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*Pro Se*

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Utah Department of Commerce  
Division of Securities

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**BEFORE THE DIVISION OF SECURITIES  
OF THE DEPARTMENT OF COMMERCE  
OF THE STATE OF UTAH**

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**IN THE MATTER OF:**

**NUTORQUE ENGINE CORPORATION,  
AMOS R. MANSFIELD,**

**Respondents.**

**Docket No. SD-10-52  
Docket No. SD-10-53**

**RESPONSE ORDER TO SHOW CAUSE**

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With regard to paragraph 1 in the Order to Show Cause, the respondent, Amos R. Mansfield, hereby denies the allegation on the basis that no fraud was intended, attempted or committed and that the purposes for which the funds were offered by the investors were fully achieved and in accord with what had been presented to the investors, to wit, the technology was successfully demonstrated and tested by an independent third-party, Utah Valley University's Automotive Technology Department which verified the test results.

With regard to paragraph 2, the respondent, affirms the facts as stated with the additional fact that Wyoming requires a registered agent be designated as the agent for service, rather than an officer of the corporation, when the corporation does not have an office in Wyoming.

With regard to paragraph 3, the respondent was never a resident of Virginia and has been a resident of Utah continuously from 1 January 1987.

**With regard to paragraph 4, the respondent affirms the general nature of the statement but it will be necessary to further determine if all documents that were illegally retained by Mr. Jay Ballard that relate to this matter are now in respondent's possession so that it will be possible to respond with certainty to the amounts and dates.**

**With regard to paragraph 5, respondent Mansfield affirms that the wife of a business associate requested that her family and friends wanted to discuss the possibility of their investing and she arranged a meeting where questions were answered. There was in the group an individual with extensive professional experience with engines and he was able to ask questions and to answer the questions of others within the group. After distribution of a qualification questionnaire, there were members of the group that expressed a desire to invest and some of those were rejected as being unsuitable or not financial capable to take the risk.**

**With regard to paragraph 6, I affirm that I used existing offering and subscription documents that I modified to represent the specifics of NuTorque Engine Corporation, the background of the activities of the company and its objectives along with the qualifications of the participants.**

**With regard to paragraph 7, I did not disclose past legal proceedings because I was not aware of any proceedings against Mr. Hawkes during the time in question and my further response to the subject of this paragraph is covered in response to paragraph 12.a.**

**With regard to paragraph 8, this paragraph appears to be a restatement of paragraph 7 and paragraph 12 which are answered in the response to those paragraphs.**

**With regard to paragraph 9, the respondents, both Mr. Mansfield and NuTorque Engine**

**Corporation have not lost the principal amount alleged because the value of the technology has been judged by third parties to be well in excess of the amounts invested.**

**With regard to paragraph 10, it is a re-statement of paragraphs 1 through 9.**

**With regard to paragraph 11, the investments offered by respondents were made under paragraph 61-1-14(2)(q) Limited Transaction Exemption, (which is referenced by 61-1-13) of the Act.**

**With regard to paragraph 12, respondents deny that they directly or indirectly failed to disclose material information and that they did not mislead the investors with regard to their investment.**

**With regard to paragraph 12.a, respondent affirms the facts, as stated, but denies that the true and complete facts render the stated proceedings immaterial with regard to any impact on a proper decision making ability of the investors or of a reasonable person.**

**With regard to paragraph 12.b, respondent has answered this allegation as it was previously made in paragraph 7.**

**With regard to paragraph 12.c, the respondent is confused regarding the Divisions inclusion of this allegation because when respondent has brought up the matter of this stipulation record with the Division, it has been dismissed as not having any bearing on the current issues. Respondent has stated that this record is incorrect, misleading and extremely contributory to the current action. Respondent Mansfield has recounted to the Division the true facts relating to this stipulation record and has stated that the facts of the matter are diametrically opposite to the**

**implication of the Division's public record and these issues had been dealt with and resolved with the Division in 1990.**

