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

IN THE MATTER OF: **THE CANTAMAR LLC;** **GLENN ALLEN BRITT; and** **MAURO E. LOBATO JR.;** **Respondents.**	**ORDER TO SHOW CAUSE** **Docket No.** SD-07-0002 **Docket No.** SD-07-0003 **Docket No.** SD-07-0004

It appears to the Director of the Utah Division of Securities (Director) that The Cantamar LLC, Glenn Allen Britt, and Mauro E. Lobato Jr. (Respondents) may have engaged in acts and practices that violate the Utah Uniform Securities Act, Utah Code Ann. § 61-1-1, et seq. (the Act). Those acts are more fully described herein. Based upon information discovered in the course of the investigation of this matter by the Utah Division of Securities (Division), the Director issues this Order to Show Cause in accordance with the provisions of § 61-1-20(1) of the Act.

STATEMENT OF JURISDICTION

1. Jurisdiction over the Respondents and subject matter is appropriate in this matter because the Division alleges that the Respondents violated §§ 61-1-1(2) (Securities Fraud), 61-1-1(3) (Fraudulent Practices), and 61-1-3 (Employing an Unlicensed Agent) of the Act while engaged in the offer and sale of securities in Utah.

STATEMENT OF FACTS

THE RESPONDENTS AND OTHER PERSONS

2. The Cantamar LLC (Cantamar) was registered as a Nevada limited liability company from 1998 to 2005, when its registration was revoked. Glenn Allen Britt and James H. Britt were Cantamar's only two managers. Cantamar is not registered as a business entity in Utah.

3. Commercial Lending Group, Inc. (CLG) was registered as a Utah corporation on February 22, 2001, but its corporate status expired on January 31, 2005. Glen Bauer (Bauer) was CLG's registered agent, president, and one of two directors, and Troy D. Thuet (Thuet) was CLG's secretary, and a director.

4. Glenn Allen Britt (Britt) resides in Davis County, Utah, and was one of two members of The Cantamar LLC.

5. Mauro E. Lobato Jr. (Lobato Jr.) resides in Davis County, Utah, and was an agent for The Cantamar LLC.

BACKGROUND

6. On July 7, 2004, the state of Utah (State) filed criminal charges against Britt, Bauer, and Thuet in Utah's Third District Court for violations of the Act.

7. Britt was charged with four counts of Securities Fraud, one count of Sale of Unregistered Securities, one count of Sale by an Unlicenced Agent, and one count of a Pattern of Unlawful Activity (Racketeering).

8. The charges were based on criminal misconduct occurring between April 5, 2001 and January 9, 2003, involving the offer and sale of CLG and Cantamar promissory notes.

9. On March 14, 2005, Britt entered into a plea in abeyance agreement with the State.

10. Britt pleaded guilty to one count of Securities Fraud, a second degree felony, and one count of Sale by an Unlicensed Agent, a third degree felony, and the State agreed to hold Britt's plea in abeyance for a period of three years.

11. Britt agreed to pay $23,067.42 in restitution, jointly and severally with Bauer, Thuet, and another defendant by the name of David Bruce Townley. To date, Britt has paid $10,800 in restitution.

12. This administrative action includes six investors who purchased CLG and/or Cantamar promissory notes and one offeree, who were not identified by the State, or disclosed by Britt to the State, prior to or during Britt's criminal action.

13. On May 9, 2005, Bauer and Thuet both entered into a plea in abeyance agreement with the State.

14. Bauer and Thuet pleaded guilty to 13 counts (each) of Sale of an Unregistered Security, a Class A misdemeanor, and the State agreed to hold their pleas in abeyance for a period of three years.

15. Bauer and Thuet were each ordered to pay $300 per month toward restitution.

GENERAL ALLEGATIONS

16. From May 2001 to August 2003, Cantamar and Britt solicited a total of $384,794 in CLG and Cantamar promissory notes from at least eight different investors. Lobato Jr., acting as a sales agent of Cantamar and CLG, assisted in the solicitation of two of the eight investors, and received a commission from Britt in return.

17. Promissory notes are securities under the Act.

18. Respondents told investors that CLG and Cantamar were hard money lenders that catered to builders working on large construction projects. Respondents also told investors they would receive an interest rate of anywhere from 18 to 60% per year, and that their promissory notes would mature in anywhere from two months to five years.

19. Respondents failed to tell investors, among other things, that Britt filed for personal bankruptcy in 2000.

Investor R. H.

20. In 2000, investor R. H. was selling his home in Weber County, Utah.

21. Richard Smith (Smith) approached R. H. about purchasing R. H.'s home. Smith purchased R. H.'s home, and during the process, told R. H. about Glenn Britt.

22. Smith said Britt was an investment broker who raised capital.

23. Smith later introduced R. H. to Britt at a meeting in Weber County.

24. Britt told R. H. he was raising venture capital to invest with CLG. Britt said CLG provided funding to new businesses in need of cash, for a term of one to five years.

25. Britt said CLG only funded businesses with real property to pledge as collateral, so if R. H. invested, R. H.'s money would be "backed by real property."

26. Britt said "you've got all this cash from the sale of your home, why don't you invest it."

27. Britt then invited R. H. to attend a meeting for CLG investors.

28. R. H. attended the meeting, which was held in Davis County, Utah.

29. The meeting was attended by R. H., Britt, Thuet, and someone else representing CLG. Britt, Thuet, and the other CLG representative made a presentation which included the same information that Britt told R. H. regarding the investment.

