

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:

**ASSET DEVELOPMENT GROUP, LLC,
JLT INVESTMENT GROUP, LLC,
JOE L. THOMAS,
SCOTT R. LINDSAY**

Respondents.

ORDER TO SHOW CAUSE

Docket No.

Docket No.

Docket No.

Docket No.

01-11-034
01-11-035
01-11-036
01-11-037

It appears to the Director of the Utah Division of Securities (Director) that Asset Development Group, LLC, JLT Investment Group, LLC, Joe L. Thomas, and Scott R. Lindsay 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. Asset Development Group, LLC (ADG) is a Utah limited liability company, registered on August 23, 2004. Scott Lindsay is the managing member and registered agent of ADG. ADG's status as a business entity is expired. ADG has never been licensed by the Division as a broker/dealer agent or as an issuer/agent to sell securities in the State of Utah.
3. JLT Investment Group, LLC (JLT) is a Utah limited liability company, registered on January 15, 2004. Joe Thomas is the managing member and registered agent. JLT Investment Group's status as a business entity is expired. JLT Investment Group has never been licensed by the Division as a broker/dealer agent or as an issuer/agent to sell securities in the State of Utah.
4. Joe L. Thomas (Thomas) was, at all relevant times, a resident of the State of Utah. Thomas has never been licensed as a broker/dealer, agent, or as an investment adviser representative in Utah.
5. Scott R. Lindsay (Lindsay) was, at all relevant times, a resident of the State of Utah. Thomas has never been licensed as a broker/dealer, agent, or as an investment adviser representative in Utah.

GENERAL ALLEGATIONS

6. From December 23, 2004 to March 6, 2009, Respondents offered and sold securities to a group of investors, in or from Utah, and collected a total of \$4,741,000.
7. Respondents made material misstatements and omissions in connection with the offer and sale of securities to the investors below.
8. Four of those investors are listed herein and lost approximately \$3,454,506 of their investment funds.

INVESTOR R.G.

9. In or about late 2005, a mutual business acquaintance referred R.G. to ADG.
10. Shortly thereafter, Thomas and Lindsay met R.G. at his office in Utah County, Utah to discuss an investment in ADG. During the meeting, Lindsay and Thomas explained that their business strategy was to invest with people who were purchasing property or apartments.
11. After their initial meeting, Thomas made an investment offer to R.G. over the course of one or more telephone calls made in Utah County, Utah.
12. During the conversations, Thomas and Lindsay made the following statements about a potential investment in ADG:
 - a. ADG required thirty days notice for a return of funds, however it had never taken longer than a week for an investor to receive his or her funds;
 - b. ADG would not put R.G.'s money in any investment in which they themselves would

- not be invested;
- c. Thomas and Lindsay's money always "went in first" and they took their money out last;
 - d. ADG was capitalized with \$5 million of their own money;
 - e. Only once had they foreclosed on a property. The property was ultimately sold and the proceeds were used to pay both capital and interest to investors;
 - f. ADG had a list of hundreds of people waiting to borrow money from them and they used this list to "cherry pick" the best opportunities;
 - g. Investor funds would be diversified among different projects;
 - h. All investments had to have a 60% debt to value ratio;
 - i. The typical transaction lasted ninety to 120 days;
 - j. ADG made a profit by charging 24% interest plus fees on loans;
 - k. Thomas and Lindsay were compensated in three ways:
 - i. Loan fees;
 - ii. 6% difference on 24% interest charged to borrower with remaining 18% interest paid to investors; and
 - iii. 24% interest charged to borrowers on Thomas and Lindsay's own funds.
 - l. The return on investment with ADG was a fixed 18% per annum;
 - m. The investment risk was "literally zero" because:

- i. ADG had their money in first and would take it out last; and
 - ii. All properties had a 60% loan to value ratio.
 - n. Worst-case scenario would be if the borrower defaulted and ADG foreclosed on the property;
 - o. There was no place else an investor could get this kind of return with this level of security; and
 - p. Investors were secured by “personal guaranty” of Thomas, Lindsay, and ADG.
13. Based on Thomas and Lindsay’s statements, R.G. invested a total of \$268,000 in ADG.
14. R.G. invested in the following manner:
- a. \$50,000 on August 12, 2005 in exchange for a promissory note from JLT;
 - b. \$18,000 on November 19, 2005 in exchange for a promissory note from ADG¹;
 - c. \$100,000 on May 2, 2007 in exchange for a promissory note from ADG; and
 - d. \$100,000 on June 8, 2007 in exchange for a promissory note from ADG;
15. In or about December 2007, R.G. requested his funds be returned.
16. R.G. has received payments from Respondents totaling \$5,000 and is still owed \$263,000 in principal alone.

