

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

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

<p><b>IN THE MATTER OF:</b></p> <p><b>CAPITAL CONCEPTS, LLC, BLAIR STEVEN ARNELL, CRD# 2914711 NATHAN ANDREW ARNELL,</b></p> <p><b>Respondents.</b></p>	<p><b>ORDER TO SHOW CAUSE</b></p> <p>Docket No. <b>HE-0083</b> Docket No. <b>HE-0084</b> Docket No. <b>HE-0085</b></p>
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It appears to the Director of the Utah Division of Securities (Director) that Capital Concepts, LLC, Blair Steven Arnell, and Nathan Andrew Arnell 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. Capital Concepts, LLC, (CCL) is Utah limited liability company registered on March 8, 2004. Blair S. Arnell is the manager and registered agent. David E. Arnell is a member of CCL. CCL has never been licensed with the Division.
3. Blair Steven Arnell (B. Arnell) was, at all relevant times, a resident of the State of Utah. From 1997 to 2002, B. Arnell successfully completed the Series 6, Series 7, Series 63, and Series 65 exams. B. Arnell had been licensed with the Division as a General Registered Representative, Investment Company Representative, and Variable Products Representative. B. Arnell has not been associated with a firm and/or licensed in the securities industry since June 6, 2002.
4. Nathan Andrew Arnell (N. Arnell) was, at all relevant times, a resident of the State of Utah. N. Arnell has never been licensed in the securities industry in any capacity.

#### **GENERAL ALLEGATIONS**

5. From October 2007 to April 2008, Respondents offered securities to investors, in or from Utah and collected \$1,049,000.
6. Respondents made material misstatements and omissions in connection with the offer of

securities to the investigators below.

7. Investors lost all \$1,049,000 of their principal.

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

8. K.W. and J.W. met B. Arnell in or about July 2006 at a seminar hosted by Mountain America Credit Union (MACU.)
9. During a meeting with K.W. and J.W., B. Arnell offered several different investment opportunities through him that would be secured by a trust deed.
10. Based on his statements, K.W. and J.W. invested \$40,000 with B. Arnell in August 2006. B. Arnell eventually returned all the investment funds plus interest to K.W. and J.W. as promised in August 2007.
11. Shortly after the term of K.W. and J.W.'s first investment, B. Arnell contacted K.W. by telephone and offered investment opportunities that included factoring and real estate. K.W. indicated that he preferred an investment in real estate.
12. During the conversation, B. Arnell made the following statements about a real estate investment with him:
  - a. He had been doing this a long time; and
  - b. K.W. and J.W.'s investment would be collateralized by a trust deed.
13. Based on B. Arnell's statements, K.W. and J.W. re-invested the proceeds from the original investment along with additional funds for a total of \$45,000 with B. Arnell in the following

manner:

- a. On or about December 4, 2007, B. Arnell received a bank wire transfer of \$42,735 from K.W. and J.W.; and
  - b. On December 28, 2007, K.W. gave B. Arnell a check for \$2,265.
14. In exchange for the investment funds, on or about December 12, 2007, B. Arnell gave K.W. and J.W. an assigned promissory note in which Kenneth Eugene North<sup>1</sup> (North) and his entity, Polo Estates, Inc., promised to pay B. Arnell and CCL \$45,000 with simple interest at the rate of 24% per annum. The assignment grants K.W. and J.W. a 100% interest in the promissory note.
  15. B. Arnell told K.W. and J.W. that the promissory note was secured by a deed of trust, dated December 4, 2007, and held in the name of CCL.
  16. Bank records show that on January 31, 2008, B. Arnell wired \$150,000 of pooled investor funds to North's entity, North Gilger Land Investments, \$45,000 of which was K.W. and J.W.'s investment funds.
  17. K.W. and J.W. never received a deed of trust for the promissory note nor did they receive any payments from B. Arnell, CCL, North, or Polo Estates, Inc.
  18. Respondents still owe K.W. and J.W. \$45,000 in principal alone.

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<sup>1</sup> On June 28, 2011, the Division filed an order to show cause naming North as a respondent. The order alleges securities fraud, unlicensed activity, and sale of an unregistered security. Criminal charges were filed for related conduct. *State of Utah v. Kenneth Eugene North*. Case No. 111904452 in Third Judicial District Court (2011).