30. The CLG representative also said there was a $100,000 minimum to invest and the return was 20% per year.

31. At the same meeting, R. H. asked Britt if he was licensed to sell the investment opportunity. Britt said he was not licensed but CLG was.

32. R. H. told Britt he was not interested in investing because he could not meet the $100,000 minimum requirement.

33. A few months later, Britt called R. H. and said he had other investors who could not meet the minimum requirement, and said he could pool R. H. with the others to meet the minimum.

34. On March 19, 2001, R. H. invested $25,000 in CLG, by giving Britt a personal check made payable to CLG.

35. In return for his investment, R. H. received a CLG promissory note by mail, dated March 20, 2001, and signed by Troy Thuet, CLG's secretary. The promissory note was in the amount of $25,000, and matured in March 2003.

36. As the maturity date on R. H.'s note approached, Britt began calling R. H. Britt told R. H. to reinvest his money in another company that was in the same kind of business as CLG.

37. Britt told R. H. the terms of the new investment would not be as good as his first investment, but Britt did not provide the specifics.

38. R. H. met Britt at Alliance Credit Union in Weber County, where Britt gave R. H. a check for the principal and interest owing on R. H.'s CLG promissory note (approximately $33-34,000). The check cleared the bank.

39. On July 31, 2002, R. H. reinvested $31,000 with Britt, by personal check made payable to CLG. Britt did not provide R. H. with a promissory note at this time.

40. After approximately two months passed without R. H. receiving his promissory note from Britt, R. H. called Britt. Britt told R. H. he had the note and would send R. H. a copy.

41. Shortly thereafter, R. H. received a Cantamar promissory note in the mail, dated October 7, 2002, and signed by Britt. The note was in the amount of $44,950[1], and stated a maturity date of October 7, 2007.

42. R. H. has made no attempt to collect on his Cantamar note because the maturity date has not passed.

43. R. H. is owed $25,000 in principal alone.

Investors K. W. M. and K. J. M., Husband and Wife

44. Investors K. W. M. and K. J. M. lived in the same Davis County, Utah, neighborhood as Britt.

45. In early 2001, Britt knocked on K. W. M.'s and K. J. M.'s front door and when K. J. M. answered, Britt said "I heard you're interested in investing."

46. Britt told K. J. M. he had an investment she might like. Britt told K. J. M. he used to work with "the stock exchange," but moved from stocks to "real estate" because he could make more money.

47. K. J. M. told Britt she would think about it.

48. Britt returned a few weeks later to K. J. M.'s home, and told her he had "an amazing deal" where K. J. M. could make a lot of money in a short time.

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[1]R. H. cannot explain why the promissory note was in the amount of $44,950, when he actually invested $31,000.

49. Britt said he needed $20,000 for about two months for a real estate transaction, and offered K. J. M. 20% annual interest for such an investment. K. J. M. discussed the investment opportunity with her husband, K. W. M., and they decided to invest.

50. On or about June 8, 2001, K. J. M. gave Britt a personal check for $25,000 (the First Investment).

51. In return for their investment, Britt delivered a CLG promissory note to K. W. M.'s and K. J. M.'s home.

52. The CLG note was dated June 8, 2001, was in the amount of $25,000, included annual interest of 60%[2], and matured on July 8, 2001.

53. Approximately two months later, Britt returned K. W. M.'s and K. J. M.'s principal and interest.

54. After receiving payment from Britt on the First Investment, K. J. M. met with Britt in Layton, Utah, to discuss a new investment opportunity. Britt asked K. J. M. to purchase a Cantamar promissory note.

55. Britt told K. J. M. that Cantamar was Britt's company, and that Cantamar, through CLG, had a vast number of real estate holdings in California.

56. Britt told K. J. M. that money K. J. M. invested in Cantamar would be placed directly into real estate through CLG.

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[2] K. W. M. and K. J. M. do not recall why the promissory note included annual interest of 60%, when Britt had actually offered them 20%.

57. Britt told K. J. M. his investors were happy.

58. Britt also said he invested for his own father, and that he would never invest his father's money in something that was not a good deal.

59. Britt told K. J. M. her investment would be secured by real property.

60. Britt gave K. J. M. some written material relating to CLG.

61. K. J. M. discussed the investment opportunity with her husband, and they decided to invest.

62. Britt told K. J. M. to open a self-directed IRA and suggested she do so through PENSCO Trust Company (PENSCO). Britt provided K. J. M. with the necessary paperwork to open an account at PENSCO, and arranged for the transfer of funds from her Tax-Shelter Annuity (TSA) to PENSCO.

63. After K. J. M.'s PENSCO account was opened on August 24, 2001, a CLG promissory note was purchased for $19,750.

64. In late September 2001, K. J. M. received a statement in the mail from PENSCO stating that a CLG promissory note had been purchased on September 9, 2001, for $19,750, which carried 18% annual interest (the Second Investment).

65. Shortly thereafter, K. J. M. received a letter from PENSCO expressing concern that CLG and Cantamar were not financially solid.

66. Britt visited K. J. M. at her home a few days after she received the letter from PENSCO. Britt told K. J. M. that PENSCO had made some errors and he did not want her to work

with them. Britt told K. J. M. to open an IRA with Entrust Group (Entrust), and said he would pay the fees for moving the account.

67. Britt completed the forms to open an Entrust account, which K. J. M. then signed.

68. Britt also completed the paperwork to have K. J. M.'s PENSCO IRA transferred to Entrust.

69. Britt completed an Entrust buy direction letter, dated July 26, 2002, and instructed K. J. M. to sign it. The letter directed Entrust to purchase a Cantamar promissory note for $22,284.49.

