

Division of Securities
Utah Department of Commerce
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Salt Lake City, UT 84114-6760
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BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH

IN THE MATTER OF:

OUR UNSUNG HEROES
PAUL WINSTON MCSWEENEY
CRAIG DALLIN OSTLUND

Respondents.

STIPULATION AND CONSENT
ORDER

Docket No. SD-07-0069
Docket No. SD-07-0068
Docket No. SD-07-0070

The Utah Division of Securities (the Division), by and through its Director of Enforcement, Michael Hines, and Craig Dallin Ostlund hereby stipulate and agree as follows:

1. Craig Dallin Ostlund, Our Unsung Heroes, and Paul Winston McSweeney 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 September 28th, 2007, the Division issued an Order to Show Cause to Craig Dallin Ostlund, Our Unsung Heroes, and Paul Winston McSweeney, alleging that they violated the Act by committing securities fraud.
3. Craig Dallin Ostlund and the Division have agreed to settle this matter by way of this Stipulation and Consent Order (Consent Order). The administrative action against Our Unsung Heroes and Paul Winston McSweeney are still pending.
4. Craig Dallin Ostlund admits the jurisdiction of the Division over him and over the subject matter of this action.
5. Craig Dallin Ostlund waives any right to a hearing to challenge the Division's evidence and present evidence on his behalf.

THE DIVISION'S INVESTIGATIVE FINDINGS

From July 2007 through the present, the Division has been conducting an investigation into this matter revealing:

6. Our Unsung Heroes is a Utah non-profit corporation. The company was registered on February 3, 2006, and its corporate status is currently "active." Paul Winston McSweeney is a director of Our Unsung Heroes, and Craig Dallin Ostlund was a director from February 3, 2006 to November 17, 2006.
7. Craig Dallin Ostlund (Ostlund) resides in Salt Lake County, Utah.
8. Paul Winston McSweeney (McSweeney) resides in Utah County, Utah.

9. In 2006, Ostlund and McSweeney collected an investment of \$15,000 from a Utah couple, in Our Unsung Heroes. Investors were told their money would be used to purchase an airplane on eBay, and the airplane would be used for flying lessons.
10. In exchange for their investment, Ostlund and McSweeney gave the investors a promissory note with 17.5% annual interest, to be paid monthly, for a term of three years.
11. The investors received three interest payments totaling \$1,615.59 (although all were late), and then payments stopped. After hiring an attorney, the investors recovered another \$5,000 from the Respondents, but nothing more.

Investors FM and BM, Husband and Wife

12. In January 2006, Ostlund told FM, a new neighbor, about Our Unsung Heroes.
13. Ostlund told FM that Our Unsung Heroes had certified flight instructors who were going to offer flight training to generate income for the company.
14. Ostlund told FM that Our Unsung Heroes was going to buy a few airplanes.
15. Ostlund told FM that Our Unsung Heroes was looking for investors, but did not ask FM to invest at this time.
16. After these initial conversations, Ostlund and FM talked about an investment in Our Unsung Heroes in mid-January and early February 2006.
17. Ostlund told FM the following about the investment opportunity in Our Unsung Heroes:

- a. Our Unsung Heroes bid on a Taylor Craft airplane on eBay, and although the company had one individual who would invest \$15,000 toward the airplane, they needed an additional \$15,000;
 - b. FM's \$15,000 would be used to purchase the airplane, and if Our Unsung Heroes "went under" or was unable to make monthly payments to FM, they would sell the airplane and pay FM back;
 - c. Our Unsung Heroes would pay FM 9% more than the interest FM would pay on a signature loan;
 - d. Our Unsung Heroes would pay FM for 36 months (interest plus principal), and possibly pay him back early;
 - e. Ostlund talked to McSweeney, his partner in Our Unsung Heroes, about the interest rate they could offer FM, and was trying to convince McSweeney to provide a higher rate of return.
18. In February 2006, Ostlund went to FM's and BM's home and explained the investment opportunity to BM.
 19. During their meeting, Ostlund showed BM a flyer for Our Unsung Heroes that advertised flying lessons.
 20. Ostlund told BM the following about the investment opportunity in Our Unsung Heroes:
 - a. Our Unsung Heroes was going to give flying lessons to bring in money;

