

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:

**TECHNICAL SERVICES INTERNATIONAL,
INC., and
THOMAS R. BLONQUIST**

Respondents.

ORDER TO SHOW CAUSE

Docket No. SD-09-0041

Docket No. SD-09-0042

It appears to the Director of the Utah Division of Securities (Director) that Technical Services International, Incorporated and Thomas R. Blonquist (Respondents) 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 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 securities in or from Utah.

STATEMENT OF FACTS

THE RESPONDENTS

2. Technical Services International, Inc. (TSI) was registered as a Utah corporation on October, 19 1998, but its entity status expired on February 2, 2009.
3. Thomas R. Blonquist is a resident of Salt Lake County, Utah. Blonquist is an attorney and transacted business in 2006 under Sixth East Investment Company (SEI). SEI was registered as a Utah corporation on February 26, 1982, but its entity status expired on August 1, 1990, and Blonquist never registered the name as an assumed business name.

GENERAL ALLEGATIONS

4. Between June 2006 and October 2006, Blonquist solicited investments in Technical Services International (TSI) and Sixth East Investment Company (SEI) totaling \$245,886.39 from MK, a Davis County resident.
5. Blonquist made material misrepresentation and omissions with regard to MK's TSI and SEI investments.
6. MK has received no return on her investments with Blonquist and her loss in principal alone is \$225,886.39.

Investor MK

7. In June and July of 2006, Blonquist told MK about an investment opportunity in TSI. Blonquist's conversations with MK were at a farm located in Woods Cross, Utah. MK

owned the farm and Blonquist boarded his mule and horses there.

8. Blonquist said he had a machine that could remove methyl tertiary butyl ether (MTBE)¹ from contaminated sites.²
9. Blonquist gave MK a book about the machine and its capabilities, but the book did not contain the disclosure information normally found in a prospectus or offering document. MK returned the book to Blonquist.
10. Based on Blonquist's representations about the machine, however, MK decided to invest in TSI.
11. On July 14, 2006, MK gave a check for \$50,000 to Blonquist while meeting at the farm. Blonquist told MK that she was investing at a good time because she would receive her principal back by the end of the year and would make millions.
12. For her investment, MK received a TSI stock certificate #0111 for 50,000 shares of common stock dated July 14, 2006.
13. About one month later, Blonquist contacted MK and said that he needed "new money"

¹MTBE is a chemical found in unleaded gasoline and is sometimes spilled or leaked into wells and water supplies.

²The Division's investigation revealed that the Department of Environmental Quality (DEQ) Division of Environmental Response and Remediation tested Blonquist's machine in 2004. In a September 8, 2004 TSI press release, TSI quoted an employee of DEQ regarding the machine, "The analytical results and system performance indicate that your system is an efficient and cost-effective alternative to traditional stripping systems such as pack towers." The Division confirmed the existence of the letter and the accuracy of the quotation with DEQ.

for TSI, but failed to say how he intended to use the money.

14. Based on Blonquist's solicitation, MK invested another \$25,000 and received a TSI stock certificate #0115 for 25,000 shares common stock.
15. MK also gave Blonquist a tax worksheet with details about MK's assets as well as money held in two accounts with Wells Fargo Bank.
16. A few months after investing \$75,000 in TSI, Blonquist talked about other investments. Blonquist said he made his money on investments and did not do much attorney work anymore. Blonquist told MK that he would include her in his own private investments and that she would make 10% per annum - more than she was making at Wells Fargo Bank.
17. Blonquist did not disclose to MK how he would invest her money, where her money would be placed, or the name of any entity. MK did not know she was investing in SEI until the day she made the investment.
18. Blonquist did not provide MK with any offering documents or a prospectus or any information normally found in a prospectus, including but not limited to:
 - a. The name of his business;
 - b. Operating history;
 - c. Identities of the principals;
 - d. How he earns a return on MK's funds;
 - e. The specific investment he planned to make using MK's funds;

