

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

DAVID RODNEY CROSBY,

Docket No. SD-13-0029

Respondent.

It appears to the Director of the Utah Division of Securities (Director) that David Rodney Crosby (Respondent) has 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 Respondent and the subject matter is appropriate because the Division alleges that he violated §§ 61-1-1 (securities fraud) and 61-1-7 (sale of unregistered securities) of the Act while engaged in the offer and sale of securities in or from Utah.

STATEMENT OF FACTS

THE RESPONDENT

2. David Rodney Crosby (Crosby) was, at all relevant times, a resident of the state of California. At various times between 1980 and 1998, Crosby successfully completed the Series 6, 7, 26, and 63 exams. According to the licensing records included on the Central Registration Depository (CRD)¹ system, Crosby was licensed as a broker-dealer agent for WMA Securities, Inc. in California from 1994 until 1998.² His license with that state terminated for failure to pay the renewal fee. Since that time, Crosby has submitted several applications for licensure in California but withdrew or had such applications purged prior to qualifying for a license. Crosby has not been licensed in the securities industry since 1998 and has never been licensed in the state of Utah.

GENERAL ALLEGATIONS

3. From May 2007 to August 2007, Respondent offered and sold investment contracts to investors, in or from Utah, and collected a total of at least \$145,150, of which \$96,500 was specifically to be used for investing.
4. Investment contracts are securities under the Act.
5. Respondent made omissions in connection with the offer and sale of securities to the

¹ CRD is a computerized database maintained by the Financial Industry Regulatory Authority. CRD contains employment, licensing, and disciplinary information on broker-dealers, agents, investment advisers, and investment adviser representatives.

² Licensing records included on CRD for Crosby date back to 1990. While it appears that Crosby held securities licenses prior to this date, his complete licensing record is not available.

investors identified below.

6. The investors lost \$79,363.35 in principal alone.

INVESTOR M.T.

7. In or around early to mid-2007, M.T. met Crosby while attending real estate investment meetings in Utah and California.
8. M.T.'s friend invited her to attend the meetings, during which Crosby presented an investment in his company, First Legacy Funding Group, Inc. (FLFG).³
9. Richard Trefflich (Trefflich), a principal of FLFG, and Tina Cimarusti (Cimarusti), another representative of the company, were sometimes present for the meetings.
10. At the meetings, Crosby explained how FLFG operated. With respect thereto, Crosby made the following statements:
 - a. Investing in real estate was a good way to earn money;
 - b. Investor money would be pooled together to purchase condos in Ogden, Utah;
 - c. FLFG would help investors pull equity out of their homes, through a refinance, to be invested;
 - d. If a potential investor had poor credit and could not refinance, a lease option would be used:

³ FLFG was a California corporation that registered with the California Secretary of State on August 17, 2006. FLFG initially registered with the Utah Division of Corporations on April 19, 2007. As of August 6, 2008, the entity's status changed from active to expired for failure to file a renewal. FLFG registered with the Utah Division of Corporations for a second time on August 18, 2008. That registration expired on December 8, 2009 for again failing to file a renewal. During its existence, Crosby served as FLFG's president. FLFG has never been registered with the Division.

- i. The investor would sell his or her house to a FLFG member and use the proceeds to invest in condos;
 - ii. The investor would continue to live in his or her home, making payments to FLFG, rather than the bank that owned the mortgage;
 - iii. Once the investor's credit improved, he or she would purchase the home back; and
 - iv. The fee for this service was \$15,000;
 - e. Investors with good credit could hold title to the condos in their name, while those investors with poor credit would have to wait until their credit improved to hold title;
 - f. FLFG would find and purchase the condos, perform maintenance, and find and manage tenants;
 - g. Investors would get monthly interest payments from the rents collected; and
 - h. Individuals could earn commissions, up to 10% of the amount refinanced, for referring others to FLFG.
11. Crosby also took M.T. and other potential investors to Ogden after the meetings to point out specific condos as the ones FLFG would purchase with investor funds.
 12. M.T. was interested in investing, but she had poor credit and did not hold the title to her

