

Division of Securities  
Utah Department of Commerce  
160 East 300 South  
Box 146760  
Salt Lake City, UT 84114-6760  
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BEFORE THE DIVISION OF SECURITIES  
OF THE DEPARTMENT OF COMMERCE  
OF THE STATE OF UTAH

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**IN THE MATTER OF:**

**NORTHRIDGE, LLC,  
EASTGATE CAPITAL, LLC,  
LONG, CLYNE WILLIS,  
LINDSAY, JOSHUA SCOTT,  
SHARP, AARON BRUCE, and  
LIND, BRETTON ROYCE**

**Respondents.**

**STIPULATION AND CONSENT  
ORDER**

Docket No. SD-11-0004  
Docket No. SD-11-0005  
Docket No. SD-11-0006  
Docket No. SD-11-0007  
Docket No. SD-11-0008  
Docket No. SD-11-0009

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The Utah Division of Securities (the Division), by and through its Director of Enforcement, Michael Hines, and Northridge, LLC, Eastgate Capital, LLC, Clyne Long, Joshua Lindsay, Aaron Sharp, and Brettton Lind hereby stipulate and agree as follows:

1. Northridge, LLC, Eastgate Capital, LLC, Clyne Long, Joshua Lindsay, Aaron Sharp, and Brettton Lind were the subject 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. The Division has now concluded its investigation and the parties have agreed to resolve this matter by way of a stipulation and consent order.
3. By entering into this stipulation and consent order, Northridge, LLC, Eastgate Capital, LLC, Clyne Long, Joshua Lindsay, Aaron Sharp, and Bretton Lind, waive the filing of an order to show cause and a notice of agency action.
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 agreement does not affect any enforcement action that might be brought by a criminal prosecutor or any other local, state, or federal enforcement authority.
6. Respondents admit the jurisdiction of the Division over them and over the subject matter of this action.

## **I. THE DIVISION'S FINDINGS OF FACT**

### **THE RESPONDENTS**

7. Northridge, LLC (Northridge) is a Utah corporation formed on September 21, 2005. Clyne Long, Anne Long, and Aaron Sharp are listed as members of Northridge. Joshua Lindsay is listed as registered agent and a member of Northridge. Bretton Lind is listed as the manager of Northridge. Northridge's current status as a business entity is expired.

8. Eastgate Capital, LLC (Eastgate) is a Utah corporation formed on April 17, 2007. The current status of the company is delinquent. Joshua Lindsay is listed as registered agent and member.
9. Clyne Long, Joshua Lindsay (Lindsay), Aaron Sharp (Sharp), and Bretton Lind (Lind) were, at all times relevant to the matters asserted herein, residents of Utah.

#### **GENERAL ALLEGATIONS**

10. From approximately October 2005 to June 2007, Respondents offered and sold investment contracts to investors in or from Utah, and collected a total of \$344,046.
11. Investment contracts are securities under the Act.
12. Respondents made material misrepresentations and omissions in connection with the offer and sale of securities to the investors below.
13. The investors lost \$324,626.94 in principal.

#### INVESTOR NC

14. In 2001, NC and his wife first met Clyne Long and his wife (the Longs) and became friends.
15. In December 2006, the Longs visited NC and his wife in Belize City, Belize. During the visit, the Longs told NC and his wife about an investment opportunity with Northridge and made the following representations:
  - a. The Longs were investing in loans to acquire real estate below market value;

- b. The Longs were receiving huge interest returns on their investments;
  - c. The Longs needed money to run their business because they had already lent money to someone who approached them about it before;
  - d. The Longs were receiving 5% in interest and would pay NC 3% in interest if he decided to invest. NC could receive monthly interest payments or have the interest reinvested;
  - e. The Longs' family had invested and the interest earned had enabled them to quit their jobs and spend more quality time with their families;
  - f. The Longs made payments on the properties leaving all other assets available to purchase more property. The properties would be held until they could be sold for the full value; and
  - g. NC should not invest more than he could afford to lose, but they did not see how it could be lost.
16. Based on the Longs' representations, NC invested \$10,000 in Northridge.
17. On January 9, 2007, NC and his wife wire transferred \$10,000 to Northridge. NC and his wife elected to reinvest all their interest.
18. On May 5, 2007, NC and his wife wire transferred another \$20,000 to Northridge. NC and his wife elected to reinvest all their interest.
19. On July 7, 2007, NC and his wife received an e-mail from the Longs, saying that the

interest rates were going to be lowered to 1-2% per month because the real estate market was slow. In response, NC requested the \$30,000 with all the interest.