70. In a July 23, 2002 letter to Entrust, Britt stated that he enclosed a buy letter to "exchange the Commercial Lending Group note with the Cantamar note."

71. On or about July 23, 2003, Britt delivered a Cantamar promissory note to K. J. M. at her home. The note was dated July 23, 2003, was in the amount of $22,284.49, included annual interest of 20%, and a maturity date of August 1, 2007 (The Third Investment).

72. The note stated that it was secured by "a prorated amount of company assets" which included "trust deeds, accounts receivables, and other negotiable instruments."

73. Britt also gave K. J. M. a ten-year amortization table for 20% annual interest on her Second Investment.

74. After July 23, 2002, Britt began acting as a financial advisor for K. W. M. and K. J. M.

75. Britt told K. J. M. her TSAs were bad investments and was particularly critical of her Northwestern TSA.

76. Britt said he heard that Northwestern was "going bad" and told K. J. M. she would lose her money unless she disposed of her Northwestern TSA right away.

77. Britt advised K. J. M. to dispose of all of her investments and invest the money in Cantamar.

78. K. J. M. discussed Britt's advice with her husband and they decided to close K. J. M.'s Northwestern TSA, but leave her other investments in place.

79. K. J. M. advised Britt of her decision, and Britt told K. J. M. to open an IRA account at Mid-Ohio Securities Corporation (Mid-Ohio).

80. Britt completed all of the paperwork to open the account at Mid-Ohio and transfer K. J. M.'s balance from her Northwestern TSA. K. J. M. signed the paperwork.

81. On or about October 11, 2002, Britt delivered a Cantamar promissory note to K. J. M. at her home.

82. The note was signed by Britt and was in the amount of $39,000, with annual interest of 20%, and a maturity date of October 25, 2005 (The Fourth Investment). The note also stated that it is "secured by a prorated amount of company assets."

83. Britt also gave K. J. M. a ten year amortization table for her investment.

84. On or about October 24, 2002, K. J. M. received a letter from Mid-Ohio telling her that, pursuant to her instructions, an investment check of $39,000 had been sent to Cantamar.

85. In late 2002, after their third investment, K. W. M. and K. J. M. attended a banquet, along with approximately ten other couples, hosted by Britt at a hotel in Davis County, Utah.

86. Britt paid for the meal and then held a meeting about investing, all of which lasted approximately three hours.

87. Britt told those in attendance they should pull out the equity in their homes with a second mortgage, and invest the money in Britt's promissory notes at 20% annual interest.

88. Britt said investor money would be invested in real estate.

89. K. W. M. and K. J. M. chose not to invest any equity in their home with Britt.

90. On or about December 12, 2002, K. W. M. and K. J. M. sold their home in Davis County.

91. K. J. M. told Britt that she and K. W. M. could invest some additional money with Britt for one year.

92. Britt told K. J. M. he was buying homes in foreclosure and "turning them over for a large profit."

93. Britt said any money K. W. M. and K. J. M. invested would be secured by the homes purchased, and that she would earn interest of 20% per year.

94. On or about December 18, 2002, K. J. M. gave Britt two cashier's checks totaling $40,183.03. One of the cashier's checks was dated December 18, 2002, for $21,000. The other cashier's check was dated December 18, 2002, for $19,183.03.

95. Britt gave K. J. M. a receipt dated December 18, 2002 for her investment, which is on Cantamar letterhead and signed by Britt.

96. Britt also gave K. J. M. a Cantamar promissory note dated December 19, 2002, in the amount of $40,183.03, carrying interest of 20% per year, and a maturity date of July 1, 2004 (The Fifth Investment). The note was signed by Britt.

97. K. W. M. and K. J. M. did not hear from Britt for about nine months.

98. In October 2003, K. W. M. and K. J. M. met with Britt at his home while visiting Utah.

99. K. W. M. and K. J. M. told Britt they would need all of the money from their Fifth Investment when it comes due on July 1, 2004. Britt replied that it would not be a problem.

100. When their note came due in July 2004, K. W. M. and K. J. M. began calling Britt.

101. Britt told K. W. M. and K. J. M. that he invested their money in the Ruby River Plaza Development, LLC, in Riverdale, Utah, through the developer, Brent Burnett, and that Britt was supposed to get their money from Burnett.

102. Britt continued to give K. W. M. and K. J. M. excuses about non-payment.

103. Sometime after July 2004, Britt told K. W. M. that he lost all of their money.

104. K. W. M. and K. J. M. immediately contacted an attorney.

105. Through their attorney, K. W. M. and K. J. M. were able to get Britt to assign to K. W. M. and K. J. M., Cantamar's membership interest in the Ruby River Plaza Development.

106. Despite their demands, and the threat of legal action, K. W. M. and K. J. M. have received no return of their principal or interest from Britt. K. W. M. and K. J. M. are still owed $101,467.53 in principal alone.

Investors H. A. and D. A., Husband and Wife

107. On April 17, 2001, H. A. and D. A. met with Britt and Richard Smith, D. A.'s brother-in-law, to discuss an investment opportunity offered by Britt.

108. Britt told H. A. and D. A. if they invested in his real estate program, they would earn 20 to 25% interest per year.

109. Britt also said that Britt and his father had invested in the program.

110. Britt told H. A. and D. A. they would need to open an IRA account at PENSCO, and Britt helped H. A. complete the forms. The forms were filled out to provide that H. A. was the depositor, D. A. the beneficiary, and Britt was their designated representative.

111. On April 23, 2001, H. A. and D. A. received a letter from PENSCO confirming that H. A. and D. A. had opened a new account.

