

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:

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

Respondents.

ORDER TO SHOW CAUSE

Docket No.

Docket No.

SD-10-1144
SD-10-1045

It appears to the Director of the Utah Division of Securities (Director) that Reliance Investments, LLC and Bryce Robert McBride have engaged in acts and practices that violate the Utah Uniform Securities Act, Utah Code Ann. § 61-1-1, et seq. (the Act). Those acts are more fully described herein. Based upon information discovered in the course of the Utah Division of Securities' (Division) investigation of this matter, the Director issues this Order to Show Cause in accordance with the provisions of § 61-1-20(1) of the Act.

STATEMENT OF JURISDICTION

1. Jurisdiction over Respondents and the subject matter is appropriate because the Division alleges that they violated § 61-1-1 (securities fraud) of the Act while engaged in the offer

and sale of securities in or from Utah.

STATEMENT OF FACTS

THE RESPONDENTS

2. 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
3. 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

4. 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.
5. McBride made material misrepresentations and omissions in connection with the offer and sale of securities to the investor below.
6. The investor lost \$150,000 in principal.

INVESTOR WS

7. In or about December 2007, WS learned about an investment opportunity with Reliance

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.

from a friend. The friend put WS in contact with Brandon Miller (Miller), who was involved with Reliance.

8. 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;
 - 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.
9. On or about January 2, 2008, McBride contacted WS to confirm the information provided by Miller, which he did.

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

10. McBride reiterated the representations made by Miller and asked WS if he were interested in the three-month term or one-year term.
11. 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
12. 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 “shall not participate in or have any control over the Joint Venture business.”
13. 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.
14. 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.
15. 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.

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).

16. 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.
17. On January 17, 2008, the \$375,000 from LML was used as part of a \$4,070,000 wire to Lunden Investments.
18. On or about April 27, 2008, Miller contacted WS and said that everything went through, the gold had been sold, and everybody made money.
19. 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 "risky investments." Miller said that all of WS's funds were lost.
20. WS has not recovered any of his investment funds to date.

CAUSES OF ACTION

COUNT I

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

21. The Division incorporates and re-alleges paragraphs 1 through 20.
22. The investment opportunities offered and sold by Respondents are securities under § 61-1-13 of the Act.
23. In connection with the offer and sale of securities to the investor, 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.⁵

24. In connection with the offer and sale of securities to the investor, 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. 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;
- b. That McBride and Reliance had been delinquent in making payments to Ryan Carpenter prior to accepting funds from WS;⁶
- 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;

⁴See footnote 3.

⁵*Id.*

⁶*Id.*

- 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.

ORDER

The Director, pursuant to § 61-1-20 of the Act, hereby orders Respondents to appear at a formal hearing to be conducted in accordance with Utah Code Ann. §§ 63G-4-202, -204 through -208, and held before the Utah Division of Securities. The hearing will occur on Tuesday, August 10, 2010, at 9:00 a.m., at the office of the Utah Division of Securities, located in the Heber Wells Building, 160 East 300 South, 2nd Floor, Salt Lake City, Utah. The purpose of the hearing is to establish a scheduling order and address any preliminary matters. If Respondents fail to file an answer and appear at the hearing, the Division of Securities may hold Respondents in default, and a fine may be imposed in accordance with Utah Code Ann. § 63G-4-209. In lieu of default, the Division may decide to proceed with the hearing under § 63G-4-208. At the hearing, Respondents may show cause, if any they have:

- a. Why Respondents should not be found to have engaged in the violations alleged by the Division in this Order to Show Cause;
- b. Why Respondents should not be ordered to cease and desist from engaging in any further conduct in violation of Utah Code Ann. § 61-1-1, or any other section of the Act; and
- c. Why Respondents should not be ordered to pay a fine, jointly and severally, of \$160,000 to the Division of Securities, which may be reduced by restitution paid to the investor.

DATED this 1st day of July, 2010.


KEITH WOODWELL
Director, Utah Division of Securities



Approved:


JEFF BUCKNER
Assistant Attorney General
J.N.

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:

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

Respondents.

NOTICE OF AGENCY ACTION

Docket No. ~~SD-10-0044~~
Docket No. ~~SD-10-0045~~

THE DIVISION OF SECURITIES TO THE ABOVE-NAMED RESPONDENTS:

You are hereby notified that agency action in the form of an adjudicative proceeding has been commenced against you by the Utah Division of Securities (Division). The adjudicative proceeding is to be formal and will be conducted according to statute and rule. See Utah Code Ann. §§ 63G-4-201 and 63G-4-204 through 209; see also Utah Admin. Code R151-46b-1, *et seq.* The legal authority under which this formal adjudicative proceeding is to be maintained is Utah Code Ann. § 61-1-20. You may be represented by counsel or you may represent yourself in this proceeding. Utah Admin. Code R151-46b-6.

