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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING) Order No.: S-11-0826-12-SC01
Whether there has been a violation of the)
Securities Act of Washington by:) STATEMENT OF CHARGES AND NOTICE OF INTENT
) TO ENTER ORDER TO CEASE AND DESIST, TO
Joseph A. Untalan; Steven D. Jackson; Genesis) IMPOSE FINES AND TO CHARGE COSTS
Holdings Group, Inc.; Phoenix Development)
Group, Inc.,)
)
Respondents.)

THE STATE OF WASHINGTON TO: Joseph A. Untalan; Steven D. Jackson; Genesis Holdings Group, Inc.; Phoenix Development Group, Inc.

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the state of Washington has reason to believe that Respondents, Joseph A. Untalan, Steven D. Jackson, Genesis Holdings Group, Inc. and Phoenix Development Group, Inc., 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 and to charge costs, and under RCW 21.20.395 to impose fines. The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

Respondents

1. Phoenix Development Group, Inc. ("Phoenix") is an inactive Oregon corporation organized on July 19, 2005. Phoenix was administratively dissolved on September 14, 2007.
2. Genesis Holdings Group, Inc. ("Genesis") is an inactive Oregon corporation organized on November 11, 2007, in order to continue the business of Phoenix after Phoenix became aware of a potential trademark dispute over the "Phoenix" name. Genesis was administratively dissolved on January 22, 2010.
3. Joseph A. Untalan ("Untalan") is a resident of Oregon State. He was a director of Phoenix and of Genesis. He held the title of "president" of Phoenix and Genesis at various times.
4. Steven D. Jackson ("Jackson") is a resident of Oregon State. He was a director of Phoenix and of Genesis. He held the title of "president," "vice-president" and "secretary" of Phoenix and Genesis at various times.
5. Phoenix, Genesis, Untalan and Jackson are referred to collectively as "Respondents."

1 Nature of the Offering

2 6. Untalan and Jackson organized Phoenix with a view towards developing real estate. Soon after organization,
3 however, they decided to go into the business of building trailers for use as shelter in emergency situations. Hurricane
4 Katrina struck New Orleans in August of 2005 leaving many people without shelter. Untalan and Jackson decided to
5 attempt to sell trailers for use in such disasters to various federal agencies, including FEMA, the Department of
6 Defense and the Department of Homeland Security.

7 7. Respondents planned to build trailers that were rated for a Richter 10 earthquake, could withstand a Category
8 5 hurricane, had upgradable ballistic armor and could be inserted by helicopter. Each trailer was to cost \$115,000 to
9 build and would sell for \$230,000.

10 8. Respondents also planned to market "kit housing," which looked similar to sub-division style housing. Such
11 kit housing could purportedly be built within 24 hours. Respondents further planned to sell a 16 foot by 16 foot shelter
12 product called "Versa-shelter" to the federal government. These non-trailer shelter products were to be used by federal
13 agencies to provide shelter for emergency victims in the wake of an emergency. Finally, Respondents planned to
14 market and sell a patented vertical axis wind turbine, which Respondents claimed had various advantages over other
15 wind turbine designs in the market.

16 9. Respondents were successful in building one trailer prototype, and were in the process of building a second
17 trailer prototype when they wound up their affairs due to a lack of funds. Respondents never sold any of their planned
18 products.

19 10. Respondents raised money to fund their operations by selling promissory notes and "Revenue Participation
20 Agreements." Each Revenue Participation Agreement ("RPA") entitled the buyer to a pro rata share of the gross
21 revenue that Phoenix or Genesis would earn over a period of three years. The RPAs were extendable to five years
22 upon the written consent of both parties. Untalan and Jackson raised at least \$130,010.91 from four Washington
23 residents.

24 *Investor A*

25 11. In or about April of 2006, Investor A, a resident of Vancouver, Washington, was approached by a friend who
told him about Phoenix. Investor A then met with Untalan, who asked him to make an investment with Phoenix.
Untalan told Investor A that his investment was to be used to help pay for prototype construction costs and for general
business expenses. Investor A made an investment of \$47,010.91 on April 28, 2006. Untalan gave Investor A a
promissory note signed by Untalan on behalf of Phoenix for \$47,010.91. The note had a six month term and a 50%
rate of interest per annum.

