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**
SYNERGY FUNDING, LLC **JOSHUA PAUL CHAPMAN** **DENNIS JOHN ROWLEY** **Respondents.**	**Docket No.** SD-08-0045 **Docket No.** SD-08-0046 **Docket No.** SD-08-0047

It appears to the Director of the Utah Division of Securities (Director) that Synergy Funding, LLC, Joshua Paul Chapman, and Dennis John Rowley 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 they violated § 61-1-1 (securities fraud) of the Act, while engaged in the offer and sale of a security in or from Utah.

STATEMENT OF FACTS

THE RESPONDENTS

2. Synergy Funding, LLC (Synergy) is a Utah limited liability company in good standing. Synergy was organized on April 6, 2006. Joshua Paul Chapman is the registered agent and sole manager of Synergy.

3. Joshua Paul Chapman (Chapman) resides in Weber County, Utah.

4. Dennis John Rowley's (Rowley) last known residence is in Summit County, Utah.

GENERAL ALLEGATIONS

5. In or around September 2006, Chapman telephoned investor SM at SM's home in Salt Lake County, Utah, to tell him about an investment opportunity involving a hard-money loan.

6. Chapman told SM that a Dennis Rowley needed $70,000 to purchase and renovate a home in Draper, Utah.

7. Chapman and SM had several conversations regarding the investment opportunity. Chapman told SM the following:

   a. SM would receive interest of 100% from Rowley within 60 days;

   b. Rowley would renovate the basement of a home, have the property re-appraised, take out a loan on the higher value, and pay SM back with the loan proceeds;

   c. Rowley had the necessary skills and experience to complete the purchase and renovation of the home;

d. If the deal did not go as planned, Chapman had a document he received from Rowley, stating that Chapman and SM could take possession of the home; and

e. There was enough equity in the Draper home to recover SM's investment.

8. Chapman and Rowley failed to tell SM, among other things, that Rowley filed for bankruptcy in 1998 and 1999, had four unpaid civil judgments against him of over $42,000, and that Chapman and Synergy stood to receive a commission of $70,000 from Rowley for finalizing SM's investment.

9. On or about October 23, 2006, Chapman went to SM's home and gave SM a $70,000 promissory note. Chapman signed the promissory note in the presence of SM.

10. The note states that the funds would be invested in the Draper property, the lender risked losing all principal, the note was not secured by a trust deed, and the return on the note was "anticipated to be 100% but may vary somewhat." The note had a maturity date of December 15, 2006.

11. That same day, Chapman and SM met Rowley at Wells Fargo Bank in Salt Lake City, Utah. Rowley told SM to purchase a cashier's check for $65,000 made payable to Sean Burrows[1] (Burrows). Rowley told SM that Burrows was Rowley's business associate. This was the first time SM heard of Burrows.

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[1]Sean Burrows, an insurance client of Rowley, had agreed that Rowley could use his account. As part of the agreement, Rowley deposited proceeds of business deals into Burrows' account and Burrows distributed it at Rowley's request. In return, Rowley let Burrows keep a portion of the money he deposited. Burrows estimated that he received a total of between $10,000 - 15,000 from the money Rowley deposited into Burrows' account.

12. SM did as Rowley instructed and gave the cashier's check to Rowley.

13. SM also withdrew $5,000 in cash and gave the money to Rowley, for a total investment of $70,000.

14. On or about November 6, 2006, Chapman called SM and told him that Rowley wanted to "flip" homes and needed $140,000 to do so. Chapman knew that SM had investment funds available because SM told Chapman he had obtained a home equity loan.

15. Chapman offered SM an investment opportunity, paying interest of 4% per month, in return for SM's investment of $140,000 for "flipping" houses.

16. On or about November 13, 2006, SM again met Rowley and Chapman at the Wells Fargo Bank in Salt Lake City, Utah. Rowley instructed SM to purchase a $140,000 cashier's check made payable to Burrows.

17. While at the bank, Rowley signed a promissory note in the presence of SM and Chapman and gave it to SM. The note promises accrued interest at 48% per year, and says the investment was secured by a trust deed, and the note was to mature on January 24, 2007.

18. On or about December 23, 2006, Chapman told SM that Rowley was unable to complete the remodel of the Draper home because the house had undisclosed water damage. Chapman said Rowley was suing the seller.

19. SM suggested that he and Chapman could take ownership of the house, but Chapman told SM to wait and see if the problem resolved itself.

20. On or about February 23, 2007, when both promissory notes were past due, SM contacted

Rowley to demand payment.

21. SM told Rowley that, if Rowley could not afford to pay back SM, Rowley needed to make payments on SM's home equity loan.

22. Rowley told SM that Rowley could not pay back SM, and asked for an additional 30 days to pay. Rowley made a payment of $1,600 to SM in or around February 2007.

23. In or around March 2007, Rowley asked SM for another extension of 30 days, and made an additional payment of $1,600 to SM.

24. SM has had no contact with Rowley since that time.

25. SM contacted Chapman and said SM wanted to take ownership of the Draper house. Chapman told SM that the document Chapman had in his possession, purportedly allowing SM and Chapman to take control of the Draper house was worthless because Rowley did not own the home.

26. SM contacted the realtor who was selling the Draper home, and was told that Rowley did not own the house because he never finalized the purchase.

27. To date, SM has received approximately $3,200 from Rowley. Respondents still owe SM $210,000 in principal alone.

Use of Invested Funds

28. Bank records reveal that Rowley used $45,000 of SM's $70,000 investment as an earnest money deposit on the Draper home, paid $10,000 to the seller of the Draper home, and converted $9,000 into cash. Burrows used the remainder to dine out and purchase

groceries and clothing.

