

Division of Securities
Utah Department of Commerce
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BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH

IN THE MATTER OF:

**CADENCE FINANCIAL, LLC,
JEFFREY THOMPSON WILDING**

Respondents.

**STIPULATION AND CONSENT
ORDER**

Docket No. SD-11-0002

Docket No. SD-11-0003

The Utah Division of Securities (the Division), by and through its Director of Enforcement, Michael Hines, and Cadence Financial, LLC and Jeffrey Thompson Wilding, hereby stipulate and agree as follows:

1. Cadence Financial, LLC (Cadence) and Jeffrey Thompson Wilding (Wilding) were the subjects 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 issued an Order to Show Cause against them on January 12, 2011, alleging securities fraud.

3. Respondents are represented by Attorney Paula Faerber of the law firm Kruse, Landa, Maycock & Ricks in this matter and are satisfied with the representation they have received.
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 stipulation and consent order does not affect any enforcement action that might be brought by a criminal prosecutor or any other local, state, or federal enforcement authority.
6. Wilding admits the jurisdiction of the Division over him and over the subject matter of this action.

I. THE DIVISION'S FINDINGS OF FACT

THE RESPONDENTS

7. Cadence is a Utah corporation, registered on April 20, 2007. Jeffrey Thompson Wilding is a member of Cadence. Cadence's status as a business entity is expired. Cadence has never been licensed by the Division as a broker/dealer agent or as an issuer/agent to sell securities.
8. Wilding was, at all relevant times, a resident of the state of Utah. Wilding has never been licensed as a broker-dealer, agent, investment advisor, or as an investment advisor representative in Utah.

GENERAL ALLEGATIONS

9. From February 2008 to December 2008. Respondents offered and sold securities to a group of four investors, in or from Utah, and collected a total of \$318,500.

10. Respondents made material misstatements and omissions in connection with the offer and sale of a security to the investor below.

INVESTOR J.T.

11. J.T. has known Wilding since 2007. Wilding was introduced to J.T. as a hard-money lender.¹
12. In or about October 2008, Wilding held several meetings with J.T. in Utah County, Utah. During the meetings, Wilding offered J.T. an opportunity to invest in a real estate transaction in Sandy, Utah. The investment opportunity was a short-term bridge loan on a residential property.
13. During the meetings, Wilding made the following statements about a potential investment in Cadence:
- a. The transaction would be a “ten-day deal;”²
 - b. The investment held “no risk” because there was “plenty of equity” in the residential property in question; and
 - c. He needed \$550,000 to make the loan.

¹In the fall of 2007, J.T. invested \$230,000 with Wilding in exchange for a promissory note. The investment project failed in February 2008 and J.T. has not received any payments for his \$230,000 investment.

²J.T. told Wilding that he would be taking a second mortgage out on his home to fund the investment and therefore needed to be sure that J.T. would receive his principal back within ten days.

14. Based on Wilding's statements, J.T. invested \$200,000 in Cadence. On November 15, 2008, J.T. transferred \$400,000 into Cadence's bank account with Capital Community Bank in Utah County, Utah.³
15. In or about February 2009, Wilding told J.T. he could not sell the property as promised.
16. J.T. has received \$5,890.56 in interest payments from Wilding.
17. The investors subsequently took possession of the real property in question and sold it.
18. J.T. received \$152,747 from the sale of the property.

INVESTOR G.A.

19. G.A. and Wilding have known each other since they were young and became reacquainted for investment purposes.⁴
20. In or about September 2008, Wilding met with G.A. in Utah County. During the meeting, Wilding offered G.A. an opportunity to invest in a real estate transaction in Sandy, Utah.
21. Wilding said that he would loan money to a home buyer who would then obtain traditional long-term financing to pay off Wilding's loan.
22. During the meetings, Wilding made the following statements about a potential

³\$200,000 of the \$400,000 was designated as J.T.'s investment in the property in Sandy, Utah. In or about December 2008, Wilding returned the other \$200,000 to J.T.

