ORIGINAL

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

In the matter of:	ORDER TO SHOW CAUSE
PENNY FINANCIAL, INC.;	Docket No. SD-06-0097
PERRY PENNY;	Docket No. SD-06-0098
TERRY PENNY;	Docket No. SD-06-0099
RYM TECHNOLOGY HOLDINGS, LLC; and	Docket No. SD-06-0100
FELIX L. DANIEL SR.	Docket No. SD-06-0101
Respondents.	

ANSWER
ON BEHALF OF RESPONDENTS PERRY PENNY, TERRY PENNY,
and PENNY FINANCIAL, INC.

STATEMENT OF JURISDICTION

1. no answer

STATEMENT OF FACTS

The Parties

2. The information contained in Paragraph 2 is admitted as true.

3. The information contained in Paragraph 3 is admitted as true.

4. The information contained in Paragraph 4 is admitted as true.

5. The information contained in Paragraph 5 is unknown.

6. The information contained in Paragraph 6 is unknown, but believed to be true.

General Allegations

7. The information contained in Paragraph 7 is denied as true. "S.C." first learned about The 5 Years to Freedom Program from Penny Financial's website.

8. The information contained in Paragraph 8 is admitted as true.

9. The information contained in Paragraph 9 is admitted as true.

10. The information contained in Paragraph 10 is admitted as true. The website address was requested by "S.C." and Perry Penny gave her the website address for the purpose of "S.C." reviewing the website to see how it was setup; NOT to introduce her to any programs or services offered by Penny Financial, Inc.

11. The information contained in Paragraph 11 is unknown, but believed to be true.

12. The information contained in Paragraph 12 is admitted as true. This information was provided by Felix Daniel of Rym-Technology Holdings, LLC. The 5 Years to Freedom Program has been removed from Penny Financial's website as of January 11, 2007.

13. The information contained in Paragraph 13 is admitted as true. "S.C." had asked Perry Penny about the program; Perry Penny did not intend on speaking to "S.C." about the program.

14. The information contained in Paragraph 14 is admitted as true. Perry Penny did not intend on speaking to "S.C." about the program. Perry Penny was there on behalf of Wealth Intelligence Academy for the mentor program, but "S.C." insisted on learning more about The 5 Years to Freedom Program.

15. The information contained in Paragraph 15 is admitted as true.

16. The information contained in Paragraph 16 is denied as true. Perry Penny never mentioned apartment conversions or investments in New York and China.

17. The information contained in Paragraph 17 is denied as true. Perry Penny never stated that Penny Financial was in the process of getting a patent for the program.

18. The information contained in Paragraph 18 is denied as true. Perry Penny stated that it was understood that the IRS had inspected and approved The 5 Years to Freedom Program, and afterwards, 35 IRS agents had entered into the program. This information was provided by Lynn Cargill, who is Rym-Technology Holdings' patent attorney.

19. The information contained in Paragraph 19 is admitted as true. After Perry Penny left Utah, the ONLY communication about the program was between Terry Penny and "S.C." by e-mail.

20. The information contained in Paragraph 20 is admitted as true, however the actual date of the e-mail is unknown.

21. The information contained in Paragraph 21 is admitted as true. Acting as a consultant, Terry Penny suggested to pull out the maximum cash available because any excess funds could be used for other investments, such as real estate purchase. Obviously "S.C." could do as she felt was appropriate with her equity, and these were only suggestions.

22. The information contained in Paragraph 22 is admitted as true.

23. The information contained in Paragraph 23 is admitted as true. These instructions were provided by Felix Daniel of Rym-Technology Holdings.

24. The information contained in Paragraph 24 is admitted as true. The check in the amount of $24,846.80 was to be made payable to Rym-Technology Holdings, LLC, as the cost of the program and $993.87 was to be payable to Penny Financial, Inc., which was a discounted fee. The 2% consulting fee would have been $1,419.82, but "S.C." had expressed interest in becoming a referrer, so she received a 30% discount. "S.C." stated that her mortgage balance was $70,990.87.

25. The information contained in Paragraph 25 is admitted as true. Terry Penny was attempting to assist "S.C." in determining her return on investment, based on the information stated in the program, which was provided by Felix Daniel of Rym-Technology Holdings, LLC.

26. The information contained in Paragraph 26 is unknown. Perry Penny, Terry Penny, nor Penny Financial, Inc. ever saw the contracts received by "S.C.".

27. The information contained in Paragraph 27 is unknown. Perry Penny, Terry Penny, nor Penny Financial, Inc. ever saw the contracts received by "S.C.".

