

Division of Securities
Utah Department of Commerce
160 East 300 South, 2nd Floor
Box 146760
Salt Lake City, UT 84114-6760
Telephone: (801) 530-6600
FAX: (801) 530-6980

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

IN THE MATTER OF:

GREENMILL SERVICES, INC.;
MICHAEL PRESTON;
LEO WAGNER; and
RALPH DIFALCO;

Respondents.

AFFIDAVIT OF SERVICE AND NON-
RESPONSE

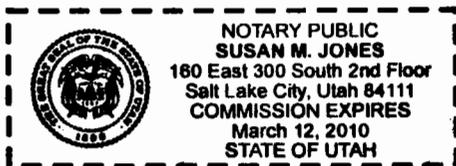
Docket No. SD-07-0005
Docket No. SD-07-0006
Docket No. SD-07-0007
Docket No. SD-07-0008

I, Pam Radzinski, first being duly sworn, depose and state as follows:

1. I am the Executive Secretary for the Department of Commerce Division of Securities (the Division).
2. As executive secretary for the Division, I am responsible for supervising the mailing of the Division's Orders to Show Cause and for receiving any responses filed by respondents.
3. On February 2, 2007, I served, by certified mail, tracking number 7005 1820 0003 7190 3891, a copy of an Order to Show Cause (OSC) upon Leo Wagner along with a Notice of

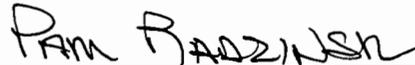
Agency Action (Notice) at 2346 Yates Ave., Bronx, NY 10469, advising him that a default order would be entered if he failed to file a written response to the OSC within thirty (30) days of the mailing date of the Notice.

4. The United States Postal Service had no record of the tracking number for the certified mail sent on February 2, 2007, so on March 5, 2008, the Division issued a new Notice of Agency Action.
5. On March 6, 2008, I re-served the new Notice and OSC, by both regular and certified mail, upon Leo Wagner at the address on 2346 Yates Ave., Bronx, NY 10469. I also served a copy of the OSC and Notice by certified mail to a Leo Wagner at 1726 Kaylee Road, Hummelstown, PA 17036; to a Leo Wagner c/o Lena Marina Wagner, 819 Walnut Street, Erie, PA 16502; and to a Leo Wagner c/o Len H. Kamdang, Attorney, Federal Defenders of New York, Inc., 16 Court Street, Brooklyn, NY 11241.
6. The return receipt from the documents sent by certified mail to the Hummelstown, PA address was received by the Division, showing it was signed for on March 10, 2008. The return receipt from the documents sent by certified mail to the Brooklyn, NY address was received by the Division on March 17, 2008.
7. The documents mailed to the Bronx, NY address were returned with a stamp “not deliverable as addressed unable to forward” on April 7, 2008. The documents mailed to the Erie, PA address were returned with a stamp “attempted not known” on March 17, 2008.



8. As of the date of this Affidavit, the Division has not received a response from Leo Wagner.

DATED this 28th day of April, 2008.


PAM RADZINSKI
Executive Secretary

SALT LAKE COUNTY)
) ss
STATE OF UTAH)

Signed and subscribed to before me this 28th day of April, 2008.


Notary Public

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IN THE MATTER OF:

GREENMILL SERVICES, INC.;
MICHAEL PRESTON;
LEO WAGNER; and
RALPH DIFALCO;

Respondents.

NOTICE OF ENTRY OF
DEFAULT AND ORDER

Docket No. SD-07-0005
Docket No. SD-07-0006
Docket No. SD-07-0007
Docket No. SD-07-0008

I. BACKGROUND

A formal adjudicative proceeding was initiated by the Division's Order to Show Cause and Notice of Agency Action dated February 2, 2007, against Leo Wagner (Wagner), Greenmill Services, Inc. (Greenmill), Michael Preston (Preston), and Ralph DiFalco (DiFalco). The Division's action against DiFalco was dismissed on August 30, 2007 by stipulated motion. The Division's action against Preston was dismissed on April 8, 2008. The Division entered a default and order against Greenmill on April 3, 2007. On April 1, 2008, at an administrative

hearing, the hearing officer for the Division entered default against Wagner for failure to appear or file a written response.