INVESTOR D.F.

17. In or about early 2006, D.F. met Thomas at the Spanish Fork Gun Club. After their initial

¹ On or about November 17, 2005, R.G. signed a dated a document titled “Accredited Investor Acknowledgement.”

meeting, Thomas made an investment offer to D.F. over the course of one or more telephone calls made in Utah County, Utah.

18. During the conversations, Thomas made the following statements about a potential investment in ADG:
 - a. Thomas had an “investment pool” that was capitalized with approximately \$30 million;
 - b. Thomas had clients that needed money quickly while awaiting long-term financing;
 - c. Thomas was able to obtain a high interest rate for “quick in and out” bridge funding;
 - d. Thomas had done this type of investing for some time with several people;
 - e. Thomas was able to generate high returns with no risk;
 - f. Investment funds would be diversified among different hard money loans;
 - g. Even if a loan “went bad” Thomas had collateral to cover it, and if something went “really bad” the company was diversified;
 - h. Thomas’s investments were collateralized by property;
 - i. Thomas and Lindsay earned more than the 18% they passed onto investors.
19. Based on Thomas’s statements, D.F. invested a total of \$800,000 of his own money in ADG. D.F. also invested a total of \$2,500,000 in ADG using funds from a business that D.F. owned.

The document included paragraphs titled: “Risk of Investment”, “Lack of Diversification”, and “Risk of Default.”

20. D.F. invested in the following manner:
 - a. \$500,000 on March 16, 2006 in exchange for a promissory note from ADG signed by Thomas;
 - b. \$200,000 on May 15, 2006 in exchange for a promissory note from ADG signed by Thomas and Lindsay;
 - c. \$300,000 on August 30, 2006 in exchange for a promissory note from JLT signed by Thomas and Lindsay;
 - d. \$250,000 on June 5, 2007 in exchange for a promissory note from ADG signed by Thomas;
 - e. \$2,000,000 on July 27, 2007 in exchange for a promissory note from ADG signed by Thomas; and
 - f. \$50,000 on March 6, 2009 in exchange for a promissory note from ADG signed by Thomas.
21. D.F. has received payments from Respondents totaling \$253,394 and is still owed \$3,046,606 in principal alone.

INVESTORS J.B. AND L.B. (HUSBAND AND WIFE)

22. In July 2007 in Utah County, Utah, Thomas and Lindsay held a group meeting to discuss an investment opportunity. J.B., L.B., and three of L.B's brothers were in attendance.
23. During the conversation, Thomas made the following statements about a potential investment

in ADG while Lindsay did not add nor correct any statements:

- a. Investors could invest any amount they wanted;
 - b. Investors would receive 18% per annum;
 - c. Funds would be invested in the Saratoga Springs real estate development project;
 - d. ADG was “first in line” and even if the developer could not pay, the land was worth three times the amount of the loan;
 - e. Thomas and Lindsay personally invested in the project;
 - f. “Short of an earthquake putting Saratoga Springs at the bottom of Utah Lake there was no way to lose money;”
 - g. Thomas taught business seminars around the world;
 - h. Thomas made more money than he could spend; and
 - i. Thomas had other investors who had leveraged their houses to invest additional funds².
24. Based on Thomas's statements, J.B. and L.B. invested \$75,000 in ADG.
 25. On August 6, 2007 while in Utah County, Utah, J.B. and L.B. gave Thomas a personal check for \$75,000 made payable to Asset Development Group, LLC.
 26. In exchange for the investment funds, J.B. and L.B. received a promissory note from ADG.
 27. On May 1, 2008, J.B. and L.B. requested \$10,000 of their funds be returned.

² Thomas encouraged J.B. and L.B. to leverage their house and cars to invest additional funds into ADG.

28. Thomas denied the request and J.B. and L.B. then requested all of their funds be returned.
29. J.B. and L.B. have received up to \$4,000 in payments from ADG and are still owed \$71,000 in principal alone.

INVESTOR S.B.