12. In or about October of 2006, Untalan offered Investor A an RPA issued by Phoenix in lieu of payment on Investor A's note. Untalan characterized the RPA as a much better investment for Investor A and told Investor A that he would likely receive 300 to 400 thousand dollars if he agreed to the RPA. Investor A exchanged his note for the RPA on October 15, 2006. Untalan signed the RPA on behalf of Phoenix. Investor A concurrently signed a release of the April 28, 2006 promissory note.

13. Untalan or Jackson delivered a copy of a Genesis "Business Plan" to Investor A about the time that Genesis was organized in 2007.

14. After Phoenix was administratively dissolved, and Untalan and Jackson were operating under the Genesis name, Jackson offered Investor A a new RPA on substantially the same terms with Genesis as the issuer instead of Phoenix. Investor A met with Jackson and on January 12, 2008, agreed to the new RPA. Jackson signed the RPA on behalf of Genesis.

15. Untalan left Genesis around June of 2010 over internal disagreements. Untalan contacted Investor A and offered to repay Investor A himself, telling Investor A that Untalan did not know if Genesis would continue as a business. Investor A agreed, and Untalan gave Investor A two promissory notes one for \$29,000 due on or before June 9, 2013 and one for \$18,010.91 due on or before June 9, 2012. Neither note included any interest. Both notes were dated June 9, 2010. Investor A concurrently sent a letter to Jackson indicating that he surrendered his RPA with Genesis and considered his investment paid in full. At the time of this Statement of Charges, Investor A has not received any payment on his investment.

Investor B

16. In or about June of 2006, Investor B, a resident of Vancouver, Washington, was approached by a friend who told him about investment opportunities with Phoenix. Investor B accompanied his friend and Untalan to a warehouse where Phoenix was building trailers. Untalan asked Investor B to make an \$18,000 investment with Phoenix. Investor B's money was to be used to continue construction of trailers and for general business expenses. Untalan told Investor B that Phoenix was going to get a government contract to supply the federal government with their trailers. Untalan did not disclose to Investor B that there was any risk of Phoenix failing to secure a government contract.

17. Investor B invested \$18,000 with Phoenix and Untalan gave him a promissory note for \$18,000 evidencing his investment. The terms of the note were variable, and allowed for terms ranging from 60 days to six months and interest rates of 15% to 30% per annum. The note was signed by Untalan on behalf of Phoenix and dated June 3, 2006. Untalan gave Investor B's friend a six percent commission on Investor B's investment for introducing Investor B to Untalan. Investor B was not informed that part of his investment went to pay this commission.

18. Phoenix did not pay Investor B back within the term of the note, and Jackson gave Investor B a second promissory note on April 9, 2008 indicating a principal amount of \$21,240, a 12% rate of interest per annum, and a term of 12 months. Jackson signed the promissory note on behalf of Phoenix.

19. After Untalan left Genesis, he contacted Investor B and offered to pay him back himself. Untalan gave Investor B a promissory note dated June 6, 2010 for \$18,000, bearing a 12% rate of interest per annum to be calculated from June 3, 2006, and with a due date of June 6, 2012. As of the date of this statement of charges, Investor B has received no payments on his investment.

Investor C

20. In or about December of 2006, Investor C, a resident of La Center, Washington, heard about Phoenix from his sister-in-law, who was a mortgage broker at the time. Investor C met with Untalan and was told that if he invested money with Phoenix, he would receive a promissory note and a deed of trust to a property in Brush Prairie, Washington. Untalan told Investor C that the money was to be used for the general business expenses of Phoenix.

21. Investor C gave Phoenix \$60,000 and Untalan and Jackson gave Investor C a promissory note dated December 27, 2006 for \$61,800 with a due date of January 31, 2007. The note bore interest at a rate of 18% per annum. Untalan and Jackson signed the promissory note on behalf of Phoenix.

