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Attorneys for Respondent Jack Phillips

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MAY 02 2012

Utah Department of Commerce
Division of Securities

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

IN THE MATTER OF:

JACK PHILLIPS,
JAMES D. ELLIOTT,

Respondents.

**RESPONDENT PHILLIP'S
INITIAL DISCLOSURES**

Docket No. SD-12-0001

Docket No. SD-12-0002

Pursuant to the Order dated March 8, 2012 and Utah Administrative Code R151-4-503, Respondent Jack Phillips ("Phillips"), by and through his undersigned counsel of record, submits his initial disclosures as set forth below.

The information and documents identified or described herein are based upon information presently available to Phillips and are given in a good faith effort to comply with the Order and Utah Administrative Code R151-4-503. Phillips makes this initial disclosure without prejudice to his right to produce any information that may be subsequently discovered or determined to be relevant to the subject matter of this action.

Phillips' investigation into this matter is continuing. As this matter proceeds, witnesses, facts and evidence may be discovered that are not set forth herein. Facts and evidence now

known may be imperfectly understood, or the relevance and consequences of such facts and evidence may not be included, in good faith, in the following disclosures. These disclosures should not be construed as prejudicing or in any way limited Phillips with respect to further discovery, research, analysis or proof.

Each of the following disclosures are made subject to all objections including, but not limited to, competency, materiality, relevancy, proprietary, admissibility, or any other grounds, including without limitations to, confidential or proprietary information which is subject to a protective order that would require their exclusion in any proceeding. Any and all such objections and grounds are expressly reserved and may be interposed during discovery or at time of hearing.

Phillips generally asserts the attorney-client privilege and the protection of the work product doctrine as to any and all relevant documents which may exist and which are subject to these privileges. To the extent that the disclosure contains or refers to matters otherwise protected from discovery by the work product doctrine or the attorney-client privilege, no waiver is intended; nor is any waiver intended as to any matters that would be subject to such protection or otherwise privileged; nor is the relevancy of any such matter conceded.

Except for the explicit facts stated herein, no incidental or implied admissions are intended.

This preliminary statement shall apply to each and every response given herein and is incorporated by reference as if fully set forth in all responses that follow.

Rule 151-4-503(1)(a) - Witnesses

The following persons are likely to have discoverable information relevant to this matter:

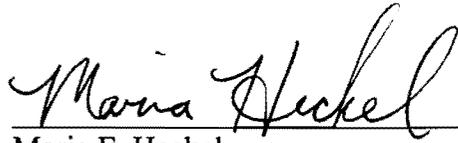
1. Gail Cato, 116 Rocky Point Road, Jackson, Georgia 30233 (home address as of November 2010). Ms. Cato has knowledge and information concerning the emerald deal.
2. Elaina Lance, 4572 N. Robin Avenue, Odessa, TX 79764 (home address as of November 2010). Ms. Lance has knowledge and information concerning the emerald deal.
3. Elliott James, address unknown. Mr. James has knowledge and information concerning the emerald deal.
4. Sherry Reutlinger, 9301 South 3090 West, West Jordan, Utah 84088 (home address as of May 2010). Ms. Reutlinger has information about the facts asserted by the Division of Securities relevant to her investment.
5. Bill Persch – Mr. Persch has information about the facts asserted by the Division of Securities relevant to his investment. Mr. Persch also has information concerning theft of the stones that were the subject of the emerald deal.
6. Gidgett Persch – Mrs. Persch has information about the facts asserted by the Division of Securities relevant to her investment. Mrs. Persch also has information concerning theft of the stones that were the subject of the emerald deal.

Rule 151-4-503(1)(b) - Documents

Enclosed with this letter is a CD containing documents Phillips believes are relevant to his defenses in this action. For the sake of clarity, Phillips' counsel believes the documents Bates numbered PHS 00065-00066 are notes handwritten by Gail Cato.

DATED this 5th day of May 2012.

RAY QUINNEY & NEBEKER P.C.

A handwritten signature in cursive script that reads "Maria Heckel". The signature is written in black ink and is positioned above a horizontal line.

Maria E. Heckel

Attorneys for Respondent Jack Phillips

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CERTIFICATE OF SERVICE

I hereby certify on this 1st day of May 2012, a true and correct copy of the

RESPONDENT PHILLIPS' INITIAL DISCLOSURES was served by U.S. mail, to the following:

D. Scott Davis
Assistant Attorney General
UTAH ATTORNEY GENERAL'S OFFICE
160 East 300 South, 5th Floor
Salt Lake City, Utah 84114-0872

James D. Elliott
5131 Prince Phillip Cv.
Brentwood, TN 37027

1181918

A handwritten signature in cursive script, appearing to read "Cheryl A. Bunker", is written over a horizontal line.