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

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IN THE MATTER OF DETERMINING)	Order No.: S-11-0826-13-FO01
Whether there has been a violation of the)	
Securities Act of Washington by:)	ENTRY OF FINDINGS OF FACT AND CONCLUSIONS
Joseph A. Untalan; Genesis Holdings Group, Inc.;)	OF LAW AND FINAL ORDER TO CEASE AND DESIST,
Phoenix Development Group, Inc.; Steven D.)	IMPOSE FINES AND TO CHARGE COSTS
Jackson,)	
)	
Respondents.)	

On November 7, 2012, the Securities Administrator of the state of Washington issued S-11-0826-12-SC01 hereinafter referred to as the Statement of Charges. The Statement of Charges, together with a Notice of Opportunity to Defend and Opportunity for Hearing, hereinafter referred to as "Notice of Opportunity for Hearing" and an Application for Adjudicative Hearing, hereinafter referred to as "Application for Hearing," were served on Respondents, Joseph A. Untalan, Genesis Holdings Group, Inc., Phoenix Development Group, Inc. and Steven D. Jackson, on or before January 7, 2013. The Notice of Opportunity for Hearing advised Respondents, Joseph A. Untalan, Genesis Holdings Group, Inc., Phoenix Development Group, Inc. and Steven D. Jackson, that a written application for an administrative hearing on the Statement of Charges must be received within twenty days from the date of receipt of the notice. Respondents, Joseph A. Untalan, Genesis Holdings Group, Inc., Phoenix Development Group, Inc. and Steven D. Jackson, failed to request an administrative hearing within twenty days of receipt of the Statement of Charges and Notice of Opportunity for Hearing, either on the Application for Hearing provided, or otherwise.

The Securities Administrator therefore will adopt as final the following Findings of Fact and Conclusions of Law as set forth in the Statement of Charges and enter a final order against the Respondent to cease and desist from violations of the Securities Act, to impose fines and to charge costs.

The Securities Administrator makes the following Findings of Fact and Conclusions of Law:

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.

1 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
2 the "Phoenix" name. Genesis was administratively dissolved on January 22, 2010.

3 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 4. Steven D. Jackson ("Jackson") is a resident of Oregon State. He was a director of Phoenix and of Genesis. He
5 held the title of "president," "vice-president" and "secretary" of Phoenix and Genesis at various times.

6 5. Phoenix, Genesis, Untalan and Jackson are referred to collectively as "Respondents."

7
8 Nature of the Offering

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

13 7. Respondents planned to build trailers that were rated for a Richter 10 earthquake, could withstand a Category
14 5 hurricane, had upgradable ballistic armor and could be inserted by helicopter. Each trailer was to cost \$115,000 to
build and would sell for \$230,000.

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

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

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

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Investor A

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 the Statement of Charges, Investor A had 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

1 B that Phoenix was going to get a government contract to supply the federal government with their trailers. Untalan
2 did not disclose to Investor B that there was any risk of Phoenix failing to secure a government contract.

3 17. Investor B invested \$18,000 with Phoenix and Untalan gave him a promissory note for \$18,000 evidencing
4 his investment. The terms of the note were variable, and allowed for terms ranging from 60 days to six months and
5 interest rates of 15% to 30% per annum. The note was signed by Untalan on behalf of Phoenix and dated June 3,
6 2006. Untalan gave Investor B's friend a six percent commission on Investor B's investment for introducing Investor
7 B to Untalan. Investor B was not informed that part of his investment went to pay this commission.

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

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

15 *Investor C*

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

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

23 22. Untalan and Jackson also gave Investor C a deed of trust to the property in Brush Prairie, Washington. The
24 deed of trust made several warranties regarding the property, including promises to keep the property in good
25 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.

26 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.

