

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:	DEFAULT ORDER
TROY B. KOTTER d.b.a. ANOMALY GROUP, INC.,	Docket No. SD 10-0079
Respondents.	

I. BACKGROUND

A formal adjudicative proceeding was initiated against Respondent Troy B. Kotter (Kotter) by the Division's Order to Show Cause (OSC) dated November 29, 2010. A Notice of Agency Action accompanying the OSC advised him to file an answer or appear at a scheduling hearing set for January 4, 2011 or default would be entered against them. The OSC and Notice were served by certified mail.

On December 6, 2010, Kotter received notice of the OSC. On January 3, 2011, Kotter called and spoke with the Division, and gave a telephone number where he could be reached for a scheduling hearing. Kotter claimed to have been in Arizona and thus could not attend the hearing in person, but would be available for a phone conference.

On January 4, 2011, a hearing was convened and Judge Eklund attempted to call Kotter twice, but was unsuccessful. Judge Eklund left two voice mails which were not returned.

Due to pending criminal charges in a related matter in the Second Judicial District Court, Kotter was informed several times that the Division would not oppose a motion to stay the proceedings. Kotter has not filed such a motion.

Kotter has not responded to the Division's OSC, did not appear at the scheduling hearing, and has not filed a motion to stay the proceedings. Thus, on July 7, 2011 the Division filed a motion for default to be entered against Kotter.

In response to the Division's motion for default, Judge Eklund issued a Scheduling Order on July 28, 2011. In the Scheduling Order, Judge Eklund extended the deadline for Kotter to file a response to the Order to Show Cause until August 4, 2011. The Scheduling Order also provides that if a response was not made by August 4, 2011 then Judge Eklund would "submit a Recommended Order to the Commission no later than August 17, 2011.

Kotter has not filed a response to the Division and on September 15, 2011 Judge Eklund issued a Recommended Order. The Recommended Order provides that Kotter "cease and desist from engaging in any further conduct in violation of § 61-1-1 or any other section of the Utah

Uniform Securities Act.” It further provides that Kotter “pay a fine to the Division in an amount to be determined by the Commission in accordance with R164-31-1, which may be reduced by restitution paid to the investor.” On October 19, 2011, Judge Eklund issued a second Recommended Order providing that Kotter pay a fine of \$15,000.

II. ORDER

Based on the above, the Securities Commission hereby:

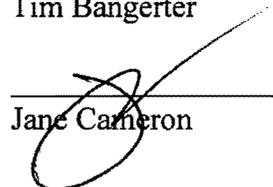
1. Declares Kotter in default for failing to appear before the Securities Commission on January 4, 2011.
2. Declares Kotter in default for failing to file a response to the Division’s Order to Show Cause within thirty days of its filing.
3. Enters, as its own findings, the Finding of Fact described in the OSC.
4. Enters, as its own conclusions, the Conclusions of Law described in the OSC.
5. Finds that Respondents violated the Utah Uniform Securities Act by misstating material facts in connection with the offer and sale of a security in or from Utah in violation of § 61-1-1(2).
6. Finds that Respondents violated the Utah Uniform Securities Act by failing to disclose material information which was necessary to make the statements made not misleading, in connection with the offer and sale of a security in or from Utah in violation of § 61-1-1(2).
7. Orders Respondent to permanently CEASE and DESIST from any violations of the Act.

8. Orders Kotter to pay a fine of (\$ \$15,000⁰⁰) to the Division within 30 days of the entry of this Order.

DATED this 27 day of October 2011.

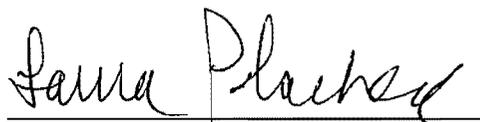


Tim Bangerter

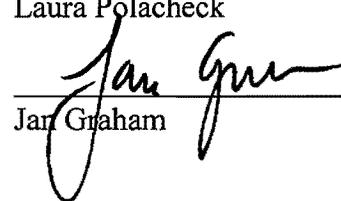


Jane Cameron

Erik Christiansen



Laura Polacheck



Jan Graham

Pursuant to § 63-46b-11(3), Respondents may seek to set aside the Default Order entered in this proceeding by filing such a request with the Division consistent with the procedures outlined in the Utah Rules of Civil Procedure.

