

DEPARTMENT OF COMMERCE  
P.O. BOX 146711  
160 EAST 300 SOUTH  
SALT LAKE CITY, UTAH 84114-6760

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BEFORE THE UTAH DIVISION OF SECURITIES  
OF THE DEPARTMENT OF COMMERCE

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IN THE MATTER OF

**DOUGLAS P. BEECHER,  
AMALIA LLC,  
ASOM GROUP, INC, and  
ALPINE MTG ASSOCIATES, LP,**

Respondents.

**RECOMMENDED ORDER ON MOTION  
FOR DEFAULT**

Case Nos.: **SD-16-003**  
**SD-16-004**  
**SD-16-047**  
**SD-16-048**

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On January 12, 2016, the Division initiated this administrative proceeding by filing a Notice of Agency Action and an Order to Show Cause, and mailing them via regular and certified mail to respondents Mr. Beecher and Amalia, LLC at their last known addresses.

An initial hearing was held on March 2, 2016, and Mr. Beecher and Amalia, LLC did not appear or respond to the Division's Order to Show Cause. On November 28, 2016, the Division filed an Amended Order to Show Cause ("Amended OSC") which added ASOM Group, Inc. and Alpine MTG Associates, LP as respondents.

On January 12, 2017, Respondents' counsel, Douglas D. Terry, filed an Appearance of Counsel on behalf of all of the Respondents. On January 12, 2017, the presiding officer entered an Order Staying Proceedings pending resolution of the related criminal action against Mr. Beecher. On January 11, 2018, the Division filed a motion to lift the stay based on the resolution

of Mr. Beecher's criminal action. On January 24, 2018, the presiding officer issued an Order Lifting Stay and Notice of Prehearing Conference.

Pursuant to the Scheduling Order set forth at the prehearing conference, Respondents' responsive pleadings were due on February 22, 2018. As of the date of this pleading, Respondents have not filed responsive pleadings. On March 19, 2018, counsel for the Division sent an email to Mr. Terry putting him on notice that the Division intended to seek a default order if his clients did not file responsive pleadings by March 22, 2018. No pleadings were filed.

#### FINDINGS OF FACT

1. Pursuant to Section 63G-4-209 of the Utah Administrative Procedures Act, "[t]he presiding officer may enter an order of default against a party if . . . (c) a respondent in a formal adjudicative proceeding fails to file a response under Section 63G-4-204." Respondents failed to respond to the Amended OSC and should therefore be defaulted.
2. By reason of the defaults of the Respondents, the presiding officer accepts the allegations outlined in the Amended OSC and finds that they are true.
3. In the present case, Respondents collected approximately \$2.8 million dollars from at least 15 investors (from Utah and Nevada), from June 2009 through May 2015, a six-year period. Beecher has returned approximately \$750,000 to investors, and still owes approximately \$1.8 million in principal alone.
4. Beecher was a CPA and had a business providing tax accounting services. His investors were clients of his tax services business, as well as friends of family members. Beecher targeted people in his community of the same faith. He was aware that many of his investors used retirement funds and home equity to invest. In some cases, Beecher encouraged them to do so. Several of Beecher's investors who are disabled and retired became destitute after losing

investment funds with Beecher.

5. Beecher obtained investor funds by misrepresenting and omitting material facts. He told investors they would receive annual interest of 8% to 12%, that the investment was guaranteed and safe, and that funds could be withdrawn with 30 days' notice. He told some investors their funds would be invested in the stock market. Beecher used investor funds to pay for personal expenses, to make payments to other investors and to provide funding for Beecher's entities. Beecher provided some investors with false statements reflecting purported account values and interest earned. He failed to provide investors with disclosures regarding his entities and failed to inform investors that he was not licensed to sell securities.

6. Beecher did not cooperate with the Division's investigation and has made no effort to mitigate the harm caused by his violations or prevent future violations of the Utah Uniform Securities Act. In fact, Beecher communicated with investors during the Division's investigation and discouraged them from filing complaints and cooperating in the investigation.

7. In 2016, the State of Utah filed a parallel criminal action against Beecher, alleging 17 counts of securities fraud and one count of pattern of unlawful activity.<sup>1</sup> In January 2018, Beecher pled guilty to four counts of securities fraud and one count of pattern of unlawful activity, all second-degree felonies, and was sentenced to 1-15 years in the Utah State Prison on each count. He was also ordered to pay restitution in the amount of \$1,258,555.91.

8. The requested fine amount of \$450,000 was determined after consideration of the guidelines included in Rule R164-31-1 of the Utah Administrative Code. The Division considered the seriousness, nature, circumstances, extent, and persistence of the conduct constituting the violation; the harm to other persons resulting either directly or indirectly from

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<sup>1</sup> *State v. Douglas P. Beecher*, Case no. 161502170, Fifth District Court, Washington County, Utah, filed November 18, 2016.

the violation; the lack of cooperation by Respondents with the investigation; efforts by Respondents to prevent future occurrences of the violations; efforts by Respondents to mitigate the harm caused, including any disgorgement or restitution paid to the investors; any prior offenses by Respondents; the need for deterrence; and such other matters as justice may require, including any costs incurred by the Division over the course of the investigation and litigation of this matter.

9. Based on a consideration of these guidelines and the seriousness of the violation, the proposed fine amount of \$450,000 is appropriate.

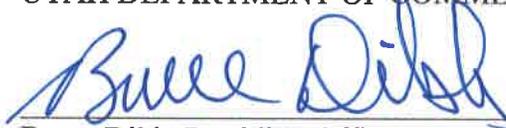
### RECOMMENDED ORDER

The Presiding Officer recommends that the Utah Securities Commission make findings and an order as follows:

- a. That the allegations outlined in the Division's Amended Order to Show Cause are true;
- b. That Respondents cease and desist from engaging in any further conduct in violation of Utah Code Ann. §61-1-1 *et seq.*;
- c. That Respondents be assessed a fine, and jointly and severally pay \$450,000 to the Utah Division of Securities; and
- d. That Respondents be permanently barred from associating with any broker-dealer or investment adviser licensed in Utah; from acting as an agent for any issuer soliciting funds in Utah; and from being licensed in any capacity in the securities industry in Utah.

DATED April 17<sup>th</sup>, 2018.

UTAH DEPARTMENT OF COMMERCE



Bruce Dobb, Presiding Officer

DIVISION OF SECURITIES  
KEITH WOODWELL, DIRECTOR  
DEPARTMENT OF COMMERCE  
P.O. BOX 146741  
160 EAST 300 SOUTH  
SALT LAKE CITY, UTAH 84114-6711  
Telephone: (801) 530-6628

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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

**DOUGLAS P. BEECHER,  
AMALIA LLC,  
ASOM GROUP, INC, and  
ALPINE MTG ASSOCIATES, LP,**

Respondents.

**ORDER ON MOTION FOR DEFAULT**

Case Nos.: **SD-16-003**  
**SD-16-004**  
**SD-16-047**  
**SD-16-048**

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BY THE UTAH SECURITIES COMMISSION:

The Presiding Officer's Recommended Order on Motion for Default in this matter is hereby approved, confirmed, accepted and entered by the Utah Securities Commission.

**ORDER**

The Utah Securities Commission ("Commission") accepts the allegations outlined in the Amended Order to Show Cause and finds that they are true. The Commission hereby orders as follows:

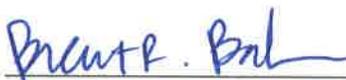
Respondents are ordered to cease and desist from engaging in any further conduct in violation of Utah Code Ann. §61-1-1 or any other section of the Utah Uniform Securities Act.

Respondents are ordered to pay, jointly and severally, a fine of \$450,000 to the Utah Division of Securities upon entry of this Order.

Respondents are barred permanently from associating with any broker-dealer or investment adviser in Utah; from acting as an agent for any issuer raising monies in Utah; and from being licensed in any capacity in the securities industry in Utah.

DATED this 24th day of May, 2018.