You must file a written response with the Division within thirty (30) days of the mailing date of this Notice. Your response must be in writing and signed by you or your representative. Your response must include the file number and name of the adjudicative proceeding, your version of the

facts, a statement of what relief you seek, and a statement summarizing why the relief you seek should be granted. Utah Code Ann. § 63G-4-204(1). In addition, pursuant to Utah Code Ann. § 63G-4-204(3), the presiding officer requires that your response:

- (a) admit or deny the allegations in each numbered paragraph of the Order to Show Cause, including a detailed explanation for any response other than an unqualified admission. Allegations in the Order to Show Cause not specifically denied are deemed admitted;
- (b) identify any additional facts or documents which you assert are relevant in light of the allegations made; and
- (c) state in short and plain terms your defenses to each allegation in the Order to Show Cause, including affirmative defenses, that were applicable at the time of the conduct (including exemptions or exceptions contained within the Utah Uniform Securities Act).

Your response, and any future pleadings or filings that should be part of the official files in this matter, should be sent to the following:

Signed originals to:

Administrative Court Clerk
c/o Julie Price
Utah Division of Securities
160 E. 300 South, 2nd Floor
Box 146760
Salt Lake City, UT 84114-6760
(801) 530-6600

A copy to:

Jeff Buckner
Assistant Attorney General
160 East 300 South, 5th Floor
Salt Lake City, UT 84114-0872
(801) 366-0310

An initial hearing in this matter has been set for August 10, 2010 at the Division of Securities, 2nd Floor, 160 East 300 South, Salt Lake City, Utah, at 9:00 A.M.

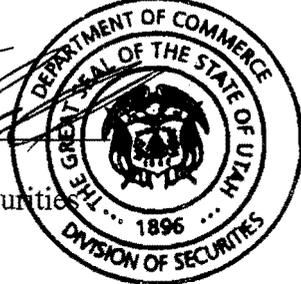
If you fail to file a response, as described above, or fail to appear at any hearing that is set, the presiding officer may enter a default order against you without any further notice. Utah Code Ann. § 63G-4-209; Utah Admin. Code R151-46b-10(11). After issuing the default order, the presiding officer may grant the relief sought against you in the Order to Show Cause, and will conduct any further proceedings necessary to complete the adjudicative proceeding without your participation and will determine all issues in the proceeding. Utah Code Ann. § 63G-4-209(4); Utah Admin. Code R151-46b-10(11)(b). In the alternative, the Division may proceed with a hearing under § 63G-4-208.

The Administrative Law Judge will be J. Steven Eklund, Utah Department of Commerce, 160 East 300 South, P.O. Box 146701, Salt Lake City, UT 84114-6701, telephone (801) 530-6648. This adjudicative proceeding will be heard by Mr. Eklund and the Utah Securities Commission. You may appear and be heard and present evidence on your behalf at any such hearings.

You may attempt to negotiate a settlement of the matter without filing a response or proceeding to hearing. To do so, please contact the Utah Securities Division. Questions regarding the Order to Show Cause should be directed to the Division's attorney, Jeff Buckner, at (801) 366-0310.

Dated this 1st day of July, 2010.


KEITH WOODWELL
Director, Division of Securities



Certificate of Mailing

I certify that on the 1st day of July, 2010, I mailed, by certified mail, a true and correct copy of the Notice of Agency Action and Order to Show Cause to:

Reliance Investments, LLC
Bryce Robert McBride
534 S. Locust Ave.
Pleasant Grove, UT 84062
Certified Mail # 7009 2820 0001 2595

Reliance Investments, LLC
Bryce Robert McBride
223 W. Bull Dog Blvd.
Provo, UT 84604
Certified Mail # 7009 2820 0001 2595 4820

Reliance Investments, LLC
Bryce Robert McBride
1239 E. 530 N.
American Fork, UT 84003
Certified Mail # 7009 2820 0001 2595 4837

Reliance Investments, LLC
Bryce Robert McBride
3651 Canyon Rd.
Pleasant Grove, UT 84062
Certified Mail # 7009 2820 0001 2595 4844

Amara Day Spa
Cassidy Nelson
870 N. 980 W.
Orem, UT 84057
Certified Mail # 7009 2820 0001 2595 4851


Executive Secretary