⁴In or about June 2008, G.A. invested \$23,500 with Wilding in a forty-five day payroll bridge loan. At the end of the forty-five days had not received the return of his principal.

investment in Cadence:

- a. The transaction would be a "buffer" loan;
 - b. The investment term would be for two to five days;
 - c. This was one of the biggest deals Wilding had done;
 - d. The transaction would pay some "points up front" along with interest payments following; and
 - e. There was no minimum investment amount.
23. G.A. asked Wilding if a deal ever went bad, to which Wilding responded that he had one real estate deal in Salt Lake County which took investors longer to recover their principal and did not earn the investors a profit.
24. Based on Wilding's statements, G.A. invested \$20,000 in Cadence. On or about October 28, 2008, G.A. gave Wilding \$20,000 in cash⁵ while in Utah County, Utah.
25. In or about February 2009, Wilding told G.A. he could not sell the property as promised.
26. G.A. has received \$1,078.53 in interest payments from Wilding.
27. G.A. received \$33,332 from the sale of the property⁶.

INVESTORS S.M. AND L.M. (HUSBAND AND WIFE)

⁵On or about October 28, 2008, Wilding contacted G.A. and told him that he needed \$20,000 for the investment and a personal check was "not fast enough."

⁶The other investors appropriated more money from the sale of the property to G.A. to accommodate for the \$23,500 in losses G.A. incurred from Wilding on the forty-five day payroll bridge loan referenced in footnote 4.

28. In or about 2006 or 2007, S.M. met Wilding while golfing with a mutual friend.
29. In or about May 2008, S.M. met Wilding for lunch in Utah County, Utah with the same mutual friend.
30. During the lunch meeting Wilding offered S.M. an investment opportunity in Cadence. Wilding stated that he had done multiple bridge loan investments and had not had any problems.
31. Later in May 2008, Wilding met with S.M. and his wife, L.M., in their home in Utah County, Utah.
32. During the meeting, Wilding offered S.M. and L.M. an investment opportunity in a secured loan on a residential home. Wilding made the following statements about a potential investment in Cadence:
 - a. He would be loaning to people who "had plenty of money;"
 - b. He was collecting funds for the investment;
 - c. S.M. and L.M. could invest whatever amount they wanted;
 - d. He was successful in generating returns;
 - e. He usually generated two to three percent per transaction;
 - f. Each transaction could be from three to five days or up to a month;
 - g. He had only had one deal go bad in the past;
 - h. The value of the home on which he was loaning the money was \$850,000;
 - i. Wilding was compensated by taking points up front on the loan; and

- j. The transaction was to have a quick turn around and last a couple of weeks
33. S.M. told Wilding he did not want a risky investment. Wilding responded that the transaction was collateralized and the investment was safe partially due to the short-term nature of the investment.
34. Based on Wilding's statements, S.M. and L.M. invested \$25,000 in Cadence. On or about November 12, 2008, S.M. and L.M. transferred \$25,000 into Cadence's bank account with Capital Community Bank in Utah County, Utah.
35. S.M. and L.M. have received \$1,237.40 in interest payments from Wilding.
36. S.M. and L.M. received \$19,093 from the sale of the property in question.

INVESTOR M.B.

37. In or about September 2008, M.B. met Wilding through Wilding's brother-in-law.
38. Wilding met M.B. in Utah County and offered M.B. an investment opportunity in an LLC interest.
39. During the meeting, Wilding discussed his operating history and made the following statements about a potential investment in Cadence:
- a. He had done many three to five-day deals which paid three points up front;
 - b. He had performed "over and above due diligence" to ensure every deal is "solid;"
 - c. He was successful in all his past deals;
 - d. "Of course there is risk" but that risk is mitigated by Wilding's due diligence;
 - e. There was collateral in the investment;

- f. There were no liens placed on the collateral;
 - g. There was more than enough equity to cover the loans;
 - h. He did so many deals that nobody brought him bad deals;
 - i. The worst-case scenario would be if the borrower did not pay, in which case, Wilding would foreclose on the loan, take the house, and sell it for a profit; and
 - j. He needed \$510,000 to capitalize the investment and he would not invest the funds until the "deal was ready."
40. On November 08, 2008, M.B. received an e-mail from Wilding stating "the deal is finally ready," and Wilding would be funding the deal soon. Wilding said the loan would be for seven days, meaning the transaction should have been concluded on November 18, 2008.
41. Based on Wilding's statements, M.B. invested \$25,000 in Cadence. On or about November 10, 2008, M.B. transferred \$25,000 into Cadence's bank account with Capital Community Bank in Utah County, Utah.
42. On or about November 19, 2008, M.B. received a document entitled *Cadence Financial LLC Membership Participation Statement* representing an LLC interest in exchange for the \$25,000 investment funds.
43. In or about February 2009, Wilding told M.B. he could not sell the property as promised.
44. M.B. has received \$1,354.55 in interest payments from Wilding.
45. M.B. received \$19,093 from the sale of the property in question.