**UTAH SECURITIES COMMISSION:**



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Brent R. Baker, Chariman



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Brent A. Cochran, Member

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Gary Cornia, Member

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Peggy Hunt, Member



\_\_\_\_\_  
Lyle White, Member

**NOTICE OF RIGHT TO ADMINISTRATIVE REVIEW**

**Agency review of this order may be obtained by filing a request for agency review with the Executive Director of the Department of Commerce, 160 East 300 South, Box 146701, Salt Lake City, Utah 84114-6701, within thirty (30) days after the date of this order. A motion to set aside the order may also be filed with the presiding officer. The agency action in this case was a formal proceeding. The laws and rules governing agency review of this proceeding are found in Section 63G-4-101 et seq. of the Utah Code, and Rule 151-4 of the Utah Administrative Code.**

CERTIFICATE OF SERVICE

I hereby certify that on the 24 day of May, 2018, the undersigned served a true and correct copy of the foregoing ORDER ON MOTION FOR DEFAULT and a copy of the RECOMMENDED ORDER ON MOTION FOR DEFAULT by email to:

each of the Respondents, through counsel

Doug Terry  
ddtlaw@gmail.com

to the Division

Thomas M. Melton, AAG  
Jennifer Korb, AAG  
[tmelton@agutah.gov](mailto:tmelton@agutah.gov)  
[jkorb@agutah.gov](mailto:jkorb@agutah.gov)

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

IN THE MATTER OF:

**EMPIRE FINANCIAL SERVICES, LLC;  
and BRET R. CARTWRIGHT,**

Respondents.

**RECOMMENDED ORDER ON  
MOTION FOR DEFAULT**

Docket No. **SD-2017-051**

Docket No. **SD-2017-052**

On November 28, 2017, the Division initiated this administrative proceeding by filing a Notice of Agency Action (“NOAA”) and an Order to Show Cause (“OSC”), and mailing them via regular and certified mail to Respondents at their last known addresses. Mr. Cartwright is the registered agent for Empire Financial Services, LLC (“EFS”), and therefore all EFS mailings were sent to the designated address of the registered agent. The certified mailings were delivered to the Respondents, and the Certified Mail Receipts were returned to the Division on December 5, 2017, reflecting delivery.

Rule R151-4-402 of the Utah Department of Commerce Administrative Procedures Act states that “Service may be accomplished by hand delivery or by mail to the last known address of the intended recipient” and “Service by mail is complete upon mailing.” R151-4-402(3)(a) and (b).

Additionally, on January 24, 2018, counsel for the Division contacted, via email, Mr. Cartwright’s counsel in a parallel criminal matter,<sup>1</sup> and informed him of the pending administrative action and the fact that the Mr. Cartwright and EFS were in default. Counsel for

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<sup>1</sup> On July 18, 2017, Cartwright was charged criminally in Third District Court, Salt Lake County, Utah, Case no. 171907445. The criminal matter is currently pending.

the Division gave such legal counsel until February 2, 2018 in which to file a notice of appearance on behalf of the Respondents. Such legal counsel responded to the email and acknowledged that he understood. No legal counsel has appeared in this matter.

The OSC and NOAA instructed Respondents to file a response to the OSC within 30 days of the mailing date and to appear at an initial hearing scheduled for January 22, 2018, at 9:30 a.m. at the Division's offices. The NOAA warns that if no response is filed or if Respondents fail to appear at the hearing, the Presiding Officer may enter a default order against them.

Respondents failed to file a response to the OSC. On January 22, 2018, the Presiding Officer conducted the initial hearing. Respondents did not appear at the hearing in person or through a representative.

Pursuant to Section 63G-4-209 of the Utah Administrative Procedures Act, "[t]he presiding officer may enter an order of default against a party if . . . (b) a party to a formal adjudicative proceeding fails to attend or participate in a properly scheduled hearing after receiving proper notice; or (c) a respondent in a formal adjudicative proceeding fails to file a response under Section 63G-4-204." Respondents failed to file a response to the OSC and failed to participate in the initial hearing after receiving proper notice and should therefore be defaulted.

### **FINDINGS OF FACT**

The Presiding Officer finds that:

1. Pursuant to Utah Code §63G-4-209(1)(b) and (c), proper factual and legal bases exist for entering a default order against Respondents by reason of the fact that the Respondent failed to attend or participate in a properly scheduled hearing after receiving proper notice.

2. The allegations contained in the Division's Order to Show Cause are deemed to be true.
3. In selling securities to investors, the Respondents made material false statements and provided the investors with materially false documents.
4. In selling the securities, the Respondents failed to disclose material information about the transactions, which information was necessary in order to make the statements that were made by the Respondents not misleading.
5. The described transactions constituted violations of, and securities fraud under, §61-1-1 U.C.A.
6. Respondents should cease and desist from engaging in any further conduct in violation of Utah Code Ann. §61-1 et seq.;
7. Respondents should be fined \$100,000.00, jointly and severally, payable to the Utah Division of Securities immediately upon entry of the default order by the Utah Securities Commission.
8. Respondents should be barred from associating with any broker-dealer or investment adviser licensed in Utah.
9. The requested fine amount of \$100,000 was determined after consideration of the guidelines included in Rule R164-31-1 of the Utah Administrative Code.
10. The Division's motion considered the seriousness, nature, circumstances, extent and persistence of the conduct constituting the violation; the harm to other persons resulting either directly or indirectly from the violation; cooperation by Respondents with the investigation; efforts by Respondents to prevent future occurrences of the violations; efforts by Respondents to mitigate the harm caused, including any disgorgement or restitution paid to the investors; any prior offenses by Respondents; the need for deterrence; and such other

matters as justice may require, including any costs incurred by the Division over the course of the investigation and litigation of this matter.

11. In the present case, Respondents collected a total of \$164,500 from seven investors (from Utah, Arizona, Kentucky and Colorado) from May 2005 to March 2015, a ten-year period. To date Respondents have returned only \$3,500 to investors.
12. Notably, this is the second time Respondent, Cartwright, has been named by the Division in an administrative proceeding for violations for the Utah Uniform Securities Act (the “Act”). In case number SD-15-0036, -0037, Cartwright entered into a Stipulation and Consent Order (“SCO”) with the Division in January 2016 and agreed to pay a fine of \$7,363.09, offset by payment of restitution to investors. Cartwright violated the SCO by failing to timely pay the fine. As a result, on May 26, 2016, the Utah Securities Commission entered an order finding that Cartwright materially violated the SCO, that the allegations in the Division administrative action were deemed admitted, that the fine was immediately due and payable, ordering Cartwright to cease and desist from any further violations of the Act, and barring him from licensure with the Division. Cartwright has yet to pay the fine in the Division’s first administrative action.
13. Cartwright is a recidivist and the fine imposed by the Commission should be large enough to deter future violations.
14. Cartwright obtained investor funds by misrepresenting and omitting material facts. Some of the more egregious misrepresentations include telling investors their funds would be used to “flip” real estate, when in fact, he used investor funds for personal expenses. He told some investors that their investments would be secured by a lien on the real estate, when in fact, the real estate was already encumbered, or Cartwright did not even own the real estate. On

the few occasions when Cartwright did record a lien for investors on real estate, he released the lien by forging the investor's signature.

15. Cartwright did not cooperate with the Division's investigation and has made no effort to mitigate the harm cause by his violations or prevent future violations of the Act.
16. Based on a consideration of these guidelines and the seriousness of the violations, the proposed fine amount of \$100,000 is justified.

### **RECOMMENDED ORDER**

The Presiding Officer recommends that the Utah Securities Commission make findings and an order as follows:

- a. That the allegations outlined in the Division's order to show cause are true;
- b. That Respondents cease and desist from engaging in any further conduct in violation of Utah Code Ann. §61-1-1 *et seq.*;
- c. That Respondents pay a fine of \$100,000 to the Utah Division of Securities; and
- d. That Respondents be permanently barred from associating with any broker-dealer or investment adviser licensed in Utah; from acting as an agent for any issuer soliciting funds in Utah; and from being licensed in any capacity in the securities industry in Utah.

DATED April 10<sup>th</sup>, 2018.

UTAH DEPARTMENT OF COMMERCE



Bruce Dibb, Presiding Officer

DIVISION OF SECURITIES  
KEITH WOODWELL, DIRECTOR  
DEPARTMENT OF COMMERCE  
P.O. BOX 146741  
160 EAST 300 SOUTH  
SALT LAKE CITY, UTAH 84114-6711  
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BEFORE THE DIVISION OF SECURITIES  
OF THE DEPARTMENT OF COMMERCE  
OF THE STATE OF UTAH

---

IN THE MATTER OF:

**EMPIRE FINANCIAL SERVICES, LLC;  
and BRET R. CARTWRIGHT,**

Respondents.

