

1 **STATE OF WASHINGTON**  
2 **DEPARTMENT OF FINANCIAL INSTITUTIONS**  
3 **SECURITIES DIVISION**

4 IN THE MATTER OF DETERMINING ) Order Number S-04-124-08-SC01  
5 whether there has been a violation of the )  
6 Securities Act of Washington by: ) STATEMENT OF CHARGES AND NOTICE  
7 ) OF INTENT TO ENTER ORDER TO CEASE  
8 The Institute For Financial Learning Group of ) AND DESIST, TO IMPOSE FINES, AND  
9 Companies, Inc.; Strategic Metals, Inc., ) CHARGE COSTS  
10 Merendon Mining Corporation, Ltd., Milowe )  
11 A. Brost; Ward K. Capstick; Kristina J. )  
12 Katayama; Ronald R. Case; Warren L. Bosma, )  
13 Respondents )

14 THE STATE OF WASHINGTON TO: The Institute For Financial Learning Group of  
15 Companies, Inc.  
16 Strategic Metals, Inc.  
17 Merendon Mining Corporation, Ltd.  
18 Milowe J. Brost  
19 Ward K. Capstick  
20 Kristina J. Katayama  
21 Ronald R. Case  
22 Warren L. Bosma

23 **STATEMENT OF CHARGES**

24 Please take notice that the Securities Administrator of the State of Washington has reason  
to believe that Respondents, The Institute For Financial Learning Group of Companies, Inc.;  
Strategic Metals, Inc.; Merendon Mining Corporation, Ltd.; Milowe A. Brost; Ward K. Capstick;  
Kristina J. Katayama; Ronald R. Case; and Warren L. Bosma, have each violated the Securities  
Act of Washington and that their violations justify the entry of an order of the Securities  
Administrator under RCW 21.20.390 against each to cease and desist from such violations, to  
impose fines, and to charge costs. The Securities Administrator finds as follows:

STATEMENT OF CHARGES AND NOTICE OF INTENT TO ENTER ORDER TO CEASE AND DESIST,  
TO IMPOSE FINES, AND CHARGE COSTS

1

**DEPARTMENT OF FINANCIAL INSTITUTIONS**  
Securities Division  
PO Box 9033  
Olympia, WA 98507-9033  
360-902-8760

1 **TENTATIVE FINDINGS OF FACT**

2 *Respondents*

3 1. The Institute For Financial Learning, Group of Companies Inc. ("IFFL") is an  
4 Alberta corporation incorporated in 2003 with a principal office in Calgary, Alberta. The IFFL  
5 holds itself out as an "Educational Service Corporation". The IFFL includes approximately 40  
6 related companies. The "International Business Group" or "IBG" is believed to be a term used by  
7 the IFFL to generically refer to its related individuals and entities.

8 2. Strategic Metals, Inc. ("Strategic") was an IFFL related business entity using an  
9 address in Alberta, Canada. Strategic was purported to be engaged in the business of financing  
10 mining operations. Members could purchase securities from Strategic in the form of preferred  
11 shares. Strategic offered its preferred shares pursuant to an "offering memorandum" exemption  
12 under the Canadian securities acts. However, the Alberta Securities Commission determined that  
13 the offering memorandum was deficient for the exemption because it failed to provide a detailed  
14 breakdown of how the offering proceeds would be used and an explanation of Strategic's business  
15 or operations. Strategic was the forerunner to Merendon. Beginning in August 2005, IFFL had  
16 its investors purchase promissory notes in Merendon instead of the Strategic preferred shares.

17 3. Merendon Mining Corporation, LTD ("Merendon"), a corporation organized in  
18 Alberta, Canada in 1996 was an IFFL related business entity. Merendon purportedly owned  
19 mining concessions, gold bullion, and a refinery as collateral for investments. Members could  
20 purchase securities from Merendon, in the form of promissory notes. Members were told that  
21 the value of the assets of the company was about 5 times the value of the notes outstanding.  
22 There were several Merendon entities including, Merendon Mining Nevada, Inc., Merendon de  
23 Honduras S.A. de C.V., Merendon de Venezuela C.A., Merendon de Peru S.A., and Merendon

1 de Ecuador S.A. Merendon was said to have mining locations in Arizona, California,  
2 Colorado, Honduras, Venezuela, Ecuador, and Peru.