II. FINDINGS OF FACT

1. Greenmill Services, Inc. was registered as a New York corporation on March 19, 1999, but its corporate status is currently “inactive.” Greenmill’s business address was 352 7th Avenue, New York, New York. No principals are listed for Greenmill, nor a registered agent, on the New York Department of State Division of Corporations web site. Greenmill is not a registered entity in Utah.
2. Leo Wagner resides in Bronx, NY. At all times relevant, Wagner as an agent or representative of Greenmill.
3. Between February 23, 2005 and February 2, 2006, Wagner, Greenmill, and two of its other agents solicited a total of \$77,600 in investments from at least eight Utah investors.
4. The Utah investors were told they were purchasing stock in three different companies (ETC Solutions, TurboScan, and NY RailRoad.com) that would greatly increase in value and produce a large profit once sold, and/or that they were investing in a company that would soon go public and produce a large profit. Stock and investment contracts are both securities under the Act.
5. Greenmill and its agents failed to tell investors, among other things, that ETC Solutions, TurboScan, and NY RailRoad.com were not publicly traded companies.

6. Investors were solicited over the phone, and were given only the names and telephone numbers of those individuals doing the soliciting.

Investors D. T. & Others

7. On February 15, 2005, D. T. received an e-mail from Wagner at Greenmillcorp@aol.com which stated that a summary of D. T.'s investment account would be sent electronically the following day, and provided the wire transfer information for Greenmill's bank account at Washington Mutual.
8. On March 5, 2005, after D. T. had already invested \$35,000 as well as an additional \$10,000, via wire transfer to Greenmill's bank account, D. T. received an e-mail from Greenmillcorp@aol.com.
9. The e-mail acknowledged receipt of D. T.'s \$10,000 investment, and stated that "The wire was applied to TurboScan at the rate of \$.55 per share plus 3,500 bonus shares for a total of 21,682 shares added to your portfolio." The author of the e-mail is unknown.
10. Between December 1, 2005 and February 2, 2006, D. T. and the seven other Utah investors invested a combined total of \$32,100, and sent the money, via Western Union and wire transfer, to New York. The investors do not know, and the Division was unable to determine how much of the \$32,100 was D. T.'s money and how much was money belonging to the other investors.
11. Most of the money invested by D. T. and the other investors was withdrawn as cash from Wagner's account.

12. Some of D. T.'s investment money was also used to pay for personal items such as high-speed Internet access, cell phone bills, and Direct TV.
13. Several checks were drawn on Greenmill's bank account (paid using D. T.'s money) made payable to the following: Elena Glotova; Hershey Elementary School Scholastic Book Club; Alex Glotov; Londonderry Animal Hospital; and Nobodaddy Farm.
14. By June 30, 2006 Greenmill's bank account was empty.

Misrepresentations and Omissions

15. In connection with the offer and sale of securities to Utah investors, Wagner indirectly made false statements, including, but not limited to, the following:
 - a. That D. T. could make \$40-50,000 in less than one month from the sale of NY RailRoad.com stock;
 - b. That if D. T. invested in NY RailRoad.com, "You'll never risk one penny," and the investment was a "slam dunk;"
 - c. That the investment would be used as a bridge loan;
 - d. That investors could expect a high rate of return;
 - e. That if D. T. invested, he would receive stock certificates in a company called ETC Solutions;
 - f. That ETC Solutions' stock was selling at \$.50 per share but the target price was \$6.00;
 - g. That the risky part of the investment was over;

- h. That ETC Solutions had high-tech computer technology;
 - i. That D. T. would receive, via e-mail, a summary of his investments;
 - j. That D. T. investment of \$10,000 had been received;
 - k. That D. T.'s investment of \$10,000 had been used to purchase shares of TurboScan at a rate of \$.55 per share, plus 3,500 bonus shares for a total of 21,682 shares;
 - l. That D. T.'s shares of stock sold at \$11.50 per share; and
 - m. That D. T. made \$3.1 million on his investment, and that D. T.'s money was in the bank.
16. In connection with the offer and sale of securities to Utah investors, Wagner indirectly failed to disclose material information, including, but not limited to, the following:
- a. That investor money would be used to pay personal expenses;
 - b. That ETC Solutions, TurboScan, and NY RailRoad.com were not publicly traded companies;
 - c. That Greenmill Solutions, Inc. was not a broker-dealer licensed to sell stock;
 - d. How Greenmill's agents had obtained information about D. T.'s investments in Ambient Alert;
 - e. Some or all of the information typically provided in an offering circular or prospectus regarding Greenmill Solutions, Inc., ETC Solutions, TurboScan, and NY RailRoad.com, such as:

- i. The business and operating history for Greenmill Solutions, Inc., ETC Solutions, TurboScan, and NY RailRoad.com;
- ii. Identities of the principals of Greenmill Solutions, Inc., ETC Solutions, TurboScan, and NY RailRoad.com, along with their experience in this type of business;
- iii. Financial statements for Greenmill Solutions, Inc., ETC Solutions, TurboScan, and NY RailRoad.com;
- iv. The market for the product of the companies;
- v. The nature of the competition for the product;
- vi. Current capitalization of the issuer;
- vii. A description of how the investment would be used by the businesses;
- viii. The track record of the companies to 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 agents 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 is licensed.