112. On May 7, 2001, H. A. transferred $20,000 from his Western Life Reserve annuity to his PENSCO account.

113. On May 11, 2001, H. A. and D. A. received a PENSCO statement in the mail reflecting the purchase of a CLG note for $19,880.

114. On May 9, 2002, H. A. and D. A. received a Cantamar note in the mail. The note was in the amount of $6,624.34[3], dated May 9, 2002, stated interest at 20% per year until the maturity date of May 2007. The note was signed by Britt.

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[3] H. A., who is now deceased, handled this investment. D. A. does not know what transpired between H. A. and Britt prior to the investment.

115. On May 13, 2002, approximately one year after investing, H. A. and D. A. moved their IRA account from PENSCO to Entrust, and began transferring some of their other investments into the Entrust account.

116. On May 22, 2002, H. A. and D. A. received a statement in the mail from Entrust providing that $9,531.96 had been rolled over into their account from H. A.'s Kraft IRA.

117. On June 4, 2002, H. A. and D. A. received a statement in the mail from Entrust, confirming that $7,180.03 had been deposited into their account from their Western Reserve Life annuity.

118. On June 12, 2002, H. A. and D. A. received a letter in the mail from Entrust, confirming that an additional $23,275.16 had been deposited into their account from PENSCO.

119. On July 19, 2002, H. A. and D. A. received another statement in the mail from Entrust, confirming that a Cantamar promissory note was purchased for $40,002.45 using the money in their account.

120. H. A. and D. A. never received the Cantamar promissory note.

121. In Spring 2004, D. A. heard that CLG had filed, or was in the process of filing for, bankruptcy.

122. D. A. called Britt immediately to ask about their investment in CLG. Britt said H. A. and D. A. no longer had money in CLG, and that their money was safe.

123. D. A. told Britt that H. A. and D. A. wanted to invest their money in something other than Cantamar.

124. Britt told D. A. he would have to "sell off something" to get their money.

125. Despite several demands, H. A. and D. A. have received no return of principal or interest from their investments. H. A. and D. A. are still owed $43,216.33 in principal alone.

Investor B. D.

126. In May or June 2001, B. D. contacted Britt about an investment opportunity. B. D. set up an appointment with Britt, at B. D.'s home, in order to discuss the investment opportunity.

127. At the meeting, Britt offered B. D. an investment in CLG and said it paid 18% annual interest.

128. Britt told B. D. that CLG acted like a bank, CLG was associated with Cantamar, the investment was sound, there was no chance B. D. would lose her money, and that B. D. could get her money back at any time.

129. Britt told B. D. that doctors and people like Karl Malone invested in CLG because it is so safe.

130. Britt gave B. D. some testimonial letters and a CLG financial statement. Britt also gave B. D. his Iron Street Securities Inc.[4] business card, and told B. D. he was licensed to sell securities.

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[4] Britt was a registered representative with Iron Street Securities Inc., a registered broker-dealer out of Kansas, from November 15, 2000 to July 19, 2001.

131. The following day, Britt returned to B. D.'s home, where B. D. invested in CLG by giving Britt a cashier's check for $18,000 (First Investment). B. D. told Britt she had to withdraw the money from her savings account in order to invest. B. D. was 71-years-old at the time of this investment.

132. A few days later, Britt returned to B. D.'s home and gave her a receipt for her investment.

133. In May 2002, Britt met with B. D. at her home to discuss the status of her First Investment. Britt told B. D. her investment was doing well and the interest rate had gone from 18% to 20% per year.

134. The following year, in May 2003, Britt visited B. D. at her home to discuss the status of her First Investment. Britt told B. D. her investment was still doing well, and then solicited a second investment from B. D. in Britt's company Cantamar.

135. Britt told B. D. that Cantamar acted just like a bank and loaned money to builders working on big construction projects like McDonald's and Wendy's restaurants.

136. Several days later, Britt returned to B. D.'s home where she invested in Cantamar by giving Britt a $20,000 cashier's check (Second Investment).

137. On or about May 22, 2003, Britt returned to B. D.'s home and gave her a Cantamar promissory note for $45,920, representing the principal plus interest earned from her First Investment, plus the $20,000 from her Second Investment.

138. The promissory note stated interest at a rate of 20% per year, a maturity date of May 22, 2005, and was signed by Britt. Britt also gave B. D. a ten-year amortization chart, showing how B. D.'s investment would grow.

139. In May 2004, B. D. called Britt to ask about their annual meeting. Britt told B. D. he had not called to schedule the annual meeting because they had agreed to let the investment run for two years.

140. B. D. told Britt she did not recall a two-year agreement, but had no objections to waiting.

141. Britt told B. D. her investment was "doing very well," and was "strong as ever."

142. In 2005, B. D. decided to withdraw $40,000 from her Cantamar investment to pay for home repairs. B. D. called Britt but found that his telephone number had been disconnected.

143. B. D. drove to Britt's office in Layton, Utah, where a man told her Britt had filed bankruptcy.

144. In June 2005, B. D. made contact with Britt. Britt admitted to B. D. that he filed bankruptcy, but did not include B. D. as a creditor because he was trying to pay her back.

145. Despite several demands, B. D. has received no return of interest or principal from her investment with Britt. Britt still owes B. D. $38,000 in principal alone.

Investors M. L. and E. L., Husband and Wife

146. In or about September 2002, M. L. and E. L. met with Britt and Lobato Jr. at their home in Layton, Utah. Britt showed M. L. and E. L. a Cantamar promissory note and said an investment in Cantamar would earn 20% annual interest.

