

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:

**ARTISAN GROUP, LLC,
KENNETH EUGENE NORTH d.b.a.
NEW CENTURY,
NEW CENTURY FUNDING, INC.
JAMES MOORING, CRD# 2876063
DAVID BARTHOLOMEW, CRD# 3097268
JON REX PUGMIRE,
JOHN PATRICK LAING,**

Respondents.

ORDER TO SHOW CAUSE

Docket No. SD-11-0046

Docket No. SD-11-0047

Docket No. SD-11-0048

Docket No. SD-11-0049

Docket No. SD-11-0050

Docket No. SD-11-0051

It appears to the Director of the Utah Division of Securities (Director) that Artisan Group, LLC, Kenneth Eugene North DBA, New Century and New Century Funding, Inc., (collectively referred to herein as "New Century"), James Mooring, David Bartholomew, Jon Rex Pugmire, and John Patrick Laing (the Respondents) 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 the Respondents and the subject matter is appropriate because the Division alleges that Respondents violated § 61-1-1 (securities fraud), § 61-1-3 (unlicensed activity) and § 61-1-7 (sale of an unregistered security) while engaged in the offer and sale of securities in or from Utah.

STATEMENT OF FACTS

THE RESPONDENTS

2. Artisan Group, LLC registered as a Utah limited liability company on October 11, 2007, but its entity status expired on February 2, 2009. North was the registered agent and manager.
3. James Mooring (Mooring) was at all relevant times a resident of Washington County, Utah. Mooring operated a place of business in Utah County, Utah. From July 27, 2001 to September 19, 2006, Mooring was licensed in Utah as a broker-dealer agent of Hornor, Townsend & Kent, Inc. (“HTK”), CRD#4031. From August 3, 2001 through September 19, 2006, Mooring was also licensed in Utah as an investment adviser representative of HTK. On September 2, 2009, Mooring was named in a civil action by the SEC. Civil Action No. 2:09CV0786. On June 15, 2011, Mooring was named as a defendant in a criminal case by the Utah Attorney General. Case No: 111904457.
4. David Bartholomew (Bartholomew) was at all relevant times a resident of Utah County,

Utah. From June 26, 2001 to December 6, 2006, Bartholomew was licensed in Utah as a broker-dealer agent of HTK. From August 3, 2001 through December 6, 2006, Bartholomew was also licensed as an investment adviser representative of HTK. On September 2, 2009, Bartholomew was named in a civil action by the SEC. Civil Action No. 2:09CV0786. On June 15, 2011, Bartholomew was named as a defendant in a criminal case by the Utah Attorney General. Case No: 111904456..

5. Jon Rex “Rex” Pugmire (Pugmire) was at all relevant times a resident of Utah County, Utah. Pugmire has never been licensed in the securities industry in any capacity. On June 15, 2011, Pugmire was named as a defendant in a criminal case by the Utah Attorney General. Case No: 111904455.
6. John Patrick Laing (Laing) was at all relevant times a resident of Salt Lake County, Utah. Laing has never been licensed in the securities industry in any capacity. On June 15, 2011, Laing was named as a defendant in a criminal case by the Utah Attorney General. Case No: 111904454.
7. Kenneth “Kenny” Eugene North (North) was at all relevant times a resident of Salt Lake County, Utah. North has never been licensed in the securities industry in any capacity. On June 15, 2011, North was named as a defendant in a criminal case by the Utah Attorney General. Case No: 111904452.

GENERAL ALLEGATIONS

8. Between 2006 and 2009. Respondents either directly or indirectly raised at least

\$3,902,353.53 from at least seven investors in or from Utah.

9. In addition to named respondents, North employed multiple business entity names in promotional materials and on deeds of trust including, but not limited to; New Century Builders, Inc., North-Gilger Land Investments, LLC, Artisan Capital, LLC, NCB Capital, LLC, Polo Estates, The New Century Family of Companies, The New Century Group and New Century Partners.
10. North, Laing, Pugmire, Mooring and Bartholomew made material misstatements and omissions in connection with the offer and sale of securities to the investors below.
11. New Century and North issued promissory notes to investors.
12. The investors lost approximately \$3,484,944 of their investment funds.

INVESTOR D.R.

