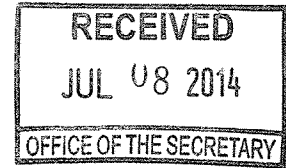


UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION



ADMINISTRATIVE PROCEEDING  
File No. 3-15848

In the Matter of

ARMAND R. FRANQUELIN,

Respondent.

**DIVISION OF ENFORCEMENT'S MOTION  
FOR DEFAULT AND MEMORANDUM OF  
LAW IN SUPPORT PURSUANT TO RULE  
155 OF THE COMMISSION'S RULES OF  
PRACTICE**

The Division of Enforcement ("Division"), by and through its counsel of record, respectfully moves for default against Armand R. Franquelin ("Franquelin" or "Respondent") pursuant to Rule 155 of the Securities and Exchange Commission's ("Commission") Rules of Practice. "A party to a proceeding may be deemed to be in default and the Commission or the hearing officer may determine the proceeding against the party upon consideration of the record...if that party fails... [t]o answer, to respond to a dispositive motion within the time provided, or otherwise to defend the proceeding." Rule 155(a), 17 C.F.R. § 201.155(a). Here, Respondent has failed to answer or otherwise respond to the Order Instituting Proceedings.

**INTRODUCTION**

On April 22, 2014, the Commission issued an Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934 ("OIP") against Franquelin. Respondent was served with the OIP on May 2, 2014 via certified mail with a return of service through a green card. See Green Card dated May 2, 2014, attached hereto as Exhibit A. The OIP provides that Respondent must file an answer to the allegations contained in the OIP within twenty

days after service, or by May 26, 2014. To date, Franquelin has not filed an answer or otherwise responded to the OIP.

### **LEGAL DISCUSSION**

Franquelin was an owner and control person of The Elva Group, LLC (“Elva Group”), an entity which issued promissory notes and raised investor capital. See OIP at Section II.A.1. In connection with the offer and sale of promissory notes, Franquelin made material misrepresentations to investors regarding, among other things, the security of their investments and the guaranteed returns he promised. Id. at Section II.B.3. Franquelin misappropriated investor funds, used new investor funds to pay interest payments to prior investors, and otherwise engaged in a variety of conduct which operated as a fraud and deceit upon investors. Id. Moreover, Franquelin sold unregistered securities and acted as an unregistered broker or dealer by soliciting investments on behalf of Elva Group, receiving investor funds, signing promissory notes issued by Elva Group and receiving compensation in connection with the solicitation. Id.

On April 18, 2014, a final judgment was entered by default against Franquelin, permanently enjoining him from future violations of Sections 5 and 17(a) of the Securities Act of 1933 and Sections 10(b) and 15(a) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, in the civil action entitled Securities and Exchange Commission v. Armand R. Franquelin, et al., Civil Action Number 1:13-CV-00096, in the United States District Court for the District of Utah. In addition to the injunction, Franquelin was ordered to pay disgorgement of \$1,529,749.28, plus prejudgment interest of \$709,662.19. Id. at Section II.B.2; see also Default and Final Judgment as to Defendant Armand R. Franquelin and Judith E. Franquelin, attached hereto as Exhibit H.

Rule 155 of the Securities and Exchange Commission's Rules of Practice specifies that: "A party to a proceeding may be deemed to be in default and the Commission or the hearing officer may determine the proceeding against the party upon consideration of the record...if that party fails... [t]o answer, to respond to a dispositive motion within the time provided, or otherwise to defend the proceeding." Rule 155(a), 17 C.F.R. § 201.155(a). In the immediate matter, the Court can enter default against Respondent because Respondent failed to answer the OIP. Furthermore, Rule 155(a) of the Commission's Rules of Practice provides that the allegations of the OIP may be deemed to be true if that party fails to answer or otherwise to defend the proceeding. Id.

Here, Respondent has failed to file an answer within the time provided by the OIP. Therefore, the allegations contained in the OIP should be deemed true. See, e.g., Burnett Grey & Co., Inc., Exchange Act Rel. No. 35490, 58 SEC Docket 2835 (Mar. 15, 1995) (allegations in order instituting proceedings deemed true upon respondent's default); Center For Fin. Planning, Inc., Exchange Act Rel. No. 35372, 58 SEC Docket 2276 (Feb. 14, 1995) (same). Consequently, the only question that remains for the Court is what remedies are appropriate under Section 15(b) of the Exchange Act.

**I. Respondent Should be Barred from Association with a Broker, Dealer, Investment Adviser, Municipal Securities Dealer, Municipal Advisor, Transfer Agent, or Nationally Recognized Statistical Rating Organization, or from Participating in an Offering of Penny Stock.**

This proceeding was instituted pursuant to Section 15(b) of the Exchange Act. Section 15(b)(6)(A) of the Exchange Act provides:

[w]ith respect to any person who is associated, who is seeking to become associated, or, at the time of the alleged misconduct, who was associated or was seeking to become associated with a broker or dealer, or any person participating, or, at the time of the alleged misconduct, who was participating, in an offering of any penny

stock, the Commission, by order, shall censure, place limitations on the activities or functions of such person, or suspend for a period not exceeding 12 months, or bar any such person from being associated with a broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization, or from participating in an offering of penny stock, if the Commission finds, on the record after notice and opportunity for a hearing, that such censure, placing of limitations, suspension, or bar is in the public interest.

15 U.S.C. 78o(b)(6)(A).

Section 15(b)(4)(C) of the Exchange Act authorizes the Commission to place limitations on the activities of a person if he or she has been enjoined from engaging in or continuing any conduct or practice in connection with activities as a broker or dealer in connection the purchase or sale of a security, if it is in the public interest. 15 U.S.C. § 78o(b)(4)(C); see also Vladislav Steven Zubkis, 86 SEC Docket 2618 (Dec. 2, 2005).

“It is settled that the public interest criteria are those set out in Steadman v. SEC, 603 F.2d 1126, 1140 (5th Cir. 1979) aff’d on other grounds, 450 U.S. 91 (1981).” Id. As set forth in Steadman, the factors that have been deemed relevant to the issuance of a bar are “the egregiousness of the defendant’s actions, the isolated or recurrent nature of the infraction, the degree of scienter involved, the sincerity of the defendant’s assurances against future violations, the defendant’s recognition of the wrongful nature of his conduct, and the likelihood that the defendant’s occupation will present opportunities for future violations.” Steadman, 603 F.2d at 1140. Here, Respondent’s conduct was repeated and egregious and he acted with a high degree of scienter.

First, Respondent’s actions were not isolated but occurred over several years, affecting numerous investors. From January 2006, through August 2010, Respondent raised approximately

\$12 million from more than 130 investors by making repeated misrepresentations and omissions regarding their use of investor funds, the risks of the investments, and the safety of investor funds. OIP at Section II.B.3; see also Declaration of Marie Iovino (“Iovino Dec.”), attached hereto as Exhibit B at ¶¶ 3-4.

Second, Respondents actions were egregious and Respondent acted with a high degree of sceineter. Respondent, among other things, made material misrepresentations and omitted to state material facts about the security of the investment and the guaranteed returns. OIP at Section II.B.3. Representations minimizing risk or asserting there is no risk constitute a material misrepresentation. CFTC v. Commonwealth Fin. Group, 874 F. Supp. 1345, 1351 (S. D. Fla. 1994); see also, SEC v. Manus, No. 80 Civ. 724, 1981 U.S. Dist. LEXIS 15317, \*23 (S.D.N.Y. Oct. 7, 1981) (representation that an investment involves “no risk” is “undoubtedly material”).

