



investigative work has consisted of brokerage firm audits and investigations involving securities fraud. I have also been employed in the private sector of the securities industry for an additional eight years. I am a graduate of Weber State University.

2. This case was opened by the Utah Division of Securities on May 23, 2006, to investigate a complaint filed by Jarrett Taylor against Kevin Lawrence Wright.

### **INVESTIGATION BACKGROUND**

3. During the course of this investigation, I have interviewed and/or received information from Jarrett Taylor and Zions Bank.

### **CASE HISTORY**

4. In or about August 2004, in Washington County, State of Utah, Wright met with Taylor to solicit an investment venture. Wright told Taylor that he was aware of three real estate properties located in Henderson (Clark County), Nevada that he could purchase at a low price and quickly resell on the market. During the course of the solicitation, Wright told Taylor he needed an investment from him of \$100,000 to secure the three properties. In return, Wright told Taylor he would resell the properties immediately and would repay him \$399,000 by September 22, 2004. In the event the investment needed to be extended another thirty days, Wright promised to pay Taylor an additional \$90,000. Wright also told Taylor that if he didn't pay the full amount (\$489,000) by the extended date, he would convey the three properties to him to secure his investment.

5. To convince Taylor the three properties were a secure investment, Wright drove

Taylor to Henderson, Nevada and showed him three properties. Again, Wright stated the properties would be recorded in Taylor's name and his investment would be secure.

6. On August 6, 2004, Taylor agreed to loans for the three specific properties and gave Wright a Cashier's Check (Zions Bank) in the amount of \$100,000. In return, Wright issued three Promissory Notes and what appeared to be three Trust Deeds representing the three properties. The property descriptions and loan terms for each of the Promissory Notes are as follows:

- a. \$35,000 Investment. Property address: 1519 Villa Rica, Henderson NV 89025. Terms: \$133,000 will be paid on or before September 22, 2004. An extension of 30 days will result in an additional \$30,000 added to the note.
- b. \$40,000 Investment. Property address: 1370 Ruby Sky, Henderson, NV 89025. Terms: \$133,000 will be paid on or before September 22, 2004. Extension of 30 days will result in an additional \$30,000 added to the note
- c. \$25,000 Investment. Property address: 20 Athlem Place, Henderson, NV 89025. Terms: \$133,000 will be paid on or before September 22, 2004. Extension of 30 days will result in an additional \$30,000 added to the note.

7. For several weeks following the due date of the three loans, Taylor made several attempts to collect his funds from Wright but was unsuccessful. Finally, on December 13, 2004 Wright paid Taylor \$25,000. At this time Taylor confronted Wright regarding the current status of the properties. Wright then informed Taylor that he had never purchased the three properties.

### **INVESTIGATION**

8. During the course of my investigation, I researched the Utah court records

regarding Wright's background. My research revealed that Wright had three separate civil judgments entered against him prior to soliciting Taylor for the investments. The judgments totaling \$327,255 are as follows:

a.	10-18-02	Holladay Bank & Trust	\$310,000
b.	03-07-01	IHC	\$ 9,707
c.	12-11-01	Stonecutter Construction	\$ 7,518

9 In addition to the court records, I obtained documents which revealed that Wright was delinquent on his income taxes owed to the State of Utah for the years 1995 (\$8,614), 1996 (\$11,270), 1997 (\$6,781), 1999 (\$617), 2000 (\$51,795) and 2001 (\$29,688).

10. During my interview with Taylor, I asked him if Wright had ever disclosed the judgments and delinquencies to him prior to making the loans. Taylor told me that none of these actions were ever disclosed to him.

11. As part of my investigation I reviewed the ownership records for the three properties listed in paragraph 6 on file with the Clark County, NV Assessor's Office. The records revealed the three properties were never purchased by Wright. Furthermore, the property address of one of the properties (20 Athlem Place) does not exist.

12. In connection with the offer and sale of these securities to Taylor, Wright willfully failed to disclose material information, including, but not limited to, the following, which was necessary in order to make the representations made not misleading:

- a. He failed to tell Taylor about the outstanding civil judgments and delinquencies against him, as listed in paragraphs 8 and 9, above;

- b. Some or all of the information typically provided in an Offering Circular or Prospectus such as:
  - i. The business and operation history of Wright;
  - ii. Identities of all principals along with expertise in this type of business;
  - iii. Financial statements;
  - iv. The market for the product;
  - v. The nature of the competition for the product;
  - vi. The track record of Wright;
  - vii. Risk factors;
  - viii. The liquidity of the investment;
  - ix. Discussion of pertinent suitability factors for the investment;
  - x. Any conflicts of interest;
  - xi. Whether Wright was licensed to sale securities.

13. My review of records on file with the Utah Division of Securities and the National Association of Securities Dealers revealed that Wright has never been licensed to sell securities in the State of Utah.