13. In August or September 2006, Laing spoke to D.R. in Salt Lake County, Utah and gave D.R. a New Century brochure.
14. During the conversation, Laing made the following statements:
 - a. New Century issued short-term promissory notes secured by real property. He described the notes as hard money loans or bridge loans and said the loans would be used while long-term financing was arranged;
 - b. New Century paid promissory note holders a “20% yearly annualized rate;”
 - c. New Century never missed an interest payment to an investor;
 - d. New Century had projects in several locations including Palm Springs, California and

- the La Quinta Country Club (La Quinta) in Colorado and that money invested would be used for one of New Century's projects;
- e. New Century completes some building projects and sells others prior to completion;
 - f. New Century was a great company, and had been in business for six or seven years;
 - g. North and his wife owned New Century;
 - h. North was worth \$12 million;
 - i. North was a "straight shooter;"
 - j. As a worst case scenario, D.R. would have to wait for the return of his principal while the property used to secure the investment was liquidated;
 - k. New Century did not have many investors;
 - l. The minimum investment amount was around \$100,000 and New Century was trying to raise \$1.2 million for the La Quinta project;
 - m. If, for some reason, D.R. needed to get his money out early New Century would try to work it out; and
 - n. Laing would earn a small commission if D.R. invested.
15. On or about September 5, 2006, D.R. invested \$500,000 with New Century. Per Laing's instructions, D.R. purchased a \$500,000 cashier's check from Zion's Bank payable directly to a third party for the purchase of an interest in a loan.
16. In exchange for the investment funds, D.R. received a promissory note. On September 5, 2006, D.R. signed the promissory note.

17. Laing later delivered an executed copy of the promissory note with North's signature to D.R. at D.R.'s office. The terms of the promissory note were 20% interest per annum to be paid quarterly to D.R. The maturity date on the promissory note was August 15, 2010.
18. On or about October 23, 2006, D.R. invested another \$200,000 with New Century. D.R. issued a personal check drawn on his account at Zion's Bank to make the investment. For his investment, D.R. received a Loan Agreement and Promissory Note signed by North and Laing on October 27, 2006. D.R. also signed the agreement on October 27, 2006.
19. The purpose of the promissory note was ". . . for investing in four (4) lots in the Kellogg, Idaho mountain chalet development." The terms of the promissory note were 15% per annum for two years payable monthly beginning December 15, 2006. The promissory note states "[t]his note is also secured by a first-position deeded LLC ownership of the lot in question, to be finalized once funding is received and project plating is complete." D.R. did not receive a trust deed or any evidence that the promissory note was secured.
20. On or about February 14, 2007, D.R. invested another \$1.2 million by wiring the funds to New Century Builder, Inc.'s account at Brighton Bank.
21. On or about March 8, 2007, D.R. received a copy of his \$1.2 million New Century Loan Agreement and Promissory Note. The promissory note was signed by North and Laing on February 15, 2007. The purpose of the promissory note was: ". . . investing in one (1) lot located in the New Century Funding "Quarry at La Quinta" project in La Quinta (Palm Springs), California. As such, in addition to this promissory note, this loan is secured by

deeded and recorded interest in the following: Lot 1 Quarry Ranch Road, La Quinta CA 92253 (see separate deed, attached).”

22. The promissory note states that earnings would be paid out quarterly beginning March 15, 2007 and continuing every June 15, September 15, December 15, and March 15 thereafter until the home was sold, estimated at twenty-four months or less. New Century promised to pay D.R. 20% interest per annum.
23. Along with the New Century promissory note, D.R. received a copy of a Purchase and Sale Agreement between D.R. and New Century Builders as purchasers of a residential construction loan. The agreement was signed and dated by D.R. and North on February 21, 2007.
24. Attached to the promissory note was a document titled Exhibit A - First American Mortgage Servicing Inc., Construction Loan Payoff. Also attached to the promissory note was a document titled Assignment of Mortgage Loan.
25. On or about March 27, 2007, Laing told D.R. to roll over his previous IRA to a self directed IRA. Laing said D.R. could purchase a New Century promissory note with the funds in the new IRA account and said New Century would pay all the fees associated with D.R.’s the account.
26. On March 27, 2007, D.R. rolled \$99,912.85 from his 401(k) to a self-directed IRA. On April 2, 2007, D.R. signed a document authorizing the purchase of a New Century promissory note.

27. Also on April 2, 2007, D.R. purchased and received a New Century promissory note. The promissory note memorializes the investment and terms: 20% per annum on the principal with principal and interest due March 12, 2011. The purpose of the promissory note was for an “. . . investment in one or more properties located within the New Century Funding development(s), designated and secured by one or more recorded deeds.”
28. On or about April 16, 2007, Laing and Pugmire solicited him to invest in a 90-day short term promissory note. North later telephoned D. R. and also said he needed \$600,000 for ninety days.
29. On May 11, 2007, D.R. purchased a cashier’s check from Zion’s Bank and had the check made payable to New Century Funding.
30. D.R. said on or about April 19, 2007, Laing or Pugmire delivered another promissory note. The terms of the ninety day promissory note were 24% simple-interest to be paid out at maturity. The promissory note indicated D.R. was “secured by a deeded position in the 80% or less loan-to-value property or properties within the New Century Funding Developments.”
31. D.R. invested a total of \$2,599,913.
32. D.R. received \$279,500 in returns from New Century.
33. D.R. lost \$2,320,413 in principal.

INVESTORS R.M. AND F.M (HUSBAND AND WIFE).