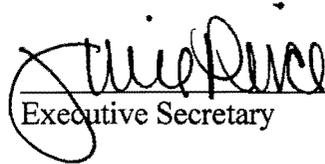
CERTIFICATE OF MAILING

I certify that on the 11th day of October, 2011, I mailed a true and correct copy of

the Notice of Entry of Default and Order to:

Troy B. Kotter
870 W. Halstead Dr.
North Salt Lake, UT 84054

Certificate# 7007 0220 0001 0003 0523


Executive Secretary

And hand-delivered to:

Jeffrey Buckner, Assistant Attorney General
Office of Attorney General of Utah

Thomas Brady, Securities Analyst
Utah Division of Securities

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

**IN THE MATTER OF
TROY B. KOTTER d.b.a.
ANOMALY GROUP, INC.**

**NOTICE OF ENTRY OF DEFAULT
FINDINGS OF FACT, CONCLUSIONS
OF LAW AND RECOMMENDED ORDER
CASE NO. SD-10-0079**

BY THE ADMINISTRATIVE LAW JUDGE:

This adjudicative proceeding was initiated pursuant to a November 29, 2010 Notice of Agency Action. A response to the accompanying Order to Show Cause was due by December 30, 2010. A prehearing teleconference was scheduled to be conducted on January 4, 2011.

The notice was sent to Respondent's last known address of 870 W. Halstead Dr., North Salt Lake, UT 84054 by certified mail and that notice was thus received. The Division received the proof of service for the certified mailing from postal authorities on December 6, 2010. The notice recites that, if Respondent failed to file a response or failed to appear at any scheduled hearing, the presiding office may enter a default order against Respondent without further notice to him.

Respondent did not file a response and he did not appear for the January 4, 2011 prehearing conference. The Court twice attempted to contact Respondent by telephone

on that date, but the Court was not able to directly contact Respondent on either occasion. The Court thus left two (2) messages for Respondent on that date.

Respondent did not subsequently contact the Court.

Based on the consent of the Division, the prehearing conference was rescheduled to be conducted on February 8, 2011. This record does not reflect the manner in which Respondent was notified of that conference. No prehearing conference was conducted on the just-stated date. The Division's records do not reflect any contact with Respondent on or about that time.

The Court contacted Thomas Brady (Securities Analyst for the Division) on or about May 11, 2011 to inquire regarding the present status of this proceeding. Mr. Brady informed the Court that the Division was aware of a related criminal proceeding which had been filed as to Respondent. Mr. Brady further stated the Division would address Respondent's possible filing of a motion to stay enforcement of this proceeding pending the resolution of the criminal case.

The Court next contacted Mr. Brady on or about June 23, 2011 to address the ongoing status of this proceeding. Mr. Brady informed the Court that he has reviewed this case with Respondent and he thus informed Respondent that a motion to stay this proceeding must be filed before any stay of enforcement would be entered by the Division.

Mr. Brady also informed the Court that Respondent is represented by legal counsel in the criminal proceeding, but Respondent is representing himself in this adjudicative action. Mr. Brady further informed the Court that the Division has not received any such motion from Respondent to stay this proceeding, but that the Division remains willing to consider entry of a stay of enforcement upon Respondent's filing of a motion seeking that action.

The Court next contacted Mr. Brady on July 7, 2011 to review the ongoing status of this proceeding. Mr. Brady informed that Court that Respondent has still not filed a motion to stay this proceeding. Accordingly, Mr. Brady stated the Division is reviewing the possible filing of a motion to enter Respondent's default, absent a motion by Respondent to stay this proceeding.

The Division filed a July 20, 2011 motion for a default order. The motion recites Respondent "failed to participate in the proceedings", he "never filed a response" and that efforts to contact Respondent "have been unsuccessful". The July 20, 2011 motion was sent to Respondent at the above stated address on July 20, 2011. The certificate of service does not recite whether the Division sent notice of the pending motion by regular or certified mail. Respondent has not filed any reply to that motion as of the date of the Order herein.