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

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

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

9 *Investor D*

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

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

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

18 Misrepresentations and Omissions

19 30. In connection with the offer and sale of investments in Genesis, Untalan and Jackson drafted a Business Plan,
20 which was delivered to at least Investors A and C. The Business Plan contained pro forma projections for Genesis that
21 projected that in the first year of business Genesis would earn \$71,981,712 by selling products to the federal
22 government. The pro forma additionally projected that in the second year of operation, Genesis would earn
23 \$138,324,000 by selling products to the federal government. The pro forma further projected that its third year of
24 operation Genesis would earn \$148,324,000 by selling products to the federal government. The pro forma statement
25 assumed that, starting in its first year after full capitalization, Genesis would capture 20% of all business set aside for
small businesses according to federal contracting rules in connection with providing the federal government with
emergency shelter products. The pro forma additionally assumed that one Hurricane Katrina sized event would occur
each year, requiring the federal government to spend large amounts on emergency shelter.

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

capture 20% of all business set aside for small businesses according to federal contracting rules for providing emergency shelter products in their first year of operation.

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

1 which they were made, not misleading by failing to inform Investor B that part of his investment was to be used to
2 pay a commission on the sale of his investment and by failing to inform Investor B of the risk that Phoenix would fail
3 to secure a government contract for the provision of trailers to federal agencies. Respondents also failed to fully
4 disclose the assumptions upon which their profit projections were based, as described above.

4 **FINAL ORDER**

5 Based upon the foregoing and finding it in the public interest:

6 IT IS HEREBY ORDERED that Respondents, Joseph A. Untalan, Genesis Holdings Group, Inc., Phoenix
7 Development Group, Inc. and Steven D. Jackson, their agents and employees each shall cease and desist from offering
8 and/or selling securities in any manner in violation of RCW 21.20.140, the section of the Securities Act of
9 Washington requiring registration.

10 IT IS FURTHER ORDERED that Respondents, Joseph A. Untalan, Genesis Holdings Group, Inc., Phoenix
11 Development Group, Inc. and Steven D. Jackson, their agents and employees each shall cease and desist from
12 violating RCW 21.20.010, the anti-fraud section of the Securities Act of Washington.

13 IT IS FURTHER ORDERED that Respondents, Joseph A. Untalan and Steven D. Jackson, their agents and
14 employees each shall cease and desist from violating RCW 21.20.040, the broker-dealer and securities salesperson
15 registration section of the Securities Act of Washington.

16 IT IS FURTHER ORDERED that the Respondents, Joseph A. Untalan, Genesis Holdings Group, Inc.,
17 Phoenix Development Group, Inc. and Steven D. Jackson, shall be liable for and pay fines as follows:

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

20 IT IS FURTHER ORDERED that the Respondents, Joseph A. Untalan, Genesis Holdings Group, Inc.,
21 Phoenix Development Group, Inc. and Steven D. Jackson, shall be liable for and pay costs as follows:

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

24 **AUTHORITY AND PROCEDURE**

25 This FINAL ORDER is entered pursuant to the provisions of RCW 21.20.110 and 21.20.390, and is subject to
the provisions of RCW 21.20.120 and Chapter 34.05 RCW. Respondents have the right to petition the superior court
for judicial review of this agency action under the provisions of RCW 34.05. For the requirements for Judicial
Review, see RCW 34.05.510 and sections following. Pursuant to RCW 21.20.395, a certified copy of this Order may
be filed in Superior Court. If so filed, the clerk shall treat the Order in the same manner as a Superior Court judgment
as to the fine, and the fine may be recorded, enforced, or satisfied in like manner.

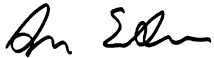
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3 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

4 SIGNED and ENTERED this 6th day of February 2013.

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9 William M. Beatty
Securities Administrator

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11 Approved by:

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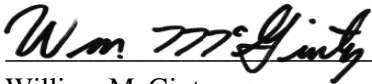
13
14 Suzanne Sarason
Chief of Enforcement

15 Reviewed by:

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17 Jack McClellan
Financial Legal Examiner Supervisor

18 Presented by:

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20 William McGinty
Financial Legal Examiner