34. R.M. met Pugmire in about May 2005 through his association with another investment company located in Utah.

35. R.M. and F.M. spoke to Pugmire by phone from their home in Newman, California while Pugmire was usually in his Utah office during the calls. Around April 2006, Pugmire phoned R.M. and F.M. again and mentioned New Century as an investment opportunity.
36. On or about April 5, 2006, Pugmire sent R.M. and F.M. a New Century brochure. The brochure stated that New Century had been in business for ten years, and stated the names of New Century's principals. The brochure stated "[t]here are no requirements to invest bridge funds with New Century Funding other than the minimum loan of \$10,000 and a willingness to put the funds to work for at least six months."
37. During three to five phone conversations, Pugmire made the following statements about himself and the investment:
 - a. He was working for New Century;
 - b. He invested his own money in New Century;
 - c. His grandparents or parents had invested and were receiving quarterly payments;
 - d. R.M. and F.M. could invest in New Century and if they invested, they would double their money in four years;
 - e. The investment was in property secured by a promissory note;
 - f. 24% profit was guaranteed;
 - g. The investors were paid first;
 - h. If New Century sold the property at a profit, R.M. and F.M. could make even more money:

- i. The minimum investment on a four year promissory note was \$50,000;
 - j. R.M. and F.M.'s investment would be pooled with other investor funds and used for a specific project;
 - k. If R.M. and F.M. pulled their money out early, they would lose their interest;
 - l. R.M. and F.M. could invest their money for six months to four years;
 - m. The investment was safe even when the market was "heading south" because New Century invested in resorts and second homes; and
 - n. New Century was capitalized through its investors.
38. Pugmire "laid out the operation" and said he would have Laing contact R.M. and F.M. with more information about the investment. Laing also sent a blank contract for R.M. and F.M. to review.
39. On June 6, 2006, Laing sent an e-mail to F.M. regarding New Century's "fixed-rate bridge-fund program" and specified the terms and interest rates offered. Laing wrote "[a]ll loans are secured with a promissory note and loans over \$100,000 are Trust Deeded in second position on one of our properties as well."
40. Based on what he learned from Pugmire and Laing, R.M. invested in New Century. R.M. and F.M. never received a trust deed.
41. R.M. invested \$50,000 by bank wire on June 23, 2006. Between June 20, 2006 and June 22, 2006, North, Laing, R.M. and F.M. signed the New Century Funding, Inc. Loan Agreement and Promissory Note. The terms of the promissory note are guaranteed 25% per annum or

25% of the total profit from the sale of the property, which ever is greater. The promissory note matured on June 20, 2010.

42. In or about April 2007, R.M. phoned Pugmire and asked about other investment opportunities. Pugmire told R.M. about thirty, sixty, and ninety-day New Century investment options.
43. On April 19, 2007, Pugmire sent R.M. and F.M. an e-mail, stating: “[Laing] indicated we would be flexible and allow you to invest short-term monies for 60 - 90 day terms @ 2% interest monthly. The investment would need to be above \$25K. Rollover terms will be determined at maturity of a note.”
44. Based on Pugmire’s statements, R.M. decided to invest \$80,000 on May 1, 2007. The \$80,000 was to be used by New Century on the Poncho Villa project.
45. R.M. later received a promissory note in exchange for the investment.
46. R.M. and F.M. invested a total of \$130,000.
47. R.M. and F.M. received \$12,160 in returns from New Century.
48. R.M. and F.M. lost \$117,840 in principal.

INVESTOR B.W.

49. On or about June 6, 2006, B.W. learned about investing with New Century in a meeting at her business office in Lindon, Utah. North, Laing, Pugmire, Bartholomew, Larry Bartholomew, John Bartholomew and K.O. were present at this meeting. North was promoting a real estate development project in Kellogg, Idaho. North stated the minimum

investment was \$100,000. Investors would receive a promissory note, an interest rate, and the investment would be collateralized by a trust deed.

50. North's presentation included the following statements:
- a. The New Century Mission Statement was "To Help Families Achieve Greater Prosperity Through Passive Real Estate Investment;"
 - b. The New Century bridge-fund provides partners with "above-average fixed-rate returns;"
 - c. The New Century partnership provides partners a "secure, passive real estate investment;
 - d. Development partners receive
 - i. "A secure, passive real-estate investment opportunity;"
 - ii. "1st position title-placement."
 - e. Bridge fund partners receive:
 - i. "New Century promissory note;"
 - ii. "Deed of trust (on all \$100,000+ loans);"
 - iii. "Monthly New Century Funding statement;"
 - iv. "Liquidity (interest paid at maturity or monthly with penalty);" and
 - v. "Guaranteed / fixed return or share in profits – which ever is greater."
51. During the presentation, North stated the investments had no risk because investors would be in a first position on the property title.

