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
POULSON INVESTING, LLC	Docket No. SD-07-0080
JOSHUA MICHAEL POULSON	Docket No. SD-07-0081
MAYELA LETICIA POULSON	Docket No. SD-07-0082
Respondents.	

It appears to the Director of the Utah Division of Securities (the Director) that Poulson Investing, LLC, Joshua Michael Poulson, and Mayela Leticia Poulson (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 Director 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 or from Utah.

STATEMENT OF FACTS

THE RESPONDENTS

2. Poulson Investing, LLC (Poulson Investing), located in Utah County, was registered as a Utah limited liability company on May 9, 2006, and its current entity status is "active." Joshua Michael Poulson and his wife, Mayela Leticia Poulson, are the only two members of Poulson Investing.

3. Joshua Michael Poulson (Poulson) resides in Utah County, Utah.

4. Mayela Leticia Poulson (Mayela) resides in Utah County, Utah.

GENERAL ALLEGATIONS

5. Between May 2006 and May 2007, the Respondents solicited $325,000 in investment funds from seven investors, four of whom are from Utah, three from Washington State. Investments made by two of the seven investors are detailed below.

6. Respondents told investors their money would be used to purchase real estate, that they would receive a return of 2% per month, and that their investments would be secured by real property.

7. The Respondents made interest payments to investors for several months and then stopped. Investors were unable to recover any more interest or principal, and discovered that they were not actually secured by real property.

Investors ST and RT, Husband and Wife

8. In May 2006, in Utah County, Utah, Mayela suggested that ST and RT obtain an equity loan and invest the money in Poulson Investment.

9. Mayela told ST and RT they would receive a return each month on their original investment and could get a refund of their principal investment with 90 days notice.

10. In August 2006, at ST's and RT's home in Utah County, Poulson suggested ST and RT obtain a second mortgage on their home, and said ST and RT would receive 2% monthly interest from an investment in Poulson Investing, which would be enough to pay off their first and second mortgages.

11. Poulson also told ST and RT their money would be used by Poulson Investment to purchase real estate at low prices, which would then be sold for a profit.

12. Poulson told ST and RT the risk was low because of the purchase of property.

13. On September 26, 2006, ST and RT purchased a cashier's check for $90,000, made payable to Poulson Investing, and gave it to Poulson.

14. In return for their investment, ST and RT received a Poulson Investing promissory note in the amount of $90,000, which included a return of 2% monthly.

15. From December 2006 to August 2007, ST and RT received monthly payments from Poulson Investing, totaling $16,200.

16. After August 2007, ST and RT received no additional interest or principal payments, and the Respondents still owe ST and RT $73,800 in principal alone.

Investors RT and VT, Husband and Wife

17. In March or April 2006, Mayela called VT in Washington State and told her about an investment opportunity in Poulson Investing.

18. Mayela told VT that Poulson Investing could pay VT a return of 2% per month on any money she invested. Mayela said Poulson Investing used investor funds to purchase property, and that there was no risk because VT would be secured by the property purchased by the company.

19. VT asked Mayela if she was sure there was no risk involved in the investment. Mayela told VT "I'm sure."

20. In July or August 2006, Mayela called VT to ask if she had decided to invest.

21. VT told Mayela she had no money to invest, and Mayela suggested VT obtain an equity loan and use the money to invest.

22. Sometime after this telephone conversation with Mayela, but prior to August 31, 2006, VT spoke to Poulson on the telephone regarding the investment in Poulson Investing.

23. Poulson told VT the same information regarding the investment opportunity that Mayela told VT.

24. Poulson also told VT that Poulson and Mayela were doing everything legally, and that there should not be any risk.

25. On August 31, 2006, RT and VT obtained a $50,000 home equity loan from Wells Fargo Bank and deposited the funds into their personal bank account.

26. On September 19, 2006, RT and VT invested in Poulson Investing by mailing a personal check for $50,000, made payable to Poulson Investing, to Poulson Investing in Utah.

27. On or about September 20, 2006, RT and VT received a Poulson Investing promissory note in the mail from the Respondents. The note is in the amount of $50,000, states an interest rate of 2% per month, but provides no maturity date. The note appears to have been signed by Poulson on behalf on Poulson Investing.

28. From approximately September 2006 to July 2007, VT received a total of eleven interest payments totaling $10,000. After July 2007, RT and VT received no additional interest or principal payments, and the Respondents still owe RT and VT $40,000 in principal alone.