3 4. Milowe A. Brost ("Brost"), also known as Milo Brost and Mylo Brost, was the  
4 President and Chief Executive Officer of IFFL and has controlled it since its inception. He  
5 resides in Calgary, Alberta.

6 5. Ward K. Capstick ("Capstick") was a "structuring" with the Institute. Structurists  
7 recruited and trained new members. In June 2004, the Securities Division sent a letter to  
8 Capstick, notifying him that he must immediately cease directing offers and sales of securities to  
9 Washington. In September 2004, after learning that a member of IFFL had provided the  
10 Securities Division with documents relating to IFFL, Capstick called the member's son and  
11 threatened to sue him. At all times material to this action, Capstick is believed to have resided in  
12 Snohomish County, Washington.

13 6. Kristina J. Katayama ("Katayama") was a "structuring" with the Institute. At all  
14 times material to this action, Katayama is believed to have resided in King County,  
15 Washington.

16 7. Ronald R. Case ("Case") was a "structuring" with the Institute. He received a  
17 certified letter on March 24, 2007, instructing him to cease directing offers and sales of  
18 securities to Washington residents. At all times material to this action, Case is believed to have  
19 resided in King County, Washington.

20 8. Warren L. Bosma ("Bosma") was a "structuring" with the Institute. At all times  
21 material to this action, Bosma is believed to have resided in King County, Washington.

22 *Related Entities*

23 9. Capital Alternatives, Inc. ("Capital Alternatives") was incorporated in 1999 in  
24

1 Calgary, Alberta. Capital Alternatives was the forerunner to the IFFL.

2 10. Ken Lagasse Professional Corporation, a British Columbia business entity, was an  
3 IFFL related business entity that assisted Washington residents in setting up a Canadian trade  
4 name through which to join the IFFL. Prior to the Ken Lagasse Professional Corporation, the  
5 Corporate Development Group assisted Washington residents in setting up a Canadian  
6 corporation through which to join the IFFL.

7 11. Evergreen Management Services, LLC (“EMS”) was an IFFL related business  
8 entity purportedly organized in Nevis. EMS held numbered trust accounts for the benefit of the  
9 IFFL members. Members invested in IFFL related entities through the numbered trust  
10 accounts. These accounts may also be referred to as “international portfolio accounts” or  
11 “international managed accounts”.

12 12. Steller Trust Services Ltd. (“Steller”) was an IFFL related business entity  
13 purportedly organized in Belize City, Belize. Steller is believed to have served the same or a  
14 similar function as EMS.

15 13. Base Metals Corporation (“Base Metals”) was an IFFL related business entity using  
16 an address in Nevis, West Indies. Base Metals was purportedly in the metals processing and  
17 refining business and purportedly held all of Merendon’s Series I redeemable 1<sup>st</sup> preferred  
18 shares. Funds invested in Base Metals were purportedly advanced to Merendon to be used for  
19 normal business activities. Members of the IFFL could invest in Base Metals through an  
20 international managed account. According to the “Management Terms and Conditions” given  
21 to the members and Capstick, Katayama, Bosma, and Case, an investment in Base Metals had a  
22 variable return of 2% to 3% per month. The investment in Base Metals was for 6 years. The  
23 only written information members received was the thirteen page Management Terms and

1 Conditions and its schedules. It did not contain a financial statement, identify management, or  
2 identify risk factors.

3 14. Syndicated Gold Depository, S.A. ("Syndicated Gold") was an IFFL related business  
4 entity using addresses in Miami, Florida and Nassau, Bahamas. Syndicated Gold was purportedly  
5 in the business of making loans to mining companies. Members of the IFFL could invest in  
6 Syndicated Gold through an international managed account. Syndicated Gold was a forerunner  
7 to Base Metals.