CAUSES OF ACTION

COUNT I
Securities Fraud under § 61-1-1 of the Act
(Investor J.T.)

46. The Division incorporates and re-alleges paragraphs 1 through 45.
47. The investment opportunities offered and sold by Respondents are securities under § 61-1-13 of the Act.
48. 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. There was “no risk” in the investment with Cadence, when in fact, Wilding had no reasonable basis for making such a statement.
49. 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 statements made not misleading:
 - a. What would happen to J.T.’s funds if Wilding was unable to raise the total amount necessary for the project;
 - b. How Wilding would be compensated;
 - c. Wilding was in default on a previous investment by G.A.;
 - d. Some or all of the information typically provided in an offering circular or prospectus regarding Cadence, such as:
 - i. Financial statements;
 - ii. Risk factors;

- iii. Suitability factors for the investment;
- iv. Track record to investors;
- v. Cadence and Wilding's business experience and operating history;
- vi. Nature of competition;
- vii. Whether the investment is a registered security or exempt from registration; and
- viii. Whether Wilding was licensed to sell securities.

COUNT II
Securities Fraud under § 61-1-1 of the Act
(Investor G.A.)

- 50. The Division incorporates and re-alleges paragraphs 1 through 45.
- 51. The investment opportunities offered and sold by Respondents are securities under § 61-1-13 of the Act.
- 52. 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 statements made not misleading:
 - a. How much he needed to capitalize the investment;
 - b. What would happen to G.A.'s funds if Wilding was unable to raise the total amount necessary for the project;
 - c. Wilding was in default on a previous investment by J.T.;
 - d. Some or all of the information typically provided in an offering circular or

prospectus regarding Cadence, such as:

- i. Financial statements;
- ii. Risk factors;
- iii. Suitability factors for the investment;
- iv. Track record to investors;
- v. Cadence's and Wilding's business experience and operating history;
- vi. Nature of competition;
- vii. Whether the investment is a registered security or exempt from registration; and
- viii. Whether Wilding was licensed to sell securities.

COUNT III
Securities Fraud under § 61-1-1 of the Act
(Investors S.M. and L.M.)

53. The Division incorporates and re-alleges paragraphs 1 through 45.
54. The investment opportunities offered and sold by Respondents are securities under § 61-1-13 of the Act.
55. 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. Wilding had done multiple bridge loan investments and had not had any problems, when in fact, Wilding was in default to J.T. for a past investment;
 - b. The investment with Cadence was safe due to the short-term nature of the

investment, when in fact, Wilding had no reasonable basis for making such a statement.

56. 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 statements made not misleading:

- a. How the loan was secured;
- b. What would happen to J.T.'s funds if Wilding was unable to raise the total amount necessary for the project;
- c. Wilding was in default on a previous investment by G.A.;
- d. Some or all of the information typically provided in an offering circular or prospectus regarding Cadence, such as:
 - i. Financial statements;
 - ii. Risk factors;
 - iii. Suitability factors for the investment;
 - iv. Track record to investors;
 - v. Cadence's and Wilding's business experience and operating history;
 - vi. Nature of competition;
 - vii. Whether the investment is a registered security or exempt from registration;
and
 - viii. Whether Wilding was licensed to sell securities.

COUNT IV
Securities Fraud under § 61-1-1 of the Act
(Investor M.B.)

57. The Division incorporates and re-alleges paragraphs 1 through 45.
58. The investment opportunities offered and sold by Respondents are securities under § 61-1-13 of the Act.
59. 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. The worst-case scenario would be if the borrower did not pay, in which case, Wilding would foreclose on the loan, take the house, and sell it for a profit, when in fact, Wilding had no reasonable basis for making such a statement.
60. 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 statements made not misleading:
 - a. How the loan was secured;
 - b. What would happen to J.T.'s funds if Wilding was unable to raise the total amount necessary for the project;
 - c. Wilding was in default on a previous investments by J.T. and G.A.;
 - d. Some or all of the information typically provided in an offering circular or prospectus regarding Cadence. such as:

- i. Financial statements;
- ii. Risk factors;
- iii. Suitability factors for the investment;
- iv. Track record to investors;
- v. Cadence's and Wilding's business experience and operating history;
- vi. Nature of competition;
- vii. Whether the investment is a registered security or exempt from registration;
and
- viii. Whether Wilding was licensed to sell securities.