22. Untalan and Jackson also gave Investor C a deed of trust to the property in Brush Prairie, Washington. The deed of trust made several warranties regarding the property, including promises to keep the property in good condition and repair, to pay all lawful taxes on the property and to keep all buildings on the property insured against various hazards. The deed of trust was recorded on December 29, 2006.

23. The owners of the property in Brush Prairie, Washington that Untalan and Jackson offered as collateral to Investor C did not authorize the use of the Brush Prairie property as collateral for Phoenix's money raising efforts. Neither did Phoenix have any basis upon which to make the warranties that appeared on the deed of trust. Untalan and Jackson did not perform a title search on the property and did not procure title insurance.

24. On April 9, 2007, the owners of the Brush Prairie property, through counsel, demanded reconveyance of the deed of trust on the grounds that it was fraudulently executed. A full reconveyance of the Brush Prairie property was granted on July 19, 2007.

25. Untalan or Jackson or both delivered a copy of the Genesis Business Plan to Investor B around the time that Genesis was organized in 2007.

26. When Phoenix could not pay on Investor C's note, Investor C filed suit and obtained a judgment against Untalan and Jackson on October 26, 2007, for \$72,870.85 in a Washington State Superior Court for Clark County. As of the date of this Statement of Charges, Investor C has been unable to collect on his judgment.

Investor D

1 27. In or about the spring of 2006, Investor D, a resident of Battle Ground, Washington, learned about Phoenix
2 from Investor A, who was a friend of Investor D. Investor D met with Untalan and agreed to invest \$5,000 with
3 Phoenix. Untalan gave Investor D a promissory note evidencing his investment.

4 28. In or about October of 2006, Untalan offered Investor D an RPA with similar terms to those offered to
5 Investor A. Investor D agreed to the RPA in lieu of payment on his promissory note.

6 29. In or about June of 2010, Untalan offered to personally pay back Investor D. Investor D agreed, and Untalan
7 gave him a promissory note signed by Untalan in his individual capacity. Investor D also agreed to release any interest
8 he had in his RPA.

Misrepresentations and Omissions

9 30. In connection with the offer and sale of investments in Genesis, Untalan and Jackson drafted a Business Plan,
10 which was delivered to at least Investors A and C. The Business Plan contained pro forma projections for Genesis that
11 projected that in the first year of business Genesis would earn \$71,981,712 by selling products to the federal
12 government. The pro forma additionally projected that in the second year of operation, Genesis would earn
13 \$138,324,000 by selling products to the federal government. The pro forma further projected that its third year of
14 operation Genesis would earn \$148,324,000 by selling products to the federal government. The pro forma statement
15 assumed that, starting in its first year after full capitalization, Genesis would capture 20% of all business set aside for
16 small businesses according to federal contracting rules in connection with providing the federal government with
17 emergency shelter products. The pro forma additionally assumed that one Hurricane Katrina sized event would occur
18 each year, requiring the federal government to spend large amounts on emergency shelter.

19 31. Untalan and Jackson did disclose in the business plan that they assumed Genesis would capture 20% of all
20 business set aside for small businesses according to federal contracting rules for providing emergency shelter
21 products. Untalan and Jackson did not disclose, however, that they assumed they would capture that market share in
22 their first year of operation. Untalan and Jackson did not have a sufficient basis to assume that they would be able to
23 capture 20% of all business set aside for small businesses according to federal contracting rules for providing
24 emergency shelter products in their first year of operation.

25 32. Untalan and Jackson did not disclose the assumption that one Hurricane Katrina sized event would occur each
year. Untalan and Jackson did not have a sufficient basis to assume that one Hurricane Katrina sized event would
occur each year.

Registration Status

33. Respondents Joseph A. Untalan, Genesis Holdings Group, Inc., Phoenix Development Group, Inc. and Steven
D. Jackson are not currently registered to sell securities in the state of Washington and have not previously been so
registered. There is no notification of exemption on file with the state of Washington.

