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:	**STIPULATION AND CONSENT ORDER AS TO RESPONDENTS VYSN CAPITAL, LLC, and SHAWN BLAINE SMART**
RIDGELAND WYOMING, INC., **VYSN CAPITAL, LLC,** BRYAN R. FARRIS, **SHAWN BLAINE SMART** Respondents.	Docket No. SD-11-0052 **Docket No. SD-11-0053** Docket No. SD-11-0054 **Docket No. SD-11-0055**

The Utah Division of Securities ("Division"), by and through its Director of Enforcement, Thomas Brady, and VYSN Capital, LLC ("VYSN") and Shawn Blaine Smart ("Smart"), hereby stipulate and agree as follows:

1. VYSN, Smart, Ridgeland Wyoming, Inc. ("Ridgeland"), and Bryan R. Farris ("Farris," collectively "Respondents") have been the subject of an investigation by the Division into allegations that they violated the Utah Uniform Securities Act ("Act"), Utah Code Ann. § 61-1-1, *et seq.*

2. On or about July 12, 2011, the Division initiated an administrative action against Respondents by filing an Order to Show Cause and a Notice of Agency Action. An Amended Order to Show Cause was filed February 21, 2012.

3. VYSN and Smart hereby agree to settle this matter with the Division by way of this Stipulation and Consent Order ("Order"). If entered, the Order will fully resolve all claims the Division has against VYSN and Smart pertaining to the July 12, 2011 Order to Show Cause and the February 21, 2012 Amended Order to Show Cause.

4. VYSN and Smart admit that the Division has jurisdiction over them and the subject matter of this action.

5. VYSN and Smart hereby waive any right to a hearing to challenge the Division's evidence and present evidence on their behalf.

6. VYSN and Smart have read this Order, understand its contents, and voluntarily agree to the entry of the Order. No promises or other agreements have been made by the Division, nor by any representative of the Division, to induce VYSN or Smart to enter into this Order, other than as described in this Order.

7. VYSN and Smart are represented by Mark W. Pugsley of Ray, Quinney & Nebeker P.C. and Bryan T. Allen of Parr, Brown Gee & Loveless and are satisfied with their advice and representation in this matter.

I. THE DIVISION'S FINDINGS OF FACT

THE RESPONDENTS

8. VYSN is a Utah corporation, registered on August 11, 2006. Jim McGregor ("McGregor") is the registered agent and manager. Smart is also a manager. VYSN's status as a business entity is expired. VYSN has never been licensed by the Division as a broker/dealer agent or as an issuer/agent to sell securities.

9. Smart was, at all relevant times, a resident of the state of Utah. Smart has never been licensed in the securities industry in any capacity.

GENERAL ALLEGATIONS

10. From February 2007 to April 2007, Respondents participated in the offer and sale of securities to at least two investors, in or from Utah, and collected no less than $200,000.

11. Respondents made material misstatements and omissions in connection with the offer of securities to the investors listed below.

12. The investors' $200,000 in principal was used by the Respondents for purposes not disclosed to the investors.

INVESTOR R.J.

13. In February 2007, R.J. met with Farris, President of Ridgeland, Smart, and Lance Schiffman ("Schiffman") in Utah County, Utah to discuss an investment opportunity in

an oil well project called Moorcroft West Minnelusa 3-Well Prospect (the "Project").[1]

14. Farris was the primary presenter at the meeting. During the meeting, Farris made the following statements about a potential investment in the Project:

    a. Ridgeland had three wells in Wyoming;

    b. They could start drilling the first of the wells within a week;

    c. Farris/Ridgeland was the operator;

    d. Farris had experience in oil and gas;

    e. Smart, Schiffman, and McGregor had financial experience;

    f. The wells were located in an existing field with resources nearby;

    g. They had all the money they needed and the financing was in place;

    h. R.J. would receive a 3% working interest in wells located in Wyoming, subject to a 25% "carried working interest" for Ridgeland;

    i. The investment involved risk;

    j. R.J.'s investment funds would be used to drill the wells; and

    k. If a well was successful, there would be a cash call.

15. During the meeting, R.J. received an operating agreement, a COPAS[2] document, and a subscription agreement.

16. Based on Farris's statements, R.J. invested $100,000 in the Project. On or about March

[1] On August 6, 2007, Farris and Lawyer filed a Regulation D offering with the United States Securities and Exchange Commission listing Moorcroft West Minnelsua 3-Well Prospect as the issuer.

14, 2007, R.J. wrote a check in the amount of $100,000 to Ridgeland, which was deposited into Ridgeland's Chase Bank account.

17. Bank records show that all of R.J.'s investment funds were used as part of a $200,000 transfer to VYSN paid as a "finder's fee."[3]

INVESTOR M.G.