52. During the presentation, North said he not need to be licensed to sell securities because he was doing project specific real estate investments secured by deeds to specific lots/properties.
53. Based on North's statements, B.W. invested \$100,000. On or about June 26, 2006, B.W. wired \$100,000 from her bank account to New Century. B.W. received a promissory note signed by North and Laing for the principal amount of \$100,000.
54. On or about June 26, 2006, North and Pugmire returned to B.W.'s office to offer another investment opportunity.
55. North described various investments in real estate developments. Among these opportunities was the La Quinta Project in Palm Springs, California. North also told investors they could borrow funds using their individual credit to invest with New Century. North stated he arranged for the financing to be set up through SunFirst Bank in St. George, Utah. Pugmire was present to handle loan paperwork for any investors that decided to invest.
56. In or about November, 2006, New Century paid for B.W. to fly to Palm Springs, California to tour the La Quinta project.
57. Sometime after the Palm Springs tour, Pugmire worked with B.W. as well as Larry and John Bartholomew to complete loan paper work and obtain individual loans from Key Bank.
58. On or about January 12, 2007, B.W. invested \$300,000 by wiring the funds to New Century's account from B.W.'s commercial loan account at Key Bank. B.W.'s promissory note is for \$300,000 at a 15% per annum interest rate. The promissory note was signed by North and dated January 12, 2007.

59. B.W. received multiple unrecorded Deeds of Trust signed by North on January 10, 2007 and December 12, 2007. B.W. asked for recorded Deeds of Trust and New Century claimed they were already provided and did not provide recorded copies of the deeds.
60. B.W. invested a total of \$400,000.
61. B.W. received \$32,472 in returns from New Century.
62. B.W. lost \$367,528 in principal.

INVESTOR T.B.

63. From November 2006 through January 2007, T.B. met with Bartholomew four or five times in Lindon, UT to help her with retirement planning and began discussing investment opportunities with New Century that were secured by deeds of trust. Bartholomew said he would not charge T.B. for his services because he received a commission from the people with whom he worked.
64. During the meetings, Bartholomew made the following statements:
 - a. T.B. should pull equity from her home to invest in New Century;
 - b. He invested in New Century and recommended New Century to his other clients;
 - c. New Century built homes and made bridge loans;
 - d. New Century had building projects in Colorado, California, and Idaho; and
 - e. “This will put [T.B.’s] money to work for [her].”
65. T.B. phoned her brother, Pugmire, to discuss the investment. Pugmire said North was the principal of the company. Pugmire confirmed that New Century had building projects in

Colorado, California, and Idaho. Pugmire confirmed that T.B. would be able to get her money out in an emergency. Pugmire said T.B.'s money would be used on one of New Century's building projects.

66. Based on these statements, T.B. obtained a mortgage loan from her credit union. On January 8, 2007, T.B. wrote a check for \$90,000 to New Century Funding. T.B. gave the check to Pugmire and the check was later deposited into New Century's account at Brighton Bank. Pugmire then delivered an executed promissory note signed by North and Pugmire, dated January 9, 2007, to T.B. at her home in Utah County, Utah.
67. T.B. received a \$4,500 quarterly payment in March, June, September, and December 2007. T.B. did not receive her March 2008 interest payment.
68. T.B.'s attorney sent a letter to New Century requesting the missed interest payments as well as the promised Deed of Trust.
69. Soon after, T.B. received a copy of an unrecorded deed of trust for property in Riverside, California, and not a development in Kellogg, Idaho as agreed.
70. T.B. was sixty-five years old when she invested in New Century Funding.
71. T.B. later requested her deed be recorded. It was recorded on February 28, 2008.
72. T.B. invested a total of \$90,000.
73. T.B. received \$16,750 in returns from New Century.
74. T.B. lost \$73,250.

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

75. J.L. first learned of New Century from her sister, B.W.
76. In November 2006, J.L. flew to Palm Springs, CA with other potential investors to tour the property being developed by New Century with Pugmire, Laing, and North.
77. During the presentation Laing stated that North had been in business for a long time and had a good track record. Laing stated his family had invested with North and North made investment decisions in favor of his investors.
78. During the presentation Pugmire, Laing, or North, all of whom were present, made the following statements:
 - a. North owned the company. Pugmire and Laing were New Century employees;
 - b. Investors would receive a recorded Deed of Trust;
 - c. New Century was paying 20-25% interest to investors;
 - d. North chose properties so carefully that even with a severe downturn in the economy, investors would still be protected;
 - e. Investors could get money out early if they really needed it; and
 - f. J.L. and K.L.'s farm could generate cash-flow income for them if they leveraged their home by taking out lines of credit.
79. Based on statements made on the Palm Springs, California tour and another visit, J.L. and K.L. invested a total of \$217,653.64. The Lunds received three promissory notes in exchange for the investment funds. The first promissory note is for \$23,153.64, dated November 16, 2006 and was signed by Laing. The \$23,153.54 was from their savings.