28. The information contained in Paragraph 28 is unknown, but believed to be true.

CAUSES OF ACTION

COUNT 1
Securities Fraud under 61-1-1 of the Act

29. no answer

30. The information contained in Paragraph 30 is denied as true. The "Payment Note" was never signed, submitted or viewed by Perry Penny, Terry Penny or Penny Financial, Inc.

31. The information contained in Paragraph 31 is denied as true. This information was provided by Felix Daniel of Rym-Technology Holdings, LLC, and was believed to be accurate and true.

32. The information contained in Paragraph 32 is denied as true. Terry Penny was repeatedly informed by Felix Daniel of Rym-Technology Holdings, LLC that the program was NOT a securities violation because the "Payment Note" was accompanied by a "Property Maintenance Agreement". In addition, Perry Penny, Terry Penny and Penny Financial, Inc. were not aware that the information contained in Paragraph 32 a. (i. – xix.) needed to be provided and revealed.

33. The information contained in Paragraph 33 is denied as true. Terry Penny was repeatedly informed by Felix Daniel of Rym-Technology Holdings, LLC that The 5 Years to Freedom Program was not a securities violation. If Perry Penny, Terry Penny and Penny Financial, Inc. would have had any indication that the program was a securities violation, they would have never offered the program.

On February 9, 2007, Perry Penny, Terry Penny and Penny Financial, Inc. received, via Fed Ex, the Order to Show Cause, dated 12/21/06, which indicates that there was a hearing on Monday, January 29, 2007 at the Utah Division of Securities. Perry Penny, Terry Penny and Penny Financial, Inc. were not informed of such hearing, since the Order to Show Cause wasn't received until February 9, 2007.

According to the Notice of Agency Action, there is a hearing scheduled for Monday, March 12, 2007, at 9:00 a.m. at the Utah Division of Securities. On February 20, 2007, Terry Penny contacted Jeff Bruckner, via telephone, and informed him that Perry and Terry Penny would be unable to travel to Utah to attend the hearing on March 12, 2007, due to having 3 small children to care for, in addition to Terry Penny currently being pregnant, and that it would be a personal and financial hardship for them to travel from Arizona to Utah, and do not have the necessary funds to retain legal representation. Mr. Bruckner stated to Terry Penny that a physical appearance to the March 12th hearing may not be necessary; that he may be able to "do it telephonically". Also,

Terry Penny informed Jeff Bruckner that there was also a Cease and Desist Order, which was filed by the Arizona Division of Securities and that on February 13, 2007, Terry Penny had provided a recorded testimony.

Terry Penny had informed Jeff Bruckner that Perry and Terry Penny and Penny Financial, Inc. would cooperate to their best ability and had made arrangements with the Arizona Division of Secuirites to release the February 13th testimony to the Utah Division of Securities upon their request, and Terry Penny provided to Jeff Bruckner the contact name and phone number to the Arizona Division of Securities to obtain such recorded testimony.

Therefore, Perry Penny, Terry Penny and Penny Financial, Inc. would like to submit the following statement:

Terry Penny, on behalf of Penny Financial, Inc. had been contacted by Felix Daniel of Rym-Technology Holdings, LLC on or around December 20, 2005, regarding a new program effective January, 2006 (see Exhibit A). Note: Perry Penny has never personally made contact with Felix Daniel nor anyone associated with Rym-Technology Holdings.

Terry Penny discussed this program with Felix Daniel, which would allow homeowners the opportunity to have their homes paid off in 4, 5 or 6 years. Detailed notes were taken in regards to the type of investments that would be made by Rym-Technology Holdings (see Exhibit B). The information given by Felix Daniel appeared to be not only obtainable, but extremely beneficial to any homeowner. It was then agreed that Penny Financial, Inc. would market the program, via the website only, on behalf of Rym-Technology Holdings, explain the details of the program to potential investors, assist them to determine if they had enough equity to pay for the program, then once they agreed to enter into the program, their information would be forwarded to Felix Daniel. In return, Penny Financial, Inc. would charge a 2% consulting fee for assisting the investor.

On January 14, 2006, Felix Daniel e-mailed to Terry Penny the updated contracts, which would be signed between himself and the homeowners (investors) when entering into the program (see Exhibit C).

