

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:

**CENTURIES FINANCIAL GROUP
DAVID GODWIN FRANK**

Respondents.

ORDER TO SHOW CAUSE

Docket No.

Docket No.

11-10-074
11-10-075

It appears to the Director of the Utah Division of Securities (Director) that Centuries Financial Group, LLC and David Godwin Frank 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. Centuries Financial Group, LLC (CFG) is a Utah limited liability company, formed on April 6, 2004. David Frank is a manager, member, and registered agent of CFG. CFG's status as a business entity is expired. CFG has never been licensed by the Division as a broker/dealer agent or as an issuer/agent to sell securities.
3. David Godwin Frank (Frank) was, at all relevant times, a resident of the State of Utah. Frank has never been licensed as a broker-dealer, agent, investment advisor, or as an investment advisor representative in Utah.

GENERAL ALLEGATIONS

4. From approximately November 2008 to January 2009, Respondents offered and sold a security to an investor, in or from Utah, and collected a total of \$5,000.
5. Respondents made material misrepresentations and omissions in connection with the offer and sale of a security to the investors below.
6. The investors lost about \$4,000 in principal.

INVESTOR AL

7. In the spring of 2008, AL met Frank through her work in Draper, Utah. In or about November 2008, Frank met with AL in Salt Lake County, Utah and told AL about an investment opportunity with CFG and a separate investment opportunity in TNT Systems,

LLC (TNT).¹

8. During the conversation, Frank told AL that both investment opportunities required a \$25,000 minimum investment and carried no risk. When AL told Frank that she could not afford to invest \$25,000, Frank offered to pool her money with his to make the investment.
9. Frank told AL she could recruit other people to invest and then pool her money with the other investors'. Frank told AL she could offer less than 5% per month to the other investors, leaving AL with the remainder.
10. Frank also told AL she should get as many signature loans as soon as she could from as many banks possible, and then use that money to invest.
11. When offering the CFG investment, Frank provided AL with disclosure documents. The disclosure documents state the CFG offering was for accredited investors only and disclosed a high degree or risk involved with the investment.
12. AL asked Frank about the risk disclosures and he said he was required to put disclosures about risk into the documents, but that the investment carried no risk.
13. AL later offered to invest \$5,000 with Frank. Frank discussed using the funds as a no-risk loan with CFG. Frank made the following statements about the investment opportunity with CFG:

¹TNT is a Utah limited liability company formed on November 20, 2007.

- a. There was no risk;
 - b. The term would be for one year;
 - c. AL would earn a 5% per month return;
 - d. AL could get her funds back at any time, but AL would be charged a 30% fee to do so.
14. Frank told AL to set up a business because he did not want to pay AL interest payments directly or provide her with a 1099 form. On January 20, 2009, AL set up Smoothies For Life, LLC.²
 15. Based on Frank's representations, AL invested \$5,000 in CFG. On or about January 21, 2009, AL met Frank at an America First Credit Union in Draper, Utah, where AL gave Frank a \$5,000 check made payable to CFG.
 16. In exchange for the investment funds, Frank provided AL with a three-page document entitled *Form of Promissory Note* and a five-page document entitled *Confidentiality, Non-Compete and Non-Circumvent Agreement*.
 17. The *Form of Promissory Note*, dated January 21, 2009, stated CFG would pay 5% per month on a \$5,000 investment for a term of twelve months.
 18. AL received approximately \$1,000 in interest payments from March 2009 to July 2009. Checks were made payable to Smoothies For Life.

²Smoothies for Life, LLC is a Utah limited liability company formed on January 20, 2009.

19. CFG still owes AL \$4,000 in principal alone.

CAUSES OF ACTION

COUNT I

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

20. The Division incorporates and re-alleges paragraphs 1 through 19.
21. The investment opportunity offered and sold by Respondents is a security under § 61-1-13 of the Act.
22. In connection with the offer and sale of a security to the investor, Respondents, directly or indirectly, made false statements, including, but not limited to, the following:
- a. That the investment with CFG would be a no-risk loan, when in fact, Frank had no reasonable basis on which to make this statement.
23. In connection with the offer and sale of a security 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 Frank petitioned for Chapter 7 bankruptcy on April 26, 2001;³
 - b. That Frank pleaded guilty to communications fraud on March 21, 2005;⁴
 - c. That Frank had a child support lien and a civil suit judgment pending against

³*United States Trustee v. David Frank*, Case No. 04-35345 (D. Utah 2004).

⁴*State of Utah v. David G. Frank*, Case No. 0417001220 in Second Judicial District Court (Utah 2004).

him;⁵

- d. That Frank was federally indicted for one count of bank fraud, one count of false statements, and two counts of aiding and abetting on December 11, 2008;⁶ and
- e. Some or all of the information typically provided in an offering circular or prospectus regarding CFG, such as:
 - i. Financial statements;
 - ii. Suitability factors for the investment;
 - iii. Frank's business experience or CFG's operating history;
 - iv. Whether the investment is a registered security or exempt from registration; and
 - v. Whether Frank 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, December 7, 2010, at 9:00 a.m., at the office of the Utah Division of Securities, located in the

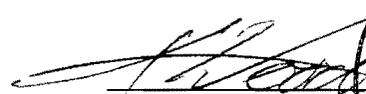
⁵*Child Support Services v. David G. Frank*, Case No. 086700555 in Second Judicial District Court (Utah 2008); *Henry's Warehouse Carpet v. David Frank*, Case No. 088800015 in Second Judicial District Court (Utah 2008).

⁶*USA v. David G. Frank*, Case No. 2:08-cr-00822-CW (Utah 2008).

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 to the Division a fine amount to be determined by stipulation or by the presiding officer after a hearing in accordance with the provisions of Utah Admin. Rule R164-31-1, which may be reduced by restitution paid to the investors.

DATED this 20th day of October, 2010.


KEITH WOODWELL
Director, Utah Division of Securities



Approved:

A handwritten signature in black ink, appearing to read "Jeff Buckner", written over a horizontal line.

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:

**CENTURIES FINANCIAL GROUP
DAVID GODWIN FRANK**

Respondents.

NOTICE OF AGENCY ACTION

Docket No.

Docket No.

SE-10-0074
SE-10-0075

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

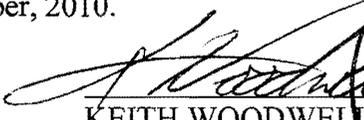
An initial hearing in this matter has been set for December 7, 2010 at the Division of Securities, 2nd Floor, 160 East 300 South, Salt Lake City, Utah, at 9:00 A.M.

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 20th day of October, 2010.


KEITH WOODWELL
Director, Division of Securities



Evidence of Mailing

I certify that on the 20th day of October, 2010, I mailed a true and correct copy of the Notice of Agency Action and Order to Show Cause to:

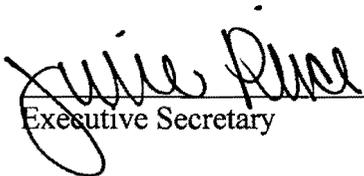
Centuries Financial Group

David Godwin Frank

166 Oakridge Dr.

Bountiful, UT 84010

Certificate # 7008 1140 0004 1142 0133


Executive Secretary