Respondent assured investors that there was no risk in investing with Elva Group. Declaration of Donald Ray Booth (“Booth Dec.”), attached hereto as Exhibit C at ¶ 9. Respondent told investors that Elva Group was a successful business when in fact it never made any profits. Booth Dec., Exhibit C, at ¶ 14; Testimony of Terri L. Urquiaga (“Urquiaga Dec.”), pp. 32-33, 37-38, attached hereto as Exhibit D; Testimony of Martin Pool, pp. 93, 159, 211, 216, 234, attached hereto as Exhibit E. In addition, despite defaulting on the property that Elva Group was supposed to be developing, Respondent continued to solicit investor funds for the stated purpose of developing Haven Estate. See Notice of Default, attached hereto as Exhibit F; Letter from Thomas S. Tranovich to The Elva Group dated November 15, 2010, noting investments made in December 2008, attached hereto as Exhibit G.

More importantly, Respondent made misrepresentations and omissions to investors about the use of investor funds, which Respondent claimed would be used to develop real estate. Instead of using funds as represented, Respondent used at least \$4.75 million of the \$12 million raised from Elva Group investors to repay earlier investors their principal and interest – effecting a Ponzi scheme. Iovino Dec., Exhibit B at ¶ 6; see also, Urquiaga Test., Exhibit D, pp. 32-33. Respondent also used investor money to pay more than \$900,000 in Elva Group’s business expenses and misappropriated at least \$1,529,749.28 investor funds for his own personal benefit which was not disclosed to investors. Iovino Dec., Exhibit B at ¶¶ 7-8. As the owner and control person overseeing Elva Group accounts and making business decisions for Elva Group, Respondent knew or should have known that his representations to investors regarding the safety of the investment and the use of investor funds were false as he ran the day to day operations of Elva Group. Iovino Dec., Exhibit B at ¶ 5; Urquiaga Test., Exhibit D, pp. 24-25.

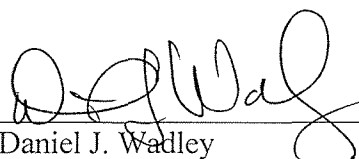
Not only does Respondent have a clear history of securities law violations spanning several years, but Respondent, being 57 years of age, also has the opportunity to continue to violate the federal securities laws by employing similar fraudulent schemes in the future. Finally, Respondent has offered no assurances against future violations or recognized the wrongful nature of his conduct as he has failed to respond to the allegations of the OIP and did not oppose or otherwise respond to the Complaint filed in the underlying civil action. See Default and Final Judgment as to Defendant Armand R. Franquelin and Relief Defendant Judith E. Franquelin, attached hereto as Exhibit H.

Such conduct warrants a permanent bar from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization, or from participating in an offering of penny stock.

**CONCLUSION**

For the foregoing reasons, the Division respectfully requests that the Court grant its default motion and issue an order barring Respondent from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization, or from participating in an offering of penny stock.

Dated this 7th day of July 2014.

  
\_\_\_\_\_  
Daniel J. Wadley  
Counsel for Division of Enforcement  
351 South West Temple, Suite 6.100  
Salt Lake City, UT 84101  
Telephone: (801) 524-5796

# EXHIBIT A



**SENDER: COMPLETE THIS SECTION**

**COMPLETE THIS SECTION ON DELIVERY**

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits.

A. Signature  Agent  
 Addressee

B. Received by (Printed Name) Armand R. Franquelin

C. Date of Delivery 05/02/14

D. Is delivery address different from item 1?  Yes  
 No

Article Addressed to:

Armand R. Franquelin



8041235

3- 15848

address below:

Express Mail  
Return Receipt for Merchandise

Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

Article Number

(Transfer from service label)

7013 1090 0000 8975 5535

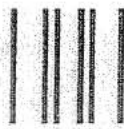
Form 3811, February 2001

Domestic Return Receipt

102595-02-M-1540

UNITED STATES POSTAL SERVICE

SALT LAKE CITY  
UT 841  
02 MAY '14  
PM 4 L

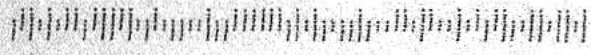


First-Class Mail  
Postage & Fees Paid  
USPS  
Permit No. G-10

• Sender: Please print your name, address, and ZIP+4 in this box •

RECEIVED  
MAY 07 2014  
OFFICE OF THE SECRETARY

SECURITIES AND EXCHANGE COMMISSION  
100 F Street, N.E.  
Washington, D.C. 20540-1090



# EXHIBIT B

UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING  
File No. 3-15848

**In the Matter of**

**ARMAND R. FRANQUELIN,**

**Respondent.**

**DECLARATION OF MARIE E. IOVINO**

I, Marie E. Iovino, pursuant to 28 U.S.C. § 1746, declare as follows:

1. I am over the age of 21 and a resident of the State of Utah. I am a Paralegal Specialist with the United States Securities and Exchange Commission, Division of Enforcement (the "Division"). I have been employed by the Division for ten years.

2. As part of my duties with the Commission, I was assigned to the team that investigated The Elva Group, LLC ("Elva Group") and Armand Franquelin ("Franquelin"). Part of my duties included reviewing Elva Group's bank records.

3. My review of Elva Group's bank records shows that from 2006 through 2010, the majority of funds deposited into the Elva Group bank account at Wells Fargo Bank, account number XXXXXX4364, came from Elva Group investors and totaled approximately \$12 million. See Quicken report "Banking Summary-All dates", attached hereto as Exhibit 1, income line "Investor".

4. Based on my review of the bank records, from 2006 through 2010, approximately 130 investors invested funds with Elva Group.

5. Franquelin controlled the Elva Group bank account and had signature authority for the Elva Group Wells Fargo Bank account number XXXXXX4364. *See* Addendum to Certificate of Authority, attached hereto as Exhibit 2.

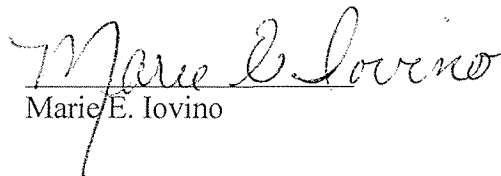
6. Based on my review of Elva Group bank records, Franquelin used approximately \$4.75 million of the \$12 million from investors to make purported interest payments to earlier investors. Exhibit 1, expense line "Potential Inv. Interest or Prin. return".

7. In addition, the bank records also reflect that at least \$900,000 of investor funds was used to pay business expenses of Elva Group. Exhibit 1, expense line "Elva Business Expense."

8. The bank records further reveal Franquelin or his company, Franquelin Enterprises, received at least \$1,529,749.28 of investor funds. Spreadsheet "Funds to Armand Franquelin", attached hereto as Exhibit 3.

I declare under penalty of perjury that the foregoing is true and correct.

Executed in Salt Lake City, Utah on July 7, 2014.

  
Marie E. Iovino

# EXHIBIT 1

## Banking Summary - All Dates

1/1/2006 through 7/3/2014

7/3/2014

Page 1

Category	1/1/2006- 7/3/2014
<b>INCOME</b>	
Uncategorized	2,082,792.31
Interest Inc	-15.69
Investor	12,110,211.56
Transfer from another account	1,318,277.93
<b>TOTAL INCOME</b>	<b>15,511,266.11</b>
<b>EXPENSES</b>	
Uncategorized	4,793,541.63
Cash Pool	105,500.00
CC Payable American Exprs - [REDACTED]	27,295.59
CC Payable Judy Franquelin - [REDACTED]	392,740.62
CC Payable Martin Pool - [REDACTED]	1,500.00
CC Payable To Armand Franquelin	1,015,517.00
CC Payable To Harbor Capital Partners	50,000.00
CC Payable To Harbor Real Estate Fund	50,000.00
CC Payable To Martin Pool	863,510.00
CC Payable To Rob Levine	14,000.00
CC Payable To Yogi Gilliland	12,160.00
Elva Business Expense	904,372.77
Franquelin Cash	144,226.28
Franquelin Enterprises	269,206.00
New Vision	26,500.00
Not Identified	137,842.36
OC Payable To Carol Avendano	3,000.00
OC Payable To Uintah County Treasurer	4,488.03
OC Payable To Maple Ent. Investing	5,805.23
Other Bank account Destiny Funding LLC	-10,350.00
Potential inv. interest or prin. return	4,750,983.10
<b>TOTAL EXPENSES</b>	<b>13,561,838.61</b>
<b>TRANSFERS</b>	
FROM [REDACTED] 9065	25,000.00
FROM [REDACTED] 3038	3,000.00
FROM [REDACTED] 3046	74,000.00
FROM [REDACTED] 1716	3,000.00

# EXHIBIT 2



# Addendum to Certificate of Authority

(Deposit Accounts Only)



Bank Name Wells Fargo Bank, N.A.	COA 00119	Date (MM/DD/YYYY) 05/09/2008
	Branch # 02779	AUCOA Center 8188
Officer Name ROSS STATNON	USCA Number U0391	Phone # 801/828-9880

Use this document when new signers are being added or deleted to a Certificate of Authority currently on file and a new, signed Certificate of Authority has not been obtained. This addendum may not be used to add or delete those persons authorized to engage in credit transactions. A new Certificate of Authority, or other proper written notification, must be obtained for that purpose.