INVESTOR A.V.

19. In or about December 2007, a friend referred A.V. to CCL for investment purposes.
20. A.P. contacted N. Arnell by phone from her home in California. N. Arnell was in Utah during the call.
21. During the conversation, N. Arnell made the following statements about an investment with CCL:
  - a. A.V. could not lose her investment;
  - b. The worst-case scenario would be that she might receive less interest; and
  - c. B. Arnell ran the company and David Arnell, N. Arnell's uncle, was the "financial guy."
22. N. Arnell then sent A.V. an email listing the types of investments CCL offered. N. Arnell also stated that CCL could work with investment funds from IRAs, non IRA savings, cash value in life insurance policies, and money from home equity or other real estate.
23. In or about January 2008, A.V. received an email from CCL describing an investment in Polo Estates, Inc.:
  - a. B. Arnell had just spent two days "getting fully educated on New Century Builders [*sic*] new Fractional Ownership Project called Polo Estates;"
  - b. There was no minimum investment;
  - c. The investment term was one year;

- d. Investment funds would be used to build “fractionals;”
  - e. New Century had a management staff with extensive experience in marketing and managing all types of resort properties;
  - f. New Century was raising \$1-\$6 million, as needed;
  - g. The interest rate was 24% per year paid quarterly;
  - h. The collateral would be the model home, clubhouse, and the first three homes built in the project; and
  - i. Additional collateral was the personal guarantee of North.
24. Based on the statements of B. Arnell and N. Arnell, A.V. invested \$354,000 with CCL to invest in Polo Estates, Inc. in the following manner:
- a. On January 7, 2008, A.V. invested \$230,000 and in exchange received an Assignment of Promissory Note signed by B. Arnell. The promissory note granted A.V. a 100% interest in a promissory note held in the name of CCL, made by North and his entity Polo Estates, Inc. The promissory note was purportedly secured by a deed of trust; and
  - b. On January 25, 2008, A.V. invested \$124,000 and in exchange received an Assignment of Promissory Note signed by B. Arnell. The promissory note grants the custodian of A.V.'s IRA a 100% interest in a promissory note held in the name of CCL, made by North and his entity Polo Estates, Inc. The promissory note was

purportedly secured by a deed of trust.

25. In or about March 2008, A.V. received an email from CCL describing an investment in Teton Air Ranch and stated the following:
- a. The Teton Air Ranch project was located in Driggs, Idaho;
  - b. The Teton Air Ranch project was approximately thirty-five acres that are adjacent to Driggs Reed Memorial Airport;
  - c. The minimum investment was \$100,000, but could be negotiated down;
  - d. The investment term was nine months;
  - e. Investment funds would be used to build thirty-eight airplane hangars;
  - f. The anticipated profit from the project was \$27 million;
  - g. Construction of the first twelve hangars was expected to be completed by September 1, 2008 and sold by the end of the year;
  - h. Sale of the first twelve hangars would pay off all investors;
  - i. Current capitalization of the project was \$12 million with \$3.9 million being the developer's personal funds;
  - j. Investments were collateralized by trust deeds;
  - k. There were no other liens on the property;
  - l. CCL was raising an additional \$3.5 million which would be personally guaranteed by the developer;

- m. The developer's net worth was \$25 million; and
  - n. Interest rate was 24% per year paid quarterly.
26. Based on B. Arnell and N. Arnell's statements, A.V. invested an additional \$60,000 with CCL to invest in Teton Air Ranch on or about April 1, 2008. In exchange for the investment funds, A.V. received an Assignment of Promissory Note signed by B. Arnell. The assignment grants A.V. a 100% interest in a promissory note held in the name of CCL, made by Bryce Karl<sup>2</sup> (Karl) and his entity Teton Air Ranch, LLC. The promissory note is purportedly secured by a deed of trust.
27. A.V. never received a deed of trust for the promissory note nor did she receive any payments from B. Arnell, CCL, North, Polo Estates, Inc., Karl, or Teton Air Ranch, LLC.
28. Respondents still owe A.V. \$414,000 in principal alone.

INVESTOR V.Y.