30. In early September 2007, S.B.'s husband died and six weeks later she received approximately \$150,000 in life insurance funds.
31. In October 2007, Thomas met with S.B. at her office in Utah County, Utah to discuss an investment opportunity for S.B.'s insurance funds.
32. During the conversation, Thomas made the following statements about a potential investment with Thomas:
 - a. He was a "hard money lender;"
 - b. He was very successful;
 - c. The investment would yield 18% per annum;
 - d. Investing with Thomas was a good way to "make your money work for you;"
 - e. S.B. could receive her funds back after ninety days notice;
33. Based on Thomas's statements, S.B. invested \$75,000 in ADG.
34. On or about October 31, 2007 while in Utah County, Utah. S.B. gave Thomas a personal check for \$75,000 made payable to Asset Development Group. LLC.
35. In exchange for the investment funds, S.B. received a promissory note from ADG.

36. S.B. received two interest payments totaling \$1,100 for her investment in ADG.
37. In May 2008, S.B. sent a certified letter to ADG requesting her investment funds back.
38. R.S. has not received any payments from ADG and is still owed \$73,900 in principal alone.

CAUSES OF ACTION

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

39. The Division incorporates and re-alleges paragraphs 1 through 38.
40. The investment opportunities offered and sold by Respondents are securities under § 61-1-13 of the Act.
41. In connection with the offer and sale of a security to the investors, Respondents, directly or indirectly, made false statements, including, but not limited to, the following:
 - a. The investment risk was “literally zero,” when in fact, Respondents had no reasonable basis for making such a statement; and
 - b. Investor funds would be diversified among different projects, when in fact Thomas admitted to R.G. that the funds were entirely invested in a development project in Sarasota Springs, Utah.
42. In connection with the offer and sale of a security to the investors, 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. Some or all of the information typically provided in an offering circular or prospectus regarding ADG, JLT, Thomas and Lindsay, such as:
 - i. Financial statements;
 - ii. Risk factors;
 - iii. Suitability factors for the investment;
 - iv. Nature of competition;
 - v. Whether the investment was a registered security or exempt from registration;
and
 - vi. Whether Respondents were licensed to sell securities.

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

43. The Division incorporates and re-alleges paragraphs 1 through 38.
44. The investment opportunities offered and sold by Respondents are securities under § 61-1-13 of the Act.
45. In connection with the offer and sale of a security to the investors, Thomas, directly or indirectly, made false statements, including, but not limited to, the following:
 - a. Respondents were able to generate high returns with no risk, when in fact, Thomas had no reasonable basis for making such a statement; and
 - b. Investor funds would be diversified among different projects, when in fact the funds

were entirely invested in a development project in Sarasota Springs, Utah.

46. In connection with the offer and sale of a security to the investors, 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. The difference between JLT and ADG; and
 - b. Some or all of the information typically provided in an offering circular or prospectus regarding ADG, JLT, Thomas and Lindsay, such as:
 - i. Financial statements;
 - ii. Risk factors;
 - iii. Suitability factors for the investment;
 - iv. Nature of competition;
 - v. Whether the investment was a registered security or exempt from registration;
and
 - vi. Whether Respondents were licensed to sell securities.

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

47. The Division incorporates and re-alleges paragraphs 1 through 38.
48. The investment opportunities offered and sold by Respondents are securities under § 61-1-13 of the Act.

49. In connection with the offer and sale of a security to the investors, Respondents, directly or indirectly, made false statements, including, but not limited to, the following:
- a. “Short of an earthquake putting Saratoga Springs at the bottom of Utah Lake there was no way to lose money,” when in fact, Respondents had no reasonable basis for making such a statement.
50. In connection with the offer and sale of a security to the investors, 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 was required to capitalize the Saratoga Springs project;
 - b. What would happen if ADG did not obtain sufficient capitalization;
 - c. Thomas was involved in an adversarial bankruptcy in 2007; and
 - d. Some or all of the information typically provided in an offering circular or prospectus regarding ADG, JLT, Thomas and Lindsay, such as:
 - i. Financial statements;
 - ii. Risk factors;
 - iii. Suitability factors for the investment;
 - iv. Nature of competition;
 - v. Whether the investment was a registered security or exempt from registration;and

- vi. Whether Respondents were licensed to sell securities.

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

- 51. The Division incorporates and re-alleges paragraphs 1 through 38.
- 52. The investment opportunities offered and sold by Respondents are securities under § 61-1-13 of the Act.
- 53. In connection with the offer and sale of a security to the investors, 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. Thomas was involved in an adversarial bankruptcy in 2007; and
 - b. Some or all of the information typically provided in an offering circular or prospectus regarding ADG, JLT, Thomas and Lindsay, such as:
 - i. Financial statements;
 - ii. Risk factors;
 - iii. Suitability factors for the investment;
 - iv. Nature of competition;
 - v. Whether the investment was a registered security or exempt from registration;
and
 - vi. Whether Respondents were licensed to sell securities.