Addendum to Certificate of Authority Dated (MM/DD/YYYY) \_\_\_\_\_

Customer Name THE ELVA GROUP LLC

Account Number(s) 4354

Authorized Signers currently on the account (sample signature not required): Attach a separate sheet if necessary.

Signer Name	MARTIN A POOL	Signer Name	
Signer Name		Signer Name	
Signer Name		Signer Name	
Signer Name		Signer Name	

### Description of the Requested Change to Authorized Signers

Action Requested (Check One)	Print Name and Title	Sample Signature (Required only for persons being added as authorized signers)	
<input checked="" type="checkbox"/> Add <input type="checkbox"/> Delete	ARMAND FRANQUELIN Signer		Customer 1 Authorized Signature 05/09/2008 <input type="checkbox"/> Submit manually <input checked="" type="checkbox"/> Signature not required
<input type="checkbox"/> Add <input type="checkbox"/> Delete			Customer 2 Authorized Signature <input type="checkbox"/> Submit manually <input checked="" type="checkbox"/> Signature not required
<input type="checkbox"/> Add <input type="checkbox"/> Delete			Customer 3 Authorized Signature <input type="checkbox"/> Submit manually <input checked="" type="checkbox"/> Signature not required
<input type="checkbox"/> Add <input type="checkbox"/> Delete			Customer 4 Authorized Signature <input type="checkbox"/> Submit manually <input checked="" type="checkbox"/> Signature not required
<input type="checkbox"/> Add <input type="checkbox"/> Delete			Customer 5 Authorized Signature <input type="checkbox"/> Submit manually <input checked="" type="checkbox"/> Signature not required
<input type="checkbox"/> Add <input type="checkbox"/> Delete			Customer 6 Authorized Signature <input type="checkbox"/> Submit manually <input checked="" type="checkbox"/> Signature not required
<input type="checkbox"/> Add <input type="checkbox"/> Delete			Customer 7 Authorized Signature <input type="checkbox"/> Submit manually <input checked="" type="checkbox"/> Signature not required

- The person(s) signing below
- direct the Bank to recognize the signature(s) and/or written, telephone, electronic and oral instructions of any person who has been added as an authorized signer;
  - direct the Bank to discontinue acting on the instructions of any person who has been deleted as an authorized signer;
  - acknowledge that these modifications become effective only after this addendum has been received by the Bank and the Bank has had a reasonable opportunity to act on instructions it contains;
  - certifies that the account owner has taken all action under its organizational documents, if any, including passage of resolutions by its board of directors, trustees, or other governing body, required to make these modifications and to authorize the undersigned to execute and deliver this addendum;
  - direct the Bank that the additional authorized signers identified above shall have all of the authority granted to the persons identified as authorized signers on the Certificate of Authority.

Accurate as of 05/09/2008  
(Date - MM/DD/YYYY)

Certified / Agreed To By

Certification Signature 1  Submit manually  
 Signature not required

Certification Signature 2  Submit manually  
 Signature not required

Name Martin Pool

Name \_\_\_\_\_

Title owner

Title \_\_\_\_\_

Manual Submission Instructions: Documentation supporting the addendum is attached, if applicable.

# EXHIBIT 3

### Funds to Armand Franquelin

Date	Memo	Amount	Bates Number	Comments
	Official Check Made Payable Franquelin Enterprises -			
2/8/2006	0618809528	\$10,000.00	UDS-Bank-	
2/17/2006	Check # 1002 to Franquelin Enterprises	\$10,000.00	UDS-Bank-	
3/14/2006	Check # 1007 to Franquelin Enterprises	\$25,000.00	UDS-Bank-	
4/7/2006	Check # 1014 to Franquelin Enterprises	\$5,000.00	UDS-Bank-	
4/14/2006	Check # 1018 to Franquelin Enterprises	\$20,000.00	UDS-Bank-	
5/18/2006	Check # 1030 to Franquelin Enterprises	\$10,000.00	UDS-Bank-	
6/2/2006	Check # 1041 to Franquelin Enterprises	\$46,500.00	UDS-Bank-	
6/20/2006	Check # 1044 to Franquelin Enterprises	\$12,500.00	UDS-Bank-	
6/29/2006	Check # 1055 to Franquelin Enterprises	\$15,000.00	UDS-Bank-	
7/12/2006	Check # 1056 to Franquelin Enterprises	\$10,000.00	UDS-Bank-	
	Cashier's Check Payable Armand Franquelin -			
7/27/2006	0618802707	\$17,000.00	UDS-Bank-	
8/10/2006	Check # 1095 to Franquelin Enterprises	\$19,406.00	UDS-Bank-	
8/17/2006	Check # 1103 to Franquelin Enterprises	\$8,000.00	UDS-Bank-	
8/23/2006	Check # 1105 to Franquelin Enterprises	\$10,000.00	UDS-Bank-	
8/29/2006	Check # 1107 to Franquelin Enterprises	\$17,000.00	UDS-Bank-	
10/2/2006	Check # 1138 to Franquelin Enterprises	\$1,000.00	UDS-Bank-	
10/6/2006	Check # 1155 to Franquelin Enterprises	\$6,000.00	UDS-Bank-	
10/26/2006	Check # 1169 to Franquelin Enterprises	\$17,000.00	UDS-Bank-	
11/2/2006	Check # 1187 to Franquelin Enterprises	\$19,800.00	UDS-Bank-	
11/10/2006	Check # 1190 to Franquelin Enterprises	\$7,000.00	UDS-Bank-	
11/13/2006	Withdrawal	\$25,000.00	UDS-Bank-	
11/16/2006	Wire Out	\$30,000.00	UDS-Bank-	
11/29/2006	Check# 1206	\$20,000.00	UDS-Bank-	
12/4/2006	Wire Out	\$16,000.00	UDS-Bank-	
12/15/2006	Check # 1230	\$10,000.00	UDS-Bank-	
12/20/2006	Withdrawal	\$10,000.00	UDS-Bank-	
1/3/2007	Withdrawal	\$17,000.00	UDS-Bank-	
	Cashier's Check Payable Armand Franquelin -			
1/12/2007	0618802880	\$15,000.00	UDS-Bank-	
1/23/2007	Withdrawal	\$10,000.00	UDS-Bank-	