**ORDER ON MOTION FOR DEFAULT**

Docket No. **SD-2017-051**

Docket No. **SD-2017-052**

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BY THE UTAH SECURITIES COMMISSION:

The Presiding Officer's Recommended Order on Motion for Default in this matter is hereby approved, confirmed, accepted and entered by the Utah Securities Commission.

**ORDER**

The Utah Securities Commission ("Commission") accepts the allegations outlined in the Order to Show Cause and finds that they are true. The Commission hereby orders as follows:

Respondents are 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 Utah Uniform Securities Act.

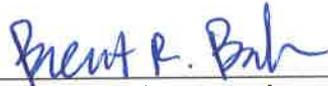
Respondents are ordered to pay, jointly and severally, a fine of \$100,000 to the Utah Division of Securities upon entry of this Order.

Respondents are barred permanently from associating with any broker-dealer or investment adviser in Utah; from acting as an agent for any issuer raising monies in Utah; and

from being licensed in any capacity in the securities industry in Utah.

DATED this 24th day of May, 2018.

**UTAH SECURITIES COMMISSION:**



\_\_\_\_\_  
Brent R. Baker, Member



\_\_\_\_\_  
Brent A. Cochran, Member

\_\_\_\_\_  
Gary Cornia, Member

\_\_\_\_\_  
Peggy Hunt, Member



\_\_\_\_\_  
Lyle White, Member

**NOTICE OF RIGHT TO ADMINISTRATIVE REVIEW**

**Agency review of this order may be obtained by filing a request for agency review with the Executive Director of the Department of Commerce, 160 East 300 South, Box 146701, Salt Lake City, Utah 84114-6701, within thirty (30) days after the date of this order. A motion to set aside the order may also be filed with the presiding officer. The agency action in this case was a formal proceeding. The laws and rules governing agency review of this proceeding are found in Section 63G-4-101 et seq. of the Utah Code, and Rule 151-4 of the Utah Administrative Code.**

CERTIFICATE OF SERVICE

I hereby certify that on the 24<sup>th</sup> day of May, 2018, the undersigned served a true and correct copy of the foregoing ORDER ON MOTION FOR DEFAULT and a copy of the RECOMMENDED ORDER ON MOTION FOR DEFAULT by mailing a copy through first-class mail, postage prepaid, to:

Empire Financial Services, LLC  
13618 S. Vestry Road  
Draper, UT 84020

Bret R. Cartwright (individually and as Registered Agent and sole manager of Empire Financial Service, LLC)  
13618 S. Vestry Road  
Draper, UT 84020

and by email on the 24<sup>th</sup> of May, 2018, to

Thomas M. Melton, AAG  
Jennifer Korb, AAG  
[tmelton@agutah.gov](mailto:tmelton@agutah.gov)  
[jkorb@agutah.gov](mailto:jkorb@agutah.gov)

  
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Division of Securities  
Utah Department of Commerce  
160 East 300 South  
Box 146760  
Salt Lake City, UT 84114-6760  
Telephone: (801) 530-6600  
FAX: (801) 530-6980

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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:

JOHN ZANE JEPPESEN; and  
JEPPESEN LAND AND PROPERTIES,  
  
Respondents.

STIPULATION AND CONSENT  
ORDER

Docket No. SD-17-0037  
Docket No. SD-17-0038

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The Utah Division of Securities (“Division”), by and through its Director of Enforcement, Dave Hermansen, and respondents John Zane Jeppesen (“Jeppesen”) and Jeppesen Land and Properties (“JLP”) (together, the “Respondents”) hereby stipulate and agree as follows:

1. Respondents have been the subject of an investigation by the Division into allegations that they violated the Utah Uniform Securities Act (“Act”), Utah Code Ann. § 61-1-1, *et seq.*, as amended.
2. On or about September 26, 2016 the Division initiated an administrative action against Respondents by filing an Order to Show Cause (“OSC”).
3. Respondents hereby agree to settle this matter with the Division by way of this Stipulation and Consent Order (“Order”). If entered, the Order will fully resolve all claims the Division has against Respondents pertaining to the OSC.

4. Respondents admit that the Division has jurisdiction over them and the subject matter of this action.
5. Respondents hereby waive any right to a hearing to challenge the Division's evidence and present evidence on their behalf.
6. Respondents have read this Order, understand its contents, and voluntarily agree to the entry of the Order as set forth below. No promises or other agreements have been made by the Division, nor by any representative of the Division, to induce Respondents to enter into this Order, other than as described in this Order.

#### **I. FINDINGS OF FACT**

7. Jeppesen was, at all times relevant to the matters asserted herein, a resident of Utah. On October 27, 2005, the Division entered into a Stipulation and Consent Order with Jeppesen. The Order found that Jeppesen violated certain provisions of the Act. Jeppesen has never been licensed in the securities industry in any capacity.
8. JLP is a Utah business entity that was incorporated on or about February 11, 2010. JLP is currently an active entity registered with the Utah Division of Corporations. LaDene M. Jeppesen, Jeppesen's 92-year-old mother, is listed as the registered agent and manager. JLP has never been registered with the Division as an issuer of securities. Division records reveal no securities registration, exemption from registration, or any notice filing in any manner for JLP.
9. From approximately 2010 to 2014, while conducting business in or from Utah, Respondents offered and sold promissory notes and/or investment contracts to at least six investors and collected approximately \$555,000 in connection therewith. Investors were

promised returns of up to 20% on their invested principal. To date, the six investors are still owed approximately \$488,830 in principal alone.

10. Between February 2010 and August 2011, while conducting business in or from Utah, Respondents approached a married couple (“Investor 1 and Investor 2”), residents of Idaho, with family and business ties to Utah, and solicited \$100,000 in connection with Respondents’ purported real estate venture. Investor 1 and Investor 2 were promised returns of 12% annual interest in addition to the return of their \$100,000 in principal. Respondents collected approximately \$100,000 from Investor 1 and Investor 2.
11. Between May 2010 and August 2011, while conducting business in or from Utah, Respondents approached another married couple (“Investor 3 and Investor 4”), residents of Utah, and solicited \$135,000 in connection with Respondents’ purported real estate venture. Investor 3 and Investor 4 were promised up-front bonuses, returns of 12% annual interest, plus the return of the \$135,000 in principal. Respondents collected approximately \$135,000 from Investor 3 and Investor 4.
12. In February 2012, while conducting business in or from Utah, Respondents approached Investor 5, a resident of Utah, and solicited \$100,000 in connection with Respondents’ purported real estate venture. Investor 5 was promised a 20% return (over 45 days) on the \$100,000 investment. Respondents collected approximately \$100,000 from Investor 5.
13. In 2013, while conducting business in or from Utah, Respondents approached Investor 6, a resident of Weston, Idaho, with business ties to Utah and, over the course of several months, solicited \$220,000 in connection with Respondents’ purported real estate venture. Investor 6 was promised a return of 12% annual interest, in addition to the

\$220,000 in principal, to be paid within 45 days of the initial investment. As a result, Respondents collected \$220,000 from Investor 6.

14. The investment opportunities offered and sold by Respondents are promissory notes and/or investment contracts.
15. Promissory notes and investment contracts are defined as securities under §61-1-13 of the Act.
16. During all times relevant to this matter, Respondents were not licensed to offer or sell securities in the state of Utah.
17. In connection with the offer and sale of securities, Respondents made material misstatements and omissions to the investors.
18. Respondents used investor funds in a manner inconsistent with what they told investors at the time of solicitation.
19. The investors are still owed approximately \$488,830 in principal alone.

INVESTOR 1 AND INVESTOR 2  
OFFER AND SALE OF A SECURITY

20. Investor 1 and Investor 2 are residents of Montpelier, Idaho, with family and business ties to Utah. Investor 1 and Investor 2 learned of Jeppesen and JLP in or about February 2010, when they met him through a family member who had previously invested with Jeppesen in another venture. In or about March 2010, Jeppesen traveled to Soda Springs, Idaho to meet with Investor 1 and Investor 2.
21. During their meeting, Jeppesen explained that he was developing a property and that Investor 1 and Investor 2 could invest and make a 12% return with interest payments made monthly.

