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

IN THE MATTER OF:	AFFIDAVIT OF SERVICE AND NON-RESPONSE
AMERICAN MORTGAGE ALLIANCE, INC.	**Docket No. SD-07-0040**
NATIONAL MORTGAGE ALLIANCE, LLC.	**Docket No. SD-07-0041**
REAL-PRINTS, INC.	Docket No. SD-07-0042
ROBERT MICHAEL FAIN	Docket No. SD-07-0043
DARON WILSON LEBLANC	Docket No. SD-07-0044
ANTONIUS "TONY" MARIA VERSTEEG	Docket No. SD-07-0045
Respondents.	

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 June 6, 2007, the Division mailed, by certified mail, an Order to Show Cause (OSC) to American Mortgage Alliance, Inc., National Mortgage Alliance, LLC, and Tony Maria Versteeg, along with a Notice of Agency Action (Notice), advising that a default order would be entered if they failed to file a written response to the OSC within thirty (30) days of the mailing date of the Notice. Mr. Versteeg is not only an individual Respondent, he is also an officer of American Mortgage Alliance, Inc. and the registered agent for National Mortgage Alliance, LLC.

4. On June 12, 2007, the Division was notified by the United States Postal Service (USPS) that delivery of the OSC and Notice to National Mortgage was not successful.

5. On July 3, 2007, the Division confirmed via USPS's online tracking service that neither National Mortgage nor American Mortgage received the OSC or Notice, but that the mailing to Mr. Versteeg was successfully delivered on June 11, 2007.

6. As of the date of this Affidavit, the Division has not received a response from American Mortgage Alliance, Inc. or National Mortgage Alliance, LLC.

DATED this 18TH day of July, 2007.

PAM RADZINSKI
Executive Secretary

SALT LAKE COUNTY)
) ss
STATE OF UTAH)

Signed and subscribed to before me this 18th day of July, 2007.

Notary Public

NOTARY PUBLIC
CHRISHEL JAMES
160 East 300 South 2nd Floor
Salt Lake City, UT 84114-0780
COMMISSION EXPIRES
September 9, 2010
STATE OF UTAH

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

IN THE MATTER OF:	NOTICE OF ENTRY OF DEFAULT AND ORDER
AMERICAN MORTGAGE ALLIANCE, INC. **NATIONAL MORTGAGE ALLIANCE, LLC.** REAL-PRINTS, INC. ROBERT MICHAEL FAIN DARON WILSON LEBLANC ANTONIUS "TONY" MARIA VERSTEEG Respondents.	**Docket No. SD-07-0040** **Docket No. SD-07-0041** Docket No. SD-07-0042 Docket No. SD-07-0043 Docket No. SD-07-0044 Docket No. SD-07-0045

I. BACKGROUND

A formal adjudicative proceeding was initiated by the Division's Order to Show Cause and Notice of Agency Action dated June 6, 2007, against American Mortgage Alliance, Inc. (American Mortgage), National Mortgage Alliance, LLC (National Mortgage), Real-Prints, Inc., Robert Michael Fain, Daron Wilson LeBlanc, and Antonius Maria Versteeg. The Division's

administrative actions against Real-Prints, Inc., Robert Michael Fain, Daron Wilson LeBlanc, and Antonius Maria Versteeg are currently pending. At the July 10, 2007 initial administrative hearing in this matter, the Presiding Officer held American Mortgage and National Mortgage in default for failing to file answers or appear at the hearing.

II. FINDINGS OF FACT

1. On June 6, 2007, the Division commenced a formal adjudicative proceeding by issuing an Order to Show Cause (OSC) and Notice of Agency Action (Notice) to American Mortgage and National Mortgage.
2. On June 6, 2007, the Division mailed, by certified mail, an OSC to American Mortgage, National Mortgage, and Tony Maria Versteeg, along with a Notice, advising that a default order would be entered if they failed to file a written response to the OSC within thirty (30) days of the mailing date of the Notice.
3. Mr. Versteeg is not only an individual Respondent, he is also an officer of American Mortgage Alliance, Inc. and the registered agent for National Mortgage Alliance, LLC. As such, service upon Mr. Versteeg is service upon American Mortgage and National Mortgage.
4. On June 12, 2007, the Division was notified by the United States Postal Service (USPS) that delivery of the OSC and Notice to National Mortgage was not successful.

5. On July 3, 2007, the Division confirmed via USPS's online tracking service that neither National Mortgage nor American Mortgage received the OSC or Notice, but that the mailing to Mr. Versteeg was successfully delivered on June 11, 2007.

6. At the initial administrative hearing held July 10th, 2007, the Presiding Officer, Wayne Klein, held American Mortgage and National Mortgage in default for failing to file a response to the June 6, 2007 OSC, and for failing to appear at the initial hearing.