8 15. 3sixty Earth Resources Ltd. ("3sixty") was an IFFL related business entity that used  
9 an address in Nicoala, Cyprus. 3sixty was purportedly an association of companies that used  
10 investor funds to develop technologies to address environmental issues. Members of the IFFL  
11 could invest in 3sixty through an international managed account. The only written information  
12 members received was contained in six pages in the portfolio manager's handbook. It did not  
13 contain a financial statement or identify management and only identified three general risk  
14 factors. According to the written information as well as Capstick, Katayama, Case, and  
15 Bosma, 3sixty was a seven year investment and promised returns between 10% and 100% a  
16 year depending on the length of time the money had been in the investment.

17 16. Onyx Trading Group ("Onyx") was an IFFL related business entity incorporated in  
18 Nevis and used an address in Bermuda. Onyx purportedly used investor funds to buy and sell  
19 collateralized mortgage obligations to capture the spread between the interest rate at the time of  
20 purchase and the interest rate at the time of sale. Members of the IFFL could invest in Onyx  
21 through an international managed account. The only written information members were given  
22 about Onyx was contained in a three page summary and a six page agreement. Onyx did not  
23 provide financial statements, identify management, or identify specific risk factors. According

1 to the summary and agreement provided to members and Capstick, Katayama, Case, and  
2 Bosma, an investment in Onyx promised a high rate of return and was for two years.

3 *Related Securities Actions*

4 17. On June 18, 2002, the Saskatchewan Securities Commission issued a Temporary  
5 Order against Brost, Capital Alternatives, and others for “trading in securities in an undefined  
6 investment program resembling a prime bank debt instrument scheme” and extended that order  
7 on July 2, 2002. The order is still in effect.

8 18. On September 27, 2004, the Alberta Securities Commission issued an Order against  
9 IFFL, Brost, Strategic, and others for acting as an adviser, selling or facilitating the sale of  
10 securities without being registered to do so, and engaging in an illegal distribution of securities.

11 19. On August 23, 2005, Strategic notified the Alberta Securities Commission that it  
12 would no longer sell its securities. On August 30, 2005, pursuant to an ongoing investigation, the  
13 Alberta Securities Commission froze Strategic’s Canadian bank accounts.

14 20. On July 10, 2007, the Alberta Securities Commission issued a Decision against Capital  
15 Alternatives, Brost, and others finding that Brost made false and misleading statements to induce  
16 investors to purchase securities in Strategic Metals, that Brost engaged in a course of conduct that  
17 would operate as a fraud on the shareholders of Strategic, that Brost and others made false or  
18 misleading statements in the Strategic offering memorandum, and that Brost and others offered  
19 and sold unregistered securities in Strategic. Alberta Securities Commission permanently  
20 prohibited Brost from trading in securities and exchange contracts, denied his use of all  
21 exemptions under the Alberta securities laws, and fined him \$650,000. In addition, the Alberta  
22 Securities Commission found that Capital Alternatives acted as an unregistered investment advisor  
23 when it raised over \$36 million for Strategic securities, that Capital Alternatives made false and

1 misleading statements to induce investors to purchase Strategic securities, and that Capital  
2 Alternatives engaged in a course of conduct that would operate as a fraud on the shareholders of  
3 Strategic. The Alberta Securities Commission banned Capital Alternatives from trading in  
4 securities and exchange contracts and fined Capital Alternatives \$200,000.

5 *THE IFFL: The Beginning*

6 21. In 2002, after the Saskatchewan Securities Commission issued a Temporary Order  
7 against Capital Alternatives, Brost, and others, Brost began more actively promoting the IFFL.  
8 The IFFL program was structured in various ways through the years. Here, we will refer to the  
9 structure of IFFL which was in place by at least early 2006 except where otherwise indicated.

10 22. From at least June 2003 through September 2007, the IFFL, through the efforts of  
11 Brost, Capstick, Katayama, Case, and Bosma gave sales presentations, which were known as  
12 “Wealth Building Seminars” or “Wealth Building Workshops” to residents of the State of  
13 Washington and invited them to become members of the IFFL.