22. Jeppesen told Investor 1 and Investor 2 that their principal would be paid back within one year.
23. Jeppesen promised Investor 1 and Investor 2 a signing bonus if they invested immediately.
24. Jeppesen made the following representations to Investor 1 and Investor 2 about the offering:
  - a. Jeppesen was developing property in Payson, Utah and Saratoga Springs, Utah;
  - b. Investor 4 and Investor 5's money would be used to purchase and develop the Payson property;
  - c. Investor 1 and 2's investment would be secured by the property;
  - d. The value of the property would double over the next year;
  - e. Jeppesen had other properties in the area and that the combination of the investments would make each of the parcels more valuable; and
  - f. There was no way to lose money on this deal.
25. Based on Jeppesen's representations, and the fact that the investment was secured by real estate, Investor 1 and Investor 2 decided to invest with Jeppesen.
26. On or about March 17, 2010, Investor 1 and Investor 2 gave Jeppesen a check in the amount of \$25,000 made payable to "Jeppesen Land and Properties."<sup>1</sup>
27. Investor 1 and Investor 2 received a promissory note detailing the terms of the investment

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<sup>1</sup> After receiving the check, Jeppesen presented Investor 1 and Investor 2 with a bonus check in the amount of \$2,000. On or about May 23, 2011, Jeppesen promised Investor 1 and Investor 2 an additional 1% return on their principal if they agreed to extend the maturity of their note by one year-- Investor 1 and Investor 2 agreed to extend the time on their first investment for one year.

and a notarized trust deed that Jeppesen represented would secure the investment. Both the promissory note and trust deed were signed by LaDene Jeppesen and dated March 17, 2010.

28. After receiving the first check, Jeppesen continued to solicit investments from Investor 1 and Investor 2.
29. In or about October 2010, Jeppesen promised Investor 1 and Investor 2 12% returns on their investment collateralized by a trust deed for each of their subsequent investments.
30. Additionally, Jeppesen made the same representations set out in paragraph 24 for each subsequent investment.
31. Jeppesen also provided Investor 1 and Investor 2 with a promissory note for each subsequent investment.<sup>2</sup>
32. Based on Jeppesen's representations and the security of the purported properties Jeppesen promised as collateral, Investor 1 and Investor 2 decided to make additional investments with Jeppesen.
33. On or about October 12, 2010, Investor 1 and Investor 2 invested an additional \$13,000 with Jeppesen via check made payable to "Jeppesen Land and Properties;"<sup>3</sup>
34. On or about February 10, 2011, Investor 1 and Investor 2 invested an additional \$12,000 with Jeppesen via check made payable to "Jeppesen Land and Properties."<sup>4</sup> Jeppesen used these funds in a manner inconsistent with what he told Investor 1 and Investor 2, including, but not limited to, the following:

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<sup>2</sup> On or about January 29, 2014, Jeppesen provided Investor 1 and Investor 2 with a promissory note outlining each of their investments with him. The note was signed by "Shannon Fitzgerald."

<sup>3</sup> After receiving the check, Jeppesen presented Investor 1 and Investor 2 with a bonus check in the amount of \$500.

<sup>4</sup> After receiving the check, Jeppesen presented Investor 1 and Investor 2 with a bonus check in the amount of \$500.

Banks/Credit Cards	\$5,225.70
Payments to Earlier Investors	\$4,250.30
Robyn Jeppesen <sup>5</sup>	\$2,500.00
Utah County Recorder	\$24.00
<b>Total</b>	<b>\$12,000.00</b>

35. On or about April 18, 2011, Investor 1 and Investor 2 invested an additional \$30,000, provided to Jeppesen in cash.
36. On or about July 7, 2011, Investor 1 and Investor 2 invested an additional \$5,000, provided to Jeppesen in cash.
37. On or about August 3, 2011, Investor 1 and Investor 2 invested an additional \$15,000 with Jeppesen via check made payable to “Jeppesen Land and Properties.” Jeppesen used these funds in a manner inconsistent with what he told Investor 1 and Investor 2, including the following:

Payments to Earlier Investors	\$14,470.00
LaDene Jeppesen	\$530.00
<b>Total</b>	<b>\$15,000.00</b>

38. Between April 2010 and December 2011, Jeppesen paid Investor 1 and Investor 2 between \$250 and \$500 per month in interest payments.
39. Investor 1 and Investor 2 invested a total of \$100,000 with Jeppesen. To date, Jeppesen has returned approximately \$25,770, and still owes Investor 1 and Investor 2 approximately \$74,230 in principal alone.

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<sup>5</sup> Robyn Jeppesen is John Zane Jeppesen’s wife.

INVESTOR 3 AND INVESTOR 4

OFFER AND SALE OF A SECURITY

1<sup>st</sup> Investment

40. Investor 3 and Investor 4, a married couple, are residents of Salt Lake County, Utah. Investor 3 and Investor 4 learned of Jeppesen and JLP in or about February 2010, when they met him through a family member who had previously invested with Jeppesen.
41. In or about May 2010, Investor 3 and Investor 4 met Jeppesen at his purported investment property in Saratoga Springs, Utah.
42. Jeppesen offered an investment opportunity to Investor 3 and Investor 4 relating to a property in Saratoga Springs, Utah. Jeppesen claimed to be involved with the development of this property.
43. Jeppesen told Investor 3 and Investor 4 that if they decided to invest, they would receive a 12% return on their investment, and that the principal would be paid back within one year.
44. In addition to the 12% interest on the investment, Jeppesen offered Investor 3 and Investor 4 \$2,500 as an up-front bonus.
45. Jeppesen made the following representations to Investor 3 and Investor 4 about the offering:
  - a. Their investment monies would be used to develop the Saratoga Springs property;
  - b. The property was worth four times the amount they would invest;
  - c. There was no way to lose money on this deal;

- d. Investor 3 and Investor 4's investment would be secured by a trust deed against a property in Utah County; and
  - e. Jeppesen had other properties in the area, that the combined value of these parcels would make each individual parcel more valuable, and that the value of the parcel relating to Investor 3's and Investor 4's investment would exceed their invested amount.
46. Based on Jeppesen's representations, Investor 3 and Investor 4 decided to invest with Jeppesen.
47. On or about May 13, 2010, Investor 3 and Investor 4 presented Jeppesen with a check in the amount of \$25,000 made payable to "Jeppesen Land and Properties."
48. Jeppesen did not provide Investor 3 and Investor 4 with a promissory note or trust deed at the time of investment.<sup>6</sup>
49. On May 23, 2011, Jeppesen provided Investor 3 and Investor 4 with a "Contract Extension Agreement," which was signed by LaDene Jeppesen and dated May 23, 2011. The agreement allegedly confirmed Jeppesen's intent to continue monthly interest payments in the amount of \$250 per month, or 12% annually, to Investor 3 and Investor 4.

#### 2<sup>nd</sup> Investment

50. Between May 2010 and September 2010, Jeppesen continued contacting Investor 3 and Investor 4 and requesting that they invest additional funds in other opportunities.

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<sup>6</sup> When Investor 3 and Investor 4 later asked Jeppesen about the promissory note and trust deed, he told them that he forgot to record the trust deed and create a note.

51. During a meeting in or about September 2010, Jeppesen made the same representations and omissions with respect to the new investment opportunities as set forth in paragraph 45 to Investor 3 and Investor 4.
52. Based on Jeppesen's representations and the security of the purported trust deeds Jeppesen promised as collateral, on or about September 8, 2010, Investor 3 and Investor 4 invested an additional \$25,000 with Jeppesen via check made payable to "Jeppesen Land and Properties."<sup>7</sup>

### 3<sup>rd</sup> Investment

53. Between September 2010 and December 2010, Jeppesen continued contacting Investor 3 and Investor 4 and requesting that they invest additional funds in other opportunities.
54. Jeppesen made the same representations and omissions with respect to the new investment opportunity as set forth in paragraph 45 to Investor 3 and Investor 4.
55. Based on Jeppesen's representations and the security of the purported trust deeds Jeppesen promised as collateral, on or about December 16, 2010, Investor 2 and Investor 3 invested an additional \$25,000 with Jeppesen via check made payable to "Jeppesen Land and Properties."<sup>8</sup>

### 4<sup>th</sup> Investment

56. On or about April 19, 2011, Jeppesen met with Investor 3 and Investor 4 to solicit an investment in a property development in Payson, Utah.