20. To date, NC and his wife have not received any money back from the Longs.

INVESTOR OE

21. In the fall of 2005, OE first learned about Josh Lindsay and his wife (the Lindsays) and an investment with Northridge from his daughter CG. CG said the following about an investment with Northridge:

- a. Lindsay had taken a class at Franklin Squires<sup>1</sup> with his father-in-law, Long;
- b. To invest, enrollment in class was required, but CG could invest through the Lindsays;
- c. The Lindsays were investing in real estate;
- d. Buying houses for a low price, repairing them if needed, and then selling them for a large profit;
- e. The Lindsays would earn a 5% interest on CG's money;

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<sup>1</sup>Franklin Squires Companies, LLC (Franklin Squires) is a Utah limited liability company formed May 20, 2004. Rick Koerber (Koerber) is the owner and principal affiliated with Franklin Squires and its subsidiaries, including Founders Capital, LLC (Founders Capital). The current status of the company is delinquent.

- f. The Lindsays would keep 2% of the 5%, which would be saved to pay people back in case of problems, and pass on the remaining 3% to CG and her husband;
  - g. If OE or CG ever wanted their money back they could get it within thirty days written notice;
  - h. Investment money would go to Franklin Squires, which in turn would be invested in real estate;
  - i. There was always a risk, but the only way OE or CG would lose their principal would be if someone stole the money.
22. Based on these representations, OE invested \$10,000 in Northridge on October 3, 2005.
23. On October 3, 2005, CG wrote a personal check for \$10,000 to Northridge. The \$10,000 check represented OE's investment.
24. In return for the investment, CG received a promissory note for \$20,000 signed by Lindsay, stating that CG would receive 3% interest per month on the principal.<sup>2</sup>
25. In February 2007, OE was thinking of retiring and discussed his future income needs with CG. CG told the Lindsays about OE's retirement plans and the Lindsays said OE would need to invest an additional \$75,000 for the interest to provide him with enough income to retire.

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<sup>2</sup>CG later invested \$10,000 of her own and Lindsay combined the two investments into one \$20,000 promissory note. Interest payments were paid to CG and she would forward OE's interest payments to him.

26. OE invested an additional \$75,000 from his home equity by wire transferring the money to CG, who in turn, wrote a personal check for \$75,000 to Northridge. CG told the Lindsays about the home equity loan.
27. On June 1, 2007, OE received a promissory note for \$85,000 that stated Eastgate would pay OE 3% interest per month on the principal amount of the note.
28. OE received a total of \$22,181.71 in interest payments.
29. To date, the Lindsays still owe OE \$62,818.29 in principal.

INVESTORS PG AND CG (HUSBAND AND WIFE)

30. In 2005, PG and CG met with the Lindsays in Utah County. During the meeting, the Lindsays asked them whether PG and CG wanted to invest with the Lindsays and make their money work for them.
31. During the conversation, the Lindsays made the representations stated above in ¶ 21(a-i).
32. PG and CG did not have money to invest, but decided to talk to CG's father in California, who decided to invest \$85,000 with Northridge as described above in ¶ 22-25.
33. In November 2005, PG and CG invested \$10,000 with Northridge by giving two Bank of America convenience checks to the Lindsays. The first check was dated November 8, 2005, for \$5,000, and the second was dated November 9, 2005, for \$5,000, both made payable to Northridge.
34. In exchange for the \$10,000 investment of her father and her own \$10,000 investment,

CG received a promissory note for \$20,000 signed by Lindsay, stating that Northridge would pay CG 3% per month on the principal amount.

35. PG and CG often asked the Lindsays how the investment was going. The Lindsays' response was always the same: things were going well.
36. On February 7, 2007, PG and CG invested in Northridge again by giving the Lindsays a personal check for \$9,000 made out to Northridge.
37. In exchange for the \$9,000 investment, CG received a promissory note for \$19,000 stating that Eastgate would pay CG 3% per month on the principal amount.<sup>3</sup> When PG and CG asked why the promissory note was from Eastgate instead of Northridge, the Lindsays said they had started a new company.
38. The total amount of interest payments PG and CG received from their investment was \$8,591.17.
39. To date, the Lindsays still owe CG and PG \$10,408.83 in principal.

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<sup>3</sup>On January 1, 2007, Lindsay amended the original \$20,000 promissory note by separating EO's \$10,000 investment from PG and CG's and creating a separate promissory note for EO. In February 2007 after PG and CG invested another \$9,000, Lindsay combined PG and CG's first \$10,000 investment with the \$9,000 investment into one promissory note for \$19,000.

