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Division of Securities  
Utah Department of Commerce  
160 East 300 South  
Box 146760  
Salt Lake City, UT 84114-6760  
Telephone: (801) 530-6600  
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BEFORE THE DIVISION OF SECURITIES  
OF THE DEPARTMENT OF COMMERCE  
OF THE STATE OF UTAH

**IN THE MATTER OF:**

PARAGON INVESTMENTS, INC.,  
STEVEN E. ELMONT, and  
**MARK A. MEILING**

**Respondents.**

**STIPULATION AND CONSENT  
ORDER AS TO MARK A. MEILING**

Docket No. SD 10-0001  
Docket No. SD 10-0002  
**Docket No. SD 10-0003**

The Utah Division of Securities (the Division), by and through its Director of Enforcement, Michael Hines, and Mark A. Meiling (Meiling), hereby stipulate and agree as follows:

1. Meiling was the subject of an investigation conducted by the Division into allegations that he violated certain provisions of the Utah Uniform Securities Act (the Act), Utah Code Ann. § 61-1-1, *et seq.*, as amended. The investigation resulted in the filing of an order to show cause against him on January 13, 2010.
2. Meiling and the Division have agreed to settle this matter by way of this Stipulation and

Fee # FL5mmu44 Ck # 9072403214  
 File # \_\_\_\_\_ \$ 1000.00

Consent Order.

3. Meiling is represented by Florida attorney John Marino and is satisfied with the legal representation he has received.
4. Meiling has read this Order, understand its contents, and enters into this Order voluntarily. No promises or threats have been made by the Division, nor by any representative of the Division, other than as contained herein, to induce Meiling to enter into this Order.
5. Meiling admits the jurisdiction of the Division over him and over the subject matter of this action.
6. Meiling waives any right to a hearing to challenge the Division's evidence and present evidence on his behalf in this matter.

## **I. THE DIVISION'S FINDINGS OF FACT**

### **THE RESPONDENTS**

7. Meiling was, at all relevant times, a resident of Salt Lake County, Utah. Meiling is not and has never been licensed as a broker-dealer, agent, investment advisor, or investment advisor representative in Utah.
8. Paragon Investments, Inc. (Paragon) was, at all times relevant, a Utah corporation. Paragon incorporated in Utah on April 26, 2000, and was voluntarily dissolved as of April 28, 2009. Paragon is not and has never been registered with the Division as an investment firm.

9. Steven E. Elmont (Elmont) was, at all relevant times, a resident of Utah County, Utah. Elmont is not licensed as a broker-dealer, agent, investment advisor, or investment advisor representative in Utah.

#### **GENERAL ALLEGATIONS**

10. From approximately January 2006 to November 2006, Meiling offered and sold securities to a group of investors, in or from Utah, and collected a total of at least \$60,000.
11. Meiling made material misrepresentations and omissions regarding the \$60,000 invested by the investors at issue.
12. The investors lost \$46,000 in principal alone.

#### RB AND KB, HUSBAND AND WIFE

13. In or about January or February 2006, Meiling told RB and KB about an investment opportunity with Paragon in Sandy, Utah.
14. During the initial discussion, Meiling told RB that Paragon offered a 4% monthly return for funds and home equity funds could be used to invest.
15. On or about February 2, 2006, Meiling sent RB an e-mail with two attachments: an article explaining how to use home equity to accumulate wealth and a document entitled *Summary of Terms of Investment Agreement (Summary.)* The Summary states the following about the Paragon offering:
  - a. Clients needed to invest at least \$100,000;

- b. Clients could get funds back within fifteen days of providing Paragon with written notice;
  - c. Clients could earn 4% per month on investment funds;
  - d. Investment funds would “never be commingled with funds used to pay Paragon’s day-to-day expenses;”
  - e. Funds “may be commingled with other funds from Paragon and/or its clients that are being used for the same purpose;”
  - f. “[T]he methods used to generate the returns are proprietary and confidential;” and
  - g. The investment was “not an offering of securities of any kind.”
16. In or about Summer 2006, Meiling met with RB and KB in Sandy, Utah, to make a presentation about Paragon.
17. During the presentation, Meiling made the following representations:
- a. Paragon collected funds to invest with Thomas Bannon<sup>1</sup> (Bannon), who invested funds in overseas investments;
  - b. A minimum investment of \$100,000 was needed to participate and home equity could be used to invest;
  - c. The investment offered a 3.5% per month return;

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<sup>1</sup>Thomas Bannon is listed as the Manager/Member and registered agent of Overseas Investors LLC (Overseas.) Overseas incorporated in Florida on September 17, 1998. Overseas is not registered with the Utah Division of Securities.