home.⁴

13. As a result, Crosby decided M.T. should sell her home to Cimarusti under the lease option described above.
14. On August 15, 2007, M.T. received \$85,455.43 from the sale of her home.
15. On August 16, 2007, M.T. wired \$16,650 to Cimarusti; \$15,000 went to Cimarusti as a “fee” for purchasing M.T.’s home, and the remaining \$1,650 was used for the appraisal and other paperwork fees. Also on August 16, 2007, M.T. wired \$24,000 to FLFG for FLFG’s 10% fee and additional charges.
16. On August 18, 2007, M.T. wrote Cimarusti an \$8,000 check, which was to protect Cimarusti in case M.T. was unable to cover her mortgage payments.⁵
17. On August 18, 2007, M.T. also provided a \$22,000 check, payable to FLFG, to either Crosby or Cimarusti, to go toward the purchase of two condos in Ogden, Utah.
18. M.T. did not receive any disclosure documentation or other memorialization prior to or after her investment.
19. M.T. received five payments of \$183.33 from the condos, for a total repayment of \$916.65 of her \$22,000 investment.⁶ M.T.’s total loss was \$21,083.35.

⁴ M.T.’s son and brother-in-law held the title to M.T.’s home.

⁵ When M.T. tried to use that money for credit toward her mortgage payment, Crosby told her that Cimarusti had used it for another investment. In July 2009, Crosby confirmed that the \$8,000 was gone.

⁶ M.T. provided FLFG with an additional \$48,650 for “fees” and a deposit. Because M.T. did not consider those amounts to be an investment, they are not included in the total amount invested. In total, M.T. parted with \$70,650.

INVESTOR S.T.

20. S.T. met Crosby in early to mid-2007 at the Ramada Inn near the Salt Lake City airport. S.T. was attending a real estate investment meeting with a friend, M.M., and Crosby was conducting the meeting.
21. Following the initial meeting, S.T. attended several other real estate investment meetings hosted by Crosby and FLFG.
22. At the meetings, Crosby explained how FLFG operated. With respect thereto, Crosby made the following statements:
 - a. Crosby was an LDS bishop and had a lot of experience in real estate investing;
 - b. Crosby had a business with many customers in Los Angeles;
 - c. Crosby had helped Cimarusti, a prior investor, make a lot of money;
 - d. Investor money would be pooled together to purchase condos in Ogden, Utah, and all the investors would become members of a newly formed corporation;
 - e. Investors would be paid monthly returns from the rents collected; and
 - f. Investors would not have to be involved in managing or renting the condos because FLFG would handle that.
23. Crosby also took S.T. and other potential investors to see two condos in Ogden and said those were the condos FLFG would purchase with investor funds.
24. Crosby brought mortgage modification paperwork, for “Pick and Pay” loans through World Savings Bank, to some meetings for investors to fill out. S.T. filled out the

paperwork through Crosby.

FIRST INVESTMENT

25. On August 8, 2007, S.T. wired \$5,000 to FLFG.
26. In exchange for the \$5,000, S.T. was to receive a fractional interest in one or two condos.⁷
27. S.T. used money from her savings, not her loan modification, to invest with FLFG.
28. S.T. did not receive any disclosure documentation or other memorialization prior to her investment.

SECOND INVESTMENT

29. On August 23, 2007, at the Ramada Inn by the Salt Lake City airport, S.T. gave Crosby a \$9,500 check, payable to FLFG.
30. In exchange for the \$9,500, S.T. was to receive a fractional interest in one or two condos.⁸
31. S.T. used money from her savings, not her loan modification, to invest with FLFG.
32. S.T. did not receive any disclosure documentation or other memorialization prior to her investment.
33. In February 2008, after S.T.'s lawyer contacted FLFG for the return of S.T.'s funds, S.T. received a Membership Certificate for 5.882% of Enoch Elite Properties 1 LLC (Enoch

⁷ S.T. does not know if each investment was for a different condo, or if each investment went toward both condos.

⁸ *Id.*

Elite Properties),⁹ dated February 8, 2008, and bearing what appears to be Trefflich's signature.

34. S.T. had never heard of Enoch Elite Properties until she received the certificate.
35. For both investments, S.T. received payments of \$200 per month for approximately one year. Therefore, S.T. has been repaid \$2,400 of her \$14,500 investment, for a total loss of \$12,100.

INVESTOR N.N.

36. N.N. met Crosby in early to mid-2007 at FLFG meetings in private residences and hotels in Provo and Salt Lake City. N.N. was invited by a friend, M.M., to attend these meetings on real estate investing.
37. At the meetings, Crosby explained how FLFG operated. With respect thereto, Crosby made the following statements:
 - a. Investing in real estate was a good way to earn money;
 - b. FLFG would handle everything from finding condos to purchase and tenants, to making necessary repairs, and N.N. and other investors would receive monthly checks from the rents collected;
 - c. Investor funds would be pooled together to purchase condos in Ogden, Utah;
 - d. Some investors could hold title to the condos in their names; and

⁹ Enoch Elite Properties 1 LLC was a Utah limited liability company that registered with the Utah Division of Corporations on February 8, 2008. As of June 7, 2010, the entity's status changed from active to expired. During its existence, Crosby and Trefflich served as Managers.

