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:	**ORDER TO SHOW CAUSE**
SGS CAPITAL; **STEVEN LEON SUNYICH;** **MELISSA JOY SUNYICH, aka MELISSA JOY GARDNER;** **Respondents.**	**Docket No.** SD-07-0073 **Docket No.** SD-07-0074 **Docket No.** SD-07-0075

It appears to the Presiding Officer of the Utah Division of Securities (Presiding Officer) that SGS Capital, Steven Leon Sunyich, and Melissa Joy Sunyich (the 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 Utah Division of Securities' (Division) investigation of this matter, the Presiding Officer 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 the subject matter is appropriate because the Division alleges that Respondents violated § 61-1-1 (securities fraud) of the Act, while engaged in the offer and sale of securities in Utah.

STATEMENT OF FACTS

THE RESPONDENTS

2. SGS Capital is an unincorporated entity whose principals appear to be Steven Leon Sunyich and Melissa Joy Sunyich.

3. Steven Leon Sunyich (Sunyich) resides in Washington County, Utah.

4. Melissa Joy Sunyich (Melissa) resides in Maricopa County, Arizona. Melissa is Sunyich's daughter.

GENERAL ALLEGATIONS

5. Utah investor SS met with Sunyich, an acquaintance, in November or December 2006 at Sunyich's office in Washington County, Utah to discuss an investment in real estate.

6. SS told Sunyich he was thinking about investing in FranklinSquires[1] through Engenuity Life[2], a St. George company closely associated with FranklinSquires. SS told Sunyich

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[1] According to the FranklinSquires website (http://franklinsquires.com/index.php), visited October 1, 2007, "FranklinSquires" refers to FranklinSquires Companies, LLC, a "private capital and business consulting firm."

[2] Engenuity Life is listed as a "portfolio company" on the FranklinSquires website. The portfolio companies are described as entities FranklinSquires "work[s] with . . . to attain

that to invest in FranklinSquires SS would have to pay $15,000 up-front to attend the FranklinSquires training.

7. Sunyich said he could give SS the same rate of return (3% monthly) SS would receive from a FranklinSquires investment without paying the $15,000 up-front fee.

8. Sunyich told SS the following about the investment opportunity:

   a. SS would receive an unsecured promissory note;

   b. SS's investment would be paid to SGS Capital and then go to Founders Capital, LLC[3] (Founders);

   c. Founders had real estate assets in excess of $127 million; and

   d. The worst case scenario was SS receiving principal alone.

9. On February 7, 2007, SS received a promissory note from SGS Capital, which appears to have been signed by Melissa. The note states that the holder would be paid interest of up to 3% monthly (up to $6,000), on a $200,000 investment.

10. On February 8, 2007, SS invested $200,000 with SGS Capital via wire transfer to SGS Capital's Wells Fargo Bank account in St. George, Utah.

11. On March 20, 2007, SS received an interest payment check of $2,143 from Michael

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profitable bottom lines and long-lasting success."

[3] Founders Capital, LLC is listed as one of FranklinSquires' "portfolio companies" on the FranklinSquires website. Founders was registered as a Utah limited liability company on April 14, 2005, and its current corporate status is "Active." Founders is located in Utah County, and Hill Erickson, LLC is its sole manager.

Sunyich's personal account. Michael Sunyich is Sunyich's son.

12. On April 17, 2007, SS received an interest payment check of $6,000 from Melissa's personal account.

13. On May 18, 2007, SS received his last interest payment of $6,000 cash from Sunyich.

14. In June 2007, when SS did not receive an interest payment, SS spoke to Michael Sunyich. Michael Sunyich said SS' money was invested with Hunters Capital and Paul Bouchard[4].

15. After discovering that SS's money was not invested in SGS Capital or Founders Capital, SS contacted Melissa to find out why.

16. Melissa started forwarding to SS e-mails she received from Paul Bouchard, updating her on Hunters Capital's financial situation.

17. SS requested part or all of his principal back in June 2007, and Sunyich gave him an official check for $30,000.

18. On July 19, 2007, SS received a second promissory note via e-mail from Melissa, which appears to have been signed by Melissa. The note states that Melissa would pay SS his remaining principal of $170,000 plus any interest accrued on or before September 15, 2007, as long as SS ceased all communication with members or associates of FranklinSquires, Founders Capital, and Hunters Capital.

19. Although SS has made several requests, he has received no additional payments of

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[4] Hunters Capital is not a registered entity in Utah. Paul Bouchard holds himself out to be a principal of Hunters Capital.

principal or interest from Sunyich, Melissa, or SGS Capital.