**COUNT 1**  
**SECURITIES FRAUD (a second degree felony)**

14. In or about August 2004, in Washington County, State of Utah, Wright solicited Taylor to invest \$100,000 for the purpose of securing three real estate properties located in Clark County, Nevada. On August 6, 2004, Taylor agreed to the investment and gave Wright a Cashier's Check made payable to Wright for \$100,000. A portion of this check (\$30,000) was specifically to be used to purchase a property located at 1519 Villa Rica in Henderson, Nevada. In return Wright gave Taylor a Promissory Note (a security) and an incomplete Trust Deed which was never recorded in Clark County, to secure Taylor's investment. Wright defaulted on

the investment and informed Taylor he had never purchased the property.

15. During the solicitation for this investment, Wright failed to disclose three civil judgments to Taylor and the fact that he was delinquent in paying taxes to the State of Utah for a period of six years. In addition, Wright failed to provide Taylor with an Offering Circular (Prospectus) disclosing the items listed in paragraph 12, above.

**COUNT 2**  
**SECURITIES FRAUD (a second degree felony)**

16. In or about August 2004, in Washington County, State of Utah, Wright solicited Taylor to invest \$100,000 for the purpose of securing three real estate properties in Clark County, Nevada. On August 6, 2004, Taylor agreed to the investment and gave Wright a Cashier's Check made payable to Wright for \$100,000. A portion of this check (\$40,000) was specifically to be used to purchase a property located at 1370 Ruby Sky in Henderson, Nevada. Wright gave Taylor a Promissory Note (a security) and an incomplete Trust Deed which was never recorded in Clark County, to secure Taylor's investment. Wright defaulted on the investment and informed Taylor he had never purchased the property.

17. During the solicitation for this loan, Wright failed to disclose three civil judgments to Taylor and the fact that he was delinquent in paying taxes to the State of Utah for a period of six years. In addition, Wright failed to provide Taylor with an Offering Circular (Prospectus) disclosing the items listed in paragraph 12, above.

**COUNT 3**  
**SECURITIES FRAUD (a second degree felony)**

18. In or about August 2004, in Washington County, State of Utah, Wright solicited Taylor to invest \$100,000 for the purpose of securing three real estate properties in Clark County, Nevada. On August 6, 2004, Taylor agreed to the investment and gave Wright a Cashier's Check made payable to Wright for \$100,000. A portion of this check (\$25,000) was specifically to be used to purchase a property located at 20 Athlem Place in Henderson, Nevada. Wright gave Taylor a Promissory Note (a security) and an incomplete Trust Deed which was never recorded in Clark County, to secure Taylor's investment. A review of the assessment records in Clark County indicate that no such address exists. Wright defaulted on the loan and informed Taylor he had never purchased the property.

19. During the solicitation for this investment, Wright failed to disclose three civil judgments to Taylor and the fact that he was delinquent in paying taxes to the State of Utah for a period of six years. In addition, Wright failed to provide Taylor with an Offering Circular (Prospectus) disclosing the items listed in paragraph 12, above.

**COUNT 4**  
**SALES BY AN UNLICENSED BROKER-DEALER OR AGENT,**  
**(a third degree felony)**

20. In or about August 2004, Wright solicited Taylor to make three investments regarding properties as listed in Counts 1, 2, and 3, above. Records on file with the Utah

Division of Securities indicate that Wright has never been licensed to sale securities in the State of Utah.

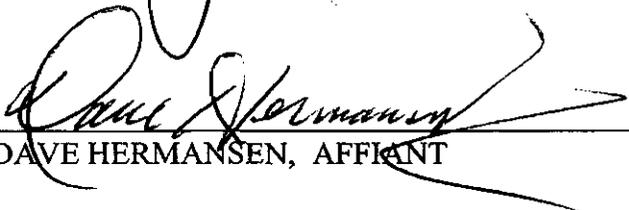
**SUMMARY**

There is probable cause to believe that the defendant, **KEVIN LAWRENCE WRIGHT**, committed the offense(s) of:

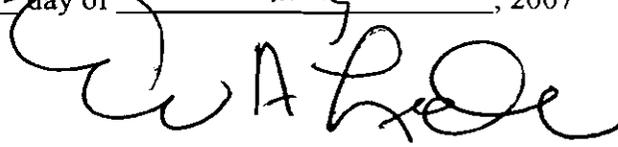
**SECURITIES FRAUD  
a second degree felony, 3 counts**

**SALES BY AN UNLICENSED BROKER-DEALER OR AGENT  
a third degree felony, 1 count**

DATED this 15<sup>th</sup> day of February, 2007

  
DAVE HERMANSEN, AFFIANT

SUBSCRIBED AND SWORN to before me on this 15<sup>th</sup> day of February, 2007



STATE OF UTAH  
COUNTY OF WASHINGTON JESS JUDGE, FIFTH DISTRICT COURT

"I certify that this document or record, is a full, true, and correct copy of the original on file in this office."

Date: 2-15 20 07

By:   
Deputy Court Clerk