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:	ORDER TO SHOW CAUSE
RED DESERT DEVELOPMENT CORP., RED DESERT UNDERGROUND, LLC, RONALD H. BAIRD	**Docket No.** SD-13-0018 **Docket No.** SD-13-0019 **Docket No.** SD-13-0020
Respondents.	

It appears to the Director of the Utah Division of Securities (Director) that Red Desert Development Corp., Red Desert Underground, LLC, and Ronald H. Baird 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. Red Desert Development Corp. ("RDDC") is a Utah corporation, registered on December 17, 2004. RDDC's current status is "expired" as of April 7, 2008. Respondent Ronald H. Baird is listed as a director of RDDC.

3. Red Desert Underground, LLC ("RDU") is a Utah limited liability company, registered on February 7, 2007. RDU's current status is "expired" as of June 7, 2010. Respondent Ronald H. Baird is listed as the entity's registered agent and as a manager.

4. Ronald H. Baird ("Baird") was, at all relevant times, a resident of the state of Utah. Neither Baird nor any of the respondent entities referenced in this Order have ever been licensed in the securities industry in any capacity.

GENERAL ALLEGATIONS

5. Between May 6 and August 6 of 2008, Respondents offered and sold securities in the form of evidences of indebtedness to a single investor in Utah. The two evidences of indebtedness in question disclose amounts owing of $140,000 and $150,000, respectively.

6. Evidences of indebtedness are securities under the Act.

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

8. Respondents still owe the investor identified below $140,000.

INVESTOR E.C.

9. In January 2007, E.C. and Baird were introduced to one another by a relative of E.C. Over the course of the following month, the two began seeing each other socially.

10. E.C. disclosed to Baird that she was in the process of divorce and was expecting to receive a cash settlement from her spouse. She expressed concern to Baird that her husband might try to access the funds in the future and was looking for a safe place to invest them.

11. Baird offered to act as custodian of E.C.'s funds and place them in his certificate of deposit account at Mountain America Credit Union ("MACU"). To induce E.C. to deliver the funds to him, Baird made the following representations:

    a. He maintained a high-interest certificate of deposit account at MACU;

    b. E.C.'s funds would be deposited in the account for safekeeping;

    c. E.C.'s funds would be held separate from any other funds;

    d. The certificate of deposit account did not have early withdrawal penalties and would allow E.C. to access her principal and all accrued interest whenever needed;

    e. Baird owned and was working on several successful business ventures and property projects;

    f. Baird showed E.C. a residential project in Farmington which he claimed he

was working on and would be given one of the lots on which to build a home;

g. Baird provided to E.C. an undated balance sheet prepared by West & West Accounting, LLC showing his net worth to be $9,368,339.00;

h. Baird provided to E.C. a balance sheet prepared by West & West and dated June 30, 2003 showing his net worth as $5,050,852; and

i. Baird took E.C. to Randolph, UT and there claimed he would be inheriting "Simms Ranch" once the current owner passed away.

12. On March 16, 2007, E.C. received $220,000 from her divorce settlement and deposited the funds into her account at Zions Bank.

13. In reliance on the representations made by Baird, E.C. provided two checks to Baird.

14. The first check was delivered on March 17, 2007, and was made payable to RDU in the amount of $100,000. Bank records show that Baird deposited the check into the RDU account at MACU the same day.

15. The second check was delivered on March 21, 2007, and was made payable to Baird in the amount of $90,000. Bank records show that Baird deposited the check into the RDDC account at MACU the same day.

16. At all relevant times, Baird was an authorized signer on both the RDU and the RDDC accounts. As of April 2, 2007, E.C. was also an authorized signer on the RDDC account.

17. During the period between May 6, 2008, and August 6, 2008, Baird executed and issued to

E.C. two notes showing evidence of Respondents' indebtedness to E.C.

18. The first note, dated May 6, 2008 stated that E.C. has originally provided $190,000 to RDDC and that the balance had now been paid down to $150,000. The note obligated RDDC to make payments of $2,000 per month to E.C. until the entire balance was retired.

19. The second note, dated August 6, 2008, showed RDDC's indebtedness to E.C. to be $140,000. This note also obligated RDDC to make payments of $2,000 per month to E.C. until the entire balance was retired.

20. Subsequent to the issuance of the second of the above two notes, no further payments were made to E.C. by any of the Respondents.

CAUSES OF ACTION

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

21. The Division incorporates and re-alleges paragraphs 1 through 20.

22. The investment opportunities offered and sold by Respondents are securities under § 61-1-13 of the Act. Specifically, they represent contractual obligations to pay in the future for consideration previously received and thus are "evidences of indebtedness" per §§ 61-1-13(1)(ee)(i)(F).

23. In connection with the offer and sale of securities 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. No certificate of deposit accounts were opened at MACU by any of the Respondents. Baird's failure to disclose this information at the time the securities were issued rendered his earlier statement materially misleading;

b. Baird comingled E.C.'s funds with other business and personal accounts subsequent to depositing E.C.'s two checks in MACU. Baird's failure to correct his earlier representation regarding the segregation of E.C.'s funds at the time he issued securities to her rendered the earlier statement materially misleading;

c. Baird had obtained a Chapter 7 bankruptcy discharge in 1990;

d. Baird owed a total of $147,933.92 in unpaid civil judgments filed between May 2002 and March 2003;

e. A garnishment order related to one of the civil judgments referenced in Paragraph 23(d) was outstanding against Baird;

f. Respondent RDDC's corporate existence with the Utah Division of Corporations had expired on April 7, 2008 and was never renewed. Thus, the corporation was not in existence legally at the time it purported to obligate itself to pay E.C.; and

g. Neither Baird nor any of the other Respondents were licensed to sell securities in Utah;

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, May 1, 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;

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 investor.

DATED this 4th day of March, 2013.

KEITH WOODWELL
Director, Utah Division of Securities

Approved:

D. SCOTT DAVIS
Assistant Attorney General
M.E.

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

IN THE MATTER OF: **RED DESERT DEVELOPMENT CORP., RED DESERT UNDERGROUND, LLC, RONALD H. BAIRD,** **Respondents.**	**NOTICE OF AGENCY ACTION** **Docket No.** SD-13-0018 **Docket No.** SD-13-0019 **Docket No.** SD-13-0020

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 **Wednesday, May 1, 2013** at the Division of

Securities, 2nd 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 Jennie Jonsson, Utah Department of Commerce, 160 East 300 South, P.O. Box 146701, Salt Lake City, UT 84114-6701, telephone (801) 530-6706. This adjudicative proceeding will be heard by Ms. Jonsson 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 4th day of March, 2013

Keith M. Woodwell
Director, Division of Securities

DEPARTMENT OF COMMERCE
THE GREAT SEAL OF THE STATE OF UTAH
1896
DIVISION OF SECURITIES

Certificate of Mailing

I certify that on the 4 day of March, 2013, I mailed, by regular and certified mail, a true and correct copy of the Notice of Agency Action and Order to Show Cause to:

RONALD BAIRD
RED DESERT DEVELOPMENT CORP.
RED DESERT UNDERGROUND, LLC
818 WEST 1025 SOUTH
BRIGHAM CITY, UT 84302

Certified Mail # 70070220000100642517

Maria John
Executive Secretary