- d. Meiling would receive 0.5% per month for referring RB and KB to Paragon;
  - e. The investment was 100% safe, and there was no risk involved with the investment; and
  - f. RB could “retire the ward”<sup>2</sup> with the investment.
18. In or about November 2006, Meiling met with RB and KB in Sandy, Utah.
19. During this meeting, Meiling made the following representations:
- a. Paragon had nine investors and was not accepting any funds from new investors;
  - b. He would sneak RB and KB into the investment because they were friends;
  - c. He would sneak RB and KB into the investment by having RB and KB send funds to another Paragon investor who had agreed to forward the funds to Paragon through Elite Ventures, LLC (Elite);<sup>3</sup>
  - d. He would give RB and KB a signed contract in return for an investment;<sup>4</sup>
  - e. RB’s and KB’s funds would be pooled with other investors’ funds to make the \$100,000 investment minimum;<sup>5</sup>

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<sup>2</sup>Congregation for members of The Church of Jesus Christ of Latter-day Saints.

<sup>3</sup>Jason Lee, a brother-in-law to TW and VW, started his own business, Elite Ventures, LLC, to raise funds to invest with Paragon and Elmont.

<sup>4</sup>Following this statement, Meiling showed RB and KB a one page contract to be provided, which was similar to the Summary. However, RB and KB never received any such contract.

<sup>5</sup>This statement was made in response to RB’s claim that he had access to \$120,000, but was only willing to invest \$50,000.

- f. The investment had no risk;
  - g. The investment was guaranteed 100%; and
  - h. RB and KB could get their funds back within fifteen days of making a request.
20. Meiling failed to provide RB and KB with any disclosure documents.
21. RB and KB only authorized their investment funds to be invested with Paragon and Bannon.
22. Based on Meiling's representations, RB and KB invested in Paragon by transferring \$50,000 to Elite's Washington Mutual Bank account on or about November 14, 2006.
23. Bank records reveal that RB's and KB's \$50,000 brought Elite's Washington Mutual Bank account balance to \$109,245.03.
24. RB's and KB's funds were part of an \$89,000 transfer from Elite's account to Paragon's Washington Mutual Bank account on November 15, 2006, bringing the account balance to \$429,000.
25. A first in first out analysis of the account shows the \$89,000 transfer was part of a \$695,000 transfer to S3.
26. In or about July or August 2007, Meiling met with RB and KB regarding a new investment opportunity while in Sandy, Utah. During the discussion, Meiling made the following representations:
- a. RB and KB could invest a small amount of money and would make about ten times their investment within three months;

- b. RB's and KB's funds would be held in a trust account and would be safe;
  - c. The Prime Minister of Canada was investing in the opportunity as well;
  - d. RB and KB could use home equity funds to invest; and
  - e. RB and KB would be able to get their funds aback at any time.
27. Meiling never discussed how the investment made a profit, where the money was going, or how the funds would be used.
28. Based on Meiling's representations, RB and KB transferred \$10,000 from a home equity line of credit to Meiling's bank account on or about August 2, 2007.
29. Bank records reveal that \$10,000 was deposited in Meiling's Washington Mutual bank account on or about August 2, 2007, bringing the account balance to \$10,011.15.<sup>6</sup>
30. On or about August 3, 2007, \$10,000 was transferred from Meiling's account to an account held by Elite at Washington Mutual Bank, bringing the account balance to \$10,000.01. Records show RB's and KB's \$10,000 was part of a \$40,000 wire to an individual in Pennsylvania.
31. To date, RB and KB have received about \$14,000 on the Paragon investment from Elite, but have been unable to recover any funds on the \$10,000 investment.

#### **MATERIAL MISREPRESENTATIONS AND OMISSIONS**

32. In connection with the offer and sale of securities to investors, Meiling, directly or

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<sup>6</sup>According to Washington Mutual Bank the \$10,000 deposited in Meiling's account was a cash advance from RB's and KB's line of credit.

indirectly, made false statements, including, but not limited to, the following:

- a. The offering was not a security of any kind, when in fact, the transaction was a security;
  - b. The investment was 100% safe and involved no risk, when in fact, Meiling had no reasonable basis on which to make the statement;
  - c. The \$10,000 investment would be safe because it was held in a trust account, when in fact, Meiling had no reasonable basis on which to make this statement.
33. In connection with the offer and sale of a security, Meiling, 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 Meiling's claim that Bannon was a trusted investment banker was based on information passed to him from Elmont;
  - b. That Meiling had not completed his own due diligence;
  - c. That Elmont filed for Chapter 7 bankruptcy in 2003.<sup>7</sup>
  - d. To whom RB's and KB's funds would be given;
  - e. How RB's and KB's investment would earn a profit;

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<sup>7</sup>Case number 03-32697 filed July 23, 2003 and terminated October 28, 2003.

