in this case is non-accredited.

9. From approximately December 2007 to January 2008, Respondents offered and sold securities to an investor, in or from Utah, and collected a total of \$150,000.
10. McBride made material misrepresentations and omissions in connection with the offer and sale of securities to the investor below.
11. The investor lost \$150,000 in principal.

INVESTOR WS

12. In or about December 2007, WS learned about an investment opportunity with Reliance from a friend. The friend put WS in contact with Brandon Miller (Miller), who was involved with Reliance.
13. Starting on or about December 28, 2007, WS had multiple telephone conversations with Miller.² During the conversations, Miller made the following representations:
 - a. Reliance was looking to raise \$12 million to purchase gold from South Africa at wholesale prices;
 - b. The gold would be melted down and sent to England for certification;
 - c. Once certified, the gold would be sent to the United States and sold to pre-selected purchasers at market value;
 - d. A minimum of \$50,000 was needed to invest;

²WS was, at all relevant times, a sixty-eight year-old resident of California. Miller was, at all relevant times, a resident of Idaho.

- e. If Reliance was not able to produce the \$12 million by January 15, 2008, Reliance would lose the contract to purchase gold and all of WS=s investment funds would be returned with no interest;
 - f. WS could invest for a three-month term earning 25% interest, or a one-year term earning 75%; and
 - g. The investment was guaranteed and there was no way WS would lose money.
14. On or about January 2, 2008, McBride contacted WS to confirm the information provided by Miller, which he did.
15. McBride reiterated the representations made by Miller and asked WS if he were interested in the three-month term or one-year term.
16. After WS told McBride that he was interested in the three-month term investment, McBride said that WS would receive his investment funds back and 25% interest in mid to late April 2008.³
17. Also on or about January 2, 2008, WS received a document entitled *Joint Venture Agreement* (JVA), signed by McBride. The JVA stated the terms of the investment and that WS A shall not participate in or have any control over the Joint Venture business.@

³McBride failed to disclose that he and Reliance were already in default at that time for promissory notes totaling \$581,000, which later resulted in a civil judgment of \$438,096.24. See *Ryan Carpenter v. Mark McBride, et. al.*, Case #080402637 in the Fourth District Court (2008).

18. Based on Miller and McBride=s representations, WS decided to invest in Reliance. On or about January 3, 2008, WS wired \$150,000 to Reliance=s Zions Bank account in Provo, Utah. WS acquired the investment funds from his home equity, though McBride was not aware of this fact.
19. On January 4, 2008, the \$150,000 investment funds were deposited into Reliance=s Zions Bank account, bringing the account balance to \$358,262.33.
20. According to a first-in-first-out analysis, on January 9, 2008, WS=s \$150,000 was part of a \$400,000 transfer to a Chase Bank account held by a company called Prosperity Investments, LLC (Prosperity), which was owned by McBride=s brother, bringing Prosperity=s account balance to \$400,207.88.
21. On January 10, 2008, \$375,000 was transferred from Prosperity=s account to a Chase Bank account held by LML Holdings Corp. (LML), bringing LML=s account balance to \$2,372,650. The remaining \$25,000 from Prosperity=s account was used for other expenses.
22. On January 17, 2008, the \$375,000 from LML was used as part of a \$4,070,000 wire to Lunden Investments.
23. On or about April 27, 2008, Miller contacted WS and said that everything went through, the gold had been sold, and everybody made money.

24. On or about May 2, 2008, Miller contacted WS and said that WS=s funds were actually invested with another investor, who then used WS=s funds in Arisky investments.@ Miller said that all of WS=s funds were lost.
25. WS has not recovered any of his investment funds to date.

MATERIAL MISREPRESENTATIONS AND OMISSIONS

26. In connection with the offer and sale of a security, Respondents, directly or indirectly, made false statements, including, but not limited to the following:
 - a. That the investment opportunity was guaranteed, when in fact, Reliance was already in default to another investor at that time.⁴
 - b. That there was no way to lose money in this investment opportunity, when in fact, Reliance had already lost a previous investor=s money
27. In connection with the offer and sale of a security, Respondents, directly or indirectly, failed to disclose material information, which was necessary in order to make representations made not misleading, including, but not limited to the following:
 - a. That on or about August 2007, the Division had contacted McBride and Reliance to insure Reliance was in compliance with previous offers and sales of securities in the State of Utah;

⁴See footnote 3.

- b. That McBride and Reliance had been delinquent in making payments to Ryan Carpenter prior to accepting funds from WS;⁵
- c. That Reliance would provide WS=s funds to other companies and individuals; and
- d. Some or all of the information typically provided in an offering circular or prospectus regarding Reliance, such as:
 - i. Financial statements;
 - ii. Risk factors for investors;
 - iii. Suitability factors for the investment;
 - iv. Reliance=s business and operating history;
 - v. The identities of Reliance=s principals, along with the principals= business experience;
 - vi. The market for gold;
 - vii. Whether Reliance had any other investors;
 - viii. Reliance=s track record to investors;
 - ix. Whether the investment is a registered security or exempt from registration; and
 - x. Whether McBride was licensed to sell securities.