18. In or about March 2007, M.G. was referred to Ridgeland by R.J. for investment opportunities.

19. While in Utah County, Utah, M.G. telephoned Smart to discuss an investment. Smart told M.G. that he had an oil and gas deal called Ridgeland with three wells ready to go.

20. On April 16, 2007, M.G. met with Smart and McGregor in Utah County, Utah.

21. During the meeting, Smart gave M.G. an operating agreement and subscription agreement for Ridgeland and made the following statements about an investment in Ridgeland:

    a. Ridgeland was his project, and he had "a significant sum" of his own money invested in the project;

    b. If M.G. did not invest, it was not a problem because Smart's "group would pick it up;"

    c. The minimum investment was $50,000;

    d. He was certain the wells would produce based on other successful wells in the

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[2] Council of Petroleum Accountants Societies Accounting Procedure.

[3] On March 21, 2011, Farris met with the Division to discuss this matter. During the meeting, Farris told the Division that Ridgeland had agreed to pay VYSN a 40% "finder's fee" on any investors brought in on the oil

area and the extensive research done for the project;

f. M.G.'s money would be used for drilling three wells in 2007; and

g. They already had the approvals/rights to drill.

22. Based on Smart's statements, M.G. invested $100,000 in Ridgeland. On April 16, 2007, M.G. gave Smart a check for $100,000 made payable to Ridgeland.

23. In exchange for the funds, M.G. received a subscription agreement three months later stating that M.G. received a 3% working interest in the three wells.

24. Bank records show that M.G.'s investment funds brought Ridgeland's account balance to $273,700.16.[4] Using a first in first out analysis, Ridgeland used M.G.'s funds in the following manner:

a. $37,402 paid to Key Energy Services;

b. $25,000 paid to Gary F. Lawyer;

c. $25,000 paid to Bryan Farris;

d. $5,564 paid to John L. Kennedy;

e. $2,618 paid to MGTC, Inc.;

f. $2,089 paid to L&J Motor Repair;

g. $1,167 paid to Citi;

h. $551 paid to Qwest;

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project. Farris further stated that this fee was not disclosed to the investors.

[4] That same day, $170,000 was wired to VYSN from this account.

i. $389 paid towards bank fees; and

j. $220 paid to an unknown payee.

CAUSES OF ACTION

Securities Fraud under § 61-1-1 of the Act (Investor R.J.)

25. The Division incorporates and re-alleges paragraphs 1 through 24.

26. The investment opportunities offered and sold by Respondents are securities under § 61-1-13 of the Act.

27. In connection with the offer and sale of a security to the investors, VYSN and Smart, 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. VYSN would receive a 40% finder's fee for the investment;

b. Smart was the subject of a 1997 Pennsylvania Securities Commission enforcement action, whereby he was ordered to permanently cease and desist from violating the Pennsylvania Securities Act of 1972, and he was barred for one year from offering or selling securities for a particular issuer in that state, unless he retained counsel to make the appropriate filings with that commission; and

c. Some of all of the information typically provided in an offering circular or prospectus regarding Respondents, such as:

i. Financial statements;

ii. Risk factors;

iii. Track record to investors;

iv. Respondents' business experience and operating history;

v. Whether the investment is a registered security or exempt from registration; and

vi. Whether Respondents were licensed to sell securities.

Securities Fraud under § 61-1-1 of the Act
(Investor M.G.)

28. The Division incorporates and re-alleges paragraphs 1 through 24.

29. The investment opportunities offered and sold by Respondents are securities under § 61-1-13 of the Act.

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

a. M.G.'s investment funds would be used to drill the wells, when in fact, M.G.'s funds were used to pay $37,402 to Key Energy Services, $25,000 to Farris, $25,000 to Lawyer, and the rest toward miscellaneous expenses;

b. They already had the approvals/rights to drill, when in fact, in July and August of 2007 Farris later admitted that Ridgeland still was lacking leases and locations for the wells.

31. In connection with the offer and sale of a security to the investors, VYSN and Smart,

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. VYSN would receive a 40% finder's fee for the investment;

b. Farris and Lawyer would receive $25,000 each;

c. Smart was the subject of a 1997 Pennsylvania Securities Commission enforcement action, whereby he was ordered to permanently cease and desist from violating the Pennsylvania Securities Act of 1972, and he was barred for one year from offering or selling securities for a particular issuer in that state, unless he retained counsel to make the appropriate filings with that commission; and

d. Some or all of the information typically provided in an offering circular or prospectus regarding Respondents, such as:

   i. Financial statements;

   ii. Risk factors;

   iii. Track record to investors;

   iv. Respondents' business experience and operating history;

   v. Whether the investment is a registered security or exempt from registration; and

   vi. Whether Respondents were licensed to sell securities.