- e. A condo could be purchased for \$10,000, with a \$4,000 down payment.
38. Crosby also took N.N. and other potential investors to a large building in Ogden and said the condos FLFG would purchase with investor funds were inside.
39. Crosby helped N.N. refinance his house through Wachovia Bank.

FIRST INVESTMENT

40. On or about June 13, 2007, Cimarusti went to N.N.'s home in Spanish Fork, Utah and told him to give her a \$5,000 check, payable to FLFG, which N.N. did.
41. In exchange for the \$5,000, N.N. was to receive a fractional interest in one or two condos.¹⁰
42. The investment funds came from equity in N.N.'s primary residence, a fact known to Crosby because he helped N.N. refinance the home to acquire the funds.
43. N.N. did not receive any disclosure documentation or other memorialization prior to or after his investment.

SECOND INVESTMENT

44. On August 13, 2007, after being told that there was an additional \$19,000 cost for the investment, Cimarusti returned to N.N.'s home, where he gave her a \$19,000 check made payable to FLFG.
45. In exchange for the \$19,000, N.N. was to receive a fractional interest in one or two condos.

¹⁰ N.N. does not know if each investment was for a different condo, or if each investment went toward both condos.

46. The \$19,000 in investment funds also came from equity in N.N.'s primary residence.
47. N.N. did not receive any disclosure documentation or other memorialization prior to or after his investment.
48. For both investments, N.N. received payments of \$200 per month for approximately eighteen months. Therefore, N.N. has been repaid \$3,600 of his \$24,000 investment, for a total loss of \$20,400.

INVESTORS S.P AND L.P.

49. S.P. and L.P. learned of FLFG and Crosby through a friend, M.M.
50. Because S.P. and L.P. do not speak English, they did not meet with Crosby prior to investing. Instead, M.M. attended FLFG meetings, and later told S.P. and L.P. what Crosby had said.
51. At the meetings M.M. attended, Crosby explained how FLFG operated. With respect thereto, Crosby made the following statements:
 - a. Investing in real estate was a good way to earn money;
 - b. FLFG would handle everything from finding condos to purchase and tenants, to making necessary repairs, and investors would receive monthly checks from the rents collected;
 - c. Investor money would go into a limited liability company, and the limited liability company would purchase condos in Ogden, Utah; and
 - d. Investors could own three condos for \$36,000.

52. S.P. and L.P. decided to refinance their home through FLFG and Wachovia. As a result of the refinance, S.P. and L.P. pulled \$51,000 in equity out of their home.

FIRST INVESTMENT

53. On or about May 21, 2007, L.P. gave M.M. a \$7,500 check, payable to FLFG, to give to Crosby. In exchange for the \$7,500, S.P. and L.P. were to receive a fractional interest in one or three condos.¹¹

54. The investment funds came from equity in S.P. and L.P.'s primary residence, a fact known to Crosby because he helped S.P. and L.P. refinance the home to acquire the funds.

55. S.P. and L.P. did not receive any disclosure documentation or other memorialization prior to their investment.

56. After Crosby received the check, he took M.M., S.P., and L.P. to Ogden. They drove past a large building, and Crosby told S.P. and L.P. they owned three units inside.

SECOND INVESTMENT

57. On August 13, 2007, about one month after the refinance of L.P. and S.P.'s home was finalized, L.P. and M.M. went to a Wells Fargo branch to invest \$28,500 of the equity with FLFG.

58. On that date, L.P. transferred the money into FLFG's account.

59. In exchange for the \$28,500, L.P. and S.P. were to increase their fractional interest in the

¹¹ S.P. and L.P. do not know if the first investment was for one condo and the second investment for the other two condos, or if each investment went toward all three condos.

condos.