80. The second promissory note was for \$139,500, dated December 8, 2006, and was signed by North and Laing. The funds for this promissory note came from their home equity.
81. The third promissory note is for \$55,000, dated April 20, 2007 and was signed by North.
82. J.L. received both the second and third promissory notes via email.
83. J.L. and K.L. received unrecorded Deeds of Trust. Later, based on B.W.'s recommendation, J.L. and K.L. repeatedly requested recorded copies of their Deeds of Trust from New Century. New Century never delivered recorded copies.
84. J.L. and K.L. invested a total of \$217,654.
85. J.L. and K.L. received \$39,028 in returns from New Century.
86. J.L. and K.L. lost \$178,626 in principal.

INVESTORS D.H. AND S.H. (HUSBAND AND WIFE)

87. D.H. first heard about Mooring through another investor. In June 2007, Mooring met with D.H. and S.H about investment opportunities.
88. Mooring told them about New Century Funding and made the following statements:
 - a. North / New Century built luxury resorts and paid cash for them;
 - b. New Century operated on cash and New Century's assets outweighed their debt;
 - c. North was New Century's owner / principal.
 - d. New Century completed building projects and then sold the properties;
 - e. New Century was capitalized through its investors;

- f. New Century was working on a project in Kellogg, Idaho similar to Park City, Utah and when complete would sell lots;
 - g. New Century had other investors;
 - h. A New Century promissory note was risk free and guaranteed because all the promissory notes were collateralized with real property;
 - i. If D.H. pulled his investment out early, there would be a 5% penalty;
 - j. D.H.'s money would be used on the Kellogg, Idaho development;
 - k. North and the people at New Century were people of the highest character;
 - l. Mooring would be compensated for his time by New Century and the insurance company for whom he sold policies; and
 - m. Money D.H. and S.H. invested would be collateralized by property in Kellogg, Idaho.
89. Based on Mooring's statements, D.H. and S.H. invested in New Century. D.H. and S.H. decided to roll their interest payments into their principal.
90. On or about June 25, 2007, D.H. and S.H. moved their investment funds to a self-directed IRA through Mooring's help and invested the funds with New Century. S.H. invested \$58,009 in New Century and D.H. invested \$156,777.
91. On or about July 20, 2007, S.H. received a promissory note in exchange for the investment funds.
92. The terms of the promissory note were stated as follows:

“THIS PROMISSORY NOTE is for the purpose of a 1440 day investment in one or more properties located within the New Century Funding development(s), designated within and secured by one or more recorded deeds (see separate document). This bridge-fund loan includes a fixed 20.00% APR simple-interest return which will be paid out At Maturity. Return on investment is guaranteed and is not dependent on New Century project production or profitability. . . . the loan is secured by a deeded position in the 80% or less loan-to-value property or properties mentioned above, to be recorded once funding and signed authorization are received.”
“FOR VALUE RECEIVED, BORROWER promises to pay . . . LENDER, the sum of \$58,009.47 . . . together with interest thereon at a rate of 20.00 percent per annum . . . on the principal balance.”

93. This promissory note was signed by North on July 20, 2007 and was sent to D.H. by New Century.

94. On or about September 11, 2007, D.H. received a promissory note in exchange for the investment funds. The terms of the promissory note were stated as follows:

“THIS PROMISSORY NOTE is for the purpose of a 1440 day investment in one or more properties located within the New Century Funding development(s), designated within and secured by one or more recorded deeds (see separate document). This bridge-fund loan includes a fixed 20.00% APR simple-interest return which will be paid out At Maturity. Return on investment is guaranteed and is not dependent on New Century project production or profitability. . . . the loan is secured by a deeded position in the 80% or less loan-to-value property or properties mentioned above, to be recorded once funding and signed authorization are received.”
“FOR VALUE RECEIVED, BORROWER promises to pay . . . LENDER, the sum of \$156,777.30 . . . together with interest thereon at a rate of 20.00 percent per annum . . . on the principal balance.”

95. The promissory note was signed by North on September 11, 2007 and by D.H. the same day and was sent to D.H. by New Century.

96. D.H. and S.H. invested a total of \$214,787.

97. D.H. and S.H. received no returns from New Century.
98. D.H. and S.H. lost \$214,787 in principal.

INVESTOR S.L.

99. In 2006, S.L. was referred to New Century by a family member.
100. On or about October 2006, S.L. visited Kellogg, Idaho to learn more about investing in New Century.
101. North talked about all his development projects and told about plans for the area and the economy.
102. On or about November 2006, S.L. and a group of investors visited Palm Springs, California with expenses paid by North. Laing, Pugmire and North accompanied the group, which toured a condo development and visited a time-share which North said were examples of how he intended to structure his development.
103. S.L. wanted her investment to be tied to the Kellogg, Idaho project.
104. During November 2006 S. L. Met with Bartholomew three times at an office in Lindon, Utah. At that time Bartholomew was a licensed agent and investment adviser representative of HTK.
105. Bartholomew asked S.L. for a complete financial history which S.L. provided, including information about her savings, debt, liabilities, investments, certificates of deposit, life insurance and more.