Unlicensed Agent under § 61-1-3 of the Act
(Respondent VYSN)

32. The Division incorporates and re-alleges paragraphs 1 through 24.

33. Ridgeland engaged and compensated VYSN as an agent in the offer and/or sale of a security in Utah.

34. VYSN was not licensed as an agent for the company issuing the securities.

35. Accordingly, each offer or sale of securities by VYSN violated § 61-1-3(1) of the Act.

II. THE DIVISION'S CONCLUSIONS OF LAW

36. 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. VYSN and Smart violated § 61-1-1(2) of the Act by making untrue statements of material fact and omitting to state material facts in connection with the offer and sale of securities, disclosure of which were necessary in order to make representations made not misleading.

    c. VYSN violated § 61-1-3(1) of the Act by transacting business in Utah as an agent without a license.

III. REMEDIAL ACTIONS/SANCTIONS

37. VYSN and Smart neither admit nor deny the Division's findings and conclusions, but consent to the sanctions below being imposed by the Division.

38. VYSN and Smart represent that the information they have provided to the Division as part of the Division's investigation is accurate and complete.

39. VYSN and Smart agree to cease and desist from violating the Act and to comply with the requirements of the Act in all future business in this state.

40. Pursuant to Utah Code Ann. § 61-1-20, and in consideration of the guidelines set forth in Utah Admin. Code Rule R164-31-1, VYSN agrees to pay a fine to the Division in the amount of $100,000 within two years of the entry of the Order. Smart personally guarantees payment of the fine. Additionally, Smart consents to the entry of a judgment against him for any amounts left unpaid two years from the entry of this Order.

41. VYSN and Smart represent and warrant that they will not seek to be licensed in any capacity in the securities industry in Utah. VYSN and Smart further represent and warrant that they will not act as "finders" or accept "finders' fees" in any transactions taking place in Utah or involving Utah investors.

42. The false statement to the Division allegation contained in paragraphs 38-40 of the Amended Order to Show Cause will be dismissed.

IV. FINAL RESOLUTION

43. VYSN and Smart acknowledge that this Order, upon approval by the Utah Securities Commission, shall be the final compromise and settlement of this matter. VYSN and Smart further acknowledge that if the Commission does not accept the terms of the Order, it shall be deemed null and void and without any force or effect whatsoever.

44. VYSN and Smart 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 the conduct referenced herein. VYSN and Smart also acknowledge that any civil, criminal, arbitration or other causes of actions brought by third-parties against them have no effect on, and do not bar, this administrative action by the Division against them.

45. VYSN and Smart acknowledge that a violation of this Stipulation and Consent Order is a third degree felony pursuant to § 61-1-21(1)(b) of the Act.

46. This Order constitutes the entire agreement between the parties herein and supersedes and cancels any and all prior negotiations, representations, understandings, or agreements between the parties. There are no verbal agreements which modify, interpret, construe, or otherwise affect this Order in any way.

Utah Division of Securities

Date: 10/24/12

By: Thomas A. Brady

Thomas A. Brady
Director of Enforcement

Approved:

D. Scott Davis

D. Scott Davis
Assistant Attorney General
D.W.

Respondents

Date: 10-9-12

By:

Shawn B. Smart, on behalf of himself and VYSN Capital, LLC

Mark W. Pugsley
Attorney for Shawn B. Smart and VYSN Capital, LLC

Bryan T. Allen
Attorney for Shawn B. Smart and VYSN Capital, LLC

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. VYSN and Smart cease and desist from violating the Utah Uniform Securities Act and comply with the requirements of the Act in all future business in this state.
3. Pursuant to Utah Code Ann. § 61-1-20, and in consideration of the guidelines set forth in Utah Admin. Code Rule R164-31-1, VYSN shall pay a fine to the Division in the amount of $100,000 within two years of the entry of this Order. Smart personally guarantees payment of the fine. If the entire fine amount is not paid within two years of the entry of this Order, a judgment in the amount of the unpaid balance will be entered against Smart.
4. The false statements to the Division allegations in paragraphs 38-40 of the Amended Order to Show Cause are dismissed.

BY THE UTAH SECURITIES COMMISSION:

DATED this 29th day of October, 2012.

Tim Bangerter

Erik Christiansen

Laura Polacheck

Jane Cameron

Brent Baker

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I personally served a true and correct copy of the foregoing on this 31st day of October, 2012 to the following:

Mark W. Pugsley RAY QUINNEY & NEBEKER 36 South State Street, 14th Floor Salt Lake City, Utah 84145-0385	Sent via: ___Hand-Delivery ___Facsimile: _X_Mailed (U.S. Mail, postage prepaid) __Other:
Bryan T. Allen PARR BROWN GEE & LOVELESS 185 South State Street, Suite 800 Salt Lake City, Utah 84111	Sent via: ___Hand-Delivery ___Facsimile: _X_Mailed (U.S. Mail, postage prepaid) __Other:

Julie Rice