7. As of July 17, 2007, the Division has not received a response to the June 6, 2007 OSC from American Mortgage or National Mortgage.

8. American Mortgage Alliance, Inc. was registered as a Utah corporation on December 22, 1997, but its corporate status expired on July 11, 2001. American Mortgage was located at 143 East 4800 South, Murray, Utah. Dianne Versteeg was the director, president, and registered agent of American Mortgage, and Tony Maria Versteeg was its secretary.

9. National Mortgage Alliance, LLC was registered as a Utah limited liability company on May 21, 2002, but its corporate status expired on October 1, 2003. National Mortgage was located at 141 East 5600 South, Suite 204, Murray, Utah. Robert Michael Fain, Daron Wilson LeBlanc, and Tony Maria Versteeg, were managers and members of National Mortgage, and Tony Maria Versteeg was also the registered agent.

Investor M. S.

10. In May 2002, a sales agent (Agent 1) for American Mortgage offered M. S. an investment opportunity in American Mortgage while at their place of employment in Salt Lake County.

11. Agent 1 told M. S. the following about the investment opportunity in American Mortgage:

    a. That American Mortgage generated leads for mortgage loans and refinances from kiosks placed in shopping malls;

    b. That American Mortgage had a great group of people selling the loans and the company would generate a profit;

    c. That American Mortgage was a start-up company;

    d. That American Mortgage's principals were Agent 1, 2, and 3, and they had all invested their own money with the company;

    e. That American Mortgage needed investor money for operating capital to get things started;

    f. That the kiosks placed in malls would generate mortgages, or the leads could be sold to other mortgage brokers; and

    g. The investment was 100% guaranteed and there was no risk involved because M. S. would receive his principal plus 20%.

12. Agent 1 failed to tell M. S., among other things, that one of American Mortgage's principals had a criminal history involving securities fraud, and that American Mortgage's corporate status had expired in 2001.

13. Agent 1 told M. S. that American Mortgage needed M. S. to invest $14,000.

14. M. S. told Agent 1 he had no money to invest.

15. Agent 1 suggested M. S. take out a second mortgage on his home, and said the investment in American Mortgage would generate a monthly payment large enough to cover M. S.'s second mortgage, with a little extra left over.

16. On May 13, 2002, Agent 1 drove M. S. to a Key Bank in Salt Lake County to arrange the second mortgage on M. S.'s home. Agent 1 remained with M. S. while the loan officer processed the second mortgage.

17. While still at the bank, M. S. was approved for a $14,000 loan.

18. M. S. received a cashier's check from the bank for $14,000 and gave it to Agent 1 while still at the bank.

19. Agent 1 drove M. S. from the bank to American Mortgage's offices in Murray, Utah, and introduced him to two other American Mortgage agents (Agent 2 and Agent 3).

20. At American Mortgage's offices, M. S. saw the investment contracts for the first time. One contract was entitled "Advance of Dividends Agreement" (Agreement 1), and the second was entitled "Pre-Determined Dividend Agreement" (Agreement 2).

21. Agreement 1 states that American Mortgage will pay M. S. an advance of dividends in the amount of $152.50 per month. It also states that payments made to M. S. pursuant to Agreement 1 will be treated as Pre-Determined Dividend payments under Agreement 2. Agreement 1 was signed by Agent 1, 2, 3, and M. S. on May 13, 2002.

22. Agreement 2 states that M. S. will receive a return of his principal plus 20% annual interest, but provides no maturity date. Agreement 2 was signed by Agent 1, 2, 3, and M. S. on May 14, 2002, at American Mortgage's offices.

23. During M. S.'s subsequent conversations with Agent 1, Agent 1 pressured M. S. for names of others who might be interested in investing in American Mortgage. M. S. mentioned that his parents might be interested.

24. M. S. told his parents, L. S. and J. S., about the investment opportunity in American Mortgage.

25. On or about June 11, 2002, M. S. and his parents met with Agent 1 in San Juan County, Utah, where M. S.'s parents made their first investment. M. S.'s parents' investments are discussed in more detail below.

26. Shortly after June 11, 2002, Agent 1 approached M. S. and asked him to invest more money in American Mortgage. Agent 1 said "we gotta have this money so we don't go under."

27. Agent 1 suggested that M. S. increase the amount of his second mortgage at Key Bank and invest the money in American Mortgage.

28. In June 2002, M. S. arranged to have his second mortgage increased by $22,000, and of the $22,000, M. S. invested $16,000 in American Mortgage.

29. The same day, M. S. met with Agent 1, 2, and 3 at American Mortgage where they all signed a new Advance of Dividends Agreement, with the exact same terms as M. S.'s first investment for $14,000 (return of principal plus 20% annual interest with no maturity date).

30. After investing in May and June 2002, M. S. received only two dividend checks from American Mortgage, which together totaled $230.