14 23. During the same time period the Institute For Financial Learning through the efforts  
15 of Brost, Capstick, Katayama, Case, and Bosma, raised approximately \$11,000,000 from 51  
16 investors, including 43 Washington residents.

17 *The IFFL: Membership*

18 24. There were two levels of membership in the IFFL. Upon joining the IFFL, the  
19 member was a “facilitator”. A facilitator refers persons to Wealth Building Seminars conducted  
20 by structurists. Structurists recruited and trained new members. To move to the second level of  
21 membership, which was a structurist, facilitators had to refer people to IFFL who joined and  
22 purchased promissory notes of approximately \$2 million.

1 25. The IFFL did not have any net worth or sophistication level requirements for  
2 membership. To become a member, a person was required to: (1) fill out and sign a six page  
3 membership application which included a confidentiality provision, (2) pay a fee, and (3) set up  
4 a Canadian trade name. Structurists, including Capstick, Katayama, Case, and Bosma, gave  
5 potential members the membership agreement.

6 26. The membership fee was approximately \$1,600 Canadian dollars to join and \$400  
7 Canadian dollars each subsequent year to renew. About \$1,200 Canadian dollars of the  
8 membership fee was paid to the structurist as a referral fee. The structurist had the option of  
9 giving a portion of the fee to a person who assisted with the referral.

10 27. Capstick, Katayama, and Bosma collected checks from new members and forwarded  
11 them to IFFL or its designee. At some point, structurists stopped collecting the fees and instead  
12 the potential member sent the fee to the IFFL or a related entity.

13 28. Once a potential member submitted an application and the registration fee to IFFL,  
14 the person worked with Ken Lagasse Professional Corporation to set up a Canadian trade name.  
15 The membership was in the name of the Canadian trade name, not in the individual's name.

16 29. Upon joining the IFFL, members received a book of information about the IFFL and  
17 the related entities which instructed "WARNING: UNDER NO CIRCUMSTANCES SHOULD  
18 THIS INFORMATION BE PHOTOCOPIED." If a member cancelled the IFFL membership the  
19 book had to be sent back. Capstick, Katayama, Case, and Bosma told members that the book was  
20 printed on special paper such that it would be apparent to IFFL if a photocopy of the book was  
21 made in which case the IFFL would sue the member.

22 30. Other than the membership book, the facilitator received few or no written documents  
23 or performance reports about the IFFL or its related entities. Facilitators received an unaudited



1 projected income statement for Meredon; however, the income statement did not contain a basis for  
2 the projections. Facilitators did not receive any other financial statements for IFFL or its related  
3 entities. Structurists, including Capstick, Katayama, Case, and Bosma, attended meetings where  
4 additional information about the investments was orally presented. Because no written documents  
5 were provided at these meetings, the structurists passed the information to the facilitators orally.

6 *The IFFL: International Trust Accounts*

7 31. One of the benefits of joining the IFFL was that facilitators received a trust account  
8 called an “international managed account” or “international portfolio account” at either EMS or  
9 Steller with \$5,000 to \$15,000 to “practice” investing in IFFL approved entities.

10 32. To access the international managed accounts at Steller or EMS the member had to  
11 apply to and be accepted by the International Business Group as an “international portfolio  
12 manager”. An international portfolio manager was not entitled to the principal funds but decided  
13 how to invest them and was entitled to 75% of the profits earned in the account. The member could  
14 track the progress in the account by viewing the account online but did not receive paper statements.

15 33. The companies available through the international managed account changed  
16 through the years but included Base Metals, Syndicated Gold, 3sixty, and Onyx. International  
17 portfolio managers were allowed to invest only in the companies selected by the IFFL and no one  
18 other than international portfolio managers were allowed to invest in the companies.

19 34. Members were given little written information about the companies in the  
20 international managed account. Members were not given financial statements, information about  
21 the management, or specific risk factors. Members were told by Capstick, Katayama, Case, and  
22 Bosma and in the written materials that the investments promised varying returns depending on  
23

1 the length of time the investment was held. The returns were as high as 100% per year, much  
2 higher than returns on traditional investments.