147. Britt gave M. L. and E. L. a "10 Year Amorization (sic) Table 20% APR" and said a $50,000 investment would double every 3.8 years. Britt circled the amount of $120,844.03 on the amortization table and told M. L. and E. L. "this is where you'll be in five years."

148. Britt gave M. L. and E. L. an undated form entitled "THE CANTAMAR LLC. 'Your 21st Century Lending Consultant'" (the Cantamar Document) which contained the following explanation about Cantamar's business:

> The CANTAMAR LLC. raises money from Private Lenders, secures the principal, and loans the money to Commercial companies and/or Commercial Finance companies. The Company holds Trust Deeds, Trust Notes, Accounts Receivables, Real Estate, and government Treasuries as security, and pledges a prorated share as collateral for the notes it receives from Lenders.

149. The Cantamar Document also states that private lenders may loan anywhere from $2,000 to $49,000 for a minimum of five years at 20% annual interest, and loans over $50,000 for a minimum of one year at 15 to 20% annual interest.

150. The Cantamar Document also states "[y]ou will be paid a specific interest rate on the specific term and are not subject to profits or loses of the company."

151. M. L. asked Britt what would happen to his investment if something happened to Britt. Britt told M. L. that Britt's father, who resides in California, started Cantamar and that it had been in business for about 17 years. Britt also said he had an office in Las Vegas and provided M. L. with the address.

152. M. L. asked Britt how Britt made money from the investment. Britt told M. L. he gives investors 20% annual interest, but he charges the borrowers 5% per month.

153. Britt then told M. L. if he referred other investors to Cantamar, Britt would pay him a commission.

154. M. L. told Britt his money was in a State of Utah 401K. Britt told M. L. he had the enrollment forms and M. L. would need to move his 401K to an Entrust Group self-directed IRA. Britt helped M. L. complete the required paperwork.

155. Britt told M. L. that Entrust charged a management fee but offered to pay the fee from the money M. L. would make on his Cantamar promissory note.

156. On or about September 20, 2002, M. L. received a letter from Entrust confirming the opening of a self-directed IRA.

157. On or about October 1, 2002, M. L. received a letter from the Utah Retirement Systems (URS) stating that M. L.'s 401K had been transferred as requested. On or about October 7, 2002, M. L. received a letter from Entrust confirming the receipt of $50,000 from URS.

158. On or about October 4, 2002, Britt delivered to M. L. and E. L. a Cantamar promissory note. The promissory note was dated October 4, 2002, in the amount of $50,000, bearing

interest of 20% annually, and a maturity date of October 10, 2007. The promissory note was signed by Britt.

159. M. L. asked Britt what would happen if Britt's father died. Britt directed M. L.'s attention to the following language in the promissory note:

> This Note is secured by a prorated amount of company assets. The Cantamar LLC holds notes, trust deeds, accounts receivables, and other negotiable instruments. In case of default the Lender is not required to rely upon the security of any asset, but may proceed directly against the Borrower.

160. In early January 2003, M. L. received a statement from Entrust which stated that a Cantamar promissory note was purchased on October 8, 2002 for $50,000.

161. In or around October 2003, M. L. requested a meeting with Britt at M. L.'s home, to discuss his investment. At the meeting, Britt reassured M. L. that his money was safe. M. L. requested three other such meetings with Britt.

162. M. L. hand delivered Entrust bills to Britt and Britt paid those bills until 2005.

163. In March 2005, M. L. spoke to Britt about getting his money back. Britt told M. L., "you can't do anything to me. You can't even touch my house." Britt told M. L. that he sued someone for 1.8 million dollars, and when the case settled, he might give some money back to M. L.

164. Despite several demands, M. L. and E. L. have received no return of principal or interest from their investment in Cantamar. M. L. and E. L. are still owed $50,000 in principal alone.

Offeree B. M.

165. Offeree B. M. met Britt in 1998, when Britt, while employed at WMA Securities, Inc.[5], started handling some of B. M.'s investments.

166. In early February 2003, Britt asked B. M. to invest in Cantamar. Britt telephoned B. M. several times about moving his investments to Cantamar, but B. M. declined.

167. In early 2003, when the stock market took a downturn, B. M. asked Britt to give him some investment advice.

168. B. M. met with Britt, at B. M.'s home, and again presented B. M. with the opportunity to invest in Cantamar.

169. Britt showed B. M. a Cantamar promissory note, and told him an investment in Cantamar paid 20% annual interest, and said that was a much better rate than B. M. was currently earning in his IRA.

170. Britt told B. M. that Cantamar was somehow involved in the mortgage business, but provided B. M. with no other information about Cantamar's business or product.

171. Britt told B. M. to transfer his IRA to a self-directed IRA at Entrust Group so B. M. could invest in a Cantamar note.

172. Britt provided B. M. with an Entrust enrollment form and IRA transfer form. B. M. completed the forms, and at the end for their meeting, Britt left with the forms.

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[5] Britt was a registered representative with WMA Securities, Inc., a broker-dealer out of Georgia, from June 26, 1995 to October 30, 2000.

173. On or about February 14, 2003, B. M. received a letter from Entrust indicating $37,292.69 from his IRA had been transferred to his Entrust IRA account.

174. B. M. did not fill out an Entrust buy order for a Cantamar note because Britt was in the process of preparing it. B. M.'s money, therefore, remained in the Entrust account, and no Cantamar note was purchased.

Investors E. N. and C. N., Husband and Wife

175. In early 2003, E. N. and C. N. got Lobato Jr.'s telephone number from one of C. N.'s coworkers, and called Lobato Jr. to discuss the investment opportunity in Cantamar.