- f. If there were other investors;
 - g. Track record of his company to its investors;
 - h. Whether risk was involved;
 - i. Blonquist's history including his prior bar complaints and sanctions;
 - j. Potential conflicts of interest.
19. On October 5, 2006, Blonquist accompanied MK to Wells Fargo Bank in Salt Lake City, Utah where she withdrew \$65,000 from her certificate of deposit. A \$65,000 cashier's check was made payable to SEI.
 20. While at Wells Fargo Bank, Blonquist deposited a \$10,000 check into MK's Wells Fargo account. The check (#2107) was drawn on Blonquist's SEI account at U.S. Bank in Salt Lake City and made payable to MK.
 21. Blonquist accompanied MK to a U.S. Bank branch in Salt Lake City where he insisted MK open an account. Blonquist deposited another \$10,000 into MK's newly formed account. The check (#2108) was drawn from Blonquist's SEI account at U.S. Bank and made payable to MK's farm.
 22. The purpose of the two \$10,000 checks was for MK to make payroll and to cover operating expenses for the farm.
 23. On October 23, 2006, MK withdrew \$105,886.39 from her certificate of deposit at Wells Fargo Bank. Wells Fargo Bank prepared a cashiers check \$105,886.39 payable to Sixth East Investments.

24. Between October 23, 2006 and December 1, 2006 MK requested a “paper trail” from Blonquist. Blonquist told MK she already had a “paper trail.”
25. Blonquist repeatedly asked MK for new money to invest, but she refused to invest additional funds.
26. On or about December 1, 2006, Blonquist delivered two receipts to MK while at the farm. The receipts were purportedly issued by Inland American Real Estate Trust, Inc. (Inland) and represented investments in MK’s name. Blonquist offered no explanation for the receipts.
27. MK gave the receipts to her financial advisor for safe-keeping.
28. After February 8, 2007, Blonquist and another man delivered Inland offering documents to MK at the farm. MK gave these documents to her financial advisor for safe-keeping.
29. In 2007, Blonquist asked MK to return the December 2006 Inland receipts. MK directed him to get them from her financial advisor.
30. Blonquist picked up the December receipts from MK’s financial advisor and replaced them with new Inland receipts dated March 1, 2007. The new documents were not the same as the old. The difference between the December 2006 receipts and the March 2007 receipts is that the former indicates a check number of “8110” which is omitted in the latter and the latter includes the word “rollover” and indicates a term of six months at 10% APR.
31. During 2007, Blonquist told MK that she had received several interest payments on her

Inland investment, but he had rolled the interest back into the investment.

32. On August 17, 2007, MK's financial advisor wrote a letter to Inland to inquire about the status of MK's investment.
33. On October 5, 2007, the vice president of Inland sent a letter to MK informing her that she did not have an investment on record with Inland. On April 7, 2009, MK filed a complaint with the Division.
34. Between October 5, 2006 and January 3, 2007, Blonquist spent all of MK's SEI investment funds. The majority of which were expended in the following manner:

American Express	51,828.62
TSI	23,800.00
MK's Farm	20,000.00
Chase Home Finance, LLC	12,475.93
Thomas R. Blonquist	8,550.00
Home Savings Bank	8,331.11
CardHolder Services	<u>5,264.21</u>
	149,652.39

CAUSES OF ACTION

COUNT I

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

35. The Division incorporates and re-alleges paragraphs 1 through 34.

36. The TSI stock offered and sold by Blonquist is a security under § 61-1-13 of the Act.
37. The SEI investment contract offered and sold by Blonquist is a security under § 61-1-13 of the Act.
38. In connection with the offer and sale of securities, Blonquist, directly or indirectly, made false statements, including, but not limited to, the following:
 - a. That MK would have the principal she invested in TSI back before the end of 2006, when in fact, MK's principal has not been returned;
 - b. That MK would make millions on her TSI investment, when in fact, she has seen no returns;
 - c. That MK would make 10% per annum on her SEI investment, when in fact ,she has seen no returns.
39. In connection with the offer and sale of securities, Blonquist, 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 there were other TSI investors and that none of those investors had received a return on their investment;
 - b. Before MK's TSI and SEI investments, that Blonquist had been publicly reprimanded by the Utah State Bar Association on June 28, 1993 (the Utah State Bar Association has lost the journal documenting this public reprimand);
 - c. Before MK's investments in TSI and SEI, that Blonquist had been publicly

reprimanded by the Utah State Bar Association on May 8, 2003 for an investment-related transaction;