CAUSES OF ACTION

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

29. The Division incorporates and re-alleges paragraphs 1 through 28.

30. The promissory notes offered and sold by the Respondents to investors are securities under § 61-1-13 of the Act.

31. In connection with the offer and sale of securities to investors the Respondents made the following false statements:

    a. There was no risk because investor money was secured by real estate;

    b. Investors would receive a return of 2% per month on the invested funds;

    c. Investors could get their money back at any time as long as written notice was provided;

    d. Poulson told ST and RT that if they invested using money from a second mortgage, their monthly interest payments would provide enough money to pay off both the first and second mortgage; and

    e. Poulson told RT and VT that Poulson and Mayela were doing everything legally.

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

    a. Promissory notes are securities that need to be registered with the Division or qualify for an exemption from registration prior to being offered for sale;

    b. Some or all of the information typically provided in an offering circular or prospectus regarding Poulson Investing, such as:

i. The business and operating history for Poulson Investing;

ii. Identities of the principals for Poulson Investing, along with their experience with real estate investments;

iii. Financial statements for Poulson Investing;

iv. The market for Poulson Investing's service(s);

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

vi. The current capitalization for Poulson Investing;

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

viii. The track record of Poulson Investing 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.

33. Based upon the foregoing, Poulson Investing, LLC, Joshua Michael Poulson, and Mayela Leticia Poulson violated § 61-1-1 of the Act.

ORDER

The Director, 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 Wednesday, January 2nd, 2008, at 9:00 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 Poulson Investing, LLC, Joshua Michael Poulson, and Mayela Leticia Poulson should not be found to have engaged in the violations alleged by the Division in this Order to Show Cause;

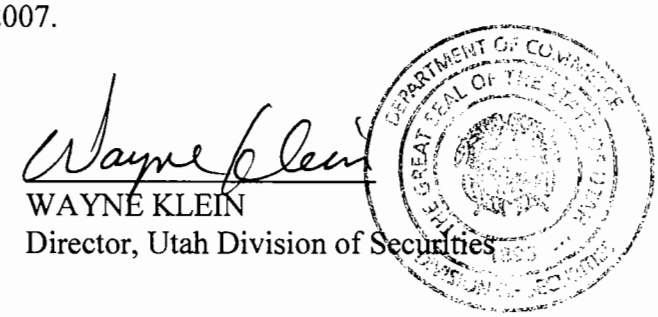
b. Why Poulson Investing, LLC, Joshua Michael Poulson, and Mayela Leticia Poulson should not be ordered to cease and desist from engaging in any further conduct in violation of Utah Code Ann. § 61-1-1, or any other section of the Act;

c. Why Poulson Investing, LLC should not be ordered to pay a fine of three hundred and fifty thousand dollars ($350,000) to the Division of Securities, which may be offset by restitution paid to the victims;

d. Why Joshua Michael Poulson should not be ordered to pay a fine of three hundred and fifty thousand dollars ($350,000) to the Division of Securities, which may be offset by restitution paid to the victims;

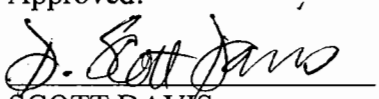
e. Why Mayela Leticia Poulson should not be ordered to pay a fine of three hundred and fifty thousand dollars ($350,000) to the Division of Securities, which may be offset by restitution paid to the victims.

DATED this 21ST day of November, 2007.



WAYNE KLEIN
Director, Utah Division of Securities

Approved:



SCOTT DAVIS
Assistant Attorney General

D. H.

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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**
POULSON INVESTING, LLC **JOSHUA MICHAEL POULSON** **MAYELA LETICIA POULSON** **Respondents.**	**Docket No.** SD-07-0080 **Docket No.** SD-07-0081 **Docket No.** SD-07-0082

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	Scott Davis 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 Wednesday, January 2nd, 2008, at 9:00 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 Angela Hendricks, Manager, Division of Consumer Protection. Questions regarding the Order to Show Cause and Notice of Agency Action should be directed to the Division's attorney, Scott Davis, at (801) 366-0310.

DATED this 21 day of November, 2007.

ANGELA HENDRICKS
Presiding Officer
Manager, Utah Division of Consumer Protection

Certificate of Mailing

I certify that on the 23RD day of November, 2007, I mailed, by certified mail, a true and correct copy of the Order to Show Cause and Notice of Agency Action to:

Poulson Investing, LLC
C/O Joshua Michael Poulson, Registered Agent
2512 East 1580 South
Spanish Fork, UT 84660

Certified Mailing #7005 1820 0003 7190 6595

Joshua Michael Poulson and Mayela Leticia Poulson
2512 East 1580 South
Spanish Fork, UT 84660

Certified Mailing #7005 1820 0003 7190 6601

Pamela Radzinski
Executive Secretary