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Division of Securities
Utah Department of Commerce
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**BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH**

IN THE MATTER OF:

POULSON INVESTING, LLC
JOSHUA MICHAEL POULSON
MAYELA LETICIA POULSON

Respondents.

STIPULATION AND CONSENT
ORDER

Docket No. SD-07-0080
Docket No. SD-07-0081
Docket No. SD-07-0082

The Utah Division of Securities (Division), by and through its Director of Enforcement, Michael Hines, and Poulson Investing, LLC, Joshua Michael Poulson, and Mayela Leticia Poulson hereby stipulate and agree as follows:

1. Poulson Investing, LLC, Joshua Michael Poulson, and Mayela Leticia Poulson 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 November 21, 2007, the Division issued an Order to Show Cause to Poulson Investing, LLC, Joshua Michael Poulson, and Mayela Leticia Poulson alleging that they committed securities fraud in violation of the Act.
3. On January 30, 2008, the State of Utah filed a criminal action against Joshua Michael Poulson in Utah's Fourth District Court, Utah County, case number 081400262. The State charged Poulson with one count of securities fraud (2nd degree felony), and was based upon the same facts alleged in the Division's Order to Show Cause filed November 21, 2007.
4. On September 15, 2008, Joshua Michael Poulson entered into a plea in abeyance with the State for a term of 36 months. Pursuant to the terms of the plea in abeyance, Poulson is to pay restitution to investors ST and RT (mentioned below) in the amount of \$75,225 within 36 months.
5. The Respondents and the Division have agreed to settle this administrative action by way of this Stipulation and Consent Order (Consent Order).
6. The Respondents are represented by attorney Bryan R. Farris and are satisfied with the legal representation they have received.
7. The Respondents admit the jurisdiction of the Division over Respondents and over the subject matter of this action.

8. The Respondents waive any right to a hearing to challenge the Division's evidence and present evidence on Respondents' behalf.

I. THE DIVISION'S FINDINGS OF FACT

From August through December 2007 the Division conducted an investigation of the Respondents which revealed the following:

9. Poulson Investing, LLC (Poulson Investing), located in Utah County, was registered as a Utah limited liability company on May 9, 2006, but its registration expired in September 2008. Joshua Michael Poulson and his wife, Mayela Leticia Poulson, were the only two members of Poulson Investing.
10. Joshua Michael Poulson (Poulson) resided in Utah County, Utah, at all times relevant to the matters asserted herein. Poulson currently resides in Franklin County, Washington.
11. Mayela Leticia Poulson (Mayela) resided in Utah County, Utah, at all times relevant to the matters asserted herein. Mayela currently resides in Franklin County, Washington.
12. 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.
13. 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.

14. The Respondents made interest payments to investors for several months and then stopped. Investors were unable to recover the remainder of interest and principal owed, and discovered that they were not actually secured by real property.

Investors ST and RT, Husband and Wife

15. In May 2006, in Utah County, Utah, Mayela suggested that ST and RT obtain an equity loan and invest the money in Poulson Investment.
16. 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.
17. 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.
18. 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.
19. Poulson told ST and RT the risk was low because of the purchase of property.
20. 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.
21. 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.

22. From December 2006 to August 2007, ST and RT received monthly payments from Poulson Investing, totaling \$16,200.
23. 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

24. In March or April 2006, Mayela called VT in Washington State and told her about an investment opportunity in Poulson Investing.
25. 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.
26. VT asked Mayela if she was sure there was no risk involved in the investment. Mayela told VT "I'm sure."
27. In July or August 2006, Mayela called VT to ask if she had decided to invest.
28. VT told Mayela she had no money to invest, and Mayela suggested VT obtain an equity loan and use the money to invest.
29. 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.

30. Poulson told VT the same information regarding the investment opportunity that Mayela told VT.
31. Poulson also told VT that Poulson and Mayela were doing everything legally, and that there should not be any risk.
32. 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.
33. 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.
34. 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.
35. 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.

Securities Fraud

36. 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.
37. 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.