- d. That Blonquist would use MK's own funds when he deposited \$20,000 into accounts MK held at Wells Fargo Bank and U.S. Bank on October 5, 2006;
- e. That Blonquist would use MK's SEI investment funds for purposes other than investment such as \$19,402.52 paid to Janet L. Blonquist; \$8,550.00 paid to Blonquist; and \$51,828.62 paid to American Express;
- f. That SEI no longer existed as an entity;
- g. Some or all of the information typically provided in an offering circular or prospectus regarding TSI and SEI, such as:
 - i. The identity of TSI and SEI's principals;
 - ii. TSI and SEI's financial statements;
 - iii. The market for TSI and SEI's service(s);
 - iv. The nature of the competition for the service(s);
 - v. The track record of TSI and SEI to other investors;
 - vi. The number of other investors;
 - vii. The risk factors for TSI and SEI's investors;
 - viii. Discussion of pertinent suitability factors for the investment;
 - ix. Any conflicts of interest the issuer, the principals, or the agents may have with regard to the investment;

- x. Agent commissions or compensation for selling the investment;
- xi. Any involvement of TSI and SEI or their principals in certain legal proceedings, including bankruptcy or prior violations of state or federal securities laws;
- xii. Whether the investment is a registered security or exempt from registration;
- xiii. Whether the person selling the investment is licensed; and
- xiv. How Blonquist would use the money MK invested in SEI.

40. Based upon the foregoing, Blonquist violated § 61-1-1 of the Act.

ORDER

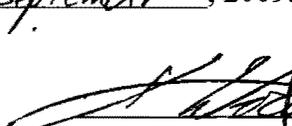
The Director, pursuant to § 61-1-20 of the Act, hereby orders Blonquist to appear at a formal hearing to be conducted in accordance with Utah Code Ann. §§ 63-46b-4 and 63-46b-6 through -10, and held before the Utah Division of Securities. The hearing will occur on Tuesday, October 6th, 2009, at 9:00 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 Blonquist fails to file an answer and appear at the hearing, the Division of Securities may hold Blonquist 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, Blonquist may show cause, if any they have:

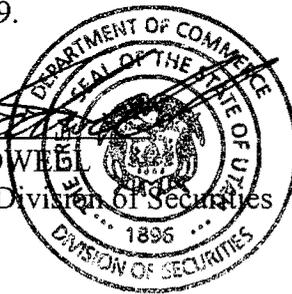
- a. Why Technical Services International, Inc. and Thomas R. Blonquist should not be

found to have engaged in the violations alleged by the Division in this Order to Show Cause;

- b. Why Technical Services International, Inc. and Thomas R. Blonquist 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 Technical Services International, Inc. should not be ordered to pay a fine of (\$250,000) to the Division of Securities, which may be reduced by restitution paid to the investors;
- e. Why Thomas R. Blonquist should not be ordered to pay a fine of (\$250,000) to the Division of Securities, which may be reduced by restitution paid to the investors.

DATED this 3rd day of September, 2009.


KEITH WOODWELL
Director, Utah Division of Securities



Approved:


JERI BUCKNER
Assistant Attorney General
D. P.

Division of Securities
Utah Department of Commerce
160 East 300 South, 2nd Floor
Box 146760
Salt Lake City, UT 84114-6760
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IN THE MATTER OF:

**TECHNICAL SERVICES
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THOMAS R. BLONQUIST**

Respondent.