106. During the meetings, S.L. said she was a widow who wanted an investment to provide her with a monthly income so she would not have to dip into savings to meet her monthly expenses. At the meetings, Bartholomew gave S.L. a New Century brochure.
107. During the three meetings Bartholomew made the following statements:
- a. He invested in New Century Funding;
 - b. B.W. and Larry Bartholomew invested with New Century Funding;
 - c. New Century Funding was a really good deal which he researched personally;
 - d. New Century Funding had been in business a long time and was successful;
 - e. North was the principal of New Century Funding;
 - f. Everyone who invested with New Century Funding was making money;
 - g. New Century offered investors promissory notes which paid high interest depending on the how long an investor committed funds;
 - h. New Century offered 25% per annum on funds invested for four years, 18% on funds invested for six months to a year, and 15% on funds invested with a monthly interest payout;
 - i. There were other places S.L. could put her money that he could recommend but New Century was the best and the safest;
 - j. There were two ways to participate, a direct investment of principal or by allowing New Century to use the investor's credit score;

- k. S.L.'s investment would be tied to a specific New Century real estate development project;
 - l. As with any investment there was a slight risk S.L. would lose her money;
 - m. S.L. would be secured by deed to real property with a value greater than her investment;
 - n. The minimum investment for a two year promissory note was \$500,000 but for S.L., New Century would make an exception and allow an investment of \$250,000;
 - o. In an emergency, S.L. could get her money out or change the terms of her investment contract;
 - p. In order to invest, S.L. had to have a certain credit score; and
 - q. Bartholomew would not be making a commission on the investment from New Century and he would not charge her for the advice he was providing.
108. S.L. invested a total of \$250,000.
109. S.L. received \$37,500 in returns from New Century.
110. S.L. lost \$212,500.

BARTHOLOMEW - SELLING AWAY FROM HTK

111. From June 26, 2001 to December 6, 2006, Bartholomew was employed as an agent with HTK.

112. HTK company policy, published in “The Producer’s Guide to Market Conduct”, prohibits agents from “[b]ecoming involved with the sale or purchase of...promissory notes [or] personal loans as a result of any business activity...”
113. Bartholomew sold New Century promissory notes to Utah investors while he was a licensed agent of HTK.
114. Between September 25, 2006 and November 22, 2006, Bartholomew received at least \$20,348.80 in checks from New Century designated as commissions.
115. Bartholomew did not report his securities activities with New Century as an outside business activity to his employer HTK. Accordingly, HTK did not review or approve those activities, and transactions were not recorded on the books and records of HTK.

**FIRST CAUSE OF ACTION
Securities Fraud under § 61-1-1 of the Act
(Investor D.R.)**

(Respondents North, Laing and Pugmire)

116. The Division incorporates and re-alleges paragraphs 1 through 115.
117. The investment opportunities offered and sold by Respondents are securities under § 61-1-13 of the Act.
118. In connection with the offer or sale of a security to the investors, Respondents, directly or indirectly, made false statements, including, but not limited to the following:
 - a. The promissory note was secured by real property, when in fact, the promissory note was not secured:

- b. As a worst case scenario, D.R. would have to wait for the return of his principal while the property used to secure the investment was liquidated, while in fact, Respondents had no reasonable basis for making such a statement.
119. 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. What would happen if New Century failed to raise \$1.2 million for the La Quinta project; and
 - b. Some or all of the information typically provided in an offering circular or prospectus regarding New Century and North, such as:
 - i. Financial statements;
 - ii. Risk factors;
 - iii. Track record to investors;
 - iv. New Century and its principals' past and present legal proceedings;
 - v. North'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 Respondents were licensed to sell securities.

SECOND CAUSE OF ACTION

**Securities Fraud under § 61-1-1 of the Act
(Investors R.M. and F.M. (Husband and Wife))
(Respondents North, Laing and Pugmire)**

120. The Division incorporates and re-alleges paragraphs 1 through 115.
121. The investment opportunities offered and sold by Respondents are securities under § 61-1-13 of the Act.
122. In connection with the offer or sale of a security to the investors, Respondents, directly or indirectly, made false statements, including, but not limited to, the following:
 - a. 24% profit was guaranteed, when in fact, Respondents had no reasonable basis for making such a statement;
 - b. The investment was safe, when in fact, Respondents had no reasonable basis for making such a statement.
123. 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 New Century and North, such as:
 - i. Financial statements;
 - ii. Risk factors;
 - iii. Track record to investors;
 - iv. New Century and its principals' past and present legal proceedings;

- v. North'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 Respondents were licensed to sell securities.