II. THE DIVISION=S CONCLUSIONS OF LAW

⁵*Id.*

28. Based on the Division's investigative findings, the Division concludes that:
- a. The investment opportunities offered and sold by Respondents are securities under ' 61-1-13 of the Act;
 - 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

29. Respondents admit the Division's findings and conclusions and consent to the sanctions below being imposed by the Division.
30. Respondents represent that any information they provided to the Division as part of the Division's investigation of this matter is accurate.
31. Respondents agree to the imposition of a cease and desist order, prohibiting them from any conduct that violates the Act.
32. 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 \$50,000 against Respondents. \$40,000 of the fine will be held in abeyance on condition that Respondents commit no violation of the Act within sixty months from the entry of this Order. The remaining \$10,000 balance of the fine shall be paid to the Division by payments of at least

\$50 each month, due the first of each month commencing from the date of the entry of this Order.

33. McBride agrees that he will be barred from (i) associating with any broker-dealer or investment adviser licensed in Utah; and (ii) acting as an agent for any issuer soliciting investor funds in Utah until the fine amount is paid in full.
34. If Respondents materially violate 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.
35. Respondents agree to cooperate with the Division, the State of Utah, and the Federal Government in any future investigations and/or prosecutions relevant to the matter herein.

IV. FINAL RESOLUTION

36. Respondents acknowledge that this Order, upon approval by the Securities Commission shall be the final compromise and settlement of this matter.
37. Respondents further acknowledge 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.
38. 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.

39. 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.

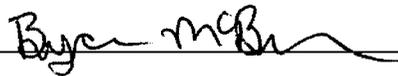
Utah Division of Securities

Respondent McBride

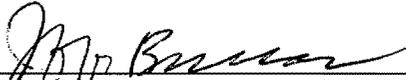
Date:  _____

Date: 11/19/10 _____

By: 12/13/10 _____
Michael Hines
Director of Enforcement

By:  _____

Approved:

 _____
Jeff Buckner
Assistant Attorney General
J.N.

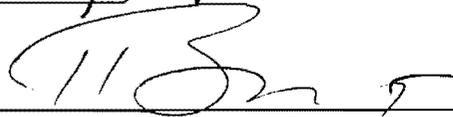
ORDER

IT IS HEREBY ORDERED THAT:

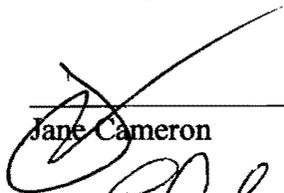
1. The Division has made a sufficient showing of Findings of Fact and Conclusions of Law to form a basis for this settlement.
2. Respondents cease and desist from violating the Utah Uniform Securities Act.
3. Division imposes a fine of \$50,000 on Respondents.
4. \$40,000 of the fine amount shall be held in abeyance for sixty months.
5. Respondents shall make payments of at least \$50 per month to the Division towards the remaining \$10,000 balance of the fine.
6. If Respondents materially violate any of the terms of this Order the full fine amount shall be imposed against the Respondents, jointly and severally, and become due immediately.
7. McBride is barred from (i) associating with any broker-dealer or investment adviser licensed in Utah; and (ii) acting as an agent for any issuer soliciting investor funds in Utah.
8. Respondents cooperate with the Division in any future investigations.

BY THE UTAH SECURITIES COMMISSION:

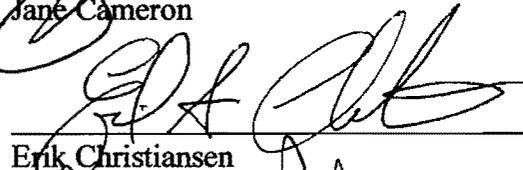
DATED this 20th day of January, 2010.



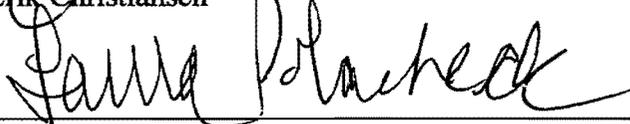
Tim Bangerter



Jane Cameron



Erik Christiansen



Laura Polacheck



Michael O'Brien

Certificate of Mailing

I certify that on the 25th day of January, 2010, I mailed, by certified mail, a true and correct copy of the Stipulation and Consent Order to:

Reliance Investments, LLC
Bryce Robert McBride
534 Locust Ave.
Pleasant Grove, UT 84062

Certified Mailing # 7007 0220 0001 0065 4855

Julie Rice