INVESTOR BO

40. In the beginning of 2006, BO first learned about Northridge from Lind in a meeting in Pleasant Grove, Utah.
41. In that meeting, Lind made the following representation about an investment with Northridge:
  - a. There would be a 5% monthly return for Lind, out of which 4% would be passed on to investors;
  - b. The investment was with Franklin Squires;
  - c. Franklin Squires had investors in real estate who would buy the property for more than it was worth, which would inflate the value.
42. On the first week of April 2006, Lindsay met with BO and discussed the investment opportunities with Northridge. During the conversation with BO, Lindsay made the following representations about an investment with Northridge:
  - a. People were making a lot of money investing with Northridge, including himself. Lindsay had personally made \$10,000-\$15,000 per month alone;
  - b. The investment has been going on for five years, and no one has gotten hurt;
  - c. It would be a non-secure loan, but they had not had any issues.

43. Based on both Lind's and Lindsay's representations, BO invested \$81,546 with Northridge. From February 1, 2006 through June 5, 2007, BO made twelve investments for a total of \$81,546. All of BO's investments were in cash, except a \$40,700 cashier's check, which was part of an investment of \$55,700 on June 5, 2007.
44. Between BO's investments, Lindsay assured BO that the investment was going well. Based on this report BO continued investing.
45. In August 2007, BO received a letter from Long telling him that Northridge would no longer be making interest payments.
46. To date, Northridge still owes BO \$81,546 in principal.

INVESTOR AS

47. In June 2006, AS received a telephone call from Sharp, a relative.
48. During the conversation, Sharp made the following representations about an investment opportunity:
  - a. He started a real estate company and was looking for investors;
  - b. His company would be buying high value homes, doing some work on them, and then selling them for a large profit;
  - c. The money invested by AS would be completely safe because it was used to

purchase real estate out right;

- d. That worst case AS would own property that was worth less than the original purchase price<sup>4</sup>;
  - e. Sharp was raising capital to make additional investments and any funds loaned to him would earn a 3% interest per month;
  - f. AS would have two options if he invested: receive a monthly interest payments or have the interest reinvested.
49. Based on Sharp's representations, AS invested \$10,000 with Northridge.
50. On July 21, 2006, AS wire transferred \$10,000 to Northridge's bank account at Zions Bank. In exchange, AS received a promissory note for \$10,000 signed by Sharp. The note stated that Northridge would pay AS a monthly interest rate of 3% on the principal amount. The note also acknowledged that the note was unsecured and subject to risk of loss.
51. AS received \$300 per month for four months and decided to invest more with Northridge.
52. On October 27, 2006, AS wire transferred an additional \$15,000 to Northridge's bank

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<sup>4</sup>On or about July 21, 2006, AS signed a promissory note from Sharp for \$10,000 that stated "that [the investment] is in no way secured by real estate or any other type of security."

account.

53. On December 8, 2006, AS received one payment of \$318.27.
54. From December 18, 2006 through April 30, 2007, AS received five monthly payments of \$768.27.
55. On March 27, 2007, AS invested an additional \$50,000 via a wire transfer, and on May 18, 2007, an another \$50,000 via a wire transfer, both to Northridge's bank account.
56. On May 18, 2007 AS received one payment of \$2,168.27 and in June, 2007, another payment of \$2,655.37.
57. On July 7, 2007, AS received a letter from Northridge that stated the following:
  - a. The real estate market in Utah was leveling out;
  - b. "There was growing competition in this market and Northridge would need to make some adjustments";
  - c. Northridge would not be accepting any new money and would pay the regular interest rate in August, but the rate in September would be between 1 and 2%.
  - d. On July 17, 2009, AS sent Sharp an email requesting a full withdrawal of his investment.
58. AS did not receive any money since he has made his request.

59. To date, Northridge still owes AS \$118,637 in principal.

**MATERIAL MISREPRESENTATIONS AND OMISSIONS**

60. In connection with the offer and sale of a security, Respondents, directly or indirectly, made false statements, including, but not limited to the following:

- a. To OE:
  - i. If OE or CG ever wanted their money back they could get it within thirty days written notice, when in fact, this was not true.
- b. To PG and CG:
  - i. If OE or CG ever wanted their money back they could get it within thirty days written notice, when in fact, this was not true;
  - ii. That PG and CG's investment would be in Northridge, when in fact, the investment was in Eastgate;
  - iii. That things were going well with the previous investment.
- c. To AS:
  - i. That the money invested by AS would be completely safe because it was used to purchase real estate, when in fact, the money invested was not completely safe;

- ii. That the worst case scenario would be that AS would own property that was worth less than the original purchase price, when in fact, this was not the worst case scenario because AS is still owed \$118,637 in principal.
- 61. In connection with the offer and sale of a security, Respondents, directly or indirectly, failed to disclose material information, which was necessary in order to make representations made not misleading, including, but not limited to the following:
  - a. Koerber filed for Chapter 7 bankruptcy protection in September 2001;
  - b. On November 22, 2000, Koerber entered into a stipulated order with the Wyoming Division of Securities for selling unregistered securities, employing unlicensed agents, and committing securities fraud;<sup>5</sup>
  - c. Some or all of the information typically provided in an offering circular or prospectus regarding Northridge, such as:
    - i. Northridge's financial statements;
    - ii. The number of other investors;
    - iii. The risk factors for Northridge investors;
    - iv. Discussion of relevant suitability factors for the investment;

