

Division of Securities  
Utah Department of Commerce  
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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:

THE CANTAMAR LLC;  
GLENN ALLEN BRITT; and  
**MAURO E. LOBATO JR.;**

Respondents.

STIPULATION AND CONSENT  
ORDER

Docket No. SD-07-0002  
Docket No. SD-07-0003  
**Docket No. SD-07-0004**

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The Utah Division of Securities (Division), by and through its Director of Enforcement, Michael Hines, and Mauro E. Lobato Jr. hereby stipulate and agree as follows:

1. The Cantamar LLC (Cantamar), Glenn Allen Britt (Britt), and Mauro E. Lobato Jr. (Lobato Jr.) were the subject of an investigation conducted by the Division into allegations that they violated certain provisions of the Utah Uniform Securities Act (the Act), Utah Code Ann. § 61-1-1, et seq, as amended.

2. In connection with that investigation, on January 25, 2007, the Division issued an Order to Show Cause to The Cantamar LLC, Britt, and Lobato Jr., alleging that they committed securities fraud in violation of the Act.
3. Lobato Jr. and the Division have agreed to settle the matter, with respect to Lobato Jr. alone, by way of this Stipulation and Consent Order (Consent Order). The administrative action against The Cantamar LLC and Britt is currently pending.
4. Lobato Jr. admits the jurisdiction of the Division over Lobato Jr. and over the subject matter of this action.
5. Lobato Jr. waives any right to a hearing to challenge the Division's evidence and present evidence on Lobato Jr.'s behalf.

#### THE DIVISION'S INVESTIGATIVE FINDINGS

From May through September 2006, the Division conducted an investigation of The Cantamar LLC, Britt, and Lobato Jr. which revealed the following:

6. The Cantamar LLC was registered as a Nevada limited liability company from 1998 to 2005, when its registration was revoked.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.
7. 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.

8. Glenn Allen Britt resides in Davis County, Utah, and was one of two members of The Cantamar LLC.
9. Mauro E. Lobato Jr. resides in Davis County, Utah, and was an agent for The Cantamar LLC.
10. 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.
11. Promissory notes are securities under the Act.
12. 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.
13. Respondents failed to tell investors, among other things, that Britt filed for personal bankruptcy in 2000.

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

14. 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.
15. 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.”
16. Britt gave M. L. and E. L. an undated form entitled “THE CANTAMAR LLC. ‘Your 21<sup>st</sup> 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.
17. 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.
18. 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 losses of the company.”

19. 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.
20. 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.
21. Britt then told M. L. if he referred other investors to Cantamar, Britt would pay him a commission.
22. 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.
23. 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.
24. On or about September 20, 2002, M. L. received a letter from Entrust confirming the opening of a self-directed IRA.
25. 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.

26. 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.
27. 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.
28. 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.
29. 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.
30. M. L. hand delivered Entrust bills to Britt and Britt paid those bills until 2005.
31. 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.

32. 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.

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

33. 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.

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

35. 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.

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

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

38. 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.

39. 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.
40. 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.
41. 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.
42. 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.
43. On May 21, 2003, E. N. filled out a form authorizing Britt to receive information about E. N.'s Entrust account.
44. 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.

45. On July 14, 2003, E. N. transferred \$44,174.30 from his retirement account at McDonald Douglas to his Entrust account.
46. On August 5, 2003, E. N. transferred \$4,311.23 from his Boeing VIP Defined Contribution Retirement Plan into his Entrust account.
47. 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.
48. On August 8, 2003, \$51,350 from E. N.'s Entrust IRA was used to purchase a Cantamar promissory note.
49. 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. 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.
50. Both promissory notes were accompanied by a "10 Year Amorization (sic) Table 20% APR."
51. Britt gave E. N. nothing to prove that E. N.'s investments were secured.

52. 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.
53. 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.
54. E. N. tried to find information about Cantamar on the Internet, but found nothing.
55. E. N. drove to Britt's home and left a note, but Britt did not respond.
56. In late 2005, E. N. spoke to Lobato Jr.'s father who informed him that Britt and/or Cantamar had filed for bankruptcy.
57. On February 13, 2006, E. N. wrote a letter to Entrust requesting Britt's name be removed from E. N.'s account.
58. 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.
59. Britt also told E. N. his attorney's name was "Miller" but refused to provide Miller's full name or his telephone number.
60. E. N. asked for documentation of E. N.'s investment and the lawsuit, but Britt refused the request.