### Funds to Armand Franquelin

Date	Memo	Amount	Bates Number	Comments
1/31/2007	Check # 1290	\$1,000.00	UDS-Bank-	Distribute \$19,000 to Judy via Cashier's Check
2/2/2007	Check # 1292	\$1,500.00	UDS-Bank-	
2/8/2007	Check # 1298	\$1,149.00	UDS-Bank-	
2/15/2007	Check # 1317	\$13,000.00	UDS-Bank-	
2/28/2007	Wire Out	\$22,000.00	UDS-Bank-	
3/6/2007	Check # 1336	\$20,000.00	UDS-Bank-	
3/14/2007	Check # 1346	\$11,500.00	UDS-Bank-	
3/15/2007	Check # 1347	\$1,500.00	UDS-Bank-	
3/21/2007	Check # 1390	\$5,000.00	UDS-Bank-	
3/27/2007	Check # 1391	\$5,000.00	UDS-Bank-	
4/2/2007	Check # 1404	\$1,500.00	UDS-Bank-	
4/2/2007	Check # 1403	\$18,000.00	UDS-Bank-	
4/11/2007	Withdrawal	\$2,500.00	UDS-Bank-	
4/19/2007	Withdrawal	\$7,000.00	UDS-Bank-	
4/30/2007	Withdrawal	\$3,000.00	UDS-Bank-	
5/4/2007	Withdrawal	\$50,116.67	UDS-Bank-	
5/7/2007	Withdrawal	\$20,000.00	UDS-Bank-	
5/25/2007	Check # 1493	\$10,000.00	UDS-Bank-	
5/31/2007	Check # 1496	\$10,000.00	UDS-Bank-	
6/8/2007	Withdrawal Official Check Payable Armand Franquelin -	\$15,000.00	UDS-Bank-	\$15,000 used for Cashier's Check for Pool
6/11/2007	0618812400	\$3,000.00	UDS-Bank-	
6/26/2007	Check # 1554	\$10,000.00	UDS-Bank-	
6/26/2007	Check # 1553	\$18,000.00	UDS-Bank-	
6/28/2007	Check # 1556	\$3,000.00	UDS-Bank-	
6/29/2007	Check # 1558	\$25,000.00	UDS-Bank-	
7/17/2007	Check # 1618	\$25,000.00	UDS-Bank-	
7/25/2007	Check # 1626	\$28,000.00	UDS-Bank-	
7/31/2007	Check # 1629	\$10,000.00	UDS-Bank-	
8/14/2007	Cashier's Check Payable Armand Franquelin - 0618803130	\$15,000.00	UDS-Bank-	

### Funds to Armand Franquelin

Date	Memo	Amount	Bates Number	Comments
	Cashier's Check Payable Armand Franquelin -			
8/22/2007	0618803142	\$24,000.00	UDS-Bank-	
8/30/2007	Check # 1704	\$18,000.00	UDS-Bank-	
	Cashier's Check Payable Armand R Franquelin -			
9/13/2007	0618803160	\$15,000.00	UDS-Bank-	
	Cashier's Check Payable Armand Franquelin -			
9/18/2007	0618803165	\$35,000.00	UDS-Bank-	
9/28/2007	Withdrawal	\$5,100.00	UDS-Bank-	
10/2/2007	Check # 1774	\$13,000.00	UDS-Bank-	
10/10/2007	Check # 1778	\$10,000.00	UDS-Bank-	
10/23/2007	Check # 1838	\$15,000.00	UDS-Bank-	
10/26/2007	Withdrawal	\$22,000.00	UDS-Bank-	
11/2/2007	Check # 1843	\$15,000.00	UDS-Bank-	
	Official Check Made Payable Armand Franquelin -			
11/9/2007	0618813128	\$5,000.00	UDS-Bank-	
11/15/2007	Check # 1901	\$15,000.00	UDS-Bank-	
12/18/2007	Withdrawal	\$5,000.00	UDS-Bank-	
1/3/2008	Withdrawal	\$5,000.00	UDS-Bank-	
1/3/2008	Check # 1988	\$11,500.00	UDS-Bank-	
1/23/2008	Check # 2030	\$25,000.00	UDS-Bank-	
1/30/2008	Check # 2060	\$11,000.00	UDS-Bank-	
2/4/2008	Check # 2070	\$25,000.00	UDS-Bank-	
	Cashier's Check Payable Armand Franquelin -			
2/14/2008	0618803318	\$18,000.00	UDS-Bank-	
3/3/2008	Check # 2154	\$15,000.00	UDS-Bank-	
3/6/2008	Check # 2157	\$3,000.00	UDS-Bank-	
3/13/2008	Check # 2231	\$15,000.00	UDS-Bank-	
3/20/2008	Check # 2240	\$15,500.00	UDS-Bank-	
4/2/2008	Check # 2293	\$3,000.00	UDS-Bank-	
	Official Check Made Payable Armand Franquelin -			
5/23/2008	0618814152	\$5,100.00	UDS-Bank-	
6/2/2008	Withdrawal	\$10,000.00	UDS-Bank-	
6/4/2008	Withdrawal	\$4,000.00	UDS-Bank-	

### Funds to Armand Franquelin

Date	Memo	Amount	Bates Number	Comments
6/13/2008	Withdrawal	\$1,500.00	UDS-Bank	
6/18/2008	Withdrawal	\$15,000.00	UDS-Bank	
6/20/2008	Withdrawal	\$2,000.00	UDS-Bank	
7/11/2008	Withdrawal	\$2,000.00	UDS-Bank	
7/11/2008	Withdrawal	\$15,109.61	UDS-Bank	
7/24/2008	Withdrawal	\$15,000.00	UDS-Bank	
7/30/2008	Withdrawal	\$12,000.00	UDS-Bank	
8/6/2008	Withdrawal	\$3,000.00	UDS-Bank	
8/26/2008	Withdrawal	\$8,000.00	UDS-Bank	
9/10/2008	Withdrawal	\$2,500.00	UDS-Bank	
9/13/2008	Withdrawal	\$1,500.00	UDS-Bank	
10/9/2008	Withdrawal	\$1,300.00	UDS-Bank	
10/16/2008	Withdrawal	\$1,000.00	UDS-Bank	
	Cashier's Check Payable Armand Franquelin -			
10/17/2008	0618803570	\$17,500.00	UDS-Bank	
	Official Check Payable Armand Franquelin -			
10/17/2008	0618814858	\$1,000.00	UDS-Bank	
11/6/2008	Withdrawal	\$1,500.00	UDS-Bank	
11/24/2008	Check # 2811	\$11,000.00	UDS-Bank	
12/12/2008	Check # 2834	\$13,000.00	UDS-Bank	
	Official Check Made Payable Armand Franquelin-			
12/15/2008	0618815213	\$1,000.00	UDS-Bank	
12/18/2008	Withdrawal	\$4,495.00	UDS-Bank	
12/24/2008	Check # 2853	\$6,608.00	UDS-Bank	
1/2/2009	Check # 2858	\$2,500.00	UDS-Bank	
1/12/2009	Withdrawal	\$2,000.00	UDS-Bank	
1/16/2009	Check # 2867	\$1,000.00	UDS-Bank	
2/6/2009	Check # 2874	\$4,000.00	UDS-Bank	
2/20/2009	Withdrawal	\$3,500.00	UDS-Bank	
3/3/2009	Check # 2894	\$1,000.00	UDS-Bank	
3/13/2009	Check # 2904	\$2,000.00	UDS-Bank	
4/22/2009	Check # 2935	\$18,265.00	UDS-Bank	
5/1/2009	Check # 2944	\$1,500.00	UDS-Bank	