3 35. Investors were told by Capstick, Katayama, Case, and Bosma that the investment  
4 returns in the IFFL related entities were fixed and that the investments would not lose money  
5 because they were “collateralized”. In addition, if one of the companies defaulted an IFFL  
6 related entity would collect the members’ funds on behalf of the members.

7 *The IFFL: Mining Investments and Financial Freedom*

8 36. In addition to the practice portfolio, members of the IFFL had the option of investing  
9 in a mining company. At one point, members had the opportunity to invest by purchasing  
10 preferred shares in Strategic. Members that invested in Strategic received a share certificate  
11 evidencing the investment. Members were told that they would receive a return of 11.75% or  
12 14.95% per year and that the investment was for 84 months. However, IFFL stopped offering  
13 the Strategic investment in approximately 2005, after Strategic’s bank accounts were frozen by  
14 the Alberta Securities Commission.

15 37. Members then purchased promissory notes issued by Merendon that paid  
16 approximately 8.75% annually with a maturity of eight months. To purchase the promissory  
17 note in Merendon, Washington residents wired funds from their personal bank account to a  
18 Merendon account.

19 38. When a Merendon promissory note was purchased, the IFFL or a related entity paid 7%  
20 of the amount invested as a referral fee, which was split between the member’s facilitator and  
21 structurist.

22 39. In addition, members were told in written documents provided by IFFL or a related  
23 entity and by the structurists that funds totaling 50% to 106.25% of the value of the promissory note

1 would be transferred to an international managed account at Stellar or EMS for the benefit of the  
2 member who purchased the promissory note. Members were also told that the more that was  
3 invested in Merendon, the more money was transferred to the international managed account. It  
4 was only through the investments in the international managed account that the member would  
5 achieve the ultimate goal of IFFL membership, financial freedom. Members were encouraged to  
6 invest as much money as possible in the preferred shares and the promissory notes. In addition  
7 to their personal savings, members were encouraged to invest their Individual Retirement  
8 Accounts, 401(k) accounts, as well as any other source of funds. Members were encouraged to  
9 leverage their assets to invest such as by refinancing their homes and taking out the equity to  
10 invest.

11 *The IFFL: Winding Down*

12 40. On approximately April 28, 2007, a meeting was held at the Seattle Center for IFFL  
13 members. Brost and Case were presenters at the meeting. Bosma attended the meeting. Brost  
14 notified the members that the Alberta Securities Commission was conducting an investigation  
15 regarding IFFL and instructed structurists to seek members less aggressively as had been done in  
16 the past.

17 41. On June 1, 2007, the IFFL stopped taking new members. On October 19, 2007, the  
18 IFFL announced that Strategic would no longer make payments to investors.

19 42. At some point the IFFL distributed a letter to all new members indicating that  
20 securities regulators were investigating the IFFL. However, the letter is undated and it is not  
21 clear when the letter was originally distributed.

22 *Activities of Ronald R. Case*

1           43. In early 2003 Case was invited by a member to a Wealth Building Seminar  
2 conducted in a conference room located at 10900 Northeast 8<sup>th</sup> Street, Suite 928, in Bellevue.  
3 Case and Bosma later learned that Capstick rented the conference room. Case wanted additional  
4 information and attended several additional Wealth Building Seminars conducted by Capstick in  
5 the same conference room in attempt to understand the program. He then flew to Canada to meet  
6 with Brost.

7           44. In January 2004, Case submitted a member application and the membership fee to  
8 Capstick and set up a Canadian trade name or Canadian corporation. As a facilitator, Case  
9 invited everyone he met, including Bosma and many other residents of Washington State, to  
10 Wealth Building Seminars conducted by Capstick, his mentor. Capstick mentored Case by  
11 having him attend Wealth Building Seminars conducted by Capstick and by giving Case  
12 feedback on the Wealth Building Seminars Case conducted.