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<sup>7</sup> Jeppesen provided Investor 3 and Investor 4 with a promissory note and trust deed signed by LaDene Jeppesen and dated September 8, 2010. On or about January 30, 2014, Jeppesen provided Investor 3 and Investor 4 with a second promissory note outlining all of their investments, including their September 2010 investment of \$25,000. The second promissory note was signed by Shannon Fitzgerald, the wife of Michael Fitzgerald.

<sup>8</sup> Jeppesen provided Investor 3 and Investor 4 with a promissory note signed by LaDene Jeppesen and dated December 16, 2010. On or about January 30, 2014, Jeppesen provided Investor 3 and Investor 4 with a promissory note outlining all of their investments, including their December 2010 investment of \$25,000.

57. Jeppesen made the following representations to Investor 3 and Investor 4 about the offering:
- a. Jeppesen would use their funds to purchase real property in Payson, Utah;
  - b. Jeppesen would quickly sell the property for a profit;
  - c. There was no need for a promissory note or trust deed because it is a short-term investment and they have to move fast;<sup>9</sup>
  - d. These sorts of deals typically take between 60-90 days to complete.
58. Jeppesen told Investor 3 and Investor 4 that he would make monthly interest payments to them.
59. Based on Jeppesen’s representations, on or about April 19, 2011, Investor 3 and Investor 4 invested an additional \$30,000 with Jeppesen via check made payable to “Jeppesen Land and Properties.”
60. Jeppesen used these funds in a manner inconsistent with what he told Investor 3 and Investor 4, including, but not limited to, the following:

Payments to Earlier Investors	\$21,930.85
Banks/Credit Cards	\$3,871.51
Noble Boyz Construction LLC	\$2,390.00
Blake’s Heating & AC, LLC	\$1,054.17
Century Lighting	\$668.47
Tremonton Self Storage	\$85.00
<b>Total</b>	<b>\$30,000.00</b>

#### Investment 5

61. Jeppesen made the same representations set forth in paragraph 45 Investor 3 and Investor

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<sup>9</sup> Jeppesen did not provide Investor 3 and Investor 4 with a promissory note or trust deed at the time they invested. On or about January 30, 2014, Jeppesen provided Investor 3 and Investor 4 with a promissory note outlining all of their investments, including their April 2011 investment of \$30,000. The promissory note was signed by Shannon Fitzgerald, the wife of Michael Fitzgerald.

- 4.
62. Based on Jeppesen’s representations and the security of the purported trust deeds Jeppesen promised as collateral, on or about August 4, 2011, Investor 3 and Investor 4 invested an additional \$30,000 with Jeppesen via check made payable to “Jeppesen Land and Properties.”
63. Jeppesen used these funds in a manner inconsistent with what he told Investor 3 and Investor 4, including, but not limited to, the following:

Robyn Jeppesen	\$11,532.03
Shannon Fitzgerald <sup>10</sup>	\$10,336.97
Lone Peak Real Estate	\$5,000.00
Payments to Earlier Investors	\$2,200.00
Banks/Credit Cards	\$486.00
Jared Pierson	\$415.00
<b>Total</b>	<b>\$30,000.00</b>

64. In total, Investor 3 and Investor 4 invested \$135,000 are still owed \$135,000 in principal alone.

INVESTOR 5  
OFFER AND SALE OF A SECURITY

65. Investor 5 is a resident of Davis County, Utah. Investor 5 learned of Jeppesen and JLP in or about 2010 through a mutual friend.
66. In or about February 2012, Jeppesen traveled to Salt Lake County, Utah, to meet with Investor 5. During this meeting, Jeppesen told Investor 5 that he had a profitable real estate deal in Payson, Utah, and that time was of the essence. Jeppesen told Investor 5 that he could not wait for a bank loan, and that his investment would be secured by trust

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<sup>10</sup> Shannon Fitzgerald is the wife of John Zane Jeppesen’s business associate, Michael Fitzgerald.

deeds.

67. Jeppesen promised Investor 5 a return of 20% interest on a \$100,000 investment, guaranteeing that the principal and interest would be repaid within 45 days.
68. Additionally, Jeppesen made the following representations to Investor 5 about the offering:
  - a. Jeppesen told Investor 5 that he was working with Mike Fitzgerald<sup>11</sup>, his business partner, on several land deals;
  - b. Both Jeppesen and Fitzgerald had a lot of experience in land deals;
  - c. Fitzgerald was a genius with land deals;
  - d. Jeppesen and Fitzgerald needed funds immediately to complete a property transaction in Utah County, Utah;
  - e. The property in question was integral to a larger development project, and Jeppesen needed that property;
  - f. The price for the property was currently so low that Jeppesen could not wait for a bank loan;
  - g. The opportunity was a short-term loan opportunity;
  - h. Jeppesen was willing to pay such a high rate of return because he needed the money immediately and could not wait for a bank loan;
  - i. Jeppesen and Fitzgerald wouldn't even need 45 days to return Investor 5's funds because they had a property in Beverly Hills, California that was under contract and

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<sup>11</sup> On November 23, 2004, Fitzgerald entered a plea in abeyance with the State of Utah and plead no-contest to three second degree felony counts of securities fraud, one third degree felony count for the sale of unregistered securities, and one second degree felony count for engaging in a pattern of unlawful activity.

- would sell at a profit within 30 days;
- j. Once the Beverly Hills property sold, Jeppesen would return Investor 5's funds plus interest;
  - k. Jeppesen also had two other back-up offers on the property, so if the Beverly Hills property did not sell he would still be able to return Investor 5's investment funds;
  - l. Jeppesen and Fitzgerald had other properties that they could sell if needed but the closing on the Beverly Hills property was certain;
  - m. The property that secured Investor 5's investment was located in Utah County, Utah, was worth more than \$100,000, and Investor 5 could foreclose on the property if Jeppesen or Fitzgerald did not return his funds in 45 days;
  - n. Investor 5 would never have to foreclose and would be repaid because the secured property was too valuable and important to Fitzgerald; and
  - o. Jeppesen and Fitzgerald had many other valuable properties that they could liquidate before allowing Investor 5 to foreclose on the secured property.
69. During the meeting, Jeppesen used Google Maps to show Investor 5 the property in Beverly Hills, the property Investor 5 was invested in, and the property that would secure his investment.
70. Based on Jeppesen's representations, and the purported security of the trust deed, Investor 5 decided to invest with Jeppesen.
71. On or about February 23, 2012, Investor 5 wired \$100,000 to JLP's Zions Bank account ending in 8989.
72. On or about February 23, 2012, Investor 5 received a note and trust deed executed against

a property in Saratoga Springs, Utah.

73. In or about March 2012, Jeppesen told Investor 5 that he would not be able to return his funds within the promised 45 days because of an issue with the closing on the Beverly Hills property. Jeppesen offered Investor 5 an extra 1% in interest on top of the guaranteed 20%, and a big Specific Performance Incentive Fund (“SPIF”) on the back end of his investment, if Investor 5 agreed to keep his funds with Jeppesen and not foreclose on the home. Investor 5 declined the offer.
74. To date, Investor 5 is still owed \$100,000 in principal alone.
75. Jeppesen used Investor 5’s investment monies in a manner inconsistent with what Jeppesen told Investor 5, including, but not limited to, the following:

Payments to Earlier Investors	\$53,556.41
Credit Card Payments	\$16,571.01
Transfers to Robyn Jeppesen	\$11,113.85
Transfers to Shannon Fitzgerald	\$6,500.00
Transfers to Carole Jeppesen <sup>12</sup>	\$5,425.40
Transfers to Other Bank Accounts	\$2,625.00
Best Buy	\$1,665.92
Transfers to Zane Jeppesen	\$1,500.00
Transfers to LaDene Jeppesen	\$530.00
Insurance Payment for Bruce Jeppesen	\$357.25
Gifts and Donations	56.16
Bank Fees	54.00
USPS – Mail	\$45.00
<b>Total</b>	<b>\$100,000</b>

#### INVESTOR 6

#### OFFER AND SALE OF A SECURITY

76. Investor 6 is a resident of Weston, Idaho, with business ties to Utah. In or about June

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<sup>12</sup> Carole Jeppesen is John Zane Jeppesen’s sister-in-law.