61. 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.

#### Securities Fraud

62. In connection with the offer and sale of a security to Utah investors, Lobato Jr. made false statements, including, but not limited to, the following:

- a. 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, Lobato Jr. had no reasonable basis on which to make this representation; and
- b. 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.

63. In connection with the offer and sale of securities to investors, Lobato Jr. failed to disclose or provide material information to investors, including, but not limited to, the following, which was necessary in order to make representations made not misleading:

- 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.

THE DIVISION'S CONCLUSIONS

- 64. Based on the Division's investigative findings, the Division concludes that:
  - a. The promissory notes offered and sold by Lobato Jr. are securities under § 61-1-13 of the Act; and
  - b. Lobato Jr. wilfully violated § 61-1-1 of the Act by making misrepresentations of material fact and omitting to state material facts in connection with the offer and sale of a security.
- 65. Lobato Jr. admits the substance of the Division's investigative conclusions and consents to the Division entering an Order:
  - a. Requiring Lobato Jr. to cease and desist from engaging in any further conduct in violation of the Utah Securities Act; and
  - b. Requiring Mauro E. Lobato Jr. to pay a fine of five thousand dollars (\$5,000) to the Division, to be waived in its entirety, so long as Lobato Jr. permanently refrains from violating Utah securities laws, and so long as Lobato Jr. fully cooperates with the Division's investigation of Cantamar and Britt. If at any time

Lobato Jr. stops cooperating with the Division's investigation, or the Division discovers that Lobato Jr. acted in violation of Utah securities laws, the five thousand dollar fine would be due within one month of the date on which the Division gives Lobato notice.

66. Lobato Jr. acknowledges that this Consent Order, upon approval by the Division Director, shall be the final compromise and settlement of this matter. Lobato Jr. further acknowledges that if the Division Director does not accept the terms of the Consent Order, it shall be deemed null and void and without any force or effect whatsoever.
67. Lobato Jr. acknowledges that the Consent Order does not affect any civil or arbitration causes of action that third parties may have against Lobato Jr. arising in whole or in part from his actions, and that the Consent Order does not affect any criminal cause of action that a prosecutor might bring.
68. This Consent 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 Consent Order in any way.
69. Lobato Jr. represents that any information he has provided to the Division is accurate and complete.

70. Violation of this Consent Order is a third degree felony pursuant to § 61-1-21(1) of the Act.

71. Lobato Jr. has read this Consent Order, understands its contents, and enters into this Consent Order voluntarily. No promises or threats have been made by the Division, nor by any member, officer, agent, or representative of the Division other than as contained herein, to induce Lobato Jr. to enter into this Consent Order.

Utah Division of Securities

Date: 5/22/07

By: [Signature]  
Michael Hines  
Director of Enforcement

Respondent Lobato Jr.

Date: 5/19/2007  
[Signature]  
Mauro E. Lobato Jr.

Approved:

[Signature]  
Jeff Buckner  
Assistant Attorney General

**ORDER**

Pursuant to the terms of the Stipulation and Consent Order defined above, the Director of the Utah Division of Securities hereby orders that:

- a. Mauro E. Lobato Jr. CEASE and DESIST from engaging in any further conduct in violation of the Utah Securities Act; and
- b. Mauro E. Lobato Jr. pay a fine of five thousand dollars (\$5,000) to the Division, to be waived in its entirety, so long as Lobato Jr. permanently refrains from violating Utah securities laws, and so long as Lobato Jr. fully cooperates with the Division's investigation of Cantamar and Britt. If at any time Lobato Jr. stops cooperating with the Division's investigation, or the Division discovers that Lobato Jr. acted in violation of Utah securities laws, the five thousand dollar fine would be due within one month of the date on which the Division gives Lobato notice.

DATED this 19<sup>th</sup> day of June, 2007.

*Wayne Klein*

WAYNE KLEIN  
Director, Utah Division of Securities



**Certificate of Mailing**

I certify that on the 19TH day of June, 2007, I mailed a true and correct copy of

the Stipulation and Consent Order to:

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

PAMALA RASZINSKI  
Executive Secretary