29. In or about December 2007, a friend referred V.Y. to CCL for investment purposes.
30. V.Y. contacted B. Arnell and N. Arnell by phone from her home in Texas. B. Arnell and N. Arnell were in Utah during the calls.
31. During the conversations, B. Arnell and N. Arnell both made the following statements about an investment with CCL:

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<sup>2</sup> On February 16, 2011, the Division filed an order to show cause naming Karl as a respondent. The order alleges securities fraud. Criminal charges were filed for related conduct. *State of Utah v. Bryce Lee Karl*, Case No. 111902202 in Third Judicial District Court (2011).

- a. It was very safe; and
  - b. It was secured by real estate.
32. In or about January 2008, V.Y. received an email from CCL describing an investment in Polo Estates, Inc. (*See Paragraph 22 for details*).
33. Based on the statements of B. Arnell and N. Arnell, V.Y. invested \$100,000 with CCL to invest in Polo Estates, Inc. On or about February 22, 2008, V.Y. invested \$100,000 and in exchange received an Assignment of Promissory Note signed by B. Arnell. The assignment granted the custodian for V.Y.'s IRA a 100% interest in a promissory note held in the name of CCL, made by North and his entity Polo Estates, Inc. The promissory note was purportedly secured by a deed of trust.
34. In or about March 2008, V.Y. received an email from CCL describing an investment in Teton Air Ranch (*See Paragraph 25 for details*).
35. Based on B. Arnell and N. Arnell's statements, V.Y. invested an additional \$100,000 with CCL to invest in Teton Air Ranch on or about April 1, 2008. In exchange for the investment funds, V.Y. received an Assignment of Promissory Note signed by B. Arnell. The assignment grants the custodian of V.Y.'s IRA a 100% interest in a promissory note held in the name of CCL, made by Karl and his entity Teton Air Ranch, LLC. The promissory note is purportedly secured by a deed of trust.
36. V.Y. never received a deed of trust for the promissory note nor did she receive any payments

from B. Arnell, CCL, North, Polo Estates, Inc., Karl, or Teton Air Ranch, LLC.

37. Respondents still owe V.Y. \$200,000 in principal alone.

INVESTOR C.S.

38. In or about December 2007, a friend referred C.S. to CCL for investment purposes.
39. On or about December 28, 2007, C.S. received an email from N. Arnell introducing CCL.
40. C.S. then had various telephone conversations with N. Arnell while in Salt Lake County, Utah. N. Arnell also forwarded to C.S. emails from B. Arnell discussing details of investments with Polo Estates, Inc. and North.
41. In or about January 2008, C.S. received an email from CCL describing an investment in Polo Estates, Inc. (*See Paragraph 22 for details*).
42. Based on the statements of B. Arnell and N. Arnell, C.S. invested \$30,000 with CCL to invest in Polo Estates, Inc. On or about January 23, 2008, C.S. wired \$30,000 from his personal account to CCL's account at Utah First Credit Union.
43. In exchange for the investment funds, C.S. received an Assignment of Promissory Note signed by B. Arnell. The assignment granted C.S. an interest in a promissory note held in the name of CCL, made by North and his entity Polo Estates, Inc.
44. C.S. never received a deed of trust for the promissory note nor did he receive any payments from B. Arnell, CCL, North, or Polo Estates, Inc.
45. Respondents still owe C.S. \$30,000 in principal alone.

INVESTOR R.M.

46. In or about October 2007, a friend referred R.M. to CCL for investment purposes.
47. R.M. contacted B. Arnell by phone. B. Arnell was in Utah during the call.
48. During the conversation, B. Arnell made the following statements about an investment with CCL:
  - a. There was plenty of money in CCL's projects; and
  - b. If something unexpected happened, R.M. would not lose his funds.
49. R.M. informed B. Arnell that he had IRA funds that he wanted to invest. B. Arnell directed R.M. to company that provided for a self-directed IRA. N. Arnell helped R.M. transfer the funds to the self-directed IRA.
50. Based on B. Arnell's statements, R.M. invested \$50,000 in CCL to be used for the Talisman project, which involved a man named Nathan Welch<sup>3</sup> (Welch). On or about October 25, 2007, R.M. wired \$50,000 to CCL's account and in exchange received an Assignment of Promissory Note signed by B. Arnell. The promissory note granted the custodian of R.M.'s IRA a 100% interest in a promissory note held in the name of CCL, made by Welch. The promissory note was purportedly secured by a deed of trust.
51. In or about January 2008, R.M. received an email from CCL describing an investment in

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<sup>3</sup> On March 9, 2011, the Division filed an order to show cause naming Welch as a respondent. The order alleges securities fraud.