Given the rather unique circumstances of this case, the Court appreciates why the

Division's pending motion was sent to Respondent as his last known address rather than merely being filed without notice thereof to Respondent. The Court also concluded a scheduling order should be entered to expressly establish the time when Respondent was to file any response to the pending motion.

If Respondent did not file a response to the Division's pending motion to enter default within one (1) week from the date of that Scheduling Order, the Court concluded it would be warranted to summarily review and act on the Division's motion to enter default and enter Findings of Fact and Conclusions of Law consistent with the Order to Show Cause. Such findings, conclusions and a recommended order were to then be submitted to the Utah Securities Commission for its review and action.

The Court thus entered a July 28, 2011 Scheduling Order, which provides Respondent was to file any response to the pending motion no later than August 4, 2011. If a response were timely filed, the Court also ordered the Division to file a final reply no later than August 10, 2011. The Court would then submit a Recommended Order to the Commission no later than August 17, 2011.

The July 28, 2011 Scheduling Order alternatively provides that, if Respondent did not file a timely response to the pending motion, the Court would prepare and then submit Findings of Facts, Conclusions of Law and a Recommended Order to the Commission for its review and action.

The July 28, 2011 Scheduling Order was sent to Respondents' last known address by regular mail. The Division's file does not reflect whether that Order was received. Respondent has filed no response to the November 29, 2010 Order to Show Cause. Significantly, Respondent has also not filed any written request for a stay of this proceeding pending a resolution of the related criminal case. Respondent has been provided ample opportunity to submit such a request. Moreover, Respondent has filed no response to the Division's motion to enter his default.

The Court thus readily concludes a proper factual and legal basis exists to enter Respondent's default and it is so entered. After the entry of a default order, U.C.A. §63G-4-209 provides the presiding officer shall conduct further proceedings as necessary to complete the adjudicative proceeding without the participation of the party in default. That statute also provides a determination shall be made of all issues in the adjudicative proceeding, including those affecting the defaulting party.

The Court thus enters the following Findings of Fact, Conclusions of Law and submits this Recommended Order to the Commission for its review and action:

FINDINGS OF FACT

1. Absent any matters offered in defense or mitigation, the Court adopts the allegations set forth in Paragraphs 2 through 15 of the November 29, 2011 Order to Show Cause as its Findings of Fact.

CONCLUSIONS OF LAW

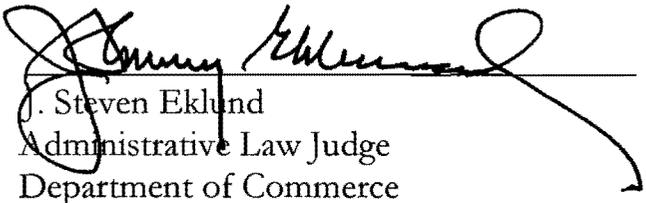
The Court adopts the Causes of Action set forth in Paragraphs 16 through 19 of the November 29, 2011 Order to Show Cause as its Conclusions of Law. Specifically, Respondent has engaged in securities fraud in violation of §61-1-1 of the Utah Uniform Securities Act. Accordingly, the Court concludes a proper factual and legal basis exists to submit the following Recommended Order to the Commission for its review and action:

RECOMMENDED ORDER

WHEREFORE, IT IS ORDERED that Respondent cease and desist from engaging in any further conduct in violation of §61-1-1 or any other section of the Utah Uniform Securities Act.

IT IS FURTHER ORDERED that Respondent pay a fine to the Division in an amount to be determined by the Commission in accordance with R164-31-1, which may be reduced by restitution paid to the investor.

I hereby certify the foregoing Notice of Entry of Default, Findings of Fact, Conclusions of Law and Recommended Order was submitted to the Commission on the 15th day of September 2011 for its review and action on the ___ day of September 2011.


J. Steven Eklund
Administrative Law Judge
Department of Commerce