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 **INTELICLOUD HOLDINGS, INC., and JEFFREY FRIEDERICHS,** **Respondents**	**ORDER TO SHOW CAUSE** **Docket No.** SD-13-0025 **Docket No.** SD-13-0026

It appears to the Director of the Utah Division of Securities (Director) that Intelicloud Holdings, Inc., (Intelicloud) and Jeffrey Friederichs (Friederichs, and, collectively with Intelicloud, Respondents) 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 and practices 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 Respondents violated § 61-1-15.5 of the Act and § R164-15-2 of the Utah Administrative Code (Rules) promulgated thereunder. These violations occurred in connection with the making of a Notice Filing for sales of Federal Covered Securities within the state of Utah.

STATEMENT OF FACTS

THE RESPONDENTS

2. Intelicloud incorporated in Delaware on December 17, 2010. Its principal place of business is located at 4600 Campus Drive, Suite 106, Newport Beach, California.

3. Friederichs is the President of Intelicloud and the person responsible for submitting the Notice Filing referenced herein.

GENERAL ALLEGATIONS

4. On June 14, 2012, the Division received from Intelicloud a notice filing pursuant to § 61-1-15.5 of the Act and § R164-15-2 of the Rules.

5. On June 26, 2012, Nadene Adams (Adams), Administrative Assistant for the Division's Corporate Finance Section, left a voicemail message for Friederichs, informing him of a deficiency in the filing. Specifically, the filing failed to include a statement that disclosed the date of the first sale in Utah, or, in the alternative, stated that sales had yet to occur in Utah. Such disclosure is required by § R164-15-2(C)(1)(d) of the Rules.

6. On July 16, 2012, Adams again attempted to contact Friederichs by telephone. She left a

second voicemail message for Friederichs regarding the deficiency in the filing.

7. On July 20, 2012, the Division received a letter from Friederichs, dated July 9, 2012, that advised the Division of the date of first sale in Utah.

8. Friederichs also contacted Adams via telephone on July 20, 2012 to confirm receipt of his letter. During that conversation, Adams informed Friederichs that the Division had not received the filing within fifteen days of the date of first sale in Utah. As a result, and pursuant to the Division's statutory authority, the filing would be processed as a late filing. Adams also informed him that in accordance with the Division's fee schedule, Intelicloud must provide $400 to the Division, which equals the difference between the $500 late fee and the $100 fee submitted with the initial filing.

9. Adams confirmed the details of this conversation in a follow-up email dated July 20, 2012.

10. On August 20, 2012, Adams attempted to contact Friederichs at the phone number provided in his letter to the Division, dated July 9, 2012. The voicemail message that Adams left stated that Friederichs would need to call or respond to the Division's email from July 20, 2012, regarding the late filing fee, if the Intelicloud wished to avoid an administrative action.

11. On October 10, 2012, Adams again called the number provided in the letter from Friederichs, dated July 9, 2012. Adams left voicemail messages on several extensions

from that main number and received a telephone call in reply from Robert Cohen (Cohen). Cohen stated that he has not conducted business with Intelicloud for ten years. Further, the telephone number is just a call service and is not associated with an office for Intelicloud.

12. On October 10, 2012, Adams also sent an email through the Intelicloud website explaining that the Division would pursue a Stop Order on the filing, as it has not received the required late fee.

13. On January 3, 2013, Adams sent an email to Friederichs's email address associated with the company. The email stated that the Division has not received any communication from Intelicloud since July 20, 2012. As a result, it would begin the process of petitioning for a Stop Order.

14. On January 7, 2013, Adams left two voicemail messages on two different extensions at the telephone number included in the response to the Division, dated July 9, 2012.

15. On January 15, 2013, Adams left an additional voicemail message at the same number, asking for Friederichs to respond to the Division. She left a voicemail message on the extension for Friederichs as well.

16. On February 15, 2013, Ann Skaggs, Securities Analyst for the Division's Corporate Finance and Enforcement Sections, sent a letter via certified mail to Friederichs at the address provided in his filing with the Division. The letter formalized the Division's

request for the late filing fee, while making several additional information requests. Specifically, it asked for the following:

a. A payment for the outstanding balance of $400, due as a result of the late filing to the Division;

b. An amended Item 12 to Intelicloud's Form D notice filing, as Intelicloud provided an estimated $300,000 in finders' fees in Item 15 of the Form D but failed to include the names of those individuals who have been or will be compensated in connection with the sale of securities in the offering;

c. The names and contact information for the Utah investors participating in the offering, as well as the dates and amounts of their investments and a copy of their subscription agreements;

d. The name(s) of the individual(s) responsible for the sales to the Utah investors involved in the offering, as well as an indication as to whether or not Intelicloud compensated such individual(s) for the role played in the solicitation process. Additionally, if compensated, the total amount and form of compensation; and

e. A copy of the materials used in connection with the offering, including the private placement memorandum. The Division expressed a particular interest in the section of the offering materials that disclosed the Pennsylvania Securities Commission's Summary Order to Cease and Desist, issued January 27, 2012,

against Intelicloud and Friederichs for sales-related activities in the state of Pennsylvania, as well as the related settlement agreement dated August 22, 2012.