Polo Estates, Inc. (*See Paragraph 22 for details*).

52. Based on the statements of B. Arnell and N. Arnell, R.M. invested \$75,000 with CCL to invest in Polo Estates, Inc. in the following manner:
  - a. On or about January 25, 2008, R.M. invested \$75,000 and in exchange received an Assignment of Promissory Note signed by B. Arnell. The promissory note granted the custodian of R.M.'s IRA a 100% interest in a promissory note held in the name of CCL, made by North and his entity Polo Estates, Inc. The promissory note was purportedly secured by a deed of trust.
53. In or about March 2008, R.M. received an email from CCL describing an investment in Teton Air Ranch (*See Paragraph 25 for details*).
54. Based on B. Arnell and N. Arnell's statements, R.M. invested an additional \$50,000 with CCL to invest in Teton Air Ranch on or about March 10, 2008. In exchange for the investment funds, R.M. received an Assignment of Promissory Note signed by B. Arnell. The assignment granted the custodian of R.M.'s IRA a 100% interest in a promissory note held in the name of CCL, made by Karl and his entity Teton Air Ranch, LLC. The promissory note is purportedly secured by a deed of trust.
55. R.M. never received a deed of trust for the promissory notes nor did he receive any payments from B. Arnell, CCL, Welch, North, Polo Estates, Inc., Karl, or Teton Air Ranch, LLC.
56. Respondents still owe R.M. \$175,000 in principal alone.

INVESTOR A.B.

57. In 2004, A.B. met B. Arnell while B. Arnell was working with MACU as retirement accounts specialist.
58. In 2007, B. Arnell phoned A.B. several times to discuss different investments in property developments using A.B.'s IRA funds.
59. During the conversation, B. Arnell made the following statements about an investment with CCL:
  - a. Each investor would receive a share of the development;
  - b. The investor's name would be placed on the title of a unit in the development or the investor would receive full title to a specific unit;
  - c. Only once had something gone wrong with a CCL investment, but if something did go wrong, he would handle it and would hire an attorney to represent A.B.
60. Based on B. Arnell's statements, A.B. invested \$67,000 in CCL to be used for a development project in St. George, Utah. A.B. wired the funds to a self-directed IRA, which then transferred the funds to CCL's account.
61. In March 2008, B. Arnell contacted A.B. and told her he was pulling her investment funds out of the St. George project because she was not making a return. B. Arnell then discussed an investment opportunity in Teton Air Ranch.
62. During the conversation B. Arnell made the following statements about an investment in the

Teton Air Ranch project:

- a. A.B. would make 24% interest per annum;
  - b. The payout would be quarterly;
  - c. A.B.'s principal and interest would be paid in full on July 2009;
  - d. The investment was secured by real property; and
  - e. A.B.'s name would be placed on the deed in first position.
63. In or about March 2008, A.B. received an email from CCL describing an investment in Teton Air Ranch (*See Paragraph 25 for details*).
64. B. Arnell returned A.B.'s initial \$67,000 to her self-directed IRA account with no interest.
65. Based on B. Arnell statements, A.B. invested \$185,000 with CCL to invest in Teton Air Ranch. In exchange for the investment funds, A.B. received an Assignment of Promissory Note signed by B. Arnell. The assignment grants A.B. a 100% interest in a promissory note held in the name of CCL, made by Karl and his entity Teton Air Ranch, LLC. The promissory note is purportedly secured by a deed of trust, which A.B. received, however CCL was named on the deed instead of A.B.
66. A.B. never received any payments from B. Arnell, CCL, Karl, or Teton Air Ranch, LLC.
67. Respondents still owe A.B. \$185,000 in principal alone.

