

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:

**360 WIRELESS SOLUTIONS, INC.,
EVAN DOUGLAS YAZZIE**

Respondents.

ORDER TO SHOW CAUSE

Docket No. ~~SD-11-0080~~
Docket No. ~~SD-11-0081~~

It appears to the Director of the Utah Division of Securities (Director) that 360 Wireless Solutions, Inc. and Evan Douglas Yazzie 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. 360 Wireless Solutions, Inc. (360) is a Utah corporation, registered on July 26, 2007.
Evan Douglas Yazzie is a director, officer, and registered agent of 360. 360's status as a business entity is expired. 360 has never been licensed by the Division as a broker/dealer agent or as an issuer/agent to sell securities.
3. Evan Douglas Yazzie (Yazzie) was, at all relevant times, a resident of the State of Utah. Yazzie has never been licensed as a broker-dealer, agent, investment advisor, or as an investment advisor representative in Utah.

GENERAL ALLEGATIONS

4. In June 2008, Respondents offered and sold a security to investors, in or from Utah, and collected a total of \$2,500.
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 all \$2,500 of their principal.

INVESTORS DY AND GY (HUSBAND AND WIFE)

7. In June 2008, a family member referred DY and GY to Yazzie for an investment opportunity in 360 asking if Yazzie could contact them. A few minutes later, Yazzie

called DY and GY at their home in Idaho.¹

8. During the conversation, Yazzie told DY and GY that 360 developed a product to enable clients to communicate and access databases and servers wirelessly in their vehicles.
9. Yazzie made the following statements about purchasing stock in 360:
 - a. DY and GY would be able to purchase stock for \$1 per share;
 - b. The investment would first be memorialized in an investment contract;
 - c. Within three months of the signing of the investment contract, 360 would be a public company trading on the New York Stock Exchange (NYSE);
 - d. DY and GY would receive a stock certificate in ninety days, once 360 was on the NYSE;
 - e. DY and GY would receive 8% interest on their principal if the stock was not issued within ninety days;
 - f. Once 360 is listed on the NYSE, DY and GY's stock would be worth \$8 per share;
 - g. DY and GY would receive stock issuing commitments and financial reports of 360;
 - h. The investment was a solid opportunity with minimal risk;
 - i. Yazzie invested \$420,000 of his own money and \$50,000 of his family and

¹Yazzie was in Utah during all conversations with the investors.

friends' in 360;²

- j. DY and GY's investment would "be safe" and Yazzie would not let anything happen to it because of the amount of money invested by himself and his family;
 - k. 360 had contracts with General Electric Company and government agencies to purchase or lease this proprietary software and equipment developed by 360; and
 - l. There were investors throughout Utah and in Denver, Colorado who purchased stock in 360.
10. Based on Yazzie's representations, DY and GY invested \$2,500 in 360. On or about June 26, 2008, DY and GY purchased a cashier's check for \$2,500 made payable to 360. That same day, the check was deposited into 360's bank account at U.S. Bank in Pocatello, ID.
11. In exchange for the investment funds, Yazzie provided DY and GY with an investment contract which was signed by all parties on June 17, 2008.
12. Yazzie and 360 did not honor the terms of the investment contract.
13. On April 28, 2009, an attorney for DY and GY sent a demand letter to Yazzie for the return of the \$2,500.

²In conversations with a Division investigator, Yazzie made three contradicting statements regarding how much he invested in 360. First, Yazzie claimed he invested \$8,000. then he claimed he invested \$20,000, and finally he claimed he invested \$50,000-\$60,000 a year since 2006, "mostly in time and labor." Yazzie also stated that his mother and sister invested a total of \$5,000.

14. On June 01, 2009, Yazzie sent DY and GY a letter titled *Cancellation of Contract*.
15. DY and GY have not received any payments from 360 or Yazzie.
16. 360 still owes DY and GY \$2,500 in principal alone.

CAUSES OF ACTION

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

17. The Division incorporates and re-alleges paragraphs 1 through 16.
18. The investment opportunity offered and sold by Respondents is a security under § 61-1-13 of the Act.
19. 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. Yazzie invested \$420,000 of his own money and \$50,000 of his family and friends' in 360, when this statement is false by his own admission;
 - b. The investment was a solid investment with minimal risk, when in fact, Yazzie had no reasonable basis on which to make this statement;
 - c. DY and GY's investment funds would be safe, when in fact, Yazzie had no reasonable basis on which to make this statement.
20. 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 Yazzie filed for Chapter 7 bankruptcy in 2003;³
- b. That in 2002 and 2003 Yazzie had four civil judgments rendered against him totaling \$61,262.74;⁴
- c. How Yazzie determined that 360 would be going public;
- d. How Yazzie determined that 360 stock would be worth \$8 per share upon going public;
- e. Some or all of the information typically provided in an offering circular or prospectus regarding 360, such as:
 - i. Financial statements;
 - ii. Suitability factors for the investment;
 - iii. Track record to investors;
 - iv. 360's and Yazzie's business experience and operating history;
 - v. Whether the investment is a registered security or exempt from registration; and
 - vi. Whether Yazzie was licensed to sell securities.

³*United States Trustee v. Evan Douglas Yazzie*, Case No. 03-31402 (D. Utah 2003).

⁴*See Labor Commission v. American Pacific, Inc.*, Case No. 026100201 in Third Judicial District Court (Utah 2002); *Capitol Building Materials v. Doug Yazzie.*, Case No. 020911159 in Third Judicial District Court (Utah 2002); *Wells Fargo Bank v. American Pacific, Inc.*, Case No. 030907579 in Third Judicial District Court (Utah 2003); and *Labor Commission v. American Pacific, Inc.*, Case No. 036100052 in Third Judicial District Court (Utah 2003);

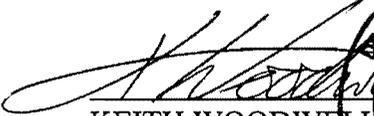
ORDER

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, January 4, 2011, 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 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 30th day of November, 2010.


KEITH WOODWELL
Director, Utah Division of Securities



Approved:


JEFF BUCKNER
Assistant Attorney General
A.S.

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:

**360 WIRELESS SOLUTIONS, INC.,
EVAN DOUGLAS YAZZIE**

Respondents.

NOTICE OF AGENCY ACTION

Docket No.

Docket No.

SD-10-1180
SD-10-1081

THE DIVISION OF SECURITIES TO THE ABOVE-NAMED RESPONDENT:

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

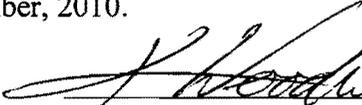
An initial hearing in this matter has been set for January 4, 2011 at the Division of Securities, 2nd Floor, 160 East 300 South, Salt Lake City, Utah, at 9:00 A.M.

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 30th day of November, 2010.


KEITH WOODWELL
Director, Division of Securities



Evidence of Mailing

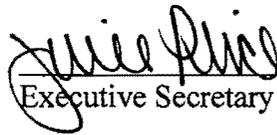
I certify that on the 20th day of November, 2010, I mailed a true and correct copy of the Notice of Agency Action and Order to Show Cause to:

Evan Douglas Yazzie

731 South 1525 West

Syracuse, UT 84075

Certificate # 1008 1140 0004 1042 0910


Executive Secretary