Fraudulent Practices

17. Wagner engaged in acts, practices, or courses of business that operate or would operate as a fraud or deceit on an investor, including, but not limited to, the following:
- a. Telling D. T. accurate information about D. T.'s prior investments in Ambient Alert, to gain D. T.'s trust;
 - b. Telling D. T. that D. T.'s investment earned \$3.1 million dollars, and that D. T.'s money was "in the bank;" and
 - c. Telling investor D. T. that D. T. had to pay \$6,000 in banking fees to release D. T.'s funds from the bank, and then having an individual, who represented himself to be the president of the World Bank, speak to D. T., and confirm the \$6,000 in banking fees.

III. CONCLUSIONS OF LAW

18. The service of the OSC and the Notice initiating these proceedings is valid upon Wagner.

19. Because Wagner failed to file a written response failed to appear at the hearing on April 1, 2008, he is in default.
20. The stock and investment contracts offered and sold by Wagner are securities under the Utah Uniform Securities Act (the Act).
21. In connection with the offer and sale of securities, Wagner misrepresented material facts to investors.
22. In connection with the offer and sale of securities, Wagner failed to disclose material information to investors which was necessary to make the statements made not misleading.
23. By this conduct, Wagner violated § 61-1-1(2) of the Act.
24. Wagner engaged in acts, practices, or courses of business that operate or would operate as a fraud or deceit on an investor.
25. By this conduct, Wagner violated § 61-1-1(3) of the Act.

IV. ORDER

Based on the above, the Director hereby:

1. Declares Leo Wagner in default for failing to file a written response to the February 2, 2007 OSC and for failing to appear at the April 1, 2008 initial hearing.
2. Enters, as its own findings, the Finding of Fact described in Section II above.
3. Enters, as its own conclusions, the Conclusions of Law described in Section III above.

4. Finds that Leo Wagner violated the Utah Uniform Securities Act by misrepresenting material facts in connection with the offer and sale of a security in or from Utah in violation of § 61-1-1(2).
5. Finds that Leo Wagner violated the Utah Uniform Securities Act by omitting to disclose material information in connection with the offer and sale of a security in or from Utah in violation of § 61-1-1(2).
6. Finds that Leo Wagner violated the Utah Uniform Securities Act by engaging in acts, practices, or courses of business that operate or would operate as a fraud or deceit on an investor in violation of § 61-1-1(3).
7. Orders Leo Wagner to permanently CEASE and DESIST from any violations of the Act.
8. Orders Leo Wagner to pay a fine of one hundred thousand dollars (\$100,000) to the Division, by June 30, 2008.

DATED this 29th day of April 2008.



THAD LEVAR
Acting Director, Division of Securities



Pursuant to § 63-46b-11(3), Respondent may seek to set aside the Default Order entered in this proceeding by filing such a request with the Division consistent with the procedures outlined in the Utah Rules of Civil Procedure.

CERTIFICATE OF MAILING

I hereby certify that on the 7th day of May 2008, I mailed, by certified mail,
a true and correct copy of the forgoing **Affidavit of Service and Non-Response and Notice of**

Entry of Default and Order to:

Leo Wagner
2346 Yates Avenue
Bronx NY 10469

CERTIFIED MAIL: 7004 1160 0003 0196 0013

Leo Wagner
1726 Kaylee Road
Hummelstown PA 17036

CERTIFIED MAIL: 7004 1160 0003 0196 0020

Leo Wagner c/o Lena Marina Wagner
819 Walnut Street
Erie PA 16502

CERTIFIED MAIL: 7004 1160 0003 0196 0037

Leo Wagner
c/o Len H. Kamdang
Federal Defenders of New York Inc
16 Court Street
Brooklyn NY 11241

CERTIFIED MAIL: 7004 1160 0003 0196 0044



Pam Radzinski
Executive Secretary