

Division of Securities  
Utah Department of Commerce  
160 East 300 South, 2<sup>nd</sup> Floor  
Box 146760  
Salt Lake City, UT 84114-6760  
Telephone: (801) 530-6600  
FAX: (801) 530-6980

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**BEFORE THE DIVISION OF SECURITIES  
OF THE DEPARTMENT OF COMMERCE  
OF THE STATE OF UTAH**

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**IN THE MATTER OF:**

**MANCHESTER DEVELOPMENT HOLDINGS  
CORP.,  
NATIONAL ENTERTAINMENT, INC., and  
CARY K. BEAGLEY,**

**Respondents.**

**ORDER TO SHOW CAUSE**

Docket No. SD-11-00060  
Docket No. SD-11-00007  
Docket No. SD-11-00008

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It appears to the Director of the Utah Division of Securities (Director) that Manchester Development Holdings, Corp., National Entertainment, Inc. and Cary K. Beagley 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. Manchester Development Holdings Corp. (MDH) is a Utah corporation, registered on May 14, 2007. Its status as a business entity is expired. MDH has never been licensed by the Division as a broker/dealer agent or as an issuer/agent to sell securities. Cary K. Beagley is vice president and registered of MDH.
3. National Entertainment, Inc. (National Entertainment) is a Utah corporation, registered on August 13, 2007. Its status as a business entity is expired. National Entertainment has never been licensed by the Division as a broker/dealer agent or as an issuer/agent to sell securities. Cary K. Beagley is vice president and registered agent of National Entertainment.
4. Cary K. Beagley (Beagley) was, at all relevant times, a resident of the State of Utah. Beagley has never been licensed in the securities industry in any capacity.

### **GENERAL ALLEGATIONS**

5. From July 2007 to July 2008, Respondents offered and sold securities to investors, in or from Utah, and collected \$125,000.
6. Respondents made material misstatements and omissions in connection with the offer of a security to the investors listed below.
7. The investors lost \$114,500 in principal.

INVESTOR R.C.

**First Investment**

8. In July 2007, R.C.'s friend, A.C., referred R.C. to Beagley who was A.C.'s real estate coach at Trump University<sup>1</sup>.
9. A few days later, R.C., A.C., and Beagley held a telephone conference call from R.C.'s home in Bronx, New York, to discuss an investment opportunity. During the call, Beagley made the following statements about the investment with him:
  - a. He was a "real estate coach" for Trump University;
  - b. He had an opportunity for R.C. and A.C. to purchase a shell corporation with guaranteed bank financing through a contact, Peter Cruz (Cruz);
  - c. Using R.C.'s credit, Cruz could obtain between \$1 million and \$6 million for the corporation through multiple banks;
  - d. Once financing was obtained, the funds could be invested in various investment opportunities;
  - e. He had handled similar, successful investments for other investors;
  - f. The total amount of the investment would be \$50,000, and would cover the cost of the corporation as well as the expenses for Cruz to obtain the corporation financing;
  - g. The bulk of the money would be used to pay Cruz to obtain the financing;

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<sup>1</sup>Trump University is a company that offers education courses in real estate, asset management, entrepreneurship, and wealth creation. It is not an accredited university.

- h. If Cruz could not get the financing, then Beagley would return all of R.C.'s investment funds;
  - i. The money had to go through Beagley, and could not be sent directly to Cruz;
  - j. Everything he said was "as good as gold" since he worked for Trump University;
  - k. Trump University would never hire anybody who was dishonest;
  - l. He was an upstanding citizen, and was "certainly not a criminal;"
  - m. He would not steer investors wrong;
  - n. He made a living helping others make money;
  - o. The investment carried "no risk;"
  - p. The investments he offered had to be legitimate, otherwise Beagley would not be able to hold a position at Trump University;
  - q. He would never make money unless R.C. also made money on the deal;
  - r. He was in constant communication with Cruz; and
  - s. Cruz was pressuring Beagley to get some deals done so Cruz could obtain financing for multiple corporations at the same time.
10. Based on Beagley's statements, R.C. invested \$50,000 with Beagley by wiring \$50,000 to MDH's Washington Mutual Bank account in Salt Lake County, Utah, on July 31, 2007, bringing the balance of the account to \$50,026.
11. R.C. also provided Beagley with his credit information and social security number.

12. Using a source and use analysis bank records show that Beagley used R.C.'s \$50,000 funds in the following manner:
- a. \$45,000 paid to Cruz;
  - b. \$2,900 paid to Beagley;
  - c. \$1,241 paid to Costco;
  - d. \$148 paid to Da Vinci Virtual;
  - e. \$127 paid to the Division of Corporations; and
  - f. \$584 used for other personal expenses.