13           45. While Case was a facilitator, if a person Case referred wanted to join the IFFL,  
14 Capstick gave the person a membership application and collected their membership fee. Case  
15 referred approximately six persons, including four residents of Washington State, to Wealth  
16 Building Seminars that joined the IFFL. The referral fee for the members was split between  
17 Capstick and Case.

18           46. In approximately June 2006 Case became a structurist. From that time to June 1,  
19 2007, when IFFL stopped accepting new members, Case conducted approximately two Wealth  
20 Building Seminars a week. Case presented the Wealth Building Seminars using PowerPoint;  
21 however, he did not provide a copy of the presentation to any of the attendees.

22           47. During the Wealth Building Seminars he described the problems with traditional  
23 investing and why it would not lead to the ultimate goal of financial freedom. He said that IFFL

1 could teach the person to invest for financial freedom and spoke about general investment  
2 opportunities in IFFL. When a person who attended one of his Wealth Building Seminars  
3 decided to join the IFFL, Case gave the person a member application with Case's member  
4 number on it.

5 48. While Case was a structurist he attended at least three meetings in the State of  
6 Washington where Brost was present. Case also attended several regional meetings conducted  
7 by either Capstick or Katayama. At the meetings, Brost, Capstick, and Katayama presented  
8 information about IFFL and its related investments. Case passed the information to the members  
9 and potential members.

10 49. Case did not purchase a promissory note in Merendon. However, he visited the  
11 Merendon sites in California, Colorado, and Honduras. Case provided information to members  
12 and potential members about Strategic and Merendon and recommended that members, including  
13 Washington residents, purchase the Strategic shares and the Merendon promissory notes. As a  
14 result of his efforts, approximately \$948,400 was invested in Strategic and \$7.3 million was  
15 invested in Merendon by the approximately 33 members, including 27 Washington residents,  
16 who were referred to IFFL by Case. As a result, Case received \$39,600 in referral fees. This  
17 money was transferred for Case's benefit to an account at Bank of America.

18 50. In addition, Case received 7% of the investments he facilitated. The IFFL or a  
19 related entity transferred approximately \$600,000 to an international managed account for  
20 Case's benefit. Case withdrew some funds to pay expenses related to his IFFL activities and  
21 referral fees. The rest of the funds, approximately \$160,000, were allocated to an investment in  
22 Base Metals.



1 55. Bosma also attended several regional meetings conducted by Brost, Capstick, or  
2 Katayama. At the meetings, Brost, Capstick and Katayama presented information about IFFL  
3 and its related investments. Bosma passed the information to the members and potential  
4 members.

5 56. In June 2005, Bosma purchased 6,204 shares of Strategic for approximately  
6 \$620,400. Capstick received 7% of the investment for facilitating it and split it with Case.

7 57. About a year after he joined the IFFL, Bosma became a structurist. As a structurist,  
8 Bosma presented Wealth Building Seminars to residents of the State of Washington. During the  
9 Wealth Building Seminars Bosma described the problems with traditional investing and why it  
10 would not lead to the ultimate goal of financial freedom. He said that IFFL could teach the  
11 person to invest for financial freedom. Bosma presented the Wealth Building Seminars using  
12 PowerPoint; however, he did not provide a copy of the presentation to any of the attendees.  
13 Bosma developed his presentation from information provided by Capstick and Katayama. In  
14 total Bosma referred 18 members, including 16 Washington residents, to the IFFL. They  
15 purchased promissory notes in Merendon totaling \$2.2 million.

16 58. Bosma received 7% of the investments he facilitated. The IFFL or a related entity  
17 transferred approximately \$47,406 to a separate international managed account at EMS for  
18 Bosma's benefit. Bosma allocated these funds to investments in Base Metals and Syndicated  
19 Gold.

## 20 **REGISTRATION STATUS**

21 59. The Institute For Financial Learning is not currently and has not previously been  
22 registered with the State of Washington as a broker-dealer or investment adviser.

