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: **JEFFREY STEVEN HALL,** **J&K LENDING, INC.,** **Respondents.**	**ORDER TO SHOW CAUSE** **Docket No.** SD-12-0002 **Docket No.** ~~SD-12-0004~~

It appears to the Director of the Utah Division of Securities (Director) that Jeffrey Steven Hall and J&K Lending, Inc. 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. Jeffrey Steven Hall (Hall) was, at all relevant times, a resident of the state of Utah. Hall has never been licensed in the securities industry in any capacity.

3. J&K Lending, Inc. (J&K) is a Utah corporation that registered with the Division of Corporations on December 29, 2009. Hall currently serves as J&K's President and Director. J&K has never registered with the Division.

GENERAL ALLEGATIONS

4. From April 2009 to July 2009, Respondents offered and sold stock to an investor, in or from Utah, and collected a total of $24,000.

5. Stock is a security under the Act.

6. Respondents made material omissions in connection with the offer and sale of securities to the investor identified below.

7. The investor lost $23,000 of her investment funds.

INVESTOR M.D.

8. M.D. initially met Hall when he was her mortgage broker in 2005.

9. In April 2009, M.D. received an email from Hall stating he was selling his brother's stock in Cheyenne Mountain Gaming, Inc. (CMG), a company that was developing a video game based on the TV show Stargate.

10. However, by the time M.D. was ready to purchase, Hall's brother was no longer

interested in selling his shares. Hall said he did not want to back out of the deal he had reached with M.D., so Hall decided to sell his own shares in CMG to M.D. instead.

11. M.D. agreed to purchase 12,000 shares of Hall's stock at $2 per share, for a total investment of $24,000. With respect thereto, Hall made the following statements:

    a. The game was backed by MGM Studios;

    b. "The game is amazing and [CMG] will probably have it in stores before Christmas";

    c. Hall has "been in contact with the CEO every single day for the last two weeks" as of May 29, 2009;

    d. CMG stock is "not as risky" as other investments Hall does;

    e. "I'm just giving you the facts on an investment that I have not seen this good since I started";

    f. A share price of $2 a share "is an absolutely incredible deal";

    g. "Once the game goes to retail, [CMG] only [has] 60 days to go public"; and

    h. CMG is "projecting to open at $13" a share.

12. On June 1, 2009, after M.D. decided to invest, M.D. and Hall met in St. George, Utah. M.D. gave Hall a $24,000 check made payable to J&K. On September 8, 2009, in exchange for the $24,000, M.D. received a stock certificate for 12,000 shares of CMG, dated July 11, 2009.

13. M.D. did not receive any disclosure documentation or other memorialization prior to her

investment.

14. M.D. has been repaid $1,000 of her $24,000, for a total loss of $23,000.

CAUSES OF ACTION

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

15. The Division incorporates and re-alleges paragraphs 1 through 14.

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

17. In connection with the offer and sale of a security to the investor, 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. Why Hall believed CMG stock was "not as risky" as other investments;

    b. Why he believed CMG was "projecting to open at $13" a share;

    c. Information about CMG's Chairman, Gary Whiting, including:

        i. On October 19, 1993, a $71,120 judgment was filed against Whiting;

        ii. On February 25, 1994, Whiting filed for Chapter 7 bankruptcy;

        iii. On October 25, 1994, a $7,110.00 federal tax lien was filed against Whiting;

        iv. On February 1, 2008, a notice of trustee's sale was recorded against Whiting; and

v. On September 11, 2008, a $191,178.59 judgment was filed against Whiting; and

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

i. Financial statements;

ii. Risk factors;

iii. Suitability factors for the investment;

iv. 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.

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 **February 6, 2013**, 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 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 ordered to pay to the Division a fine amount to be determined by the Utah Securities Commission after a hearing in accordance with the provisions of Utah Admin. Rule R164-31-1, which may be reduced by restitution paid to the investor.

DATED this day of January 3, 2013. ~~, 2012.~~

KEITH WOODWELL
Director, Utah Division of Securities

Approved:

D. SCOTT DAVIS
Assistant Attorney General
N.B.

Division of Securities
Utah Department of Commerce
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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**

IN THE MATTER OF: **JEFFREY STEVEN HALL,** **J&K LENDING, INC.,** **Respondents.**	**NOTICE OF AGENCY ACTION** **Docket No.** SD-13-0003 **Docket No.** SD-13-0004

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

(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:

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

An initial hearing in this matter is set for **February 6, 2013** at the Division of Securities, 2nd

CERTIFICATE OF MAILING

I, Julie Price, hereby certify that on the 8th day of January 2013, I mailed, by certified mail and regular mail, a true and correct copy of the forgoing **Order to Show Cause and Notice of Agency Action** to:

J & K Lending, Inc.
1854 W. Stonebridge Dr. Ste. 107
St. George, UT 84770

Certified Receipt #: 7007 0220 0001 0064 8380

Jeffrey Steven Hall
5280 Alpine Drive
Summerville, SC 29483

Certified Receipt #: 7007 0220 0001 0064 8397

Julie Price
Administrative Secretary