

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:

BRYCE L. ANDERSON

Respondent.

ORDER TO SHOW CAUSE

Docket No.

SD-11-0079

It appears to the Director of the Utah Division of Securities (Director) that Bryce L. Anderson has 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 Respondent and the subject matter is appropriate because the Division alleges that he 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 RESPONDENT

2. Bryce L. Anderson (Anderson) was, at all relevant times, a resident of the State of Utah. Anderson has never been licensed in the securities industry in any capacity.

GENERAL ALLEGATIONS

3. On August 16, 2008, Respondent offered and sold a security to an investor, in or from Utah, and collected \$15,000.
4. Respondent made material misstatements and omissions in connection with the offer and sale of securities to the investors listed below.
5. The investors lost \$14,900 in principal alone.

INVESTOR M.J.

6. Anderson and M.J. were neighbors since 2007. On August 16, 2008, Anderson invited M.J. to go golfing at a country club in Utah County, Utah.
7. While golfing, Anderson told M.J. about a company that he thought M.J. should invest in called Cheyenne Mountain Entertainment¹. Anderson made the following statements about an investment in Cheyenne Mountain Entertainment:
 - a. It was a good investment because children like to play video games:
 - b. Anderson's father-in-law was involved and had put in millions of dollars:

¹Cheyenne Mountain Entertainment, Inc. is an Arizona corporation registered October 30, 2007.

- c. Larry King had invested in Cheyenne Mountain Entertainment;
 - d. The stock was selling for \$3 per share;
 - e. The stock would go public in a few months;
 - f. After going public, the stock price would jump to \$20-\$60 per share; and
 - g. Anderson was getting out of the furniture business so he would have money to invest personally.
8. Based on Anderson's statements, M.J. invested \$15,000 with Anderson. On August 16, 2008, M.J. gave Anderson a personal check for \$15,000 made payable to Anderson.
9. In exchange for the investment funds, Anderson told M.J. he would receive a stock certificate.
10. M.J. tried for two years to acquire the stock certificate from Anderson, but was not successful.
11. M.J. hired an attorney to help regain M.J.'s investment funds and on May 31, 2010 Anderson and M.J. signed a settlement agreement with the following repayment terms:
- a. \$100 per month for May 2010, June 2010, and July 2010;
 - b. \$300 per month for August 2010, September 2010, and October 2010; and
 - c. \$500 per month starting in November 2010 until the balance of the settlement amount is paid in full.
12. M.J. received one payment of \$100.

13. On September 10, 2010 M.J. filed a civil suit against Anderson and on November 1, 2010 M.J. was awarded a judgment of \$16,476.
14. M.J. is still owed \$14,900 in principal alone.
15. Using a source and use analysis, bank records show that Respondent used M.J.'s \$15,000 funds in the following manner:
 - a. \$3,000 paid to Zions Bank;
 - b. \$2,000 withdrawn in cash;
 - c. \$1,497 paid to Chrysler Financial;
 - d. \$1,391 used to cover a negative balance in the account;
 - e. \$1,261 paid to America First Credit Union;
 - f. \$1,208 paid to MXI Corporation;
 - g. \$1,121 paid to CitiMortgage;
 - h. \$808 paid to Citi Financial;
 - i. \$320 paid to Nordstrom;
 - j. \$271 paid to WalMart;
 - k. \$210 paid to Provo City;
 - l. \$200 paid to Capital One;
 - m. \$115 paid to University of Utah Credit Union; and
 - n. \$1,598 paid for personal expenses.

CAUSE OF ACTION

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

16. The Division incorporates and re-alleges paragraphs 1 through 15.
17. The investment opportunities offered and sold by Respondent are securities under § 61-1-13 of the Act.
18. In connection with the offer and sale of a security to the investors, Respondent, directly or indirectly, made false statements, including, but not limited to, the following:
 - a. The stock was selling for \$3 per share, would go public in a few months, and the stock price would jump to \$20-\$60 per share, when in fact, M.J. had no reasonable basis for making such a statement.
19. In connection with the offer and sale of a security to the investor, Respondent 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. Why the stock would jump to \$20-\$60 per share;
 - b. None of M.J.'s investment funds would go to Cheyenne Mountain Entertainment;
 - c. Much of M.J.'s investment funds would be used for Anderson's personal expenses;
 - d. Some or all of the information typically provided in an offering circular or prospectus regarding Respondent. such as:
 - i. Financial statements:

- ii. Risk factors;
- iii. Track record with investors;
- iv. Cheyenne Mountain Entertainment's business experience and operating history;
- v. Whether Respondent was 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 Respondent 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, November 2, 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 Respondent fails to file an answer and appear at the hearing, the Division of Securities may hold Respondent 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, Respondent may show cause, if any he has:

- a. Why Respondent should not be found to have engaged in the violations alleged by the Division in this Order to Show Cause;

- b. Why Respondent 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 Respondent 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 Respondent 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 3rd day of October, 2011.


KEITH WOOLVERTON
Director, Utah Division of Securities


Approved:


JEFF BUCKNER
Assistant Attorney General
J.S.

Division of Securities
Utah Department of Commerce
160 East 300 South, 2nd Floor
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Salt Lake City, UT 84114-6760
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**BEFORE THE DIVISION OF SECURITIES
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OF THE STATE OF UTAH**

IN THE MATTER OF:

BRYCE L. ANDERSON

Respondents.

NOTICE OF AGENCY ACTION

Docket No. 04-079

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
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, 5th Floor
Salt Lake City, UT 84114-0872
(801) 366-0310

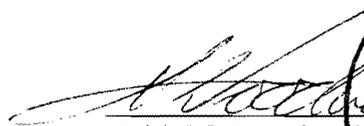
An initial hearing in this matter has been set for **November 2, 2011** at the Division of Securities, 2nd Floor, 160 East 300 South, Salt Lake City, Utah, at 9 A.M.

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 3rd day of October, 2011


Keith M. Woodwell
Director, Division of Securities



Certificate of Mailing

I certify that on the 7th day of October, 2011, I mailed, by certified mail, a true and correct copy of the Notice of Agency Action and Order to Show Cause to:

Bryce Lloyd Anderson
436 W. 500 S.
Provo, UT 84601

Certified Mail # 7008 1140 004 1142 2497



Executive Secretary