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Utah Department of Commerce
Division of Securities

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

IN THE MATTER OF:

SYNERGY FUNDING, LLC
JOSHUA PAUL CHAPMAN
DENNIS JOHN ROWLEY

Respondents.

**STIPULATION AND CONSENT
ORDER**

Docket No. SD-08-0045
Docket No. SD-08-0046
Docket No. SD-08-0047

The Utah Division of Securities (the Division), by and through its Director of Enforcement, ~~Thomas Brady~~ ^{Dave R. Hermansen}, and Dennis John Rowley, hereby stipulate and agree as follows:

1. Dennis John Rowley (Rowley), Joshua Paul Chapman (Chapman), and Synergy Funding, LLC (Synergy, and collectively with Rowley and Chapman, Respondents), were the subject of an investigation conducted by the Division into allegations that they violated certain provisions of the Utah Uniform Securities Act, Utah Code Ann. § 61-1-1, *et seq.*, as amended (the Act).
2. In connection with that investigation, the Division initially issued an Order to Show Cause against Respondents on April 11, 2008, alleging securities fraud. The Division

then re-issued the Order to Show Cause, as to Rowley, on July 23, 2012. Criminal charges were also filed against Rowley¹ and Chapman² in connection with the activities referred to herein.

3. Rowley waives any right to a hearing to challenge the Division's evidence and present evidence on his behalf. Rowley understands that by waiving a hearing, he is waiving the requirement that the Division prove the allegations against him by a preponderance of evidence, waiving his right to confront and cross-examine witnesses who may testify against him, to call witnesses on his own behalf, and any and all rights to appeal the findings, conclusions and sanctions set forth in this Stipulation and Consent Order.
4. Rowley understands that he has a right to be represented by counsel, and he voluntarily and knowingly waives the right to have counsel represent him in this matter.
5. Rowley acknowledges that this Stipulation and Consent Order does not affect any enforcement action that might be brought by a criminal prosecutor or any other local, state, or federal enforcement authority.
6. Rowley admits the jurisdiction of the Division over him and over the subject matter of this action.

¹ *State of Utah Attorney General v. Dennis John Rowley*, Case No. 081906645, Third Judicial District Court of Utah (2008). On April 22, 2010, Rowley was found guilty of securities fraud and theft.

² *State of Utah Attorney General v. Joshua Paul Chapman*, Case No. 081906646, Third Judicial District Court of Utah (2008). On October 20, 2011, Chapman was found guilty of securities fraud. The case is currently on appeal with the Utah Court of Appeals (20120137-CA).

I. THE DIVISION'S FINDINGS OF FACT

THE RESPONDENTS

7. Synergy was a Utah limited liability company organized on April 6, 2006. Synergy's status with the Utah Division of Corporations changed to expired on August 6, 2008, as a result of a failure to file renewal. During its existence, Chapman was listed as the registered agent and sole manager of the entity. Synergy has never been licensed by the Division to sell securities in the state of Utah.
8. At all relevant times, Chapman was a resident of Utah. Chapman has never been licensed in the securities industry in any capacity.
9. At all relevant times, Rowley was a resident of Utah. Rowley has never been licensed in the securities industry in any capacity.

GENERAL ALLEGATIONS

10. 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.
11. Chapman told SM that Rowley needed \$70,000 to purchase and renovate a home in Draper, Utah.
12. Chapman and SM had several conversations regarding the investment opportunity. With respect thereto, 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.
13. 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.
 14. The note stated 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.
 15. 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 (Burrows).³ Rowley told SM that Burrows was Rowley's business associate.

³Sean Burrows, an insurance client of Rowley, had agreed that Rowley could use his bank account. As part of the agreement, Rowley deposited proceeds of his business deals into Burrows' account, and Burrows distributed it at

This was the first time SM had heard of Burrows.

16. SM did as Rowley instructed and gave the cashier's check to Rowley.
17. SM also withdrew \$5,000 in cash and gave the money to Rowley, making a total investment of \$70,000.
18. 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.
19. Chapman offered SM an investment opportunity, paying interest of 4% per month, in return for SM's investment of \$140,000 for "flipping" houses.
20. 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.
21. While at the bank, Rowley signed a promissory note in the presence of SM and Chapman and gave it to SM. The note accrued interest at 48% per year, stated that the investment was secured by a trust deed, and set a maturity date of January 24, 2007.
22. 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.

Rowley's request. In return, Rowley let Burrows keep a portion of the money he deposited. Burrows estimated that he received a total of \$10,000 to \$15,000 from the money Rowley deposited into his account.

- Chapman claimed Rowley was suing the seller.
23. SM suggested that he and Chapman take ownership of the house, but Chapman told SM to wait and see if the problem resolved itself.
 24. On or about February 23, 2007, when both promissory notes were past due, SM contacted Rowley to demand payment.
 25. SM told Rowley that, if Rowley could not afford to pay back SM, Rowley needed to make payments on SM's home equity loan.
 26. 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.
 27. In or around March 2007, Rowley asked SM for another extension of 30 days, and made an additional payment of \$1,600 to SM.
 28. SM has had no contact with Rowley since that time.
 29. 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.
 30. 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.
 31. To date, SM has received approximately \$3,200 from Rowley. Respondents still owe SM

\$210,000 in principal alone.

Use of Invested Funds

32. 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.
33. 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.