17. With respect to this letter, the Division required a reply by March 7, 2013, if Intelicloud wished to avoid an administrative action. Such action would include a Petition for a Stop Order, suspending the offer and sale of securities in the state of Utah, as well as an Order to Show Cause, alleging violations of the Act and imposing additional fines upon Intelicloud.

18. The Division received no response to its mailing. As a result, the Director of the Division's Corporate Finance Section, Benjamin Johnson, determined that a Petition for a Stop Order should be filed and the Securities Commission informed in its regularly-scheduled March 28, 2013 meeting.

CAUSE OF ACTION

Violation of Section 61-1-15.5(2) of the Act and Section R164-15-2 of the Rules

19. The Division incorporates and re-alleges paragraphs 1 through 18.

20. Friederichs filed a Notice Filing on behalf of Intelicloud on June 14, 2012, in which he disclosed that Intelicloud was conducting or intended to conduct an offering of securities within the state of Utah in reliance on the federal exemption provided by Rule 506 of the Securities Act of 1933.

21. Intelicloud's Notice Filing was materially deficient under the provisions referenced in this

Cause of Action.

22. Friederichs has not acted to cure the alleged deficiencies, even after being provided with written notice of them. Such notice was sent to the address Friederichs provided to the Division on Intelicloud's Form U-2, Consent of Service of Process.

ORDER

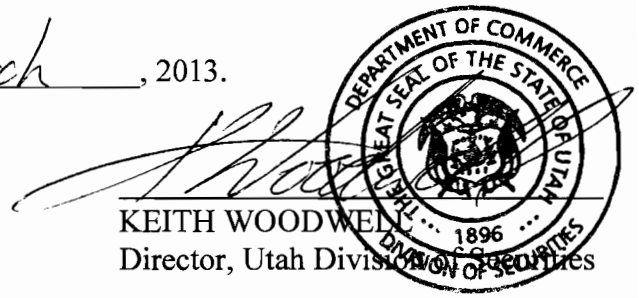
The Director, pursuant to § 61-1-20 of the Act, hereby orders Respondents to appear at a formal hearing to be conducted in accordance with Utah Code Ann. §§ 63G-4-202, -204 through -208, and held before the Utah Division of Securities. The hearing will occur on **Wednesday, May 1, 2013**, at **9:00 a.m.**, 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 the Act; and

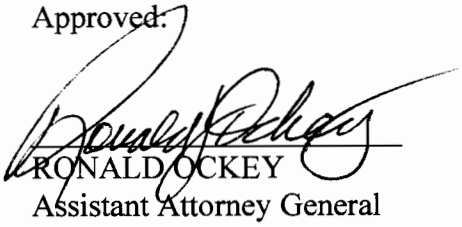
c. Why Respondents should not be ordered to pay to the Division a fine amount to be determined by stipulation or by the presiding officer after a hearing in accordance with the provisions of Utah Admin. Rule R164-31-1. For purposes of maintaining adequate deterrence, the Division requests that the total fine imposed upon each Respondent be at least the amount of the late filing fee established for a Rule 506 Notice Filing ($500.00 per Respondent) and should be imposed *in addition to* any standard filing fees Intelicloud will need to remit in order to settle or otherwise resolve the Petition for Stop Order entered against Intelicloud on this same date.

DATED this 20th day of March, 2013.



KEITH WOODWELL
Director, Utah Division of Securities

Approved:



RONALD OCKEY
Assistant Attorney General

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 **INTELICLOUD HOLDINGS, INC., and JEFFREY FRIEDERICHS,** **Respondents**	**NOTICE OF AGENCY ACTION** **Docket No.** SD-13-0025 **Docket No.** SD-13-0026

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 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:

Ronald Ockey
Assistant Attorney General
160 East 300 South, 5th Floor
Salt Lake City, UT 84114-0872
(801) 366-0310

An initial hearing in this matter has been set for **May 1, 2013** at the Division of Securities, 2nd Floor, 160 East 300 South, Salt Lake City, Utah, at **9:00 A.M.**

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 Securities Division. Questions regarding the Order to Show Cause should be directed to the Division's attorney, Ronald Ockey, at (801) 366-0310.

Dated this 20th day of March, 2013.

KEITH WOODWELL
Director, Division of Securities

Evidence of Mailing

I certify that on the 21 day of March 2013, I mailed, by regular and certified mail, a true and correct copy of the Notice of Agency Action and the Order to Show Cause to the following address provided by Respondents on Respondents Form U-2, Consent to Service of Process:

JEFFREY FRIEDERICHS
INTELICLOUD HOLDINGS, INC.
4600 CAMPUS DR., SUITE 106
NEWPORT BEACH, CA 92660

Executive Secretary