ORDER

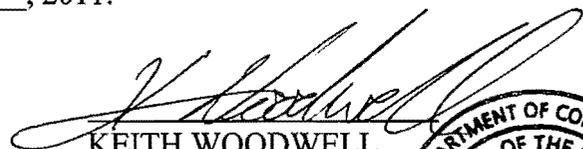
The Director, pursuant to § 61-1-20 of the Act, hereby orders Respondents to appear at a formal hearing to be conducted in accordance with Utah Code Ann. §§ 63G-4-202, -204 through -208, and held before the Utah Division of Securities. The hearing will occur on Tuesday, June 7, 2011, at 9:00 a.m., at 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;
- c. Why Respondents should not be barred from (i) associating with any broker-dealer or investment adviser licensed in Utah: (ii) acting as an agent for any issuer soliciting investor funds in Utah, and (iii) from being licensed in any capacity in the securities

industry in Utah; and

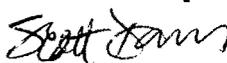
- d. Why Respondents should not be ordered to pay to the Division a fine amount to be determined by stipulation or by the presiding officer after a hearing in accordance with the provisions of Utah Admin. Rule R164-31-1, which may be reduced by restitution paid to the investors.

DATED this 10th day of May, 2011.


KEITH WOODWELL
Director, Utah Division of Securities



Approved:


SCOTT DAVIS
Assistant Attorney General
D.W.

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:

**ASSET DEVELOPMENT GROUP, LLC,
JLT INVESTMENT GROUP, LLC,
JOE L. THOMAS,
SCOTT R. LINDSAY**

Respondents.

NOTICE OF AGENCY ACTION

Docket No.

Docket No.

Docket No.

Docket No.

SD-11-11274
SD-11-11275
SD-11-11276
SD-11-11277

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 R151-4-101, *et seq.* The facts on which this action is based are set forth in the accompanying Order to Show Cause. 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 R151-4-110.

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
- Ⓢ 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:

D. Scott Davis
Assistant Attorney General
Utah Division of Securities
160 East 300 South, 5th Floor
Salt Lake City, UT 84114-0872
(801) 366-0358

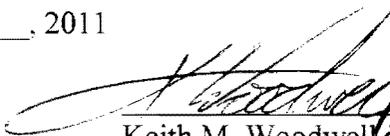
An initial hearing in this matter is set for **June 7, 2011** at the Division of Securities, 2nd Floor, 160 E. 300 S., Salt Lake City, Utah, at **9:00 A.M.** The purpose of the initial hearing is to enter a scheduling order addressing discovery, disclosure, and other deadlines, including pre-hearing motions, and to set a hearing date to adjudicate the matter alleged in the Order to Show Cause.

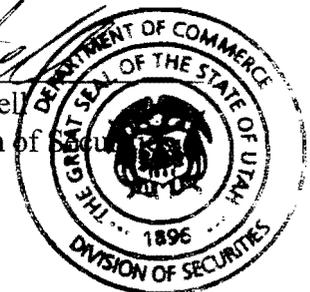
If you fail to file a response, as described above, or fail to appear at any hearing that is set, the presiding officer may enter a default order against you without any further notice. Utah Code Ann. § 63G-4-209; Utah Admin. Code R151-4-710(2). After issuing the default order, the presiding officer 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). 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 Attorney General's Office. Questions regarding the Order to Show Cause should be directed to D. Scott Davis, Assistant Attorney General, 160 E. 300 South, 5th Floor, Box 140872, Salt Lake City, UT 84114-0872, Tel. No. (801) 366-0358.

Dated this 10th day of May, 2011


Keith M. Woodwell
Director, Division of Securities



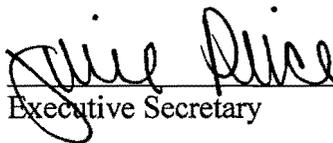
Certificate of Mailing

I certify that on the 11th day of May, 2011, I mailed, by certified mail, a true and correct copy of the Notice of Agency Action and Order to Show Cause to:

Asset Development Group, LLC
Scott R. Lindsay
c/o Attorney Darin Mangum
Vintage II Building
4692 N. 300 W. Ste. 210
Provo, UT 84604

JLT Investment Group, LLC
Joe L. Thomas
c/o Attorney Paul T. Moxley
111 E. Broadway, 11th Fl.
Salt Lake City, UT 84111

Certified Mail # 7007 0220 0001 0012 5207 Certified Mail # 7007 0220 0001 0012 5274



Executive Secretary