#### **Second Investment**

13. In or about August 2007, R.C., A.C., and Beagley held another telephone conference call from R.C.'s home in Bronx, New York to discuss another investment opportunity. During the call, Beagley made the following statements about an investment with him:
- a. He had an opportunity to purchase a second corporation with financing from another person, Kevin Fadden (Fadden);
  - b. Fadden's deal was the same as Cruz' deal except the investment would be for \$30,000 instead of \$50,000;
  - c. Fadden would be able to obtain between \$1 million and \$6 million for the second corporation:
  - d. If R.C. moved quickly, Beagley could have Cruz and Fadden each work on a

corporation funding deal at the same time; and

- e. Send money as soon as possible since Fadden wanted to get started on obtaining the funding.
14. Based on Beagley's statements, R.C. invested \$30,000 with Beagley by wiring \$30,000 to MDH's Washington Mutual Bank account in Salt Lake County, Utah, on August 24, 2007.
15. In or about December 2007, R.C. was concerned about the corporation receiving funding so he called Beagley and asked him to return his investment funds.
16. Beagley told R.C. that he did not have any money to give R.C. and that Cruz and Fadden had the responsibility to repay the funds.
17. R.C. then contacted Cruz and Fadden. Cruz denied receiving any money from Beagley and said that Fadden claimed to be "broke."
18. In or about December 2007 or January 2008, Beagley spoke with R.C. and offered to move \$30,000 from an account that Beagley had with a company called Safevest to an account for R.C. at Safevest.
19. Beagley made the following statements about Safevest:
  - a. Safevest used investor funds to trade commodities for a 10% per month profits;
  - b. He had previously invested with Safevest and was making money;
  - c. Safevest had a good track record with its investors;
  - d. The investment carried no risk;

- e. R.C.'s funds would be placed into a segregated account, which R.C. could review through Safevest's website.
20. Shortly after this conversation, R.C. accessed the account through Safevest's website to monitor the \$30,000. By about March 2008, R.C.'s Safevest account showed that it had earned profits and the balance had doubled.

### **Third Investment**

21. In or about March 2008, R.C., A.C., and Beagley held another telephone conference call from R.C.'s home in Bronx, New York, to discuss another investment opportunity. During the call, Beagley made the following statements about an investment in Safevest through him:
- a. The minimum investment amount was \$25,000;
  - b. Safevest would only accept money from those who were associated with the company;
  - c. He was associated with Safevest, so R.C. and A.C. could invest through him; and
  - d. R.C. would have to fill out paperwork in order to invest.
22. R.C. completed a *Non-Solicitation Letter* dated March 14, 2008, which showed that R.C. was referred to Safevest by Beagley.
23. Based on Beagley's statements, R.C. invested \$25,000 in Safevest through Beagley<sup>2</sup> by

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<sup>2</sup>A.C. also invested \$25,000 with Beagley.

mailing an official check for \$25,000 to Beagley's home in Salt Lake County, Utah, in April 2008. At Beagley's request, the check was made payable to National Entertainment.

24. On or about May 2, 2008, R.C. had heard speculation that Safevest had been "shut down" as a Ponzi scheme operation.
25. R.C. contacted Beagley to request the return of his funds, but Beagley claimed that he had no money to give.
26. Beagley told R.C. that he would work to get R.C. his money back and that he had kept \$10,000 to \$15,000 of R.C.'s funds.
27. R.C. has received \$2,500 of his investment funds from Beagley and is still owed \$102,500.

INVESTOR W.Y.

28. In or about March 2008, Beagley was assigned to be W.Y.'s "real estate coach" through Prosper Learning, Inc<sup>3</sup>. W.Y. and Beagley never met in person, but communicated via telephone once a week for six to eight weeks.
29. During those conversations Beagley made the following statements about investing in Beagley through a promissory note:
  - a. W.Y.'s funds would be used for hard money lending;
  - b. Some borrowers would not qualify for traditional financing, so Beagley would lend the funds in return for around 10% per month;

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<sup>3</sup>Is a Utah-based company that purports to sell training courses for business, investing, and real estate strategies.

- c. He would be investing some of his own funds as well;
  - d. He needed the funds for only about three months, and would be sending them to Florida.
30. On or about April 23, 2008, W.Y. received a signed \$20,000 promissory note from Beagley. The promissory notes states Beagley “unconditionally promises to pay...[W.Y.] the principal sum of \$20,000, in addition payments of \$2,000.00 will be payed (*sic*) monthly for two months after which the principal amount of \$20,000.00 will be paid back at the close of 3 months.”
31. Based on Beagley’s statements, W.Y. invested \$20,000 with Beagley by wiring \$20,000 to Beagley’s personal Washington Mutual Bank account, on May 5, 2008, bringing the balance of the account to \$21,200.
32. Using a source and use analysis bank records show that Beagley used W.Y.’s \$20,000 funds in the following manner:
- a. \$14,959 paid to Wealth Building Solutions;
  - b. \$2,800 paid to Beagley;
  - c. \$912 paid to Hercules Flyer, Inc.;
  - d. \$269 paid to Da Vinci Virtual;
  - e. \$252 paid to a previous investor: and
  - f. \$808 used for other personal expenses.