60. The investment funds again came from equity in S.P. and L.P.'s primary residence, a fact known to Crosby because he helped S.P. and L.P. refinance the home to acquire the funds.
61. S. P. and L.P. did not receive any disclosure documentation or other memorialization prior to their investment.
62. In November 2008, S.P. and L.P. received a letter from FLFG, signed by Trefflich, dated November 14, 2008. The letter congratulates S.P. and L.P. and says an enclosed certificate shows their share of ownership of the properties through Enoch Elite Properties.
63. The Membership Certificate states S.P. and L.P. own 8.824% of Enoch Elite Properties. The certificate is dated February 8, 2008 and appears to bear Trefflich's signature.
64. For both investments, L.P. and S.P. received payments of \$365 per month for approximately 24 months, from September 2007 to December 2009. Therefore, S.P. and L.P. have been repaid \$10,220 of their \$36,000 investment, for a total loss of \$25,780.

CAUSES OF ACTION

Securities Fraud under § 61-1-1 of the Act (Investor M.T.)

65. The Division incorporates and re-alleges paragraphs 1 through 64.
66. The investment contract offered and sold by Respondent is a security under § 61-1-13 of the Act.

67. In connection with the offer and sale of a security to investor M.T., Crosby, 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. Crosby failed to disclose the address of the condos to be purchased;
 - b. Crosby failed to disclose how much money would need to be raised to purchase and maintain a condo and what would happen if FLFG could not raise that amount;
 - c. Crosby failed to disclose that he was previously licensed to sell securities in the state of California but was not currently licensed, and he had never been licensed to sell securities in the state of Utah;
 - d. Crosby failed to disclose that he had several federal and state tax liens from 1997 to 2007, including a California state tax lien for \$54,182 filed on November 26, 2003; and
 - e. Some or all of the information typically provided in an offering circular or prospectus regarding Crosby and FLFG, such as:
 - i. Financial statements;
 - ii. Risk factors;
 - iii. Suitability factors for the investment;
 - iv. Business experience and operating history; and
 - v. Whether the investment is a registered security or exempt from

registration.

**Securities Fraud under § 61-1-1 of the Act
(Investor S.T.)**

68. The Division incorporates and re-alleges paragraphs 1 through 64.
69. The investment contracts offered and sold by Respondent are securities under § 61-1-13 of the Act.
70. In connection with the offer and sale of securities to investor S.T., Crosby, 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. Crosby failed to disclose the address of the condos to be purchased;
 - b. Crosby failed to disclose how much money would need to be raised to purchase and maintain a condo, and what would happen if FLFG could not raise that amount;
 - c. Crosby failed to disclose that S.T.'s investment was actually membership in Enoch Elite Properties;
 - d. Crosby failed to disclose that he was previously licensed to sell securities in the state of California but was not currently licensed, and he had never been licensed to sell securities in the state of Utah;
 - e. Crosby failed to disclose that he had several federal and state tax liens from 1997 to 2007, including a California state tax lien for \$54,182 filed on November 26,

2003; and

- f. Some or all of the information typically provided in an offering circular or prospectus regarding Crosby, FLFG, and Enoch Elite Properties such as:
 - i. Financial statements;
 - ii. Risk factors;
 - iii. Suitability factors for the investment;
 - iv. Business experience and operating history; and
 - v. Whether the investment is a registered security or exempt from registration.

**Securities Fraud under § 61-1-1 of the Act
(Investor N.N.)**

- 71. The Division incorporates and re-alleges paragraphs 1 through 64.
- 72. The investment contracts offered and sold by Respondent are securities under § 61-1-13 of the Act.
- 73. In connection with the offer and sale of securities to investor N.N., Crosby, 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. Crosby failed to disclose the address of the condos to be purchased;
 - b. Crosby failed to disclose how much money would need to be raised to purchase and maintain a condo, and what would happen if FLFG could not raise that

- amount;
- c. Crosby failed to disclose that he was previously licensed to sell securities in the state of California but was not currently licensed, and he had never been licensed to sell securities in the state of Utah;
 - d. Crosby failed to disclose that he had several federal and state tax liens from 1997 to 2007, including a California state tax lien for \$54,182 filed on November 26, 2003; and
 - e. Some or all of the information typically provided in an offering circular or prospectus regarding Crosby and FLFG, such as:
 - i. Financial statements;
 - ii. Risk factors;
 - iii. Suitability factors for the investment;
 - iv. Business experience and operating history; and
 - v. Whether the investment is a registered security or exempt from registration.

**Securities Fraud under § 61-1-1 of the Act
(Investors S.P and L.P.)**

- 74. The Division incorporates and re-alleges paragraphs 1 through 64.
- 75. The investment contracts offered and sold by Respondent are securities under § 61-1-13 of the Act.