- f. Some or all of the information typically provided in an offering circular or prospectus regarding Paragon, such as:
- i. The identity of Paragon's principals;
  - ii. Paragon's financial statements;
  - iii. The business and operating history of Paragon, Elite, and Bannon;
  - iv. The track record of Paragon and Bannon to other investors;
  - v. The number of other investors;
  - vi. The risk factors for Paragon investors;
  - vii. Discussion of pertinent suitability factors for the investment;
  - viii. Any conflicts of interest the issuer, the principals, or the agents may have with regard to the investment;
  - ix. Any involvement of Paragon or its principals in certain legal proceedings, including bankruptcy or prior violations of state or federal securities laws;
  - x. Whether the investment is a registered security or exempt from registration; and
  - xi. Whether the person selling the investment is licensed.

## **II. THE DIVISION'S CONCLUSIONS OF LAW**

34. Based on the Division's investigative findings, the Division concludes that:

- a. The investment opportunities offered and sold by Meiling are securities under § 61-1-13 of the Act; and
- b. Meiling violated § 61-1-1 of the Act by misrepresenting and omitting to state material facts in connection with the offer and sale of securities.

### **III. REMEDIAL ACTIONS/SANCTIONS**

35. Meiling admits the Division's findings and conclusions and consent to the sanctions below being imposed by the Division.
36. Meiling represents that any information they provided to the Division as part of the Division's investigation of this matter is accurate.
37. Meiling agrees to the entry of a cease and desist order, prohibiting him from any conduct that violates the Act.
38. 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 of \$51,000 against Mark A. Meiling. \$50,000 of the fine will be held in abeyance on condition that Meiling commits no violation of the Act within thirty-six months from the entry of this Order. The remaining \$1,000 balance of the fine shall be paid to the Division upon the entering of the order.

39. Meiling agrees that he will be barred from (i) associating with any broker-dealer or investment adviser licensed in Utah; and (ii) acting as an agent for any issuer soliciting investor funds in Utah until the fine amount is paid in full.
40. Meiling agrees to cooperate with the Division, the State of Utah, and the Federal Government in any future investigations and/or prosecutions.

#### **IV. FINAL RESOLUTION**

41. Meiling acknowledges that this Order, upon approval by the Securities Commission shall be the final compromise and settlement of this matter.
42. Meiling further acknowledges that if the Securities Commission does not accept the terms of the Order, it shall be deemed null and void and without any force or effect whatsoever.
43. Meiling acknowledges that the Order does not affect any civil or arbitration causes of action that third-parties may have against him arising in whole or in part from his actions, and that the Order does not affect any criminal causes of action that may arise as a result of his conduct referenced herein.
44. 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 Order in any way.

Utah Division of Securities

Respondent Meiling

Date: 11/24/10  
By: [Signature]  
Michael Hines  
Director of Enforcement

Date: 11/1/2010  
By: [Signature]  
Mark A. Meiling

Approved:  
[Signature]  
Jeff Buckner  
Assistant Attorney General

Approved:  
[Signature]  
John Marino  
Attorney for Respondent

**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. Respondents cease and desists from violating the Utah Uniform Securities Act.
3. Division imposes a fine of \$51,000 on Mark A. Meiling.
4. \$50,000 of the fine shall be held in abeyance for thirty-six months.
5. If Respondent materially violates any of the terms of this Order the full fine amount shall

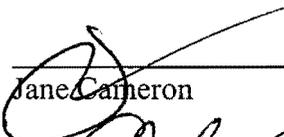
be imposed against the Respondent and become due immediately.

6. Meiling is barred from (i) associating with any broker-dealer or investment adviser licensed in Utah; and (ii) acting as an agent for any issuer soliciting investor funds in Utah.
7. Respondents cooperate with the Division in any future investigations.

**BY THE UTAH SECURITIES COMMISSION:**

DATED this 7<sup>th</sup> day of January, 2010.

  
\_\_\_\_\_  
Tim Bangerter

  
\_\_\_\_\_  
Jane Cameron

  
\_\_\_\_\_  
Erik Christiansen

  
\_\_\_\_\_  
Laura Polacheck

  
\_\_\_\_\_  
Michael O'Brien

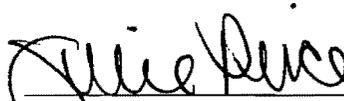
**Certificate of Mailing**

I certify that on the 24<sup>th</sup> day of January, 2016, I mailed, by certified mail, a

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

Mark A. Meiling  
1454 Silvercrest Drive  
Sandy, UT 84093

Certified Mailing # 7007 0220 0001 0005 4772

  
Secretary