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Utah Department of Commerce  
Division of Securities

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West Jordan, Utah 84088  
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*Attorneys for Respondents*

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

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IN THE MATTER OF:

RED DESERT DEVELOPMENT CORP.,  
RED DESERT UNDERGROUND, LLC,  
RONALD BAIRD,

Respondents.

**VERIFIED ANSWER TO ORDER  
TO SHOW CAUSE**

Docket No. SD-13-0018

Docket No. SD-13-0019

Docket No. SD-13-0020

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**ANSWER**

Respondents Red Desert Development Corp., Red Desert Underground, LLC, and Ronald Baird, by and through counsel of record, Jared B. Pearson, herewith submits this Answer to Order to Show Cause as follows:

1. As to paragraph 1, Respondents deny said allegations and affirmatively alleges that at no time did Respondents engage in the offer and sales of securities in or from Utah.
2. As to paragraphs 2 through 4, Respondents admit said allegations.
3. As to paragraph 5, Respondents deny said allegations and affirmatively alleges that at no point did Respondents sell securities to a single investor. The alleged investor in question was in fact Respondent Baird's girlfriend E.C. In or about 2007 E.C. lent gave Respondents \$90,000.00,

\$50,000.00 of which was to be a loan, Respondents were simply holding the remaining \$40,000.00 for E.C.. Later in the year E.C. received \$100,000.00 from her ex-husband and since she was concerned as to the security of the money she asked Respondent Baird if she could put the money in Red Desert Development Corp's account. Respondent Baird complied with E.C.'s request.

In or about April 2007 Respondent Baird and E.C. drafted an agreement wherein Red Desert Development Corp. was authorized to use the \$50,000.00, agreement attached as Exhibit "A."

In or about May 2008 Respondent Baird and E.C. drafted a payback agreement wherein Respondents would pay E.C. \$2,000.00 a month until the balance was paid in full. There was no interest assigned to the payments, agreement attached as Exhibit "B."

In or about August 2008 Respondent Baird and E.C. drafted another payback agreement under the same terms of the previous payback agreement, The only difference being that Respondents had paid back \$10,000.00 and so only \$140,000.00 was now owed. Once again, there was no interest assigned to the payments, agreement attached as Exhibit "C."

4. As to paragraph 6, Respondents deny said allegations and affirmatively allege that evidences of indebtedness are securities under the Act when said debt is secured by chattel or a bond. In the case at hand the alleged loan was not secured.

5. As to paragraph 7, Respondents deny said allegations and affirmatively allege that there was no offer and sale of securities to E.C. and there were no omissions of fact. Indeed, E.C. had access to all bank accounts and finances for Red Desert Development Corp. throughout the parties' relationship.

6. As to paragraph 8, Respondents admit said allegations.

7. As to paragraph 9, Respondents admit said allegations.

8. As to paragraph 10, Respondents admit in part and deny in part. Respondents admit all statements other than the statement that E.C. was looking to invest the funds. Respondents affirmatively allege that E.C. was merely trying to find a safe place to keep the funds.

9. As to paragraph 11 and subparagraphs a through i, Respondents deny said allegations and affirmatively alleges that E.C. asked Respondent Baird if she could put the funds in the account due to its high-interest and no early withdrawal penalties.

Throughout their relationship Respondent Baird informed E.C. as to business ventures he was involved in and E.C. had access to bank accounts and financial records, but Respondent Baird did not offer these documents and representations at the time he agreed to keep the money for E.C. Indeed, it was E.C.'s idea, not Respondent Bairds, that Respondents hold the funds for E.C.

10. As to paragraph 12, Respondents lack sufficient information and knowledge to form a belief as to the truth of the allegations in the paragraph, and therefore denies the same.

11. As to paragraph 13, Respondents admit in part and deny in part. Respondents admit a check was received but denies that the amount was \$100,000.00.

12. As to paragraph 14, Respondents admit in part and deny in part. Respondents admit a check was received but denies that the amount was \$90,000.00.

13. As to paragraph 16, Respondents admit said allegations.

14. As to paragraph 17, Respondents admit said allegations but affirmatively allege that neither note indicated an investment of any kind. Indeed, the notes don't even assign an interest rate or any other benefit to E.C.

15. As to paragraph 18, Respondents admit said allegations.
16. As to paragraph 19, Respondents admit that a note was drafted but affirmatively allege that the note was for the same loan that constituted the note dated May 6, 2008. Indeed, the total amount received from E.C. in all transactions was \$190,000.00. There were not two separate loans for \$190,000.00.
17. As to paragraph 20, Respondents admit said allegations.
18. As to paragraph 21, Respondents deny said allegations.
19. As to paragraph 22, Respondents deny said allegations and affirmatively allege that Respondents neither offered nor sold investment opportunities. Indeed, there was never an offer for an investment opportunity and the alleged investor received no benefit.
20. As to paragraph 23, Respondents deny said allegations and affirmatively allege that Respondents neither offered nor sold investment opportunities. Indeed, there was never an offer for an investment opportunity and the alleged investor received no benefit. Information did not need to be disclosed because there was no investment, but notwithstanding E.C. had access to Respondents' financials and bank accounts.
21. As to paragraph 23a, Respondents deny said allegations and affirmatively allege that Respondents had no duty to open certificate of deposit accounts because there was no investment.
22. As to paragraph 23b, Respondent Baird admits he comingled the funds but denies that he ever stated that he would not do so.
23. As to paragraph 23c, Respondent Baird admits said allegations but questions its relevance.