33. In October 2008, W.Y. requested the return of his \$20,000.
34. W.Y. has received \$8,000 from Beagley and is still owed \$12,000 in principal.

**CAUSE OF ACTION**

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

35. The Division incorporates and re-alleges paragraphs 1 through 34.
36. The investment opportunities offered and sold by Respondents are securities under § 61-1-13 of the Act.
37. 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. Beagley was “certainly not a criminal.” In fact, Beagley had been convicted of sex solicitation<sup>4</sup>, theft<sup>5</sup>, and distributing drugs<sup>6</sup>, and was on supervised release through the U.S. Probation Office at the time of the offer;
  - b. The investment carried “no risk,” when in fact, Beagley had no reasonable basis for making such a statement; and
  - c. Beagley would not make any money on the deal unless R.C. made money, when in

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<sup>4</sup>*Salt Lake City v. Beagley*, Case No. 881010927 in Third Judicial District Court. (Utah 1988).

<sup>5</sup>*State of Utah v. Beagley*, Case No. 031800099 in Eighth Judicial District Court. (Utah 2003).

<sup>6</sup>*U.S. v. Yergensen. et. al.*, Case No. 2:03-cr-00178-DAK. (D. Utah 2003).

fact, Beagley did not send all of the investment funds to the appropriate parties and admitted to keeping \$10,000 of R.C.'s funds.

38. 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. In 2003, Beagley petitioned for Chapter 7 bankruptcy<sup>7</sup>;
  - b. From 1993 to 2007, Beagley had civil judgments and tax liens totaling over \$60,000;
  - c. Beagley's criminal history;
  - 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 Respondents were licensed to sell securities; and
    - vi. Whether the investment is a registered security or exempt from registration.

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

39. The Division incorporates and re-alleges paragraphs 1 through 34.

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<sup>7</sup>*In re Beagley*, Case No. 03-20360 (Bankr. D. Utah 2003).

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, failed to disclose material information, including, but not limited to, the following, which was necessary in order to make statements made not misleading:
- a. In 2003, Beagley petitioned for Chapter 7 bankruptcy;
  - b. From 1993 to 2007, Beagley had over \$60,000 in civil judgments and tax liens against him;
  - c. Beagley's criminal history;
  - 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 Respondents were licensed to sell securities; and
    - vi. Whether the investment is a registered security or exempt from registration.

**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 Wednesday, October 5, 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, 2<sup>nd</sup> 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:

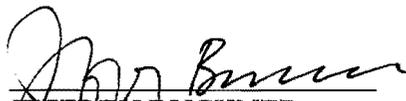
- a. Why Respondents should not be found to have engaged in the violations alleged by the Division in this Order to Show Cause;
- b. Why Respondents should not be ordered to cease and desist from engaging in any further conduct in violation of Utah Code Ann. § 61-1-1, or any other section of the Act; and
- 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.
- 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 24<sup>th</sup> day of August, 2011.



Approved:

  
JEFFREY BUCKNER  
Assistant Attorney General  
J.N.

Division of Securities  
Utah Department of Commerce  
160 East 300 South, 2<sup>nd</sup> Floor  
Box 146760  
Salt Lake City, UT 84114-6760  
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**BEFORE THE DIVISION OF SECURITIES  
OF THE DEPARTMENT OF COMMERCE  
OF THE STATE OF UTAH**

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**IN THE MATTER OF:**

**MANCHESTER DEVELOPMENT  
HOLDINGS CORP.,  
NATIONAL ENTERTAINMENT, INC., and  
CARY K. BEAGLEY,**

**Respondents.**

**NOTICE OF AGENCY ACTION**

Docket No. SD-11-0004

Docket No. SD-11-0007

Docket No. SD-11-0008

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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. 2<sup>nd</sup> Floor  
Box 146760  
Salt Lake City, UT 84114-6760  
(801) 530-6600

**A copy to:**

Jeff Buckner  
Assistant Attorney General  
Utah Division of Securities  
160 East 300 South. 5<sup>th</sup> Floor  
Salt Lake City, UT 84114-0872  
(801) 366-0310

An initial hearing in this matter has been set for **October 5, 2011** at the Division of Securities, 2<sup>nd</sup> 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 24<sup>th</sup> day of August, 2011

  
Keith M. Woodworth  
Director, Division of Securities

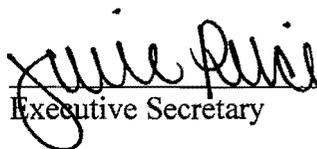


**Certificate of Mailing**

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

Manchester Development Holdings, Corp.  
National Entertainment, Inc.  
Cary K. Beagley  
9271 S. 1480 E.  
Sandy, UT 84093

Certified Mail # 7008 1140 0004 1042 1098

  
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Executive Secretary