NOTICE OF AGENCY ACTION

Docket No. SD-09-0041

Docket No. SD-09-0042

THE DIVISION OF SECURITIES TO THE ABOVE-NAMED RESPONDENT:

You are hereby notified that agency action in the form of an adjudicative proceeding has been commenced against you by the Utah Division of Securities (Division). The adjudicative proceeding is to be formal and will be conducted according to statute and rule. See Utah Code Ann. §§ 63G-4-201 and 63G-4-204 through 209; see also Utah Admin. Code R151-46b-1, *et seq.* The legal authority under which this formal adjudicative proceeding is to be maintained is Utah Code Ann. § 61-1-20. You may be represented by counsel or you may represent yourself in this proceeding. Utah Admin. Code R151-46b-6.

You must file a written response with the Division within thirty (30) days of the mailing date of this Notice. Your response must be in writing and signed by you or your representative. Your

response must include the file number and name of the adjudicative proceeding, your version of the facts, a statement of what relief you seek, and a statement summarizing why the relief you seek should be granted. Utah Code Ann. § 63G-4-204(1). In addition, pursuant to Utah Code Ann. § 63G-4-204(3), the presiding officer requires that your response:

- (a) admit or deny the allegations in each numbered paragraph of the Order to Show Cause, including a detailed explanation for any response other than an unqualified admission. Allegations in the Order to Show Cause not specifically denied are deemed admitted;
- (b) identify any additional facts or documents which you assert are relevant in light of the allegations made; and
- (c) state in short and plain terms your defenses to each allegation in the Order to Show Cause, including affirmative defenses, that were applicable at the time of the conduct (including exemptions or exceptions contained within the Utah Uniform Securities Act).

Your response, 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:

Administrative Court Clerk
c/o Pam Radzinski
Utah Division of Securities
160 E. 300 South, 2nd Floor
Box 146760
Salt Lake City, UT 84114-6760
(801) 530-6600

A copy to:

Jeff Buckner
Assistant Attorney General
160 East 300 South, 5th Floor
Salt Lake City, UT 84114-0872
(801) 366-0310

An initial hearing in this matter has been set for October 6, 2009 at the Division of Securities,

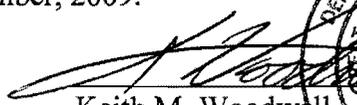
2nd Floor, 160 East 300 South, Salt Lake City, Utah, at 9:00 A.M.

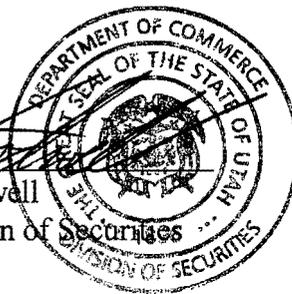
If you fail to file a response, as described above, or fail to appear at any hearing that is set, the presiding officer may enter a default order against you without any further notice. Utah Code Ann. § 63G-4-209; Utah Admin. Code R151-46b-10(11). After issuing the default order, the presiding officer may grant the relief sought against you in the Order to Show Cause, and will conduct any further proceedings necessary to complete the adjudicative proceeding without your participation and will determine all issues in the proceeding. Utah Code Ann. § 63G-4-209(4); Utah Admin. Code R151-46b-10(11)(b). In the alternative, the Division may proceed with a hearing under § 63G-4-208.

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. This adjudicative proceeding will be heard by Mr. Eklund and the Utah Securities Commission. You may appear and be heard and present evidence on your behalf at any such hearings.

You may attempt to negotiate a settlement of the matter without filing a response or proceeding to hearing. To do so, please contact the Utah Securities Division. Questions regarding the Order to Show Cause should be directed to the Division's attorney, Jeff Buckner, at (801) 366-0310.

Dated this 3rd day of September, 2009.


Keith M. Woodwell
Director, Division of Securities



Certificate of Mailing

I certify that on the 8TH day of September, 2009, I mailed, by certified mail, a true and correct copy of the Notice of Agency Action and Order to Show Cause to:

Thomas R. Blonquist
2140 Parleys Terrace
Salt Lake City, Utah 84109
Certified Mail # 7004 1160 0003 01971620

Technical Services International, Inc.
40 S. 600 E.
Salt Lake City, Utah 84102
Certified Mail # 7004 1160 0003 01971637

Pam Bazzinich
Executive Secretary