24. As to paragraph 23d, Respondent Baird admits said allegations but since there was no investment, Respondents affirmatively state that the allegations are not relevant.

25. As to paragraph 23e, Respondent Baird admits said allegations but since there was no investment, Respondents affirmatively state that the allegations are not relevant.

26. As to paragraph 23f, Respondent Baird admits said allegations but since there was no investment, Respondents affirmatively state that the allegations are not relevant.

27. As to paragraph 23g, Respondents admit said allegations but since there was no investment, Respondents affirmatively state that the allegations are not relevant.

PRAYER FOR RELIEF

1. Respondents pray that the case be dismissed as there is no cause of action based on the foregoing facts.

2. Respondents pray that it be awarded attorney fees and any other fees associated with having to respond to this Order to Show Cause and for such other and further relief as the Court deems equitable and proper.

DATED this 12<sup>th</sup> day of April, 2013.

EVELAND & ASSOCIATES, PLLC

  
\_\_\_\_\_  
Jared Pearson  
Attorney for Respondents

VERIFICATION

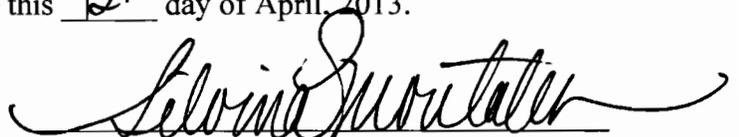
STATE OF UTAH            )  
                                      §  
COUNTY OF SALT LAKE )

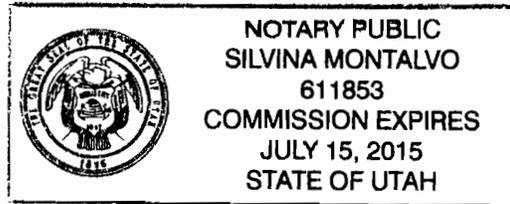
RONALD H. BAIRD being first duly sworn and under oath, deposes and says that he is the Respondent in the above-entitled action; that he has read the foregoing VERIFIED ANSWER TO ORDER TO SHOW CAUSE and understands the contents thereof, and the same is true of his own personal knowledge, or belief where indicated.

DATED this 12 day of April, 2013.

  
\_\_\_\_\_  
RONALD H. BAIRD  
Respondent

SUBSCRIBED and SWORN to before me this 12<sup>th</sup> day of April, 2013.

  
\_\_\_\_\_  
NOTARY PUBLIC



**CERTIFICATE OF SERVICE**

I hereby certify that on the 15<sup>th</sup> day of April, 2013, a true and correct copy of the foregoing

**ANSWER TO COMPLAINT AND COUNTERCLAIM**

was served to the persons and in the manner below:

Administrative Court Clerk  
c/o Julie Price  
Utah Division of Securities  
160 E. 300 S., 2nd Floor  
Box 146760  
Salt Lake City, Utah 84114  
801-530-6600

- U.S. mail, first-class, postage prepaid
- Facsimile
- Electronic Mail
- Hand Delivery
- Overnight courier

D. Scott Davis  
Assistant Attorney General  
Utah Division of Securities  
160 E. 300 S., 5th Floor  
Salt Lake City, Utah 84114  
801-366-0358

- U.S. mail, first-class, postage prepaid
- Facsimile
- Electronic Mail
- Hand Delivery
- Overnight courier

  
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**EXHIBIT "A"**

Red Desert dev Corp. is holding in  
ITS money market Acct. at MACU the  
Sum of 1,779,000 For the use of band dev.  
Agreed upon Both parties

~~Robert H. Baird~~  
His pres.

Eric Chambers  
4/2/07

**EXHIBIT "B"**

This is a Document that can be looked at as a contract on this day 5/6/08 that stipulates payment arrangements that will start 5/6/08 of \$2000.00 a month that will pay back the remaining balance of a loan made by Erin Chambers to Red Desert Development Corp. The Original amount was \$190,000.00 That has sense then been paid down from merchandise paid by those funds and cash payments The amount owed on this day 5/6/08 is \$150,000.00. These Funds are in process of full payment as soon as the funds are available these payments will be made until the full amount is paid Which ever comes first.

Ronald H. Baird  
  
President Red Desert Development Corp.

**EXHIBIT "C"**

This is a Document that can be looked at as a contract on this day 8/6/08 that stipulates payment arrangements that will start 9/15/08 of \$2000.00 a month that will pay back the remaining balance of a loan made by Erin Chambers to Red Desert Development Corp. The Original amount was \$190,000.00 That has sense then been paid down from merchandise paid by those funds and cash payments The amount owed on this day 8/6/08 is \$140,000.00. These Funds are in process of full payment as soon as the funds are available these payments will be made until the full amount is paid Which ever comes first.

Ronald H. Baird

President Red Desert Development Corp.

A handwritten signature in cursive script, appearing to read "Ronald H. Baird", written in dark ink.