- 2012, Investor 6 met Respondents through Jeppesen's brother, Bruce Jeppesen.
77. After being introduced to Investor 6, Jeppesen continued to contact Investor 6 regarding an allegedly profitable investment opportunity involving land in Saratoga Springs, Utah.
78. Jeppesen told Investor 6 that the land was valuable and offered a promissory note, and a trust deed as collateral, if Investor 6 agreed to invest.
79. Jeppesen offered Investor 6 12% interest on the investment paid monthly, and return of the principal with interest in one year.
80. Jeppesen made the following representations to Investor 6 about the offering:
- a. The land was worth more than the principal that Investor 6 would invest;
  - b. The funds would be used for purposes related to the development of the property;
  - c. Trust deeds against the property would secure Investor 6's investment; and
  - d. Jeppesen had other properties in the area, that the combined value of these parcels would make each individual parcel more valuable, and that the value of the parcel relating to Investor 6's investment would exceed Investor 6's invested amount.
81. Based on Jeppesen's representations, and the security of the promised trust deeds, Investor 6 decided to invest with Jeppesen.
82. On or about April 1, 2013, Investor 6 presented Jeppesen with a check in the amount of \$50,000 made payable to "Jeppesen Land and Properties."
83. Shortly thereafter, Investor 6 received a promissory note detailing the terms of the investment and a trust deed that Jeppesen represented would secure the investment.<sup>13</sup> The trust deed and promissory note were both signed by LaDene Jeppesen and dated April 1,

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<sup>13</sup> Additionally, Jeppesen promised Investor 6 an up-front bonus if he invested. In or about May 2013, Jeppesen presented Investor 6 with a bonus check in the amount of \$1,000.

2013.

84. After receiving the investment monies, Jeppesen continued to solicit additional investments from Investor 6.
85. On or about April 25, 2013, Jeppesen promised Investor 6 the same investment return in connection with additional property that he promised on the original investment, which would also be secured by a promissory note and trust deed.
86. Jeppesen made the same representations with respect to the new investment opportunities as set forth in paragraph 80 for each subsequent investment.
87. Jeppesen also provided Investor 6 with a promissory note and trust deed for each subsequent investment.
88. Based on Jeppesen's representations, and the security of real estate trust deeds, Investor 6 decided to make several additional investments with Jeppesen, as follows:
  - a. On or about April 25, 2013, Investor 6 invested an additional \$50,000 with Jeppesen via check made payable to "Jeppesen Land and Properties;"
  - b. On or about May 31, 2013, Investor 6 invested an additional \$50,000 with Jeppesen via check made payable to "Jeppesen Land and Properties;"
  - c. On or about June 29, 2013, Investor 6 invested an additional \$50,000 with Jeppesen via check made payable to "Jeppesen Land and Properties;" and
  - d. On or about October 31, 2013, Investor 6 invested an additional \$20,000 with Jeppesen via check made payable to "Jeppesen Land and Properties."
89. In or about June 2013, Jeppesen presented Investor 6 with a check in the amount of \$1,500 as the interest payments guaranteed under the three previous promissory notes

90. In or about January 2014, Jeppesen presented Investor 6 with a bonus check in the amount of \$2,500.
91. Investor 6 invested a total amount of \$220,000 with Jeppesen.
92. Jeppesen used Investor 6's investment monies in a manner inconsistent with what Jeppesen told Investor 6, including, but not limited to, the following:

Payments to Earlier Investors	\$79,045.84
Credit Card Payments	\$49,881.66
Transfers to Robyn Jeppesen	\$22,475.10
Transfers to Shannon Fitzgerald	\$19,841.49
Transfers to Other Bank Accounts	\$12,711.46
Storage	\$640.00
Utah County Treasurer	\$21,465.16
Remodeling	\$5,447.92
Transfers to LaDene Jeppesen	\$2,650.00
Unknown Expenses	\$4,969.22
Transfers to Richard Guritzky	\$200.00
Harland Clarke Check Order	\$128.74
Reprint Checks	\$99.41
Bank Fees	\$99.00
USPS Mail	\$184.00
Utah County Recorder's Office	\$156.00
Safe Box Rental at Zions Bank	\$5.00
<b>Total</b>	<b>\$220,000.00</b>

93. To date, Investor 6 is owed approximately \$196,000 in principal alone.

**Criminal Action against John Zane Jeppesen**

94. On April 4, 2016, Jeppesen was charged in a parallel criminal action in Utah's Third District Court, Salt Lake County, Case No. 161903610.
95. Jeppesen was charged with eleven counts of securities fraud, two counts of theft and one count of pattern of unlawful activity, all second-degree felonies.
96. On July 7, 2017, Jeppesen entered into a plea deal with the state and plead guilty to one

count of pattern of unlawful activity, and the remaining charges were dismissed.

97. On December 8, 2017, Jeppesen was sentenced to one to fifteen years in the Utah State Prison, but the prison term was suspended. He was sentenced to 30 days in jail, which he served.
98. Jeppesen was also ordered to pay restitution to the investors in the amount of \$488,830. If Jeppesen fails to make payments to the investors after he serves the 30 days in jail, he may be sentenced to additional time in jail and/or prison.

## **II. CONCLUSIONS OF LAW**

### **Securities Fraud under § 61-1-1(2) of the Act (Investor 1 and Investor 2)**

99. The promissory notes and/or investment contracts offered and sold by Respondents are securities under § 61-1-13 of the Act.
100. In connection with the offer or sale a security to Investor 1 and Investor 2, Respondents, directly or indirectly, made false statements, including, but not limited to, the following:
- a. Jeppesen would pay 12% interest on the investment, 1% per month, and provide Investor 1 and Investor 2 a return of the principal with interest in one year, when Jeppesen had no reasonable basis to make such a statement;
  - b. The value of the property would double over the next year, when Jeppesen had no reasonable basis to make such a statement;
  - c. There was no way to lose money on this deal, when in fact, Investor 1 and Investor 2 did lose money on this deal, and Jeppesen had no reasonable basis to make such a statement;
  - d. Jeppesen would use the funds for purposes related to a property development in

Saratoga Springs, Utah when, in fact, a bank records analysis revealed that Jeppesen used the funds for purposes unrelated to the property development in Saratoga Springs, Utah;

- e. The Saratoga Springs property in question was worth more than the investments made by Investor 1 and Investor 2, when Jeppesen had no reasonable basis to make such a statement; and
- f. Jeppesen had other properties in the area, that the combined value of these parcels would make each individual parcel more valuable, and that the parcel relating to Investor 1 and Investor 2's investment would exceed Investor 1 and Investor 2's invested amount, when Jeppesen had no reasonable basis to make such a statement.

101. In connection with the offer and sale of a security to Investor 1 and Investor 2, Respondents, directly or indirectly, failed to disclose material information which was necessary in order to make statements made not misleading including, but not limited to, the following:

- a. Jeppesen filed for bankruptcy in 2005;
- b. On October 27, 2005, the Division entered into a Stipulation and Consent Order with Jeppesen;
- c. Jeppesen had been unable to pay prior investors;
- d. Jeppesen would use Investor 1 and Investor 2's money to pay other investors;
- e. Jeppesen would use the money for purposes unrelated to purchasing or developing the property in question;
- f. Other investors had prior liens against the same property that secured Investor 1 and

Investor 2's investment:

- g. Whether the offering was a registered security or exempt from registration; and
- h. Whether Jeppesen was licensed to sell securities.