176. Lobato Jr. set up an appointment to meet with E. N. and C. N. at their home in Layton, Utah.

177. At the meeting, Lobato Jr. told E. N. that money invested in Cantamar was used to fund large construction projects such as Walmart stores and Las Vegas casinos. Lobato Jr. also said large construction companies used private funding sources like Cantamar because the interest rates charged by banks were too high.

178. Lobato Jr. suggested E. N. meet with Britt to discuss the investment opportunity in Cantamar.

179. A couple of weeks later, E. N., C. N., Lobato Jr., and Britt, all met at the home of E. N. and C. N.

180. At the meeting, Lobato Jr. did most of the talking. Lobato Jr. repeated what he told E. N. at their first meeting, and then went on to say that Cantamar offered promissory notes

which paid 20% annual interest, and construction companies that borrowed money from Cantamar were charged a higher interest rate.

181. E. N. asked Britt and Lobato Jr. if the investment was secure. Lobato Jr. said the investment was secure but did not specify how or why.

182. E. N. asked Britt and Lobato Jr. if he could get his money out in case of an emergency, and if he could borrow against his investment. E. N. does not recall who responded, but he was told he could take his money out at any time, but if he did so before the promissory note matured he would lose his earned interest. E. N. was also told he could borrow against his investment.

183. E. N. told Britt and Lobato Jr. he would have to invest money from his IRA account. Britt suggested E. N. open an Entrust Group self-directed IRA.

184. The same day as the meeting, Britt delivered Entrust new account paperwork to E. N. Britt told E. N. that Cantamar would pay the Entrust fees associated with E. N.'s new IRA.

185. On May 21, 2003, E. N. filled out a form authorizing Britt to receive information about E. N.'s Entrust account.

186. On June 25, 2003, after E. N.'s Entrust IRA was open, he transferred, via wire transfer, $3,108.03 from his account at America First Credit Union, to his Entrust account.

187. On July 14, 2003, E. N. transferred $44,174.30 from his retirement account at McDonald Douglas to his Entrust account.

188. On August 5, 2003, E. N. transferred $4,311.23 from his Boeing VIP Defined Contribution Retirement Plan into his Entrust account.

189. On or about August 3, 2003, E. N. completed an Entrust Buy Direction Letter for the purchase of a $51,350 Cantamar promissory note. The following day, Britt signed an IRA Investment Acknowledgment Form concerning the transfer of funds from E. N.'s Entrust IRA.

190. On August 8, 2003, $51,350 from E. N.'s Entrust IRA was used to purchase a Cantamar promissory note.

191. Shortly after purchasing the note, Lobato Jr. delivered two Cantamar promissory notes to E. N. The first note was dated July 20, 2003, in the amount of $5,882, bearing interest of 20% annually, and a maturity date of July 20, 2008.[6] The second note was dated July 29, 2003, in the amount of $51,350, bearing interest of 20% annually, and a maturity date of July 20, 2008. Both notes bear Britt's signature, on behalf of Cantamar.

192. Both promissory notes were accompanied by a "10 Year Amorization (sic) Table 20% APR."

193. Britt gave E. N. nothing to prove that E. N.'s investments were secured.

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[6] E. N. is unable to explain why he received the first note for $5,882.

194. In June 2003, E. N. began receiving bills from Entrust, which he gave to Lobato Jr. to deliver to Britt. When E. N. noticed the Entrust bills were not being paid, he tried to contact Britt.

195. E. N. telephoned Britt several times starting in April 2005 and into 2006, but Britt did not answer and there was no answering service on which to leave a message.

196. E. N. tried to find information about Cantamar on the Internet, but found nothing.

197. E. N. drove to Britt's home and left a note, but Britt did not respond.

198. In late 2005, E. N. spoke to Lobato Jr.'s father who informed him that Britt and/or Cantamar had filed for bankruptcy.

199. On February 13, 2006, E. N. wrote a letter to Entrust requesting Britt's name be removed from E. N.'s account.

200. In or around April 2006, E. N. went to Britt's home and knocked on the door until Britt answered. Britt told E. N. he had no money. Britt said he had filed a lawsuit against someone and that E. N.'s investment was tied-up in the lawsuit.

201. Britt also told E. N. his attorney's name was "Miller" but refused to provide Miller's full name or his telephone number.

202. E. N. asked for documentation of E. N.'s investment and the lawsuit, but Britt refused the request.

203. Despite several demands, E. N. and C. N. have received no return of interest or principal from their investments in Cantamar. E. N. and C. N. are still owed $51,350 in principal alone.

CAUSES OF ACTION

COUNT I
Securities Fraud under § 61-1-1(2) of the Act
(Respondents)

204. The Division incorporates and re-alleges paragraphs 1 through 203.

205. The promissory notes offered and/or sold by Cantamar, Britt, and Lobato Jr., are securities under § 61-1-13 of the Act.