### Funds to Armand Franquelin

Date	Memo	Amount	Bates Number	Comments
5/15/2009	Check # 2949	\$22,000.00	UDS-Bank	
6/8/2009	Check # 2968	\$1,000.00	UDS-Bank	
6/11/2009	Check # 2971	\$3,800.00	UDS-Bank	
6/17/2009	Check # 2978	\$1,000.00	UDS-Bank	
6/23/2009	Check # 2981	\$16,000.00	UDS-Bank	
7/6/2009	Check # 2992	\$10,000.00	UDS-Bank	
8/6/2009	Check # 3020	\$2,000.00	UDS-Bank	
9/1/2009	Check # 3040	\$7,000.00	UDS-Bank	
9/24/2009	Check # 3065	\$19,000.00	UDS-Bank	
10/13/2009	Check # 3078	\$3,000.00	UDS-Bank	
10/29/2009	Check # 3085	\$5,000.00	UDS-Bank	
11/18/2009	Check # 3093	\$19,500.00	UDS-Bank	
11/24/2009	Check # 3117	\$9,400.00	UDS-Bank	
12/21/2009	Check # 3125	\$2,500.00	UDS-Bank	
12/22/2009	Withdrawal	\$1,600.00	UDS-Bank	
12/23/2009	Check # 3127	\$2,000.00	UDS-Bank	
12/31/2009	Check # 3130	\$18,500.00	UDS-Bank	
1/14/2010	Check # 3135	\$8,800.00	UDS-Bank	
2/9/2010	Check # 3148	\$16,300.00	UDS-Bank	
3/29/2010	Check # 3158	\$1,000.00	UDS-Bank	
4/9/2010	Check # 3165	\$3,000.00	UDS-Bank	
4/16/2010	Check # 3174	\$3,000.00	UDS-Bank	
4/23/2010	Check # 3178	\$12,000.00	UDS-Bank	
5/25/2010	Check # 3182	\$6,000.00	UDS-Bank	
5/26/2010	Withdrawal	\$1,500.00	UDS-Bank	
7/2/2010	Check # 3191	\$2,500.00	UDS-Bank	
7/6/2010	Check # 3192	\$1,000.00	UDS-Bank	
8/6/2010	Check # 3200	\$1,400.00	UDS-Bank	
	<b>Total</b>	<b>\$1,529,749.28</b>		

# EXHIBIT C



I, Donald Ray Booth, under penalty of perjury declare as follows:

1. I am over the age of 18 years and I make this declaration based upon my personal knowledge.  
If called to testify, I could and would competently testify to the following facts.
2. I reside in Everett, Washington.
3. I met Armand Franquelin ("Franquelin") through a James Smith Real Estate Investment Seminar held in Las Vegas, Nevada in 2007 for which I paid approximately \$10,000 to attend.
4. During the seminar, Armand Franquelin discussed Destiny Funding which he described as a vehicle for self-directed IRA's. His wife, Judith Franquelin spoke, as did Martin Pool.
5. After the seminar, I transferred my IRA to Destiny Funding in the amount of \$28,000.
6. Franquelin began to contact me frequently to advise me to invest my IRA. Franquelin told me that I could earn 12% annually if I invested through him in the Elva Group.
7. Franquelin said the Elva Group was investing in real estate and my money would be invested with the Elva Group for this purpose. I received no written documents regarding the investment, but understood that my money would be used, along with other investor money, for a variety of real estate investments and the Elva Group would make all decisions about the money and I would be guaranteed 12% for a year or 1% per month.
8. I told Franquelin that I would need my investment liquidated within 60-90 days and Franquelin said he could arrange a short term investment for me.
9. I told Franquelin that I had \$30,000 dollars I could invest but that was all the money I had and I couldn't risk losing it. Franquelin told me not to worry and it would be fine.
10. My income in 2009 was approximately \$20,000. Prior to making my investment in the Elva Group, Franquelin did not ask me any questions about my income or employment or investment objectives.

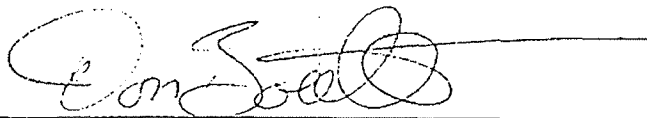
11. I invested \$30,000 in the Elva Group in April 2010. A true and correct copy of the Sterling Trust Entity Direction of Investment paperwork is attached hereto as Exhibit 1.
12. Franquelin sent me a promissory note that states I would receive \$30,600 on June 10, 2010. A true and correct copy of the Executive Summary and Promissory Note and Loan Agreement is attached hereto as Exhibit 2.
13. I contacted Franquelin shortly after June 10, 2010 to request the return of my investment principal including accrued interest. Franquelin said he had some delays getting my money back to me.
14. I continued to contact Franquelin frequently to find out where my money was and Franquelin continued to make excuses. Franquelin told me that he had a lot of projects in the works and bragged about all the deals he was working on. Franquelin told me about an investment in South Africa he was working on and said the Elva Group was getting \$15 million from South Africa for marketing services and as soon as that money was received by the Elva Group, they would send me my money.
15. Once when I called to question when my money would be returned, Franquelin angrily told me that his partner was in the hospital and that I needed to stop calling so frequently and that calling wouldn't get me my money any faster.
16. When I asked Franquelin how many people were in line ahead of me to get paid out of their investment, Franquelin said there were less than 10 others waiting to be paid.

/  
/  
/  
/

17. My last date of contact with Franquelin was approximately October 2010. When I called the Elva Group/Destiny Funding office number, it had been disconnected. When I called Franquelin's cell number, I could leave a message but Franquelin never answered, nor did he ever return any of my calls.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

Dated this 12 day of March, 2012.

A handwritten signature in cursive script, appearing to read "Donald R. Booth", written over a horizontal line.

Donald R. Booth

# EXHIBIT 1



P.O. Box 2526  
 Waco, TX 76702-2526  
 PHONE: 800-955-3434 (option 2), 254-751-1505 (option 2)  
 FAX: 254-751-0872  
 E-MAIL: IRAServices@SterlingTrustCompany.com

ENTITY  
 Direction of Investment  
 page 1 of 5

Result Form

PLEASE PRINT CLEARLY. A DELAY IN PROCESSING MAY OCCUR IF INSTRUCTION IS UNCLEAR.

**1 LIST YOUR RETIREMENT ACCOUNT INFORMATION**

ACCOUNT HOLDER NAME Donald Booth	ACCOUNT NUMBER [REDACTED]
-------------------------------------	------------------------------

**2 INVESTMENT INFORMATION**

New Purchase       Additional Purchase\*

\*An additional purchase or add-on occurs when additional funds are sent out for additional shares or percentage of ownership of an entity that was previously purchased by your account.

ENTITY TYPE:  LLC    C-Corporation    Land Trust    Limited Partnership    Joint Venture

Other \_\_\_\_\_

**SUBCHAPTER "S" CORPORATIONS** A Retirement Account may NOT invest in a Subchapter "S" Corporation.

INVESTMENT NAME The Elva Group	PHONE NUMBER (801) 782-0280	STATE UT	ZIP CODE 84403
ADDRESS 968 E. Chambers Street Suite 5	CITY Ogden		

**LIST MANAGING INFORMATION**

MANAGER'S TITLE  
 CEO/President    Trustee    General Partner    Managing Member    Other \_\_\_\_\_

MANAGER'S NAME Armand Franquelln	PHONE NUMBER (801) 782-0800	STATE UT	ZIP CODE 84403
ADDRESS 968 E. Chambers Street Suite 5	CITY Ogden		

**3 WHAT PERCENTAGE OF THE INVESTMENT WILL YOUR ACCOUNT OWN?**

How many units/shares are being purchased by this account? \_\_\_\_\_ Price per unit/share: \$ \_\_\_\_\_

What percentage of the investment will be owned by this account? \_\_\_\_\_ > 1 %

**4 DO YOU HAVE DOCUMENTS THAT NEED TO BE SIGNED?**

YES, this investment has documents that need signing.       NO, this investment does not have any documents that need to be signed.

**DOCUMENT PROCESSING FEES** The Document Processing Fee is \$5.00 - For documents requiring a notary.

**LIST THE TITLE(S) OR NAME(S) OF THE DOCUMENT(S) THAT REQUIRE SIGNING:**

1)	2)
3)	4)
5)	6)

IF MORE LINES ARE NECESSARY To list additional documents, attach a separate sheet titled "Addendum A".