**Securities Fraud under § 61-1-1(2) of the Act  
(Investor 3 and Investor 4)**

- 102. The promissory notes and/or investment contracts offered and sold by Respondents are securities under § 61-1-13 of the Act.
- 103. In connection with the offer or sale of a security to Investor 3 and Investor 4, Respondents, directly or indirectly, made false statements, including, but not limited to, the following:
  - a. Jeppesen would pay 12% interest on the investment, 1% per month, and provide Investor 3 and Investor 4 a return of the principal with interest in one year, when Jeppesen had no reasonable basis to make such a statement;
  - b. Jeppesen would use the funds for purposes related to a property development in Saratoga Springs, Utah when, in fact, a bank records analysis revealed that Jeppesen used the funds on various personal expenses, withdrawals, and payments to earlier investors;
  - c. The Saratoga Springs property in question was worth more than the investments made by Investor 3 and Investor 4, when Jeppesen had no reasonable basis to make such a statement;
  - d. There was no way to lose money on this deal, when in fact Investor 3 and Investor 4 did lose money on this deal and Jeppesen had no reasonable basis to make such a statement;

- e. Investor 3 and Investor 4's investment funds were protected because the funds were secured by property in Utah County that was worth four times their principal when, in fact, Investor 3 and Investor 4's investment was not secured by property; and
  - f. Jeppesen had other properties in the area, that the combined value of these parcels would make each individual parcel more valuable, and that the parcel relating to Investor 3 and Investor 4's investment would exceed Investor 3 and Investor 4's invested amount, when Jeppesen had no reasonable basis to make such a statement.
104. In connection with the offer and sale of a security to Investor 3 and Investor 4, Respondents, directly or indirectly, failed to disclose material information which was necessary in order to make statements made not misleading including, but not limited to, the following:
- a. Jeppesen filed for bankruptcy in 2005;
  - b. On October 27, 2005, the Division entered into a Stipulation and Consent Order with Jeppesen, finding that Jeppesen had violated the anti-fraud provisions of the Act;
  - c. Jeppesen had been unable to pay prior investors;
  - d. Jeppesen would use Investor 3 and Investor 4's money to pay other investors;
  - e. Jeppesen would use the money for purposes unrelated to purchasing or developing the property in question;
  - f. Other investors had prior liens against the same property that secured Investor 3 and Investor 4's investment;
  - g. Whether the offering was a registered security or exempt from registration; and
  - h. Whether Jeppesen was licensed to sell securities.

**Securities Fraud under § 61-1-1(2) of the Act  
(Investor 5)**

105. The promissory notes and/or investment contracts offered and sold by Respondents are securities under § 61-1-13 of the Act.
106. In connection with the offer or sale a security to Investor 5, Respondents, directly or indirectly, made false statements, including, but not limited to, the following:
- a. Jeppesen would pay 20% interest on the investment Investor 5 a return of the principal with interest in 45 days, when Jeppesen had no reasonable basis to make such a statement;
  - b. The property that secured Investor 5's investment was worth more than \$100,000 and Investor 5 could foreclose on the property if Jeppesen or Fitzgerald did not return his funds in 45 days, when Jeppesen had no reasonable basis to make such a statement;
  - c. Jeppesen would use the funds for purposes related to a property development in Utah County, Utah, when, in fact, a bank records analysis revealed that Jeppesen used the funds for purposes unrelated to their investment, including payments to earlier investors, credit card payments, bank fees, and other personal expenses;
  - d. Jeppesen had other properties in the area, that the combined value of these parcels would make each individual parcel more valuable, and that the parcel relating to Investor 5's investment would exceed Investor 5's invested amount, when Jeppesen had no reasonable basis to make such a statement.
107. In connection with the offer or sale of a security to Investor 5, Respondents, directly or indirectly, failed to disclose material information which was necessary in order to make

statements made not misleading including, but not limited to, the following:

- a. Jeppesen filed for bankruptcy in 2005;
- b. On October 27, 2005, the Division entered into a Stipulation and Consent Order with Jeppesen, finding that Jeppesen had violated the anti-fraud provisions of the Act;
- c. Jeppesen had been unable to pay prior investors;
- d. Jeppesen would use Investor 5's money to pay other investors;
- e. Jeppesen would use the money for purposes unrelated to purchasing or developing the property in question;
- f. Other investors had prior liens against the same property;
- g. Whether the offering was a registered security or exempt from registration; and
- h. Whether Jeppesen was licensed to sell securities.

**Securities Fraud under § 61-1-1(2) of the Act  
(Investor 6)**

108. The promissory notes and/or investment contracts offered and sold by Respondents are securities under § 61-1-13 of the Act.
109. In connection with the offer or sale of a security to Investor 6, Respondents, directly or indirectly, made false statements, including, but not limited to, the following:
  - a. Jeppesen would pay 12% interest on the investment, 1% per month, and provide Investor 6 a return of the principal with interest in one year, when Jeppesen had no reasonable basis to make such a statement;
  - b. Jeppesen would use the funds for purposes related to a property development in Saratoga Springs, Utah when, in fact, a bank records analysis revealed that Jeppesen used the funds to make payments to earlier investors, credit card payments, transfers

- to family members, best buy, and to pay bank fees, among other things;
- c. The Saratoga Springs property in question was worth more than the investments made by Investor 6, when Jeppesen had no reasonable basis to make such a statement; and
  - d. Jeppesen had other properties in the area, that the combined value of these parcels would make each individual parcel more valuable, and that the parcel relating to Investor 6's investment would exceed Investor 6's invested amount, when Jeppesen had no reasonable basis to make such a statement.
110. In connection with the offer or sale of a security to Investor 6, Respondents, directly or indirectly, failed to disclose material information which was necessary in order to make statements made not misleading including, but not limited to, the following:
- a. Jeppesen filed for bankruptcy in 2005;
  - b. On October 27, 2005, the Division entered into a Stipulation and Consent Order with Jeppesen, finding that Jeppesen had violated the anti-fraud provisions of the Act;
  - c. Jeppesen had been unable to pay prior investors;
  - d. Jeppesen would use Investor 6's money to pay other investors;
  - e. Jeppesen would use the money for purposes unrelated to purchasing or developing the property in question;
  - f. Other investors had prior liens against the same property used to secure Investor 6's investment:
  - g. Whether the offering was a registered security or exempt from registration; and
  - h. Whether Jeppesen was licensed to sell securities.

### **Securities Fraud under §61-1-1(3) of the Act**

111. In violation of §61-1-1(3) of the Act, Respondents engaged in an act, practice, or course of business which operated as a fraud by converting investment funds from Investor 1, Investor 2, Investor 3, Investor 4, Investor 5, and Investor 6 for personal use and undisclosed business expenses while causing investors to believe the funds would be utilized in a manner consistent with what they were told by Respondents.
112. Jeppesen told investors that their funds would be used to purchase and develop land when, in fact, a review of the bank records revealed that Jeppesen exercised unauthorized control over these funds by using the money on items other than the costs associated with the purchase and development of land, including undisclosed personal expenses and payments to earlier investors, among other things.

### **Unlicensed Activity under §61-1-3(1) of the Act (Respondent Jeppesen)**

113. The promissory notes and/or investment contracts offered and sold by Respondents are securities under § 61-1-13 of the Act.
114. Jeppesen was not licensed as an issuer agent at the time of his involvement in this offering.
115. Jeppesen acted as an agent of JLP in the offer and/or sale of securities in or from Utah.
116. It is unlawful for persons to transact business in this state as an agent of an issuer unless appropriately licensed in accordance with the Act.
117. Accordingly, each offer and/or sale of securities by Respondent Jeppesen violated §61-1-3(1) of the Act.

### **Unlicensed Activity under §61-1-3(2) of the Act**

**(Respondent JLP)**

118. The promissory notes and/or investment contracts offered and sold by Respondents are securities under § 61-1-13 of the Act.
119. JLP acted as an issuer at the time of this offering, and employed Jeppesen, an unlicensed issuer agent of JLP in violation of §61-1-3(2).
120. Jeppesen acted as an agent of JLP in the offer and/or sale of securities in or from Utah.
121. It is unlawful for an issuer to employ or engage an agent unless the agent is licensed in accordance with the Act.
122. Accordingly, each offer and/or sale of securities by Respondent JLP violated §61-1-3(2) of the Act.