206. In connection with the offer of a security to offeree B. M., and in connection with the offer and sale of securities to investors, Cantamar, Britt, and Lobato Jr., directly or indirectly, made false statements, including, but not limited to, the following:

a. Britt told investor M. L. that Cantamar had been in business for about 17 years, when, in fact, Cantamar registered with the Nevada Secretary of State on March 11, 1998 and had been in business for about four years;

b. Britt told investor R. H. that CLG was licensed to sell the investment opportunity, when, in fact, it was not;

c. Britt told investors K. J. M. and K. W. M. that Cantamar had a vast number of real estate holdings in California, when, given Cantamar and Britt's reliance on new

investor money, Britt had no reasonable basis on which to make this representation;

d. Britt told investor K. J. M. her tax-shelter annuities were poor investments, and that she was going to lose her money in the Northwestern TSA if she did not get rid of it right away, when, in fact, Britt had no reasonable basis on which to make this representation;

e. Britt told investors K. J. M. and K. W. M. that Britt was buying homes in foreclosure and selling them for a "large profit," when, in fact, given Britt's reliance on new investor money, Britt had no reasonable basis on which to make this representation;

f. Britt told investor B. D. that doctors and people like Karl Malone invested in CLG because of how safe it is, when, in fact, Britt had no reasonable basis on which to make this representation;

g. Britt told investor B. D. there was "no chance" she would lose her money, when, in fact, Britt had no reasonable basis on which to make this representation;

h. Prior to soliciting a second investment, Britt told B. D. her first investment was doing well and the interest rate had gone from 18 to 20% annual interest, when, in fact, Britt had no reasonable basis on which to make this representation;

i. Lobato Jr. told investor E. N. that money invested in Cantamar was used to fund large construction projects such as Walmart stores and Las Vegas casinos, when, in fact, E. N. had no reasonable basis on which to make this representation;

j. Lobato Jr. told investor E. N. that an investment in Cantamar was secure, when, given that no investor prior to E. N. was secured, Lobato Jr. had no reasonable basis on which to make this representation;

k. Britt told offeree B. M. that an investment in Cantamar paid a much better rate of return than B. M. was earning in his IRA;

l. Britt told investor R. H. that CLG only funded businesses with real property to use as collateral;

m. Britt told K. J. M. she could make a lot of money in a short time by purchasing a CLG promissory note;

n. Britt told investor K. J. M. that an investment in Cantamar would be put directly into real estate through CLG, and that her investment would be secured by real property;

o. Britt told investor K. J. M. that his investors were happy;

p. Britt told investor B. D. she could get her investment back at any time;

q. Britt represented to investors M. L. and E. L. that their investment would be collateralized; and

r. Britt represented to investors M. L. and E. L. that they would receive a set amount of interest, regardless of any losses experienced by Cantamar.

208. In connection with the offer of a security to offeree B. M., and the offer and sale of securities to investors, Cantamar, Britt, and Lobato Jr., directly or indirectly, failed to disclose material information, including, but not limited to, the following:

a. That Britt filed for personal bankruptcy protection on November 16, 2000.

b. Some or all of the information typically provided in an offering circular or prospectus regarding CLG and Cantamar, such as:

i. The business and operating history for CLG and Cantamar;

ii. Identities of CLG's and Cantamar's principals along with their experience in this type of business;

iii. CLG's and Cantamar's financial statements;

iv. The market for the product of CLG and Cantamar;

v. The nature of the competition for the product;

vi. Current capitalization of CLG and Cantamar;

vii. A description of how the investment would be used by the business;

viii. CLG's and Cantamar's past performance for its investors;

ix. Risk factors for investors;

x. The number of other investors;

xi. The minimum capitalization needed to participate in the investment;

xii. The disposition of any investments received if the minimum capitalization were not achieved;

xiii. The liquidity of the investment;

xiv. Discussion of pertinent suitability factors for the investment;

xv. The proposed use of the investment proceeds;

xvi. Any conflicts of interest the issuer, the principals, or the agent may have with regard to the investment;

xvii. Agent commissions or compensation for selling the investment;

xviii. Whether the investment is a registered security or exempt from registration; and

xix. Whether the person selling the investment was licensed.

209. Based on the above, The Cantamar LLC, Glenn Allen Britt, and Mauro E. Lobato Jr., wilfully violated § 61-1-1 of the Act.

COUNT II
Fraudulent Practices under § 61-1-1(3) of the Act
(The Cantamar LLC, and Glenn Allen Britt)

210. The Division incorporates and re-alleges paragraphs 1 through 203.

211. Cantamar and Britt engaged in acts, practices, or courses of business that operate or would operate as a fraud or deceit on an investor, including:

a. Telling investor R. H. the minimum investment was $100,000;

b. Telling investors that Britt's own father had invested;

c. Telling investor K. J. M. to move her self-directed IRA from Pensco to Entrust because Pensco had supposedly made some errors;

d. Telling investors to pull all of the equity in their home to invest in Cantamar;

e. Telling investor B. D. that doctors and people like Karl Malone invested in similar investment opportunities;

f. Giving investor B. D. Britt's business card which stated that he was a registered agent with a broker-dealer;

g. Allowing and encouraging a 71-year-old woman to invest money from her savings account;

h. Telling investor M. L. that Cantamar would pay a commission to those who referred other investors;

i. Telling investor E. N. that Cantamar money funded the building of Wal-Mart stores and Vegas casinos;

j. Telling investors to move their retirement investment into a Cantamar investment; and

k. Telling investors to replace their CLG notes with Cantamar notes.