#### CAUSES OF ACTION

#### Securities Fraud under § 61-1-1 of the Act

68. The Division incorporates and re-alleges paragraphs 1 through 67.
69. The investment opportunities offered and sold by Respondents are securities under § 61-1-13 of the Act.
70. 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. Investments would be collateralized by deeds of trust, when in fact, this was not true;
  - b. Worst-case scenario for investing with CCL was not receiving all of the interest when due, when in fact, Respondents had no reasonable basis for making such a statement;  
and
  - c. Investors could not lose their money, when in fact, Respondents had no reasonable basis for making such a statement;
  - d. The investment was “very safe,” when in fact, Respondents had no reasonable basis for making such a statement;
71. 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. B. Arnell had lost a significant amount of previous investors’ funds through defaulted

- investments in companies owned by Rick Koerber<sup>4</sup>;
- b. In 2007, B. Arnell had been named as a defendant in a lien/mortgage foreclosure<sup>5</sup>;
  - c. North had filed for Ch. 7 bankruptcy in 1993<sup>6</sup>;
  - d. North had filed for Ch. 13 bankruptcy twice in 1995<sup>7</sup>;
  - e. From 1992 to 2006 North had at least forty-five legal actions taken against him resulting in \$168,017 in judgments and tax liens with \$42,178 not satisfied;
  - f. How North's personal guarantee would serve as collateral;
  - g. How B. Arnell would be compensated by North<sup>8</sup>;
  - h. Some or all of the information typically provided in an offering circular or prospectus regarding CCL, B. Arnell, and N. Arnell, such as:
    - i. Financial statements;
    - ii. Risk factors;
    - iii. Suitability factors for the investment;
    - iv. Nature of competition;

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<sup>4</sup> On July 26, 2011, N. Arnell told an investigator for the Division that he knew about the defaulted investments with Rick Koerber and did not discuss them with subsequent investors. On May 12, 2008, B. Arnell filed a civil action against Rick Koerber to recover the lost funds. *Blair Arnell v. C. Rick Koerber*. Case No. 080401493 in Fourth Judicial District Court. (2008)

<sup>5</sup> *SN Custom Railing Inc. v. Press Realty Advisors II, LLC*. Case No. 070916436 in Third Judicial District Court. (2007)

<sup>6</sup> *In re North*. Case No. 93-20434 (Bankr. D. Utah 1993).

<sup>7</sup> *In re North*, Case No. 95-22189 (Bankr. D. Utah 1995); *In re North*, Case No. 95-23647 (Bankr. D. Utah 1995).

<sup>8</sup> On July 7, 2011, B. Arnell told an investigator from the Division that he was to receive a 1% to 1.5% commission on investor funds placed with North and Karl.

- v. Whether the investment was a registered security or exempt from registration;  
and
- vi. Whether Respondents were licensed to sell securities.

**ORDER**

The Director, pursuant to § 61-1-20 of the Act, hereby orders Respondents to appear at a formal hearing to be conducted in accordance with Utah Code Ann. § 63G-4-202, -204 through -208, and held before the Utah Division of Securities. The hearing will occur on Wednesday, December 7, 2011, at 9:00 a.m., at the office of the Utah Division of Securities, located in the Heber Wells Building, 160 East 300 South, 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 fails 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 he has:

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

- c. Why Respondents should not be barred from (i) associating with any broker-dealer or investment adviser licensed in Utah; (ii) acting as an agent for any issuer soliciting investor funds in Utah, and (iii) from being licensed in any capacity in the securities industry in Utah; and
- d. Why Respondents should not be ordered to pay to the Division a fine amount to be determined by stipulation or by the presiding officer after a hearing in accordance with the provisions of Utah Admin. Rule R164-31-1, which may be reduced by restitution paid to the investors.

DATED this 12<sup>th</sup> day of October, 2011.