II. THE DIVISION'S CONCLUSIONS OF LAW

38. Based on the Division's investigative findings, the Division concludes that:
- a. The promissory notes offered and sold by the Respondents are securities under § 61-1-13 of the Act.
 - b. The Respondents violated § 61-1-1 of the Act by making misrepresentations of material fact and omitting to state material facts in connection with the offer of a security.

III. REMEDIAL ACTIONS / SANCTIONS

39. The Respondents admit the substance of the Division's investigative conclusions and consent to the sanctions below being imposed by the Division.
40. The Respondents represent that any information they have provided to the Division as part of the Division's investigation of this matter is accurate.
41. Pursuant to Utah Code Ann. § 61-1-6(1)(d) and in consideration of the guidelines set forth in Utah Admin. Code Rule R164-31-1, the Division imposes a fine against the Respondents, jointly and severally, of \$75,225.
42. Each dollar paid by the Respondents to the victims (by September 15, 2011) pursuant to case number 051402208 (State v. Joshua Michael Poulson), in Utah's Fourth District Court, Utah County, shall be credited by the Division toward payment of the fine, up to \$75,225. If the Respondents materially violate any of the terms of this Order, after

notice and opportunity to be heard before an administrative officer, the entire fine shall become immediately due.

43. Respondents agree to the imposition of a cease and desist order, prohibiting them from any conduct that violates the Act.

IV. FINAL RESOLUTION

44. The Respondents acknowledge that this Consent Order, upon approval by the Division Director, shall be the final compromise and settlement of this matter. The Respondents further acknowledge 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.
45. The Respondents acknowledge that the Consent Order does not affect any civil or arbitration causes of action that third parties may have against the Respondents 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.
46. 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.
47. Violation of this Consent Order is a third degree felony pursuant to § 61-1-21(1) of the Act.

48. The Respondents have read this Consent Order, understand its contents, and enter into this Consent Order voluntarily. No promises or threats have been made by the Division, nor by any member, officer, agent, or representative of the Division other than as contained herein, to induce the Respondents to enter into this Consent Order.

Utah Division of Securities

Director of Enforcement

Date: 2/24/10

By: [Signature]
Michael Hines

Joshua Michael Poulson

Its: Managing Member

Respondent Poulson

Date: 2/17/10

By: [Signature]
Joshua Michael Poulson

Respondent Mayela

Date: 2-17-10

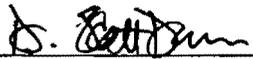
By: [Signature]
Mayela Leticia Poulson

Poulson Investing LLC

Date: 2/17/10

By: [Signature]

Approved:



Scott Davis
Assistant Attorney General



Bryan R. Ferris
Attorney for Respondents

ORDER

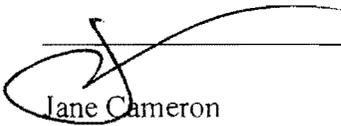
IT IS HEREBY ORDERED THAT:

1. The Division has made a sufficient showing of Findings of Fact and Conclusions of Law to form a basis for this settlement.
2. The Respondents pay a fine of \$75,225, jointly and severally. Each dollar paid by the Respondents to the victims (by September 15, 2011) pursuant to case number 051402208 (State v. Joshua Michael Poulson), in Utah's Fourth District Court, Utah County, shall be credited by the Division toward payment of the fine, up to \$75,225. If the Respondents materially violate any of the terms of this Order, after notice and opportunity to be heard before an administrative officer, the entire fine shall become immediately due.
3. Respondents cease and desist from violating the Utah Uniform Securities Act.

BY THE UTAH SECURITIES COMMISSION:

DATED this 25th day of February, 2010.

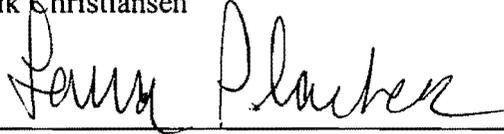
Tim Bangerter



Jane Cameron



Erik Christiansen



Laura Polacheck



Michael O'Brien

Certificate of Mailing

I certify that on the 12th day of April 2010, I mailed, via certified mail,

a true and correct copy of the Stipulation and Consent Order to:

Bryan R. Farris
Farris & Associates
Attorney for Respondents
3549 N. University Ave. Ste 275
Provo, UT 84604

Certified Mail # 7009 2820 0001 2595 4912


Executive Secretary