**Willful Violation of Stipulation and Consent Order under §61-1-21(1)(b) of the Act  
(Respondent Jeppesen)**

123. On October 27, 2005, the Division entered a Stipulation and Consent Order against Jeppesen. The Order found that Jeppesen violated certain provisions of the Act, including the anti-fraud provisions of § 61-1-1.
124. The promissory notes and/or investment contracts offered and sold by Respondents are securities under § 61-1-13 of the Act.
125. The Stipulation and Consent Order set forth in paragraph 118 explicitly prohibits Jeppesen from engaging in the following:
  - a. Transacting securities business in the State of Utah until such time as he has become licensed as a broker-dealer, investment adviser, or agent with the Utah Division of Securities;
  - b. Making any untrue statement of material fact, or omitting to state a material fact

necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading.

- c. Engaging in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.
- d. Selling or offering for sale non-exempt securities in any form in, or from the State of Utah until such time as the securities have been registered with the Utah Division of Securities.

126. In violation of the above provisions of the Division's Stipulation and Consent Order, between 2010 and 2014, Jeppesen offered and sold securities in the form of promissory notes and/or investment contracts to Investor 1, Investor 2, Investor 3, Investor 4, Investor 5, and Investor 6, as described above, and made numerous material untrue statements to each investor and omitted to state material facts necessary in order to make the statements made not misleading.
127. Accordingly, each offer and sale of securities violated the provisions of the Stipulation and Consent Order set out in paragraph 120 and §61-1-21(1)(b) of the Act.

### **III. REMEDIAL ACTIONS/SANCTIONS**

128. Respondents admit the Division's Findings and Conclusions and consent to the sanctions below being imposed by the Division.
129. Respondents agree to cease and desist from violating the Act and to comply with the requirements of the Act in all future business in this state.

130. Respondents agree to be barred from associating with any broker-dealer or investment adviser licensed in Utah; from acting as an agent for any issuer soliciting funds in Utah; and from being licensed in any capacity in the securities industry in Utah.
131. Respondents agree that pursuant to Utah Code Ann. Section 61-1-6 and in consideration of the factors contained in Utah Code Ann. Section 61-1-31, they will be ordered to pay a fine to the Division in an amount that shall be determined by the Utah Securities Commission after a hearing held to determine the appropriate fine amount.

#### **IV. FINAL RESOLUTION**

132. Respondents acknowledge that this Order, upon approval by the Utah Securities Commission (“Commission”), shall be the final compromise and settlement of this matter. Respondents acknowledge that the Commission is not required to approve this Order, in which case the Order shall be null and void and have no force or effect. In the event the Commission does not approve this Order, however, Respondents expressly waive any claim of bias or prejudgment of the Commission, and such waiver shall survive any nullification.
133. If Respondents materially violate any term of this Order, after notice and an opportunity to be heard before an administrative law judge solely as to the issue of a material violation, Respondents consent to entry of an order in which any fine imposed is increased by \$50,000. Notice of the violation will be provided to Respondents at their last known addresses. If Respondents fail to request a hearing within ten (10) days following notice there will be no hearing and the order granting relief will be entered. In addition, the Division may institute judicial proceedings against Respondents in any court

of competent jurisdiction and take any other action authorized by the Act or under any other applicable law to collect monies owed by Respondents or to otherwise enforce the terms of this Order. Respondents further agree to be liable for all reasonable attorneys' fees and costs associated with any collection efforts pursued by the Division, plus the judgment rate of interest.

134. Respondents shall notify the Division within thirty (30) days of any change of address.
135. Respondents acknowledge that the Order does not affect any civil or arbitration causes of action that third-parties may have against them arising in whole or in part from their actions, and that the Order does not affect any criminal causes of action that may arise as a result of the conduct referenced herein. Respondents also acknowledge that any civil, criminal, arbitration or other causes of action brought by third-parties against them have no effect on, and do not bar, this administrative action by the Division against them.
136. This Order constitutes the entire agreement between the parties herein and supersedes and cancels any and all prior negotiations, representations, understandings, or agreements between the parties. There are no verbal agreements which modify, interpret, construe, or otherwise affect this Order in any way. The Order may be docketed in a court of competent jurisdiction.

Dated this \_\_\_\_ day of \_\_\_\_\_, 2018

Dated this 12 day of May, 2018

\_\_\_\_\_  
Dave Hermansen  
Director of Enforcement  
Utah Division of Securities

  
John Zane Jeppesen, Respondent

Approved:

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Jennifer Korb  
Assistant Attorney General  
Counsel for the Division

Dated this 12 day of May, 2018

Jeppesen Land and Properties DBA,  
Respondent

By: LaDene Jeppesen  
LaDene Jeppesen  
Registered Agent and Applicant

of competent jurisdiction and take any other action authorized by the Act or under any other applicable law to collect monies owed by Respondents or to otherwise enforce the terms of this Order. Respondents further agree to be liable for all reasonable attorneys' fees and costs associated with any collection efforts pursued by the Division, plus the judgment rate of interest.

134. Respondents shall notify the Division within thirty (30) days of any change of address.
135. Respondents acknowledge that the Order does not affect any civil or arbitration causes of action that third-parties may have against them arising in whole or in part from their actions, and that the Order does not affect any criminal causes of action that may arise as a result of the conduct referenced herein. Respondents also acknowledge that any civil, criminal, arbitration or other causes of action brought by third-parties against them have no effect on, and do not bar, this administrative action by the Division against them.
136. This Order constitutes the entire agreement between the parties herein and supersedes and cancels any and all prior negotiations, representations, understandings, or agreements between the parties. There are no verbal agreements which modify, interpret, construe, or otherwise affect this Order in any way. The Order may be docketed in a court of competent jurisdiction.

Dated this 16 day of May, 2018

  
Dave Hermanson  
Director of Enforcement  
Utah Division of Securities

Dated this \_\_\_\_ day of \_\_\_\_\_, 2018

\_\_\_\_\_  
John Zane Jeppesen, Respondent

Dated this \_\_\_\_ day of \_\_\_\_\_, 2018

Approved:



Jennifer Korb  
Assistant Attorney General  
Counsel for the Division

Jeppesen Land and Properties DBA,  
Respondent

By: \_\_\_\_\_

LaDene Jeppesen  
Registered Agent and Applicant

**ORDER**

**IT IS HEREBY ORDERED THAT:**

1. The Division's Findings and Conclusions, which are admitted by Respondents, are hereby entered.
2. Respondents shall cease and desist from violating the Act and comply with the requirements of the Act in all future business in this state.
3. Respondents are barred from associating with any broker-dealer or investment adviser licensed in Utah; from acting as an agent for any issuer soliciting funds in Utah; and from being licensed in any capacity in the securities industry in Utah.
4. Pursuant to Utah Code Ann. Section 61-1-20 and in consideration of the factors contained in Utah Code Ann. Section 61-1-31, Respondents shall pay a fine, jointly and severally, to the Utah Division of Securities, in an amount to be determined and ordered by the Utah Securities Commission after a hearing held to determine the appropriate fine amount.

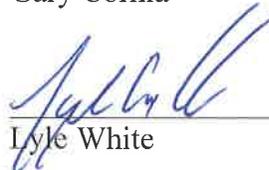
**BY THE UTAH SECURITIES COMMISSION:**

DATED this 24th day of May 2018.

  
\_\_\_\_\_  
Brent Baker

\_\_\_\_\_  
Gary Cornia

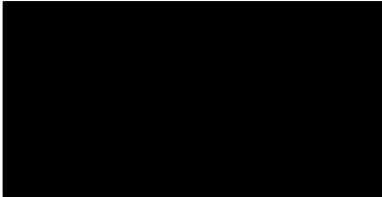
\_\_\_\_\_  
Peggy Hunt

  
\_\_\_\_\_  
Lyle White

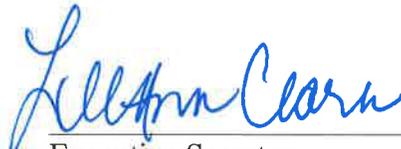
  
\_\_\_\_\_  
Brent Cochran

CERTIFICATE OF MAILING

I certify that on the 24th day of May, 2018, I mailed and emailed a true and correct copy of the fully executed Stipulation and Consent Order to:



Jeppesen Land and Properties  
c/o LaDene Jeppesen, Registered Agent  
12765 North 7200 West  
Garland, Utah 84312

  
\_\_\_\_\_  
Executive Secretary