29. Bank records reveal that Rowley used $15,000 of SM's $140,000 investment as an "earnest money" deposit paid to another person, gave $30,000 to an individual for unknown reason, paid $40,000 to the Utah Office of Recovery Services (for Rowley), and converted over $25,000 into cash. Burrows used the remainder of the money to pay for clothing, food, sporting goods, computers, firearms, and other living expenses.

CAUSES OF ACTION

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

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

31. The promissory notes offered and sold by Synergy, Chapman, and Rowley to SM are securities under § 61-1-13 of the Act.

32. In connection with the offer and sale of a security, Synergy, Chapman, and Rowley, directly or indirectly, made false statements, including, but not limited to, the following:

    a. Risk was minimal for the $70,000 investment because Chapman and SM had an interest in the equity of the Draper house, which would be enough to recover SM's principal investment;

    b. The invested money would only be used to purchase and renovate of the Draper home;

    c. SM would be paid interest of 100% within 60 days, when in fact, the Respondents

had no reasonable basis on which to make this representation;

d. SM would earn 4% monthly interest on SM's $140,000 investment, when in fact, Respondents had no reasonable basis on which to make this representation; and

e. The $140,00 investment would be backed by a deed of trust.

33. In connection with the offer and sale of a security, Synergy, Chapman, and Rowley, 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. Rowley would use a large portion of SM's investment funds to pay personal expenses, including, but not limited to, Rowley's child support payments;

b. Rowley would use some of SM's investment funds to pay a friend for the use of his bank account, which was not being scrutinized by Rowley's ex-wife's divorce attorney or the state and federal tax authorities;

c. Rowley filed for bankruptcy in 1998 and 1999;

d. Rowley owed over $42,000 in unpaid civil judgments;

e. Chapman and Synergy would receive significant compensation from Rowley in return for obtaining SM's investments;

34. Based upon the foregoing, Synergy, Chapman, and Rowley 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 Tuesday, June 3rd, 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 Synergy Funding, LLC, Joshua Paul Chapman, and Dennis John Rowley should not be found to have engaged in the violations alleged by the Division in this Order to Show Cause;

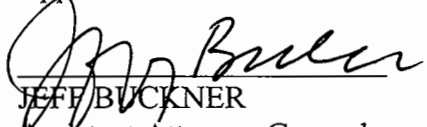
b. Why Synergy Funding, LLC, Joshua Paul Chapman, and Dennis John Rowley should not be ordered to cease and desist from engaging in any further conduct in violation of Utah Code Ann. § 61-1-1, or any other section of the Act; and

c. Why Synergy Funding, LLC, Joshua Paul Chapman, and Dennis John Rowley should not be ordered to pay a fine, jointly and severally, of two hundred fifty thousand dollars ($250,000) to the Division of Securities, which may be reduced by restitution paid to the victim.

DATED this 11th day of April, 2008.

THAD LEVAR
Acting Director, Utah Division of Securities

Approved:



JEFF BUCKNER
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J. G.

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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**
SYNERGY FUNDING, LLC **JOSHUA PAUL CHAPMAN** **DENNIS JOHN ROWLEY** **Respondents.**	**Docket No.** SD-08-0045 **Docket No.** SD-08-0046 **Docket No.** SD-08-0047

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:

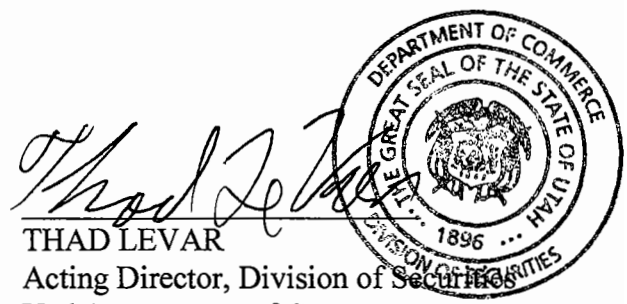
Signed originals to:	A copy to:
Administrative Court Clerk c/o Pam Radzinski Division of Securities 160 E. 300 S., Second Floor Box 146760 Salt Lake City, UT 84114-6760 (801) 530-6600	Jeff Buckner Assistant Attorney General 160 E. 300 S., Fifth Floor Box 140872 Salt Lake City, UT 84114-0872 (801) 366-0310

A hearing date has been set for Tuesday, June 3rd, 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 Administrative Law Judge will be J. Steven Eklund, Utah Department of Commerce, 160 East 300 South, P.O. Box 146701, Salt Lake City, UT 84114-6701, telephone (801) 530-6648. Pursuant to U.C.A. Subsection 63-46b-2(1)(h), Mr. Eklund is hereby designated as presiding officer for the purpose of conducting this formal administrative proceeding. 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 11th day of April, 2008.



THAD LEVAR
Acting Director, Division of Securities
Utah Department of Commerce

Certificate of Mailing

I certify that on the 22ND day of April, 2008, I mailed, via certified mail, a true and correct copy of the Order to Show Cause and Notice of Agency Action to:

Joshua Paul Chapman / Synergy Funding, LLC
6796 South 1800 East
Uintah, UT 84405

Certified Mail # 70041160000301956610

Dennis John Rowley
1837 South Foothill Dr.
Francis, UT 84036

Certified Mail # 70041160 00030195 6627

Pam Radzinski
Executive Secretary