On January 19, 2006, Terry Penny prepared and e-mailed a Non-Circumvent, Non-Disclosure and Confidentiality Agreement to Felix Daniel, which was signed and faxed back the same day. (see Exhibit D). This is the only agreement that Terry Penny and/or Penny Financial, Inc. has with Felix Daniel and/or Rym-Technology Holdings, LLC, other than an Indemnity Agreement, which was signed by both parties on December 1, 2006 (see Exhibit E).

From January 20, 2006 through January 22, 2006, Terry Penny and Felix Daniel were in contact with each other via e-mail regarding changes to be made to the program's presentation which was to appear on Penny Financial's website. Felix Daniel indicated that the information must be approved by himself and his attorney, and on January 25, 2006, Terry Penny informed Felix Daniel that the program was added to Penny Financial's website (see Exhibit F).

Felix Daniel had previously informed Terry Penny that this program was "patent pending" and his patent attorney had also obtained Dow Chemical's patents. On or around April 19, 2006, Terry

Penny had questioned Felix Daniel about the patent application and requested a copy. Felix Daniel then forwarded the patent application number, along with his patent attorney's contact information, via e-mail (see Exhibit G). On April 19, 2006, Terry Penny contacted Lynn E. Cargill, the patent attorney for Rym-Technology Holdings and spoke to her for approximately 1 hour. Ms. Cargill indicated to Terry Penny that her home is in the program, as well as some of her staff's homes. She also stated that immediately upon developing this program, she had Felix Daniel go to the (Michigan) Attorney General's office, the Securities Division and the IRS office to get approval for the program. She also stated that the IRS agents were so impressed with the program, that they were the first 35 people to enter the program. She informed Terry Penny that the program was currently patent pending and their first interview was in November, 2006, and she hoped to have the patent approved at that time. After having this discussion and receiving this information from a licensed attorney, Terry Penny was even more confident in the program.

On August 18, 2006, Terry Penny conducted a background check on Felix Daniel (see Exhibit H). Terry Penny immediately contacted Felix Daniel by phone and addressed some of the items that appeared, in which Felix Daniel provided what seemed to be reasonable explanations.

On October 30, 2006, Penny Financial, Inc. received a voice mail message from Michael Hines of the Utah Division of Securities regarding The 5 Years To Freedom program. Terry Penny promptly returned his call and discussed the program with him. He indicated that they were contacted by a potential investor that Terry Penny previously spoke to, who ultimately decided against entering into the program. He stated that he believed the program required a securities license. Terry Penny relayed to him the information that was provided to her by Felix Daniel, which was that this program was not a securities instrument "due to the way the contracts were drawn up", mainly because there was the Property Maintenance Agreement, and also stated that the patent attorney claimed that everything was approved by the Michigan Securities Division. Mr. Hines informed Terry Penny that she should "look into it". Terry Penny immediately contacted Felix Daniel of Rym-Technology Holdings, LLC, and questioned the possibility of the program being a securities violation, and once again, he gave his assurance that this program DID NOT require a securities license. Terry Penny also contacted an associate who is a securities licensee and he informed her that he did not believe that she needed a license to sell securities because she was not collecting the funds to invest, and that "they're probably only trying to scare you". With that information, Terry Penny decided that the program could remain on the website, but no investors should enter into the program until more information could be obtained.

On January 1, 2007, Terry Penny and Penny Financial, Inc. made the decision to discontinue marketing the program due to the fact that it has not been as fruitful as expected. In addition, Terry Penny is currently pregnant (along with 3 small children) and will no longer have the time necessary to promote the program. On January 11, 2007, the program was completely removed from the website and all inquirers are informed that Penny Financial, Inc. is no longer offering the program. Penny Financial, Inc. has voluntarily ceased all marketing and promotion of The 5 Years to Freedom program as of January 11, 2007.

Perry Penny, Terry Penny nor Penny Financial, Inc. never conveyed any information to any potential investors that was believed not to be true, and always allowed them to make their own decisions about the program, without the practice of pressuring them to enter into the program.

Perry and Terry Penny and Penny Financial, Inc. would never knowingly mislead anyone into any type of investment that was illegal, immoral, unethical or a securities violation. The entire foundation of Penny Financial, Inc. has always been to conduct business with honesty and integrity.

We hope and pray that Perry Penny, Terry Penny and Penny Financial, Inc. are found to be not responsible for any and all violations and intend to cooperate to the best of our ability to resolve this matter.

The above information is to the best of our knowledge, information and belief.

Perry R. Penny

Perry R. Penny, Respondent
on behalf of self and Penny Financial, Inc.

Dated: 2/28/07

Terry L. Penny, Respondent
on behalf of self and Penny Financial, Inc.

Dated: 2/28/07