**THIRD CAUSE OF ACTION
Securities Fraud under § 61-1-1 of the Act
(Investor B.W.)
(Respondents North, Laing and Pugmire)**

- 124. The Division incorporates and re-alleges paragraphs 1 through 115.
- 125. The investment opportunities offered and sold by Respondents are securities under § 61-1-13 of the Act.
- 126. In connection with the offer or sale of a security to the investors, Respondents, directly or indirectly, made false statements, including, but not limited to, the following:
 - a. The promissory note was secured by real property, when in fact, the promissory note was not secured;
 - b. The investment was "guaranteed," when in fact, Respondents had no reasonable basis for making such a statement; and
 - c. The investment had no risk, when in fact, Respondents had no reasonable basis for making such a statement.

127. 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 New Century and North, such as:
 - i. Financial statements;
 - ii. Risk factors;
 - iii. Track record to investors;
 - iv. New Century and its principals' past and present legal proceedings;
 - v. North's business experience and operating history;
 - vi. Nature of competition.

**FOURTH CAUSE OF ACTION
Securities Fraud under § 61-1-1 of the Act
(Investor T.B.)
(Respondents North, Pugmire and Bartholomew)**

128. The Division incorporates and re-alleges paragraphs 1 through 115.
129. The investment opportunities offered and sold by Respondents are securities under § 61-1-13 of the Act.
130. In connection with the offer or sale of a security to the investors, Respondents, directly or indirectly, made false statements, including, but not limited to, the following:

- a. The promissory note was secured by real property, when in fact, the promissory note was not secured.
131. 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 New Century and North, such as:
 - i. Financial statements;
 - ii. Risk factors;
 - iii. Track record to investors;
 - iv. New Century and its principals' past and present legal proceedings;
 - v. North'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 Respondents were licensed to sell securities.

**FIFTH CAUSE OF ACTION
Securities Fraud under § 61-1-1 of the Act
(Investors J.L. and K.L. (Wife and Husband))
(Respondents North, Laing and Pugmire)**

132. The Division incorporates and re-alleges paragraphs 1 through 115.

133. The investment opportunities offered and sold by Respondents are securities under § 61-1-13 of the Act.
134. In connection with the offer or sale of a security to the investors, Respondents, directly or indirectly, made false statements, including, but not limited to, the following:
- a. The promissory note was secured by real property, when in fact, the promissory note was not secured.
135. 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 New Century and North, such as:
 - i. Financial statements;
 - ii. Risk factors;
 - iii. Track record to investors;
 - iv. New Century and its principals' past and present legal proceedings;
 - v. Nature of competition;
 - vi. Whether the investment is a registered security or exempt from registration;
and
 - vii. Whether Respondents were licensed to sell securities.

SIXTH CAUSE OF ACTION

**Securities Fraud under § 61-1-1 of the Act
(Investors D.H. and S.H. (Husband and Wife))
(Respondents North and Mooring)**

136. The Division incorporates and re-alleges paragraphs 1 through 115.
137. The investment opportunities offered and sold by Respondents are securities under § 61-1-13 of the Act.
138. In connection with the offer or sale of a security to the investors, Respondents, directly or indirectly, made false statements, including, but not limited to, the following:
- a. The promissory note was secured by real property, when in fact, the promissory note was not secured;
 - b. The investment was “guaranteed,” when in fact, Respondents had no reasonable basis for making such a statement; and
 - c. The investment had no risk, when in fact, Respondents had no reasonable basis for making such a statement.
139. 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 New Century and North, such as:
 - i. Financial statements;
 - ii. Risk factors;

- iii. Track record to investors;
- iv. New Century and its principals' past and present legal proceedings;
- v. North'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 Respondents were licensed to sell securities.

SEVENTH CAUSE OF ACTION
Securities Fraud under § 61-1-1 of the Act
(Investor S.L.)
(Respondents North, Laing, Pugmire and Bartholomew)

- 140. The Division incorporates and re-alleges paragraphs 1 through 115.
- 141. The investment opportunities offered and sold by Respondents are securities under § 61-1-13 of the Act.
- 142. In connection with the offer or sale of a security to the investors, Respondents, directly or indirectly, made false statements, including, but not limited to, the following:
 - a. The promissory note was secured by real property, when in fact, the promissory note was not secured;
 - b. Bartholomew would not be making a commission on the investment, when in fact, Bartholomew had been receiving commissions.

143. 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 New Century and North, such as:
 - i. Financial statements;
 - ii. Risk factors;
 - iii. Track record to investors;
 - iv. New Century and its principals' past and present legal proceedings;
 - v. North'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 Respondents were licensed to sell securities.

**EIGHTH CAUSE OF ACTION
Securities Fraud under § 61-1-1(3) of the Act
(Selling Away - Bartholomew)**

144. The Division incorporates and re-alleges paragraphs 1 through 115.
145. During the period Bartholomew was licensed as an agent of HTK, Bartholomew engaged in acts, practices or a course of business which operated as a fraud, including but not limited to:

- a. Selling securities away from HTK, which transactions were not reviewed or approved by his employing broker-dealer, HTK, and which were not recorded on the books and records of HTK;
- b. Accepting compensation for securities transactions from New Century, an entity not licensed as a broker-dealer and with which Bartholomew was not licensed as a securities agent;
- c. Selling a securities product to Utah investors which was prohibited by the published policy of HTK.; and
- d. Failing to report his outside business activities with New Century to HTK.