II. THE DIVISION'S CONCLUSIONS OF LAW

61. 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(2) of the Act by misstating and omitting to state material facts in connection with the offer and sale of a security.

III. REMEDIAL ACTIONS/SANCTIONS

62. Respondents neither admit nor deny the Division's findings and conclusions and consent to the sanctions below being imposed by the Division.
63. Respondents represent that any information they provided to the Division as part of the Division's investigation of this matter is accurate.

64. Respondents agree to the imposition of a cease and desist order, prohibiting them from any conduct that violates the Act.
65. 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 \$20,000 with the following provisions:
- a. The \$20,000 fine will be held in abeyance contingent on no securities laws violations for thirty-six months from entry of this Order.
 - b. If Respondents materially violate any of the terms of this Stipulation and Consent Order within the abeyance period following the entry of the Order, after notice and opportunity to be heard before an administrative officer, the entire fine shall become immediately due.
66. Wilding agrees that he will be barred from (i) associating⁷ with any broker-dealer or investment adviser licensed in Utah; and (ii) acting as an agent for any issuer soliciting investor funds in Utah.
67. Respondents agree to cooperate with the Division, the State of Utah, and the Federal

⁷“Associating” includes, but is not limited to, acting as an agent of, receiving compensation directly or indirectly from, or engaging in any business on behalf of a broker-dealer, agent, investment adviser, or investment adviser representative licensed in Utah. “Associating” does not include any contact with a broker-dealer, agent, investment adviser, or investment adviser representative licensed in Utah incidental to any personal relationship or business not related to the sale or promotion of securities or the giving of investment advice in the State of Utah.

Government in any future investigations and/or prosecutions relevant to the matter herein.

IV. FINAL RESOLUTION

68. Respondents acknowledge that this Order, upon approval by the Securities Commission shall be the final compromise and settlement of this matter.
69. 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.
70. Respondents acknowledge that the Order does not affect any civil or arbitration causes of action that third-parties may have against them rising 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.
71. The Stipulation and Consent Order constitutes 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

Date: 6/27/11

By: [Signature]
Michael Hines
Director of Enforcement

Cadence Financial, LLC

Date: 09/26/2011

By: [Signature]
Jeffrey Thompson Wilding as
Member of Cadence Financial, LLC
and as an individual

Approved:

[Signature]
Jeff Backner
Assistant Attorney General
D.W.

Approved:

[Signature]
Paula W. Faerber
Attorney for Respondent

ORDER

IT IS HEREBY ORDERED THAT:

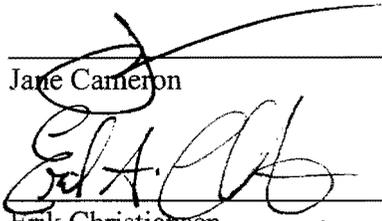
1. The Division has made a sufficient showing of Findings of Fact and Conclusions of Law to form a basis for this settlement.
2. Respondents cease and desist from violating the Utah Uniform Securities Act.
3. Respondents pay a fine of \$20,000. The fine will be waived contingent on no securities laws violations for thirty-six months from the date of the entry of the Order.
4. Wilding agrees to be permanently barred from the securities industry.
5. Respondents cooperate with the Division in any future investigations.

BY THE UTAH SECURITIES COMMISSION:

DATED this 28th day of JULY, 2011.

Tim Bangerter

Jane Cameron



Erik Christiansen



Laura Polacheck

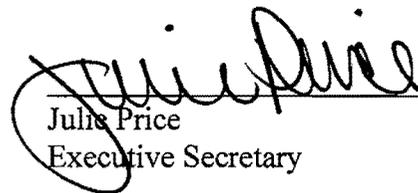
Jan Graham

CERTIFICATE OF MAILING

I, Julie Price, hereby certify that on the 2nd day of August 2011, I mailed, by certified mail, a true and correct copy of the forgoing **Stipulation and Consent Order** to:

Paula W. Faerber
Kruse Landa Maycock & Ricks, LLC
136 E. South Temple, 21st Floor
Salt Lake City, UT 84111

Certified Receipt #: 7007 0220 0001 0063 6233


Julie Price
Executive Secretary