31. When American Mortgage continued to miss monthly dividend payments, M. S. contacted Agent 1 and Agent 3. Agent 1 and 3 promised to pay M. S. back.

32. On December 19, 2006, M. S. received an e-mail from Agent 1, acknowledging that he owed M. S. money and promising to pay M. S. one-third of what he invested. In the e-mail, Agent 1 tells M. S. that "by spring of '07 I will start a monthly repayment until my share of the debt is re-paid."

33. M. S. has received no additional return of principal or interest on his investment in American Mortgage, and he is still owed $29,770 in principal alone.

<u>Investors L. S. and J. S., Wife and Husband</u>

34. In June 2002, Agent 1 offered L. S. and J. S. an investment opportunity in National Mortgage while meeting in their home in San Juan County, Utah. L. S. and J. S. met Agent 1 through their son M. S.

35. At the meeting, Agent 1 used his computer to show L. S. and J. S. several spreadsheets for American Mortgage which showed things like estimated gross revenue from "Live Contacts", estimated gross income by "lead rate", and estimated monthly and annual returns based upon the number of malls with an American Mortgage kiosk.

36. Agent 1 told L. S. and J. S. the following about National Mortgage:

a. That National Mortgage planned to put kiosks in malls to gather leads for mortgage loans;

b. That National Mortgage planned to offer a prize drawing to anyone who filled out an interest card for a new mortgage;

c. That National Mortgage would follow up on the leads and process some of the loans, while others would be sold to an existing market;

d. That Agent 1 had no doubt he could sell the leads as "they" had done something similar in the past;

e. That National Mortgage planned to expand its kiosk operation into Las Vegas, Nevada within two months;

f. That L. S. and J. S. would receive 20% annual interest on their investment, and if things went well, it would generate a monthly income;

g. That National Mortgage was a start-up company;

h. That National Mortgage's principals were Agent 1, 2, and 3;

i. That National Mortgage had been raising money and had several investors including Agent 1's parents; and

j. If L. S. and J. S. were unhappy with the investment after a few months, they could get their money back.

37. Agent 1 failed to tell L. S. and J. S., among other things, that one of National Mortgage's principals, Agent 2, had a criminal history involving securities fraud.

38. Agent 1 asked L. S. and J. S. to invest $10,000 in National Mortgage.

39. L. S. told Agent 1 that she and her husband would not invest unless it was guaranteed and had no risk.

40. Agent 1 told L. S. they would "do it her way" and guarantee their investment.

41. On June 11, 2004, L. S. and J. S. invested $10,000 in National Mortgage using money borrowed on their home equity line of credit.

42. In return for L. S.'s and J. S.'s investment, National Mortgage mailed L. S. and J. S. an investment contract entitled "Pre-Determined Dividend Agreement" (the Agreement) which stated that L. S. and J. S. would receive a return of their investment plus 20% annual interest, but provided no maturity date.

43. The Agreement was dated June 11, 2002, and appears to have been signed by Agent 1, 2, and 3.

44. On or about November 26, 2002, L. S. received a letter from Agent 1 on American Mortgage letterhead. The letter states that American Mortgage completed 13 closings in October and 15 in November.

45. L. S. and J. S. received no return of principal or interest on their investment in National Mortgage.

46. In the Fall of 2003, L. S. met with Agent 1 and 2 at Agent 2's company called Real-Prints, Inc. in Salt Lake City, and asked for her money back.

47. Agent 1 and 2 told L. S. they would pay her back.

48. In early October 2003, L. S. met with Agent 2 in Salt Lake City, Utah, and complained that she had still not been paid back for her investment in National Mortgage.

49. Agent 2 again told L. S. that they (Agent 1, 2, and 3) would pay her back.

50. When L. S. spoke to Agent 3 about paying back her principal, he said he was not obligated to L. S. because he sold his interest in National Mortgage to Agent 1 and 2, and at the same time executed a Hold-Harmless Agreement.

51. L. S. asked Agent 3 for a copy of the Hold-Harmless Agreement, but he has yet to provide it.

52. L. S. and J. S. are still owed $9,600 in principal alone from their investment in National Mortgage.

Misrepresentations and Omissions

53. In connection with the offer and sale of securities to investors, American Mortgage and National Mortgage, directly or indirectly, made false statements, including, but not limited to, the following:

a. That American Mortgage used kiosks placed in shopping malls to generate leads for mortgage loans and refinances;

b. That many leads would be generated from the mall kiosks which would generate mortgages or be sold to other mortgage brokers;

c. That the investment was guaranteed and there was no risk;

d. That American Mortgage had a great group of people selling the loans and the company would generate a profit;

e. That the principals of American Mortgage had all invested their own money in the company;

f. That an investment in American Mortgage would generate a monthly payment large enough to cover one particular investor's second mortgage payment, with a little extra left over;

g. That there was no doubt the companies could sell the leads because it had done something similar in the past;

h. That National Mortgage planned to expand its kiosk operation into Las Vegas within two months;

i. That investors would receive 20% annual interest on their investment, and if things went well, the investment would generate an additional monthly income;

j. That National Mortgage had been raising money and had several investors including Agent 1's parents; and

k. That if investors were unhappy with the investment after a few months, they could get their money back.