34. Respondents Joseph A. Untalan and Steven D. Jackson are not currently registered as securities salespeople in the state of Washington and have not previously been so registered.

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

CONCLUSIONS OF LAW

I.

The offer and sale of promissory notes and Revenue Participation Agreements as described above constitute the offer and/or sale of a security as defined in RCW 21.20.005(14) and (17).

II.

The offer and/or sale of said securities is in violation of RCW 21.20.140 because no registration for such an offer and/or sale is on file with the Securities Administrator, state of Washington.

III.

Respondents, Joseph A. Untalan and Steven D. Jackson, in connection with their offer and/or sale of promissory notes and Revenue Participation Agreements issued by Phoenix Development Group, Inc. and Genesis Holdings Group, Inc. acted as securities salespeople as defined in RCW 21.20.005(15).

IV.

The offer and/or sale of securities issued by Phoenix Development Group, Inc. and Genesis Holdings Group, Inc. by Respondents Joseph A. Untalan and Steven D. Jackson was in violation of RCW 21.20.040 because Respondents Joseph A Untalan and Steven D. Jackson were not registered as securities salespeople in the state of Washington.

V.

The offer and/or sale of said securities were in violation of RCW 21.20.010 because Respondents made material misrepresentations in connection with the deed of trust delivered to Investor C. Respondents also omitted to state a material fact necessary to make the statements Respondents made, in the light of the circumstances under which they were made, not misleading by failing to inform Investor B that part of his investment was to be used to pay a commission on the sale of his investment and by failing to inform Investor B of the risk that Phoenix would fail to secure a government contract for the provision of trailers to federal agencies. Respondents also failed to fully disclose the assumptions upon which their profit projections were based, as described above.

NOTICE OF INTENT TO ORDER THE RESPONDENT TO CEASE AND DESIST

Pursuant to RCW 21.20.390(1) and based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that Respondents Joseph A. Untalan, Genesis Holdings Group, Inc.,

1 Phoenix Development Group, Inc. and Steven D. Jackson each shall cease and desist from violations of RCW
2 21.20.010, RCW 21.20.040, and RCW 21.20.140.

3 **NOTICE OF INTENT TO IMPOSE A FINE**

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

- 6 a) Respondent Joseph A. Untalan shall be liable for and shall pay a fine of \$10,000;
- 7 b) Respondent Steven D. Jackson shall be liable for and shall pay a fine of \$10,000.

8 **NOTICE OF INTENT TO CHARGE COSTS**

9 Pursuant to RCW 21.20.390, and based upon the Tentative Findings of Fact and Conclusions of Law, the
10 Securities Administrator intends to order that:

- 11 a) Respondent Joseph A. Untalan shall be liable for and shall pay investigative costs of at least \$5,000;
- 12 b) Respondent Steven D. Jackson shall be liable for and shall pay investigative costs of at least \$5,000.

13 **AUTHORITY AND PROCEDURE**

14 This Statement of Charges is entered pursuant to the provisions of Chapter 21.20 RCW and is subject to the
15 provisions of Chapter 34.05 RCW. The respondents Joseph A. Untalan, Genesis Holdings Group, Inc., Phoenix
16 Development Group, Inc. and Steven D. Jackson may each make a written request for a hearing as set forth in the
17 NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Order. If a
18 respondent does not make a hearing request in the time allowed, the Securities Administrator intends to adopt the
19 above Tentative Findings of Fact and Conclusions of Law as final and to enter a permanent order to cease and desist
20 as to that respondent, to impose any fines sought against that respondent, and to charge any costs sought against that
21 respondent.

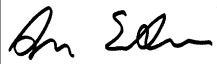
22 Signed and Entered this 7th day of November 2012.



23
24 William M. Beatty
25 Securities Administrator

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Approved by:



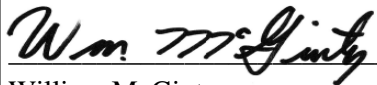
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Financial Legal Examiner