212. Based on the above information, The Cantamar LLC and Glenn Allen Britt wilfully violated § 61-1-1(3) of the Act.

COUNT III
Employing an Unlicensed Agent under § 61-1-3 of the Act
(The Cantamar LLC and Glenn Allen Britt)

213. The Division incorporates and re-alleges paragraphs 1 through 203.

214. Cantamar and Britt employed or engaged unlicensed agent, Lobato Jr., to offer and sell its securities in Utah.

215. Based on the above information, The Cantamar LLC and Glenn Allen Britt wilfully violated § 61-1-3(2) of the Act.

ORDER

The Director, pursuant to § 61-1-20 of the Act, hereby orders Respondents to appear at a formal hearing to be conducted in accordance with Utah Code Ann. §§ 63-46b-4 and 63-46b-6 through -10, and held before the Utah Division of Securities. The hearing will occur on Monday, February 26, 2007, at 10:00 a.m., at the office of the Utah Division of Securities, located in the Heber Wells Building, 160 East 300 South, 2nd Floor, Salt Lake City, Utah. If Respondents fail to file an answer or appear at the hearing, the Division of Securities may hold Respondents in default, and a fine may be imposed in accordance with Utah Code Ann. § 63-46b-11. In lieu of default, the Division may decide to proceed with the hearing under § 63-46b-10. At the hearing, Respondents may show cause, if any they have:

a. Why The Cantamar LLC, Glenn Allen Britt, and Mauro E. Lobato Jr. should not be found to have engaged in the violations alleged by the Division in this Order to Show Cause;

b. Why The Cantamar LLC, Glenn Allen Britt, and Mauro E. Labato Jr. should not be ordered to cease and desist from engaging in any further conduct in violation of Utah Code Ann. § 61-1-1, or any other section of the Act;

c. Why The Cantamar LLC should not be ordered to pay a fine of five hundred thousand dollars ($500,000) to the Division;

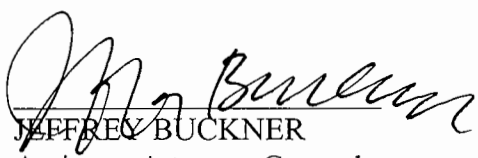
d. Why Glenn Allen Britt should not be ordered to pay a fine of four hundred thousand dollars ($400,000) to the Division; and

e. Why Mauro E. Labato Jr. should not be ordered to pay a fine of seven thousand five hundred dollars ($7,500) to the Division.

DATED this 25th day of January, 2007.

WAYNE KLEIN
Director, Utah Division of Securities

Approved:



JEFFREY BUCKNER
Assistant Attorney General

D. P.

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

IN THE MATTER OF: **THE CANTAMAR LLC;** **GLENN ALLEN BRITT; and** **MAURO E. LOBATO JR.;** **Respondents.**	**NOTICE OF AGENCY ACTION** **Docket No.** SD-07-0002 **Docket No.** SD-07-0003 **Docket No.** SD-07-0004

THE DIVISION OF SECURITIES TO THE ABOVE-NAMED RESPONDENTS:

The purpose of this Notice of Agency Action is to inform you that the Division hereby commences a formal adjudicative proceeding against you as of the date of the mailing of the Order to Show Cause. The authority and procedure by which this proceeding is commenced are provided by Utah Code Ann. §§ 63-46b-3 and 63-46b-6 through 11. The facts on which this action is based are set forth in the foregoing Order to Show Cause.

Within thirty (30) days of the mailing date of this notice, you are required to file an Answer with the Division. The Answer must include the information required by Utah Code § 63-46b-6 (1). In addition, you are required by § 63-46b-6 (3) to state: a) by paragraph, whether you admit or deny each allegation contained in the Order to Show Cause, including a detailed explanation for any response other than an unqualified admission; b) any additional facts or

documents which you assert are relevant in light of the allegations made; and c) any affirmative defenses (including exemptions or exceptions contained within the Utah Uniform Securities Act) which you assert are applicable. To the extent that factual allegations or allegations of violations contained in the Order to Show Cause are not disputed in your Answer, they will be deemed admitted.

Your Answer, and any future pleadings or filings that should be part of the official files in this matter, should be sent to the following:

Signed originals to:	A copy to:
Administrative Court Clerk c/o Pam Radzinski Division of Securities 160 E. 300 S., Second Floor Box 146760 Salt Lake City, UT 84114-6760 (801) 530-6600	Jeff Buckner Assistant Attorney General 160 E. 300 S., Fifth Floor Box 140872 Salt Lake City, UT 84114-0872 (801) 366-0310

A hearing date has been set for Monday, February 26, 2007, at 9:00 a.m., at the office of the Utah Division of Securities, located in the Heber Wells Building, 160 East 300 South, 2nd Floor, Salt Lake City, Utah.

If you fail to file an Answer, as set forth herein, or fail to appear at the hearing, the Division of Securities may hold you in default, and a fine and other sanctions may be imposed against you in accordance with Utah Code Ann. § 63-46b-11, without the necessity of providing you with any further notice. In lieu of default, the Division may decide to proceed with the hearing under § 63-46b-10. At the hearing, you may appear and be heard and present evidence on your behalf. You may be represented by counsel during these proceedings.

The presiding officer in this case is Wayne Klein, Director, Division of Securities. Questions regarding the Order to Show Cause and Notice of Agency Action should be directed to the Division's attorney, Jeff Buckner, at (801) 366-0310.

DATED this 25th day of January, 2007.

Wayne Klein

WAYNE KLEIN
Director, Division of Securities
Utah Department of Commerce

Certificate of Mailing

I certify that on the 26TH day of January, 2007, I mailed, by certified mail, a true and correct copy of the Order to Show Cause and Notice of Agency Action to:

Diversified Services Brokers, Inc.
Attn: Pat Hartley (Resident Agent for The Cantamar LLC)
3642 Boulder Highway #387
Las Vegas, Nevada 89121

Certified Mail # 7005 1820 0003 7190 3839

Glenn Allen Britt
1935 Deere Valley Drive
Layton, Utah 84040

Certified Mail # 7005 1820 0003 7190 3846

Mauro Lebato Jr.
1893 North 4700 W.
Plain City, Utah 84404

Certified Mail # 7005 1820 0003 7190 3853

PAM RADZINSKI
Executive Secretary