23 60. The Institute For Financial Learning and its related companies including Strategic  
24 STATEMENT OF CHARGES AND NOTICE OF INTENT TO ENTER ORDER TO CEASE AND DESIST,  
TO IMPOSE FINES, AND CHARGE COSTS

1 Metals, Inc.; Merendon Mining Corporation, Ltd.; Base Metals Corporation; Syndicated Gold  
2 Depository, S.A.; 3Sixty Earth Resources Ltd.; and Onyx Trading Group are not currently  
3 registered to offer or sell securities in the state of Washington, have not previously been so  
4 registered, and no notice of claim of exemption is on file with the Securities Administrator of  
5 the State of Washington.

6 61. Milowe A. Brost, Ward K. Capstick, Kristina J. Katayama, and Warren L. Bosma  
7 are not currently and have not previously been registered as a securities salesperson, broker-  
8 dealer, investment adviser, or investment adviser representative in the State of Washington.

9 62. From July 1985 to August 2003, Ronald R. Case was licensed as a securities  
10 salesperson in the State of Washington. He has not been registered as a securities salesperson  
11 in Washington State since that time. His FINRA registration number was CRD# 1388877.

12 Based upon the Tentative Findings of Fact, the following Conclusions of Law are made:

13 **CONCLUSIONS OF LAW**

14 1. The offer or sale of the Strategic Metals, Inc. preferred shares; the Merendon Mining  
15 Corporation, Ltd. promissory notes; investments in Base Metals Corporation; investments in  
16 Syndicated Gold Depository, S.A.; investments in 3Sixty Earth Resources Ltd.; and investments  
17 in Onyx Trading Group in the manner described above each constitutes the offer or sale of a  
18 security, as defined in RCW 21.20.005(10) and (12).

19 2. The Institute For Financial Learning; Milowe A. Brost; Ward K. Capstick; Kristina J.  
20 Katayama; Ronald R. Case; and Warren L. Bosma, have each violated RCW 21.20.010  
21 because, in connection with the offer or sale of said securities, they directly or indirectly, (a)  
22 employed a device, scheme or artifice to defraud; (b) made untrue statements of material fact,  
23 or omitted to state material facts necessary in order to make the statements made, in the light of



1 the circumstances under which they were made, not misleading; or (c) engaged in acts,  
2 practices, or courses of businesses that operates or would operate as a fraud or deceit upon  
3 residents of the State of Washington.

4 3. The Institute For Financial Learning; Milowe A. Brost; Ward K. Capstick; Kristina J.  
5 Katayama; Ronald R. Case; and Warren L. Bosma, have each violated RCW 21.20.140, the  
6 securities registration provision of the Securities Act, because they offered and/or sold securities  
7 for which there was no registration on file with the Securities Administrator.

8 4. The Institute For Financial Learning has violated RCW 21.20.040 because it transacted  
9 business in Washington State as a broker-dealer and/or as an investment adviser, while not  
10 registered as a broker-dealer or investment adviser in the state of Washington. Milowe A. Brost;  
11 Ward K. Capstick; Kristina J. Katayama; Ronald R. Case; and Warren L. Bosma have each  
12 violated RCW 21.20.040, because they each transacted business in this state as a broker-dealer,  
13 securities salesperson, investment adviser, and/or investment adviser representative, while not  
14 registered as such.

15 **NOTICE OF INTENT TO ORDER THE RESPONDENT TO CEASE AND DESIST**

16 Pursuant to RCW 21.20.390, and based on the above Tentative Findings of Fact and  
17 Conclusions of Law, the Securities Administrator intends to order that the Institute For Financial  
18 Learning Group of Companies, Inc.; Strategic Metals, Inc.; Merendon Mining Corporation, Ltd.;  
19 Milowe A. Brost; Ward K. Capstick; Kristina J. Katayama; Ronald R. Case; and Warren L.  
20 Bosma; and their agents and employees, each cease and desist from violations of RCW  
21 21.20.010, RCW 21.20.040, and RCW 21.20.140.