76. In connection with the offer and sale of securities to investors S.P. and L.P., Crosby, 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. Crosby failed to disclose the address of the condos to be purchased;
 - b. Crosby failed to disclose how much money would need to be raised to purchase and maintain a condo, and what would happen if FLFG could not raise that amount;
 - c. Crosby failed to disclose that S.P and L.P.'s investment was actually membership in Enoch Elite Properties;
 - d. Crosby failed to disclose that he was previously licensed to sell securities in the state of California but was not currently licensed, and he had never been licensed to sell securities in the state of Utah;
 - e. Crosby failed to disclose that he had several federal and state tax liens from 1997 to 2007, including a California state tax lien for \$54,182 filed on November 26, 2003; and
 - f. Some or all of the information typically provided in an offering circular or prospectus regarding Crosby, FLFG, and Enoch Elite Properties such as:
 - i. Financial statements;
 - ii. Risk factors;
 - iii. Suitability factors for the investment;

- iv. Business experience and operating history; and
- v. Whether the investment is a registered security or exempt from registration.

Sale of Unregistered Securities under § 61-1-7 of the Act

- 77. The Division incorporates and re-alleges paragraphs 1 through 64.
- 78. The investment contracts offered and sold by Respondent are securities under § 61-1-13 of the Act.
- 79. The securities were offered and sold in this state.
- 80. The securities were not registered or notice filed under the Act, and Respondent did not file any claim of exemption relating to the securities.
- 81. Based upon the foregoing, Respondent violated § 61-1-7 of the Act.

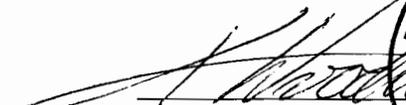
ORDER

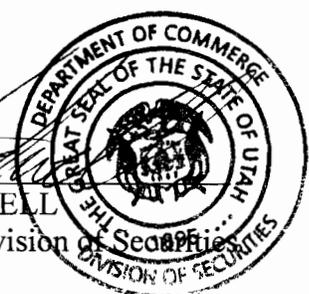
The Director, pursuant to § 61-1-20 of the Act, hereby orders Respondent to appear at a formal hearing to be conducted in accordance with Utah Code Ann. §§ 63G-4-202, -204 through -208, and held before the Utah Division of Securities. The hearing will occur on **Wednesday, June 5, 2013, at 9:00 a.m.**, 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 Respondent fails to file an answer and appear at the hearing, the Division of Securities may hold Respondent 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, Respondent may show cause, if any he has:

- a. Why Respondent should not be found to have engaged in the violations alleged by the Division in this Order to Show Cause;
- b. Why Respondent 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 Respondent 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 12th April, 2013.


KEITH WOODWELL
Director, Utah Division of Securities



Approved:


WADE FARRAWAY
Assistant Attorney General
N.B.


D.H.

Division of Securities
Utah Department of Commerce
160 East 300 South, 2nd Floor
Box 146760
Salt Lake City, UT 84114-6760
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FAX: (801)530-6980

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

IN THE MATTER OF:

DAVID RODNEY CROSBY,

Respondent.

NOTICE OF AGENCY ACTION

Docket No. SD-13-0029

THE DIVISION OF SECURITIES TO THE ABOVE-NAMED RESPONDENT:

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 Maria Lohse
Utah Division of Securities
160 E. 300 South, 2nd Floor
Box 146760
Salt Lake City, UT 84114-6760
(801) 530-6600

A copy to:

Wade Farraway
Assistant Attorney General
Utah Division of Securities
160 East 300 South, 5th Floor
Salt Lake City, UT 84114-0872
(801) 366-0145

An initial hearing in this matter is set for **Wednesday, June 5, 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

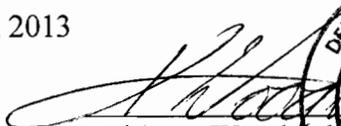
hearing is to enter a scheduling order addressing discovery, disclosure, and other deadlines, including pre-hearing motions, and to set a hearing date to adjudicate the matter alleged in the Order to Show Cause.

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 Wade Farroway, Assistant Attorney General, 160 E. 300 South, 5th Floor, Box 140872, Salt Lake City, UT 84114-0872, Tel. No. (801) 366-0145.

Dated this 12th day of April, 2013


Keith M. Woodwell
Director, Division of Securities



Certificate of Mailing

I certify that on the 15th day of April, 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:

DAVID RODNEY CROSBY
1035 W. BALBOA BLVD.
NEWPORT BEACH, CA 92661

Certified Mail # 70070220 0001 0064 2609



Executive Secretary