54. In connection with the offer and sale of securities to investors, American Mortgage and National Mortgage, directly or indirectly, failed to disclose material information, including, but not limited to, the following, which was necessary in order to make representations made not misleading:

a. That Agent 2 had $40,692 in outstanding civil judgments against him;

b. That in 1996 Agent 2 was charged with multiple felony violations of the Utah Uniform Securities Act, and pleaded guilty to 5 counts of securities fraud and 14 counts of sale of an unregistered security. In February 1997, Agent 2 was sentenced to 0-5 years in prison and ordered to pay $308,850 in restitution;

c. That in 1992, Agent 2 petitioned for personal bankruptcy;

d. That Agents 1 and 3 had been sued several times and had several judgments filed against them;

d. That American Mortgage's corporate status had expired in July 2001, almost one year before M. S. invested in American Mortgage;

e. That the Pre-Determined Divided Agreements and promissory notes were securities that should have been registered with the Division;

f. Some or all of the information typically provided in an offering circular or prospectus regarding American Mortgage Alliance, Inc., and National Mortgage Alliance, LLC (the Companies), such as:

i. The business and operating history for the Companies;

ii. The principals' experience in the mortgage industry;

iii. Financial statements for the Companies;

iv. The market for the Companies' product(s);

v. The nature of the competition for the product(s);

vi. Each Company's current capitalization;

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

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.

Registration Violations

55. The investment contracts and guarantees offered and sold by American Mortgage and National Mortgage are securities under § 61-1-13 of the Act.

56. The securities were offered and sold in or from this state.

57. The securities offered and sold by American Mortgage and National Mortgage were not registered under the Act, and American Mortgage and National Mortgage did not file any claim of exemption relating to the securities.

58. Based on the above information, American Mortgage and National Mortgage violated § 61-1-7 of the Act.

III. CONCLUSIONS OF LAW

59. The service of the OSC and the Notice initiating these proceedings is valid upon American Mortgage and National Mortgage.

60. Because American Mortgage and National Mortgage failed to file a written response to the June 6, 2007 OSC, and because they failed to appear at the July 10, 2007 initial hearing, they are in default.

61. In connection with the offer of a security, American Mortgage and National Mortgage misrepresented material facts to investors.

62. In connection with the offer and sale of securities, American Mortgage and National Mortgage failed to disclose material information to investors which was necessary to make the statements made not misleading.

63. By this conduct, American Mortgage and National Mortgage violated § 61-1-1(2) of the Act.

64. The securities offered and sold by American Mortgage and National Mortgage were not registered under the Act, and American Mortgage and National Mortgage did not file any claim of exemption relating to the securities.

65. By this conduct, American Mortgage and National Mortgage violated § 61-1-7 of the Act.

IV. ORDER

Based on the above, the Director hereby:

1. Declares American Mortgage and National Mortgage in default for failing to file a written response to the June 6, 2007 OSC and for failing to appear at the July 10, 2007 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 American Mortgage and National Mortgage violated the Utah Uniform Securities Act by misrepresenting material facts in connection with the offer of a security in or from Utah in violation of § 61-1-1(2).

5. Finds that American Mortgage and National Mortgage violated the Utah Uniform Securities Act by omitting to disclose material information in connection with the offer of a security in or from Utah in violation of § 61-1-1(2).

6. Finds that American Mortgage and National Mortgage violated the Utah Uniform Securities Act by failing to register securities for sale prior to offering them for sale in or from Utah in violation of § 61-1-7.

7. Orders American Mortgage and National Mortgage to permanently CEASE and DESIST from any violations of the Act.

8. Orders American Mortgage to pay a fine of twenty five thousand dollars ($25,000) to the Division, by September 28, 2007.

9. Orders National Mortgage to pay a fine of fifty thousand dollars ($50,000) to the Division, by September 28, 2007.

DATED this 2nd day of August, 2007.

WAYNE KLEIN
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 certify that on the 2ND day of August, 2007, I mailed CERTIFIED a true and correct copy of the Notice of Entry of Default and Order to:

American Mortgage Alliance, Inc. / National Mortgage Alliance, LLC
c/o Antonius Maria Versteeg (Officer and Registered Agent)
11105 Londonderry Drive
Sandy, UT 84092

Pamela Radzikowski
Executive Secretary