SECURITIES FRAUD UNDER § 61-1-1 OF THE ACT

34. The Division incorporates and re-alleges paragraphs 1 through 33.
35. The promissory notes offered and sold by Synergy, Chapman, and Rowley to SM are securities under § 61-1-13 of the Act.
36. In connection with the offer and sale of a security, Rowley, directly or indirectly, made false statements, including, but not limited to, the following:
 - a. The invested money would only be used to renovate the Draper home and purchase real estate;

- b. SM would earn 4% monthly interest on SM's \$140,000 investment, when in fact, Rowley had no reasonable basis on which to make this representation; and
 - c. The \$140,000 investment would be backed by a deed of trust.
37. In connection with the offer and sale of a security, 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;
 - c. Rowley owed over \$42,000 in unpaid civil judgments; and
 - d. Chapman and Synergy would receive significant compensation from Rowley in return for obtaining SM's investments.
38. Based upon the foregoing, Rowley violated § 61-1-1 of the Act.

II. THE DIVISION'S CONCLUSIONS OF LAW

39. Based on the Division's investigative findings, the Division concludes that:
- a. The investment opportunities offered and sold by Rowley are securities under § 61-1-13 of the Act;

- b. Rowley violated § 61-1-1(2) of the Act by making untrue statements of material fact and omitting to state material facts in connection with the offer and sale of securities, disclosure of which was necessary in order to make representations made not misleading.

III. REMEDIAL ACTIONS/SANCTIONS

40. Rowley admits the Division's findings of fact and conclusions of law and consents to the sanctions below being imposed by the Division.
41. Rowley agrees to the imposition of a cease and desist order, prohibiting him from any conduct that violates the Act.
42. Rowley agrees that he will be barred from (i) associating⁴ with any broker-dealer or investment adviser licensed in Utah; (ii) acting as an agent for any issuer soliciting investor funds in Utah, and (iii) from being licensed in any capacity in the securities industry in Utah.
43. Rowley agrees to cooperate with the Division, the State of Utah, and the Federal Government in any future investigations and/or prosecutions relevant to the matter herein.

⁴"Associating" includes, but is not limited to, acting as an agent of, receiving compensation directly or indirectly from, or engaging in any business on behalf of a broker-dealer, agent, investment adviser, or investment adviser representative licensed in Utah. "Associating" does not include any contact with a broker-dealer, agent, investment adviser, or investment adviser representative licensed in Utah incidental to any personal relationship or business not related to the sale or promotion of securities or the giving of investment advice in the State of Utah.

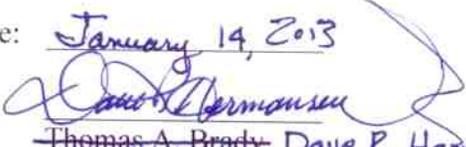
44. Rowley agrees to pay restitution as required in the criminal case *State of Utah Attorney General v. Dennis John Rowley*, Case No. 081906645, Third Judicial District Court of Utah (2008).

IV. FINAL RESOLUTION

45. Rowley acknowledges that this Stipulation and Consent Order, upon approval by the Securities Commission, shall be the final compromise and settlement of this matter.
46. Rowley further acknowledges that if the Securities Commission does not accept the terms of the Stipulation and Consent Order, it shall be deemed null and void and without any force or effect whatsoever.
47. Rowley acknowledges that the Stipulation and Consent Order does not affect any civil or arbitration causes of action that third-parties may have against him rising in whole or in part from his actions, and that the Stipulation and Consent Order does not affect any criminal causes of action that may arise as a result of his conduct referenced herein.
48. Rowley acknowledges that a violation of this Stipulation and Consent Order is a third degree felony pursuant to § 61-1-21(1)(b) of the Act.
49. The Stipulation and 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 the Stipulation and Consent Order in any way.

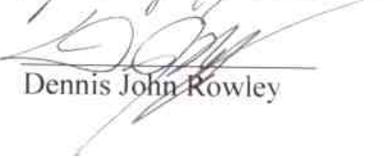
Utah Division of Securities

Date: January 14, 2013

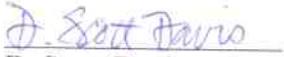
By: 
~~Thomas A. Brady~~ Dave E. Hermansen
Director of Enforcement

Respondent

Date: January 4 2012

By: 
Dennis John Rowley

Approved:


D. Scott Davis
Assistant Attorney General
J.G.

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. Rowley ceases and desists from violating the Utah Uniform Securities Act.
3. Rowley is barred from the securities industry in Utah.
4. Rowley will cooperate with the Division, the State of Utah, and the Federal Government in any future investigations and/or prosecutions relevant to the matter herein.
5. Rowley will pay restitution as required in the criminal case *State of Utah Attorney General v. Dennis John Rowley*, Case No. 081906645, Third Judicial District Court of Utah (2008).

BY THE UTAH SECURITIES COMMISSION:

DATED this 24 day of January, 2013.

Brent Baker

Jane Cameron

Laura Polacheck

Tim Bangerter



Erik Christiansen

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DATED this 24 day of January, 2013.

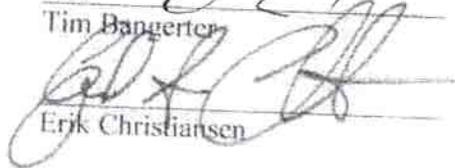
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Certificate of Mailing

I certify that on the 29th day of January, 2013, I mailed, by regular mail, a true and correct copy of the Stipulation and Consent Order to:

DENNIS ROWLEY
432 HAVEN CREST ROAD
DRAPER, UT 84020


Executive Secretary