20. SGS Capital, Sunyich, and Melissa still owe SS $155,857 in principal alone.

CAUSES OF ACTION

COUNT I
Securities Fraud under § 61-1-1 of the Act

21. The Division incorporates and re-alleges paragraphs 1 through 20.

22. The promissory note offered and sold by the Respondents to SS is a security under § 61-1-13 of the Act.

23. In connection with the offer and sale of a security to SS, SGS Capital, Sunyich, and Melissa, directly or indirectly, made false statements, including, but not limited to, the following:

    a. That Sunyich could give SS the same rate of return (3% monthly) SS would receive from a FranklinSquires investment, without having to pay the $15,000 up-front fee;

    b. SS's investment would be paid to SGS Capital, and then go to Founders Capital, when in fact, SS's money was sent to Hunters Capital and Paul Bouchard;

    c. Founders Capital had real estate assets in excess of $127 million; and

    d. The worst case scenario would result in SS receiving principal alone.

24. In connection with the offer and sale of a security to SS, SGS Capital, Sunyich, and Melissa, 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 Sunyich had unpaid civil judgments against him of over $50,000;

b. That Melissa had an unpaid civil judgment against her of $10,747;

c. Some or all of the information typically provided in an offering circular or prospectus regarding SGS Capital and Founders Capital, such as:

   i. The business and operating history for SGS Capital and Founders Capital;

   ii. Identities of the principals for SGS Capital and Founders Capital, along with their experience in real estate investments;

   iii. Financial statements for SGS Capital and Founders Capital;

   iv. The market for SGS Capital's and Founders Capital's service(s);

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

   vi. The current capitalization for SGS Capital and Founders Capital;

   vii. The track record of SGS Capital and Founders Capital 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.

25. Based upon the foregoing, SGS Capital, Steven Leon Sunyich, and Melissa Joy Sunyich violated § 61-1-1 of the Act.

ORDER

The Presiding Officer, pursuant to § 61-1-20 of the Act, hereby orders the 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, November 19th, 2007, at 11:00 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. The purpose of the hearing is to establish a scheduling order and address any preliminary matters. If the Respondents fail to file an answer and 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, the Respondents may show cause, if any they have:

a. Why SGS Capital, Steven Leon Sunyich, and Melissa Joy Sunyich should not be found to have engaged in the violations alleged by the Division in this Order to Show Cause;

b. Why SGS Capital, Steven Leon Sunyich, and Melissa Joy Sunyich 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 SGS Capital should not be ordered to pay a fine of two hundred fifty thousand dollars ($250,000) to the Division of Securities;

d. Why Steven Leon Sunyich should not be ordered to pay a fine of two hundred fifty thousand dollars ($250,000) to the Division of Securities; and

e. Why Melissa Joy Sunyich should not be ordered to pay a fine of two hundred fifty thousand dollars ($250,000) to the Division of Securities.

DATED this 15th day of October, 2007.

BENJAMIN JOHNSON
Director of Corporate Finance
Utah Division of Securities

Approved:

JEFF BUCKNER
Assistant Attorney General

J. S.

Division of Securities
Utah Department of Commerce
160 East 300 South, 2nd Floor
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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 AGENCY ACTION**
SGS CAPITAL; **STEVEN LEON SUNYICH;** **MELISSA JOY SUNYICH, aka MELISSA JOY GARDNER;** **Respondents.**	**Docket No.** SD-07-0073 **Docket No.** SD-07-0074 **Docket No.** SD-07-0075

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, November 19th, 2007, at 11:00 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 Benjamin Johnson, Director of the Division's Corporate Finance section. After the initial hearing, the presiding officer may appoint Judge Steve Eklund, Administrative Law Judge for the Department of Commerce, to act as the hearing officer for the remainder of the administrative action. 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 15th day of October, 2007.

BENJAMIN JOHNSON
Director of Corporate Finance
Utah Division of Securities

Certificate of Mailing

I certify that on the 15TH day of October, 2007, I mailed, by certified mail, a true and correct copy of the Order to Show Cause and Notice of Agency Action to:

Melissa Joy Sunyich, aka Melissa Joy Gardner
Individually and on behalf of SGS Capital
2925 E. Riggs Rd. #8-207
Chandler, AZ 85249

Certified Mail # 7005 1820 0003 7190 6328

Steven Leon Sunyich
Individually and on behalf of SGS Capital
1812 W. Sunset Blvd. #1-323
St. George, UT 84770

Certified Mail # 7005 1820 0003 7190 6311

Pamela Radzinski
Executive Secretary