  
KEITH WOOD WEIS  
Director, Utah Division of Securities



Approved:

  
D. SCOTT DAVIS  
Assistant Attorney General  
D.W.

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

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

**IN THE MATTER OF:**

**CAPITAL CONCEPTS, LLC,  
BLAIR STEVEN ARNELL, CRD# 2914711  
NATHAN ANDREW ARNELL,**

**Respondents.**

**NOTICE OF AGENCY ACTION**

Docket No. ~~SD-11-0083~~  
Docket No. ~~SD-11-0084~~  
Docket No. ~~SD-11-0085~~

THE DIVISION OF SECURITIES TO THE ABOVE-NAMED RESPONDENTS:

You are hereby notified that agency action in the form of an adjudicative proceeding has been commenced against you by the Utah Division of Securities (Division). The adjudicative proceeding is to be formal and will be conducted according to statute and rule. See Utah Code Ann. § 63G-4-201 and 63G-4-204 through -209; see also Utah Admin. Code R151-4-101, *et seq.* The facts on which this action is based are set forth in the accompanying Order to Show Cause. The legal authority under which this formal adjudicative proceeding is to be maintained is Utah Code Ann. § 61-1-20. You may be represented by counsel or you may represent yourself in this proceeding. Utah Admin. Code R151-4-110.

You must file a written response with the Division within thirty (30) days of the mailing date of this Notice. Your response must be in writing and signed by you or your representative. Your

response must include the file number and name of the adjudicative proceeding, your version of the facts, a statement of what relief you seek, and a statement summarizing why the relief you seek should be granted. Utah Code Ann. § 63G-4-204(1). In addition, pursuant to Utah Code Ann. § 63G-4-204(3), the presiding officer requires that your response:

- (a) admit or deny the allegations in each numbered paragraph of the Order to Show Cause, including a detailed explanation for any response other than an unqualified admission. Allegations in the Order to Show Cause not specifically denied are deemed admitted;
- (b) identify any additional facts or documents which you assert are relevant in light of the allegations made; and
- © state in short and plain terms your defenses to each allegation in the Order to Show Cause, including affirmative defenses, that were applicable at the time of the conduct (including exemptions or exceptions contained within the Utah Uniform Securities Act).

Your response, and any future pleadings or filings that should be part of the official files in this matter, should be sent to the following:

**Signed originals to:**

Administrative Court Clerk  
c/o Julie Price  
Utah Division of Securities  
160 E. 300 South, 2<sup>nd</sup> Floor  
Box 146760  
Salt Lake City, UT 84114-6760  
(801) 530-6600

**A copy to:**

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

An initial hearing in this matter is set for **December 7, 2011** at the Division of Securities, 2<sup>nd</sup>

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

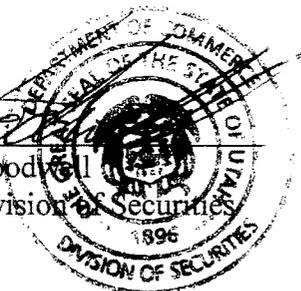
If you fail to file a response, as described above, or fail to appear at any hearing that is set, the presiding officer may enter a default order against you without any further notice. Utah Code Ann. § 63G-4-209; Utah Admin. Code R151-4-710(2). After issuing the default order, the presiding officer may grant the relief sought against you in the Order to Show Cause, and will conduct any further proceedings necessary to complete the adjudicative proceeding without your participation and will determine all issues in the proceeding. Utah Code Ann. § 63G-4-209(4). In the alternative, the Division may proceed with a hearing under § 63G-4-208.

The Administrative Law Judge will be 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 D. Scott Davis, Assistant Attorney General, 160 E. 300 South, 5th Floor, Box 140872, Salt Lake City, UT 84114-0872, Tel. No. (801) 366-0358.

Dated this 12<sup>th</sup> day of October, 2011

  
Keith M. Wood  
Director, Division of Securities



**Certificate of Mailing**

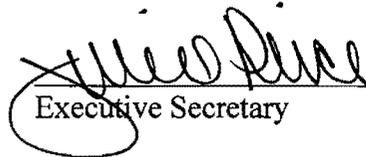
I certify that on the 19th day of October, 2011, I mailed, by certified mail, a true and correct copy of the Notice of Agency Action and Order to Show Cause to:

Capital Concepts, LLC  
Blair Steven Arnell  
4416 W. Hawthorne Ct.  
Cedar Hills, UT 84062

Certified Mail # 7007 0220 0001 00103 07109

Nathan Andrew Arnell  
3131 North Provence Lane L2  
Lehi, UT 84043

Certified Mail # 7007 0220 0001 00103 07714

  
\_\_\_\_\_  
Executive Secretary