1 **NOTICE OF INTENT TO IMPOSE FINES**

2 Pursuant to RCW 21.20.395, and based upon the Tentative Findings of Fact and  
3 Conclusions of Law, the Securities Administrator intends to order that:

- 4 a. Respondent, The Institute For Financial Learning Group of Companies, Inc., shall be  
5 liable for and pay a fine of \$100,000;
- 6 b. Respondent, Strategic Metals, Inc., shall be liable for and pay a fine of \$50,000;
- 7 c. Respondent, Merendon Mining Corporation, Ltd., shall be liable for and pay a fine of  
8 \$50,000;
- 9 d. Respondent, Milowe A. Brost, shall be liable for and pay a fine of \$100,000;
- 10 e. Respondent, Ward K. Capstick, shall be liable for and pay a fine of \$100,000;
- 11 f. Respondent, Kristina J. Katayama, shall be liable for and pay a fine of \$50,000;
- 12 g. Respondent, Ronald R. Case, shall be liable for and pay a fine of \$50,000; and
- 13 h. Respondent, Warren L. Bosma, shall be liable for and pay a fine of \$25,000.

14 **NOTICE OF INTENT TO CHARGE COSTS**

15 Pursuant to RCW 21.20.390(5), and based upon the Tentative Findings of Fact and  
16 Conclusions of Law, the Securities Administrator intends to order that:

- 17 a. Respondent, The Institute For Financial Learning Group of Companies, Inc., shall be  
18 liable for and pay the costs, fees, and other expenses incurred in the conduct of the  
19 investigation of this matter in an amount not less than \$1,500;
- 20 b. Respondent, Strategic Metals, Inc., shall be liable for and pay the costs, fees, and  
21 other expenses incurred in the conduct of the investigation of this matter in an amount  
22 not less than \$1,500;

- 1 c. Respondent, Merendon Mining Corporation, Ltd., shall be liable for and pay the costs,  
2 fees, and other expenses incurred in the conduct of the investigation of this matter in  
3 an amount not less than \$1,500;
- 4 d. Respondent, Milowe A. Brost, shall be liable for and pay the costs, fees, and other  
5 expenses incurred in the conduct of the investigation of this matter in an amount not  
6 less than \$1,500;
- 7 e. Respondent, Ward K. Capstick, shall be liable for and pay the costs, fees, and other  
8 expenses incurred in the conduct of the investigation of this matter in an amount not  
9 less than \$1,500;
- 10 f. Respondent, Kristina J. Katayama, shall be liable for and pay the costs, fees, and other  
11 expenses incurred in the conduct of the investigation of this matter in an amount not  
12 less than \$1,500;
- 13 g. Respondent, Ronald R. Case, shall be liable for and pay the costs, fees, and other  
14 expenses incurred in the conduct of the investigation of this matter in an amount not  
15 less than \$1,500; and
- 16 h. Respondent, Warren L. Bosma, shall be liable for and pay the costs, fees, and other  
17 expenses incurred in the conduct of the investigation of this matter in an amount not  
18 less than \$1,500.

### 19 **AUTHORITY AND PROCEDURE**

20 This Statement of Charges is entered pursuant to the provisions of the Securities Act and  
21 is subject to the provisions RCW 21.20 and RCW 34.05. The Respondents, the Institute For  
22 Financial Learning Group of Companies, Inc.; Strategic Metals, Inc.; Merendon Mining  
23 Corporation, Ltd.; Milowe A. Brost; Ward K. Capstick; Kristina J. Katayama; Ronald R. Case;

1 and Warren L. Bosma, may each make a written request for a hearing as set forth in the NOTICE  
2 OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this  
3 order.

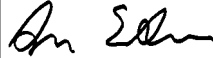
4 If a respondent does not request a hearing, the Securities Administrator intends to adopt  
5 the above Tentative Findings of Fact and Conclusions of Law as final and enter a final order to  
6 cease and desist, impose fines, and charge costs as to that respondent.

7 Dated and Entered this 21st day of March, 2008

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9 

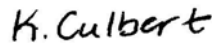
10 MICHAEL E. STEVENSON  
11 Securities Administrator

12 Approved by:

13 

14 Suzanne Sarason  
15 Chief of Compliance

16 Presented by:

17 

18 Kristen Culbert  
19 Financial Legal Examiner