- b. Our Unsung Heroes had other investors lined up and planned on receiving some charitable donations;
 - c. Our Unsung Heroes would pay FM and BM on the first day of each month;
 - d. If payment was more than thirty days late, Our Unsung Heroes would pay them in full;
 - e. Our Unsung Heroes would pay FM and BM \$538.53 per month (\$375 principal plus \$163.53 in interest);
 - f. The investment matured in three years, but it would probably take Our Unsung Heroes only twelve months to pay them back;
 - g. Ostlund would talk to McSweeney about what to include in the investment contract.
21. On February 23, 2006, Ostlund went to FM's home and told FM that the other investor had fallen through and they needed \$15,000 that day.
22. On February 23, 2006, FM went to his bank and obtained a signature loan for \$15,000 with his wife as the cosigner.
23. FM, at Ostlund's instruction, sent the money to an eBay seller, via a wire transfer, to buy an airplane.
24. On February 23, 2006, FM received a promissory note from Our Unsung Heroes for \$15,000, that appears to have been signed by Ostlund. The note included an interest rate

of 17.5% annually, and matured in three years. The note also stated that Our Unsung Heroes would pay FM and BM \$538.53 on the first of each month.

25. FM and BM received their first interest payment from Our Unsung Heroes on April 10, 2006, the second on May 25th, and the third and last payment on June 23rd, for a total of \$1,615.59.
26. FM called McSweeney in July to inquire about their interest payment. McSweeney said “they” were waiting on another investor, and he expected to pay FM back in full within one week.
27. FM and BM talked to Ostlund about missed payments several times. Ostlund said he was trying to work with McSweeney to get their money back. Ostlund recommended FM and BM talk to McSweeney.
28. McSweeney eventually stopped returning FM’s and BM’s telephone calls. The investors then hired an attorney.
29. On January 5, 2007, FM and BM filed a civil lawsuit against Ostlund, and on February 15, 2007 they obtained a judgment against him for \$17,453.76.
30. On April 11, 2007, FM and BM received a \$5,000 payment from Our Unsung Heroes.
31. FM and BM received no additional return of principal or interest on their investment in Our Unsung Heroes until the Division filed an administrative action against Our Unsung Heroes, Ostlund, and McSweeney in September 2007 for violating the Utah Uniform

Securities Act. On November 30, 2007, FM and BM received a cashier's check in the amount of \$9,067.64 in the mail from McSweeney in full payment of their principal investment, plus some interest.

Securities Fraud

32. In connection with the offer and sale of a security to Utah investors, Ostlund made false statements, including, but not limited to, the following:
- a. If Our Unsung Heroes "went under" or was unable to make monthly payments to FM, they would sell the plane and pay FM back;
 - b. Our Unsung Heroes would pay FM 9% more than the interest FM would pay on a signature loan;
 - c. If payment was more than thirty days late, Our Unsung Heroes would pay them off in full;
 - d. Our Unsung Heroes would pay FM and BM \$538.53 per month (\$375 principal plus \$163,53 interest); and
 - e. The investment matured in three years, but it would probably take Our Unsung Heroes only twelve months to pay them back.
33. In connection with the offer and sale of securities to Utah investors, Ostlund failed to disclose material information to investors, including, but not limited to, the following, which was necessary in order to make representations made not misleading:

- a. That Ostlund filed for bankruptcy in 1994 and 2003;
- b. That McSweeney filed for bankruptcy in 1999;
- c. That Ostlund had unpaid civil judgments against him of just over \$1,000;
- d. That McSweeney had unpaid civil judgments against him of approximately \$3,500;
- e. Some or all of the information typically provided in an offering circular or prospectus regarding Our Unsung Heroes, such as:
 - i. The business and operating history for Our Unsung Heroes;
 - ii. Identities of the principals for Our Unsung Heroes, along with their experience with operating a non-profit organization;
 - iii. Financial statements for Our Unsung Heroes;
 - iv. The market for Our Unsung Heroes' service(s);
 - v. The nature of the competition for the service(s);
 - vi. The current capitalization for Our Unsung Heroes;
 - vii. The track record of Our Unsung Heroes to investors;
 - viii. Risk factors for investors;
 - ix. The number of other investors;
 - x. The minimum capitalization needed to participate in the investment;

- xi. The disposition of any investments received if the minimum capitalization were not achieved;
- xii. The liquidity of the investment;
- xiii. Discussion of pertinent suitability factors for the investment;
- xiv. The proposed use of the investment proceeds;
- xv. Any conflicts of interest the issuer, the principals, or the agents may have with regard to the investment;
- xvi. Agent commissions or compensation for selling the investment;
- xvii. Whether the investment is a registered security or exempt from registration; and
- xviii. Whether the person selling the investment is licensed.

THE DIVISION'S CONCLUSIONS

34. Based on the Division's investigative findings, the Division concludes that:
- a. The promissory note offered and sold by Ostlund to FM and BM is a security under § 61-1-13 of the Act; and
 - b. Ostlund 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.

35. Ostlund admits the substance of the Division's investigative conclusions and consents to the Division entering an Order:
- a. Requiring Ostlund to cease and desist from engaging in any further conduct in violation of the Utah Securities Act.
 - b. Requiring Ostlund to pay a fine of ten thousand dollars (\$10,000) to the Division, all of which will be waived so long as Ostlund violates no provision of the Act for a period of three years.
36. Ostlund acknowledges that this Consent Order, upon approval by the Division Director, shall be the final compromise and settlement of this matter. Ostlund 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.
37. Ostlund acknowledges that the Consent Order does not affect any civil or arbitration causes of action that third parties may have against Ostlund arising in whole or in part from their actions, and that the Consent Order does not affect any criminal cause of action that a prosecutor might bring.
38. 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.

39. Ostlund represents that any information he has provided to the Division is accurate and complete, and if the Division finds otherwise, he acknowledges that this Consent Order will be deemed null and void and without any force or effect whatsoever.
40. Violation of this Consent Order is a third degree felony pursuant to § 61-1-21(1) of the Act.
41. Ostlund has read this Consent Order, understands its contents, and enters into this Stipulation voluntarily. No promises or threats have been made by the Division, nor by any member, officer, agent, or representative of the Division, to induce Ostlund to enter into this Consent Order.

Utah Division of Securities

Date: 5/21/08

By: [Signature]
Michael Hines
Director of Enforcement

Respondent Ostlund

Date: May 21, 2008
[Signature]
Craig Dallin Ostlund

Approved:

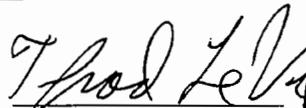
[Signature]
Jeff Buckner
Assistant Attorney General

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. Craig Dallin Ostlund CEASE and DESIST from engaging in any further conduct in violation of the Utah Securities Act.
- b. Requiring Craig Dallin Ostlund to pay a fine of ten thousand dollars (\$10,000) to the Division, all of which will be waived so long as Craig Dallin Ostlund violates no provision of the Act for a period of three years. If at any time during the three year period, the Division discovers that Craig Dallin Ostlund violated the Act, the Division will give him written notice of the violation, and the previously suspended fine of \$10,000 will be due within one month of that notice.

DATED this 3rd day of June, 2008.


THAD LEVAR
Acting Director, Utah Division of Securities



Certificate of Mailing

I certify that on the 4TH day of JUNE, 2008, I mailed, by certified mail, a true and correct copy of the Stipulation and Consent Order to:

Craig Dallin Ostlund
5504 Dunbarton Dr.
Murray, UT 84117

Certified Mail # 7004116000301967814

Pamela Prodzinski
Executive Secretary