**Respondent Mansfield states that the true and pertinent facts regarding the allegation in paragraph 12.c are as follows: The actual fraud committed was by the parties who tried to extort money from Phonex and then filed the complaint with the Division against Phonex Corporation. As CEO of Phonex in its early days, the Division placed Phonex and me as parties under investigation in response to the complaint. The new CEO of Phonex that replaced me, against my advice, settled with the Division and paid a fine of \$5,000 and informed me that I was still under investigation by the Division and that the company was not going to do anything further to defend me.**

**I completed the necessary work to prepare the Phonex products to be placed into production and trained others in further improvements for future versions. After attempts to contact the division to discuss their investigation were turned away, I resigned from Phonex and was with some effort able to get an appointment with Division attorneys. At the subsequent meeting between the respondent Mansfield and attorneys of the Division where the true facts relating to the stipulation were made known and verified by the Division's attorneys, they followed up with a letter from the Division to respondent Mansfield that he was no longer under investigation.**

**Respondent Mansfield further states that since the stipulation by Phonex Corporation referred to in paragraph 12.c was determined by the Division to have no basis in fact, I believed that everything regarding the matter had been resolved. Certainly, I was fully convinced at the time that it was fully resolved and proven that there had been no fraud, by Phonex or by myself, and that this was fully recognized and acknowledged by the Division to me in person and later by the**

**letter from the Division. I hereby state that my account of this affair is true and therefore, a proper and rightful action by the Division would have been to remove the reference in the Divisions records to reflect the true facts, that neither Phonex nor Mr. Mansfield were involved in fraud. The fact that the Divisions public record states the opposite, and that respondent Mansfield's name is still listed in the Division's records as a party to a stipulation for fraud has given the false impression to anyone that finds the record that respondent Mansfield's character is a primary cause for concern.**

**This record has been used by individuals that have desired to justify their illegal acts and attempts to divert investors in the NuTorque Engine Technology to themselves and that is the true cause and the background of this current action.**

**Further, since the item referred to in paragraph 12.c is being used now as an allegation against respondent Mansfield which flies in the face of the true facts and is disparaging to the character of Mansfield, additional facts need to be presented which dispute these allegations and support Mansfield's true character.**

**After resigning from Phonex and obtaining what appeared to be complete resolution with the Division, I was satisfied that my name had been cleared and the only thing that remained for me with relation to Phonex was to insure that the investors that I had dealt with were properly compensated and that Phonex would be in a position to secure their investment and provide future returns. In a discussion with a Phonex officer, Mr. Nick Smith, now deceased but other Phonex officers were well aware of what happened, he informed me that the group that was the only hope for Phonex to obtain funding to proceed had rejected their investment offer from Phonex. I asked Mr. Smith what would be the next step and he informed me that they had no**

choice but to go to this investment group and persuade them to change their mind. I then asked what was Phonex going to add to their proposal to bring this about. He said they had nothing they could add. I told him that Phonex could have my stock and my product royalty to secure the funding and I asked for nothing in exchange but that the investors be protected. Phonex secured the necessary funding and as part of the transaction they said that it was necessary for them to pay me for my stock which was at a rate about 1/17<sup>th</sup> what Phonex stock had sold for previously. In any case, overall, I lost over \$3,000,000 but I was quite pleased that the investors had been protected and received the compensation I had offered them.

Additional facts regarding respondent Mansfield's activities and efforts to protect the investors regardless of personal cost will demonstrate clearly that the effort to protect the Phonex investors was not a one-time situation, but that it has been demonstrated on-behalf of the NuTorque investors, as well, and given the opportunity to proceed, will continue so that the demonstrated performance of the NuTorque engine technology will be very successfully commercialized.

Respondent Mansfield looks forward to be able to provide any further assistance and to facilitate resolution of this matter, informally, if possible, which would correctly result in dismissal of this action and removal of the Divisions record of a stipulation for fraud which is contrary to the Divisions prior findings.

Signed:

  
A.R. (Rod) Mansfield