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<sup>5</sup>*National Business Solutions, LLC and C. Rick Koerber, Case #00-04.*

- v. Any conflicts of interest the issuer, the principals, or the agents may have with regard to the investment;
- vi. Any involvement of Northridge or its principals in certain legal proceedings, including bankruptcy or prior violations of state or federal securities laws;
- vii. Whether the investment is a registered security or exempt from registration; and
- viii. Whether the person selling the investment is licensed.

## **II. THE DIVISION'S CONCLUSIONS OF LAW**

62. 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 of the Act by making misrepresentations of material facts and by omitting to state material facts in connection with the offer and sale of a security;
  - c. Respondents violated § 61-1-7 of the Act by selling an unregistered security; and
  - d. Respondents violated § 61-1-3 of the Act by selling a security as an unlicensed

agent.

### **III. REMEDIAL ACTIONS/SANCTIONS**

63. Respondents admit the Division's findings and conclusions and consent to the sanctions below being imposed by the Division.
64. Respondents represent that any information they provided to the Division as part of the Division's investigation of this matter is accurate.
65. Respondents agree to the imposition of a cease and desist order, prohibiting them from any conduct that violates the Act.
66. 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 \$50,000 against Respondents. The fine will be waived on condition that Respondents commit no violation of the Act within sixty months from the entry of this order.
67. If Respondent materially violates any of the terms of the Order, after notice and opportunity to be heard before an administrative officer, the entire fine shall become immediately due.
68. Respondents agree to cooperate with the Division, the State of Utah, and the Federal Government in any future investigations and/or prosecutions relevant to the matter herein.

#### **IV. FINAL RESOLUTION**

69. Respondents acknowledge that this Order, upon approval by the Securities Commission shall be the final compromise and settlement of this matter.
70. 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.
71. Respondents acknowledge that the Order does not affect any civil or arbitration causes of action that third-parties may have against them arising 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.
72. The Stipulation and Consent Order constitute 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: 11/22/10

By: [Signature]  
Michael Hines  
Director of Enforcement

Respondent Long  
Date: [Signature]  
By: 10-3-10

Respondent Lindsay

Date: 10-2-10

By: [Signature]

Approved:

[Signature]  
Jeff Buckner  
Assistant Attorney General  
J.S.

Respondent Sharp

Date: 10-03-10

By: [Signature]

Respondent Lind

Date: 10/2/2010

By: [Signature]

**ORDER**

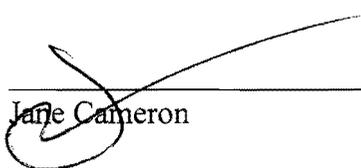
IT IS HEREBY ORDERED THAT:

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 desists from violating the Utah Uniform Securities Act.
3. All fines shall be held in abeyance for sixty months.
4. If Respondents materially violate any of the terms of this Order the full fine amount shall be imposed against the Respondents, jointly and severally, and become due immediately.
5. Respondents cooperate with the Division in any future investigations.

**BY THE UTAH SECURITIES COMMISSION:**

DATED this 20<sup>th</sup> day of January, 2010.

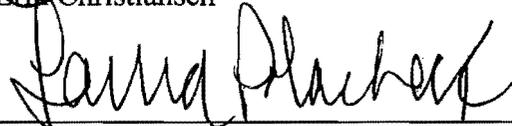
  
\_\_\_\_\_  
Tim Bangerter

  
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Jane Cameron



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Erik Christiansen



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Laura Polacheck



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Michael O'Brien

**Certificate of Mailing**

I certify that on the 20th day of January, 2010, I mailed, by certified mail, a true and correct copy of the Stipulation and Consent Order to:

Clyne Willis Long  
920 East 700 North  
American Fork, UT 84003

Aaron Bruce Sharp  
10622 Bermuda  
Cedar Hills, UT 84062

Certified Mailing # 7007 0220 0001 0005 4909 Certified Mailing # 7007 0220 0001 0005 4923

Joshua Scott Lindsay  
1918 North 90 West  
Orem, UT 84057

Bretton Royce Lind  
1155 East 380 North  
Lindon, UT 84042

Certified Mailing # 7007 0220 0001 0005 4910 Certified Mailing # 7007 0220 0001 0005 4930

Julie Rice Executive Secretary