**TENTH CAUSE OF ACTION
Unlicensed Agents under § 61-1-3 of the Act
(North, Laing, Pugmire, Mooring and Bartholomew)**

146. The Division incorporates and re-alleges paragraphs 1 through 115.
149. North engaged and compensated Laing, Pugmire, Mooring and Bartholomew as agents in the offering and/or sale of a security in Utah.
150. Laing, Pugmire, Mooring and Bartholomew were not licensed as agents for any of the North entities issuing the securities. The only entity through which Bartholomew was licensed to sell securities was HTK.
151. Accordingly, each offer or sale of securities by Laing, Pugmire, Mooring and Bartholomew violated Section 61-1-3(1) of the Act.
152. North violated § 61-1-3(2)(a) by engaging unlicensed agents to sell securities.

ELEVENTH CAUSE OF ACTION
Sale of an Unregistered Security under § 61-1-7 of the Act
(North, Laing, Pugmire, Mooring and Bartholomew)

37. The Division incorporates and re-alleges paragraphs 1 through 115.
38. The investment opportunities offered and sold by Respondents are securities under § 61-1-13 of the Act.
39. The securities were offered and sold to investors in or from the State of Utah.
40. The securities offered and sold by Respondents were not registered under the Act, and Respondents did not file any claims of exemption relating to the securities.
41. Based on the above information, Respondents violated § 61-1-7 of the Act.

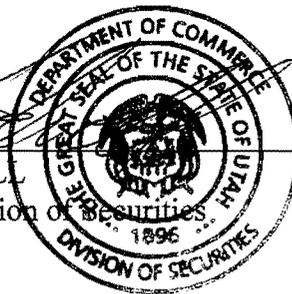
ORDER

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 August 3, 2011, 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, -3, -7 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; and (ii) acting as an agent for any issuer soliciting investor funds in Utah.
- d. Why Respondents should not be ordered to pay to the Division a fine amount to be determined by the presiding officer after a hearing in accordance with the provisions of Utah Admin. Rule R164-31-1.

DATED this 28th day of June, 2011.


KEITH WOODWELL
Director, Utah Division of Securities



Approved:


JEFF BUCKNER
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:

**ARTISAN GROUP, LLC,
KENNETH EUGENE NORTH d.b.a.
NEW CENTURY,
NEW CENTURY FUNDING, INC.
JAMES MOORING, CRD# 2876063
DAVID BARTHOLOMEW, CRD# 3097268
JON REX PUGMIRE,
JOHN PATRICK LAING,**

Respondents.

NOTICE OF AGENCY ACTION

Docket No. SD-11-0046

Docket No. SD-11-0047

Docket No. SD-11-0048

Docket No. SD-11-0049

Docket No. SD-11-0050

Docket No. SD-11-0051

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 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
- (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

A copy to:

Jeff Buckner
Assistant Attorney General
Utah Division of Securities
160 East 300 South, 5th Floor
Salt Lake City, UT 84114-0872

Salt Lake City, UT 84114-6760
(801) 530-6600

(801) 366-0310

An initial hearing in this matter has been set for **August 3, 2011** at the Division of Securities, 2nd Floor, 160 East 300 South, Salt Lake City, Utah, at 9 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 R151-4-710(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 Angela Hendricks, Utah Department of Commerce, 160 East 300 South, P.O. Box 146701, Salt Lake City, UT 84114-6701, telephone (801) 530-6035. This adjudicative proceeding will be heard by Ms. Hendricks 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 Jeff Buckner, Assistant Attorney General, 160 E. 300 South, 5th Floor, Box 140872, Salt Lake City, UT 84114-0872, Tel. No. (801) 366-0310.

Dated this 20th day of June, 2011


Keith M. Woodwell
Director, Division of Securities



Certificate of Mailing

I certify that on the 29th day of JUNE, 2011, I mailed, by certified mail, a true and correct copy of the Notice of Agency Action and Order to Show Cause to:

New Century
Kenneth North
c/o Brett Tolman
Ray Quinney &
Nebeker
36 S. State St. #1400
Salt Lake City, UT
84111

Certified Mail # 70070220000100030059

John Laing
5 Centerpoint Dr, Ste. 400
Lake Oswego, OR 97035-8661

Certified Mail # 70070220000100030042

David Bartholomew
1360 West 3420 North
Pleasant Grove, UT 84062

Certified Mail # 70070220000100030035

Jon Rex Pugmire
1046 East 650 North
Orem, Utah 84097

Certified Mail # 70070220000100030011

James B. Mooring
110 N Cortez Trail
Ivins, UT 84738

Certified Mail # 70070220000100030028


Executive Secretary