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ENTITY  
 Direction of Investment  
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Account Number [REDACTED]

**5 DO YOUR DOCUMENTS SHOW PROPER OWNERSHIP?**

- I am making an investment titled directly to my IRA. (Investment titling shown in "Quotations")  
 "EQUITY TRUST COMPANY, d.b.n. STERLING TRUST CUSTODIAN FBO ACCOUNT HOLDER'S NAME IRA"
- I am making an investment titled directly to my account and my account will be less than 100% owner. (Investment titling shown in "Quotations") "EQUITY TRUST COMPANY, d.b.n. STERLING TRUST CUSTODIAN FBO ACCOUNT HOLDER'S NAME IRA, PERCENTAGE OF NOTE OWNED BY ACCOUNT %, UNDIVIDED INTEREST"

**TITLING** When purchasing an asset for your account it is imperative that it is properly titled. Sterling Trust will not accept any investments which are not properly titled.

**6 INVESTMENT FUNDING INFORMATION**

**AVAILABLE CASH FUNDS** Cleared funds must be available in order to make an investment

**SEND FUNDS BY WIRE\*\*** (\$30 DOMESTIC/\$60.00 INTERNATIONAL)

REQUESTED AMOUNT OF FUNDS  
 \$30,000.00

BANK NAME Wall Fargo Bank	BANK PHONE NUMBER (801) 475-1600
ABA ROUTING # (9 DIGITS) [REDACTED]	ACCOUNT NUMBER [REDACTED]
FOR CREDIT TO The Elva Group	FOR FURTHER CREDIT TO

**SEND FUNDS BY CHECK\*\***

REQUESTED AMOUNT OF FUNDS  
 \$

MAKE CHECK PAYABLE TO

MAIL CHECK TO

ADDRESS	CITY	STATE	ZIP CODE
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CASHIER'S CHECK\* (\$50.00)     REGULAR CHECK OVERNIGHT MAIL (\$25.00)     REGULAR CHECK REGULAR MAIL (NO CHARGE)

\*Overnight Mail Required.

\*\*Funds will be sent via check and sent in accordance to the Subscription Document/Investment Paperwork if no option is chosen.\*\*

**7 DELIVERY INSTRUCTIONS**

**HOW WOULD YOU LIKE DOCUMENTS SENT?**

All processed documents will be mailed to the address listed below. If you would like to have the documents faxed or emailed before they are mailed, please complete the fax\* and/or email\* section(s) in addition to the mail section. Sterling Trust can retain the processed documents in our safekeeping vault in lieu of mailing, but all documents must be completed and signed by all parties. \*Verify with Investment sponsor to determine if original documents are required.

<b>FAX</b>	FAX NUMBER	ATTENTION	
<b>MAIL</b>	MAIL TO		
	ADDRESS	CITY STATE ZIP CODE	
	<input type="checkbox"/> Send Overnight Mail (\$25.00) <input type="checkbox"/> Send Regular Mail <input type="checkbox"/> Mail Documents with the Check		
	<input type="checkbox"/> Bill to Third Party: <input type="checkbox"/> FedEx <input type="checkbox"/> UPS	Third Party Account Number	Third Party Zip Code
<b>E-MAIL</b>	E-MAIL ADDRESS	ATTENTION	



P.O. Box 2526  
 Waco, TX 76702-2526  
 PHONE: 800-955-3434 (option 2), 254-751-1505 (option 2)  
 FAX: 254-751-0872  
 E-MAIL: IRAServices@SterlingTrustCompany.com

ENTITY  
 Direction of Investment  
 page 3 of 5

Account Number [REDACTED]

**8 PROCESSING (CHECK ONE OPTION)**

<b>OPTION #1</b>	<b>OPTION #2</b>
<input checked="" type="checkbox"/> <b>EXPEDITED PROCESSING SERVICE*</b> (\$50.00) If there is sufficient cash in your account to process the transaction, expedited processing requests will generally be completed in approximately 1 business day unless corrections are required. *Although the feature does not guarantee same day service, it does guarantee that your request will be processed before other non-expedited requests.	<input type="checkbox"/> <b>NORMAL PROCESSING SERVICE</b> Normal investment processing will be completed in approximately 3 business days unless corrections are required.

**9 PAYMENT OF FEES**

How would you like to pay for any service related fees associated with this transaction? By checking the credit card box, you authorize Sterling Trust to charge this card for all service related fees associated with this transaction (if applicable).

Choose a payment method:

Credit Card:  VISA  MasterCard  Deduct Fees from Account  Check Enclosed

Card Number: [REDACTED]

Expires: [REDACTED]

**10 IMPORTANT! ACCOUNT OWNER MUST CHECK ONE OF THE FOLLOWING:**

I represent that I am not an officer or director of the offering entity and/or borrower or any affiliate thereof, nor am I related to any officer or director of the offering entity and/or borrower or any affiliate thereof. I also represent that my ownership of this entity (combined with any family member or disqualified person) will be less than 50%.

I represent and disclose that I am an officer or director of the offering entity and/or borrower or its affiliate, or that I am related to an officer or director of the offering entity and/or borrower or its affiliate. The nature of the relationship and the combined percentage of the entity owned by my Account, any family member or disqualified person are as follows:

Nature of Relationship [REDACTED] Percentage Owned % [REDACTED]

**IMPORTANT! Please Ensure That You Read The Following Disclosures Before You Sign And Date These Documents.**

- Equity Trust Company, d.b.a. Sterling Trust (Custodian) does not offer any investment advice, nor does it endorse any investment, investment product or investment strategy; and Custodian does not endorse any financial advisor, representative, broker, or other party involved with an investment selected by me. It is my own responsibility to perform proper due diligence with regard to any such representative, financial advisor, broker or other party. Any review performed by Custodian with respect to investment shall be solely for Custodian's own purposes of determining the administrative feasibility of the investment and in no way should be construed as an endorsement of any investment, investment company or investment strategy. In addition the acceptance of any investment should not be construed as an endorsement of any investment, investment company or investment strategy.
- This investment is not FDIC insured and may lose value. In addition the investment selected by the undersigned may lack liquidity; may be speculative and involve a high degree of risk and may result in a complete loss of the investment. Any loss sustained in my Retirement Account will not affect my retirement income standard; and if a mandatory distribution arises, I will have the ability through my IRA and/or other retirement accounts to meet any mandatory distribution requirements.
- Neither Custodian nor any employee or agent of Custodian has selected or recommended any investment for me; and neither Custodian nor any employee or agent of Custodian has acted as a broker-dealer or salesperson in completing any purchase or sale of an investment of a security for me, except where Custodian may purchase or sell a publicly-held security on my behalf, at my own direction through its affiliate that receives a commission for such transaction.
- Custodian is neither an agent nor a representative of any investment program or other entity in which or with which I may invest; and any salesperson, promoter, financial advisor, broker or other party involved in the purchase or sale of my investment shall be considered my own agent and representative and not the agent or representative of Custodian. Custodian has no duty or responsibility to investigate or make recommendations as to my choice of agent. Custodian shall not be responsible for or bound by any representations, warranties, statements or commitments made by such party.
- Custodian is acting solely as a passive custodian to hold Retirement Account assets and in no other capacity, an affiliate may receive a commission in connection with the unsolicited purchase or sale of a publicly-traded security. Custodian has no responsibility to question any investment directions given by me or any appointed financial representative. I further understand that custodian does not compensate nor receive compensation from the undersigned chosen representative.
- Custodian shall be under no obligation or duty to investigate, analyze, monitor, verify title to or otherwise evaluate any investment contemplated herein, or to obtain or maintain insurance coverage (whether liability, property or otherwise) with respect to any assets or investment purchased by me. Custodian shall not be responsible to take any action should there be any default with regard to this investment.





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Resend Form

ENTITY
Direction of Investment
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Account Number

- 7. It is not the responsibility of Custodian to review the prudence, merits, viability or solvability of any investment made by me or to determine whether the investment is acceptable under ERISA, the Internal Revenue Code or any other applicable law.
8. Custodian does not provide legal or tax services or advice with respect to my investment; and the undersigned releases and indemnifies, and agrees to hold harmless and defend Custodian in the event that my investment or sale of a asset pursuant to the Direction of Investment violates any federal or state law or regulation or otherwise results in a disqualification, penalty, fine or tax imposed upon the IRA, Custodian or the undersigned.
9. Custodian shall be fully protected in acting upon any instrument, certificate or paper believed to be genuine and to be signed or presented by the proper person or persons whether or not by facsimile or other copy, and Custodian shall be under no duty to make any investigation or inquiry as to any statement contained in any such writing, but may accept the same as conclusive evidence of the truth and accuracy of the statements therein contained.
10. The undersigned represents to Custodian that if my investment is a "security" under applicable federal or state securities laws, such investment has been registered or is exempt from registration under federal and state securities laws; and the undersigned releases and waives all claims against Custodian for its role in executing the instructions of the undersigned with respect to such investment.
11. The undersigned authorizes and directs Custodian to execute and deliver on behalf of my Retirement Account, any and all documents delivered to Custodian in connection with my investment; and Custodian shall have no responsibility to verify or determine that any such documents are complete, accurate or constitute the documents necessary to comply with this Direction.
12. Custodian shall only be responsible to comply with these investment directions given by the undersigned to purchase, retain and/or sell assets obtainable by Custodian "over-the-counter" or on a recognized exchange or otherwise, including, without limitation, bank deposits, real property, promissory notes and other indebtedness, mortgages, vitamins, securities, interests in partnerships and limited liability companies, accounts receivable, security interests, etc.; provided that each asset that the investment may be obtained by Custodian and is compatible with its administrative and operational requirements and framework, as determined by Custodian, in its sole discretion. The undersigned agrees that any documents sent to the undersigned by Custodian in connection with my investment shall be

- deemed approved by the undersigned, unless written notice to the contrary is received by Custodian within five (5) days after delivery of such documents by Custodian. Custodian has no duty or responsibility to disburse any payment for my investment without my express direction. I agree to furnish Custodian with payment instructions utilizing Custodian's Direction of Investment form. Custodian also has the right not to effect any transaction/investment which it deems to be beyond the scope of its administrative capabilities or expertise. Custodian has no responsibility to forward to me any documents or notifications regarding my investment and I agree that it is my own responsibility to assure delivery of all such notices and documents to me. Custodian shall have no duty or obligation to notify the undersigned with respect to any information, knowledge, irregularities or concerns of Custodian relating to my investment or my financial advisor, broker agent, promoter or representative, except as to civil pleadings or court orders received by Custodian.
13. Custodian shall use reasonable efforts to acquire or sell investments in accordance with the directions of the undersigned within a reasonable period of time after Custodian has received an investment direction and Custodian shall make reasonable efforts to notify the undersigned if Custodian is unable or unwilling to comply with an investment direction. Custodian shall, subject to the foregoing, retail funds as directed, but has no responsibility to verify or assure that such funds have been invested to purchase or acquire the asset selected by me. The undersigned consents to the fee schedule of Custodian as in effect, as may be modified from time to time. The undersigned further directs Custodian to place all un-invested cash funds into United Western Bank until Custodian receives further direction. The undersigned understands that valuations of illiquid assets (assets that are not traded on a public exchange) are generally reported at cost, or values provided to us by issuers, program sponsors, Retirement Account owners or estimators of value. These values are only for guidance or reporting purposes and should not be deemed an accurate representation of the fair market value of the asset. Where no readily available market information exists assets may be designated "not available".
14. Custodian's responsibilities and duties shall be limited to those expressly provided herein and under Custodian's IRA Adoption Agreement and/or custodial account agreement as in effect from time to time; and Custodian shall have no liability to the undersigned, whether for negligence, breach of fiduciary duty or otherwise, except for a breach of the terms of this Agreement, the IRA Adoption Agreement, or custodial account agreement of Custodian as may be in effect from time to time.
15. Any suit filed against Custodian arising out of or in connection with its role as custodian of the undersigned's Retirement Account shall only be instituted in the courts of Loyal County, Ohio; and the undersigned agrees to submit to such jurisdiction.
16. The undersigned agrees to reimburse or advance to Custodian, on demand, all legal fees, expenses, costs, fines and penalties incurred or to be incurred in connection with the defense, contest or prosecution of any claim made, threatened or asserted pertaining to the undersigned's investment through Custodian, including, without limitation, claims asserted by the undersigned, any state or federal regulatory authority or self regulatory organization.
The undersigned releases and indemnifies, holds harmless and defends Custodian from any and all claims, damages, liability, actions, costs, expenses (including, without limitation, attorneys' fees) and responsibility for any loss resulting to the Retirement Account, the undersigned or to any beneficiary or incurred by Custodian, in connection with or by reason of any sale or investment made or other action taken (or omitted to be taken) pursuant to and/or in connection with the above Direction or resulting from serving as Custodian hereunder.

My Retirement Account is self-directed and I, alone, am responsible for the selection, due diligence, management, review and retention of all investments in my account. I agree that the Custodian is not a "fiduciary" for my account, as said term is defined in the Internal Revenue Code, ERISA or any other applicable federal, state or local laws. I hereby direct the custodian, in a passive capacity, to execute this transaction for my account, in accordance with my adoption agreement.

SIGN & DATE
By signing below you are indicating you have read and understand the attached four (4) pages.
Signature of Account Holder: [Signature] Date: 4-8-2010
Signature of Custodian: \_\_\_\_\_ Date: \_\_\_\_\_

02 109813
Account Number



# EXHIBIT 2

**THE ELVA GROUP, LLC**

968 E. Chambers Street, Suite #5, South-Ogden, Utah 84403-5082  
Phone: (801) 782-0800 Fax: (801) 782-0801

**EXECUTIVE SUMMARY**

**PROPOSAL DATE:** April 8, 2010  
**BORROWER:** The Elva Group, LLC.  
**LENDER:** Equity Trust dba Sterling Trust FBO  
Donald Booth [REDACTED]

**NOTE AMOUNT:** \$30,000.00

Terms:  
60 days (2 months) @ an annual rate of 12 %

12 % P/A INTEREST ACCRUED DAILY AT: \$ 10.00  
12 % P/A INTEREST ACCRUED MONTHLY AT: \$ 300.00

ACCRUED INTEREST PAID AT MATURITY (BACK-END)

**TOTAL WIRE AMOUNT:** \$ 30,000.00

**Wire Instructions:** WELLS FARGO BANK  
4301 HARRISON BLVD.  
OGDEN, UT 84403

**ABA Number:** [REDACTED]  
**Account Number:** [REDACTED]

**Payable to:** THE ELVA GROUP LLC.  
968 E. CHAMBERS ST. STE#5  
SOUTH OGDEN, UT. 84403

## PROMISSORY NOTE AND LOAN AGREEMENT

This Loan Agreement is between **THE ELYA GROUP, LLC**, whose address is: **968 E. Chambers St., Ste #5, South Ogden, Utah 84403 ("MAKER")**, and **Equity Trust dba Sterling Trust FBO Donald Booth [REDACTED]** (collectively, "HOLDER"), whose address is, **[REDACTED] Waco, Texas [REDACTED]**

### 1. AGREEMENT

(A) HOLDER agrees to provide MAKER with a loan in the principal amount of \$ 30,000.00. HOLDER may transfer this Note at any time. Anyone who takes this Note by transfer is entitled to receive payments under this Note and is called the "HOLDER" and is bound by the terms and conditions of this Note.

(B) In return for the loan, MAKER promises to repay in U.S. dollars the sum of: \$ 30,000.00 plus interest to the order of HOLDER, pursuant to the terms below.

### 2. REPAYMENT

Interest will be accrued on the unpaid principal until the full amount of principal has been paid. MAKER will pay interest at an annual rate of Twelve percent (12%). This is referred to as Base Interest. MAKER promises to repay said loan after a period of 60 Days (2 Months) and expressly agrees to pay in U.S. dollars \$ 30600.00 to the order of HOLDER on the Maturity Date of June 10, 2010

### 3. PREPAYMENT

MAKER has the right to repay the principal and accrued interest at any time before it is due. MAKER may make a full prepayment or a partial prepayment without incurring or paying any prepayment charge or penalty. All payments received by HOLDER from MAKER shall be applied first to Base Interest, second, as applicable, to late fees, and third to Principal."

### 4. LATE FEE

In the event that MAKER is more than thirty (30) days late on making an interest payment, there shall be a late fee of one percent (1%) per month of the delinquent payment for the number of days that the payment is late.

### 5. EVENT OF DEFAULT

In the event that MAKER is more than ninety (90) days delinquent on an Interest or Principal payment, the HOLDER has the right to declare a default on the Note only after providing MAKER with written notice of the default and giving MAKER thirty (30) days to cure and correct the default.

**6. LOAN CHARGES**

If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other charges paid or to be paid in connection with this loan exceed the limits permitted under law, then: (1) the current term of any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (2) any sums already paid by MAKER for the current term which exceeded permitted limits will be refunded to MAKER. The HOLDER may choose to make this refund by reducing the principal balance owed on this Note or by making a direct payment to MAKER. If a refund reduces principal, the reduction will be treated as a partial prepayment.

**7. GIVING NOTICES**

Unless applicable law requires a different method,

Any notice that must be given to MAKER under this Note will be given by delivering it or by mailing it by first class mail to 968 E. Chambers St., Ste 5, South Ogden, UT 84403, or at a different address if MAKER has given the HOLDER notice of a different address.

Any notice that must be given to the HOLDER under this Note will be given by mailing it by first class mail to the HOLDER at [REDACTED] or at a different address if HOLDER has given MAKER a notice of different address.

**8. GENERAL PROVISIONS**

This Note shall be binding upon MAKER, its successors and assigns. This Note is not assumable without prior written consent of HOLDER. The interpretation and construction of this Agreement and all matters relating thereto, shall be governed by the laws of the State of Utah without regard to Utah's Conflict of Law laws. The MAKER and HOLDER expressly agree that the state of Utah is the choice of law and/or jurisdiction and/or forum for any dispute.

**9. WAIVERS****(A) General Waiver**

All makers, sureties, guarantors and endorsers of this Note consent to renewals and extensions of time before or after the maturity date of the Note and agree that no failure on the part of the HOLDER to exercise any power, right, or privilege under this Note, or to insist upon prompt compliance with the terms of this Note shall constitute a waiver thereof.

**(B) Arbitration/Mediation**

The parties expressly agree to mediation and binding arbitration of any disputes that arise from the terms and conditions of this contract and hereby waive their right to trial in a court of law.

**(C) Waiver**

Holder shall not be deemed, by any act of omission or commission, to have waived any of its rights or remedies under this Note unless such waiver is in writing and signed by HOLDER and only to the extent specifically set forth in writing. A waiver with reference

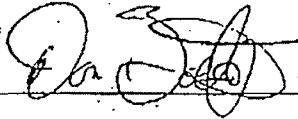
to one event shall not be construed as continuing or as a bar to or waiver of any right or remedy as to a subsequent event. No delay or omission of HOLDER to exercise any right, whether before or after any event of default under this Note shall impair any such right or shall be construed to be a waiver of any right or default, and the acceptance at any time by HOLDER hereof of any past due amounts shall not be deemed to be a waiver of the right to require prompt payment of any other amounts then or thereafter due and payable.

10. ENTIRE AGREEMENT IN WRITING

This written agreement, and any other documents executed in connection herewith, are the final expression of the agreement and understanding of MAKER and HOLDER with respect to the general subject matter hereof and supersede any agreement, and any other documents executed in connection herewith, may not be contradicted by evidence of any alleged oral agreement.

HOLDER

Signed \_\_\_\_\_



Printed Name Donald Booth

MAKER

THE ELVA GROUP, LLC

By its Members:

\_\_\_\_\_  
Armand Franquelin-Member

\_\_\_\_\_  
Martin Pool-Member

STATE OF UTAH)

:ss.

County of WEBER)

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, personally appeared before me, Armand Franquelin and Martin Pool, the signers of the within instrument, who duly acknowledged to me that he/she/they executed the same.

\_\_\_\_\_  
NOTARY PUBLIC

Residing at: \_\_\_\_\_, UT.

My Commission Expires: \_\_\_\_\_

# EXHIBIT D

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

In the Matter of: )  
 ) File No. SL-02587-A  
DESTINY FUNDING, LLC )

WITNESS: Terri L. Urquiaga

PAGES: 1 through 97

PLACE: Securities and Exchange Commission  
15 West South Temple, Suite 1800  
Salt Lake City, UT 84101

DATE: Friday, July 20, 2012

The above-entitled matter came on for hearing,  
pursuant to notice, at 2:16 p.m.

**RECEIVED**

AUG 06 2012

Securities & Exchange Commission  
Salt Lake Regional Office

Diversified Reporting Services, Inc.

(202) 467-9200

1 APPEARANCES:  
 2  
 3 On behalf of the Securities and Exchange Commission:  
 4 JENNIFER MOORE, ESQ:  
 5 MARIE ELLIOTT  
 6 Securities and Exchange Commission  
 7 Salt Lake Regional Office  
 8 15 W. South Temple; Suite 1800  
 9 Salt Lake City, UT 84101  
 10  
 11 On behalf of the Witness:  
 12 TERRI L. URQUIAGA, PRO SE  
 13  
 14  
 15  
 16  
 17  
 18  
 19  
 20  
 21  
 22  
 23  
 24  
 25

1 PROCEEDINGS  
 2 MS. MOORE: On the record at 2:16 on  
 3 July 20, 2012. Would you please raise your right  
 4 hand.  
 5 Whereupon,  
 6 TERRI L. URQUIAGA  
 7 was called as a witness and, having been first duly  
 8 sworn, was examined and testified as follows:  
 9 EXAMINATION  
 10 BY MS. MOORE:  
 11 Q. Would you please state and spell your full  
 12 name for the record.  
 13 A. Terri Lea Urquiaga, T-e-r-r-i L-e-a  
 14 U-r-q-u-i-a-g-a.  
 15 Q. My name is Jennifer Moore and with me is  
 16 Marie Elliott. We are both members of the staff of  
 17 the Enforcement Division of the Salt Lake Regional  
 18 Office of the United States Securities and Exchange  
 19 Commission. We're both officers of the Commission  
 20 for purposes of this proceeding.  
 21 This is an investigation by the United  
 22 States Securities and Exchange Commission in the  
 23 matter of Destiny Funding, LLC, SL-2587, to determine  
 24 whether there have been violations of certain  
 25 provisions of the federal securities laws. The facts

1 CONTENTS  
 2  
 3 WITNESS EXAMINATION  
 4 Terri L. Urquiaga 4  
 5  
 6 EXHIBITS DESCRIPTION IDENTIFIED  
 7 8 Subpoena 8  
 8 9 E-mails and documents submitted  
 9 today for review by Commission 64  
 10  
 11  
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 24  
 25

1 developed in this investigation might constitute  
 2 violations of other federal, civil or criminal laws.  
 3 Prior to opening of the record you were  
 4 provided with a copy of the Formal Order of  
 5 Investigation in this matter. It will be available  
 6 for your examination during the course of this  
 7 proceeding. Prior to the opening of the record you  
 8 were also provided with a copy of Exhibit Number 1,  
 9 which is the Commission's supplemental information  
 10 form, and a copy of that notice has been marked.  
 11 Have you had a chance to review Exhibit  
 12 Number 1?  
 13 A. Partially.  
 14 Q. Do you have any questions about Exhibit  
 15 Number 1?  
 16 A. No.  
 17 Q. Would you like to take any additional time  
 18 to look at Exhibit Number 1 before we begin?  
 19 A. No.  
 20 Q. Exhibit Number 1 is also -- it was  
 21 contained in the subpoena that I sent to your home,  
 22 so you'll have a copy of that as well that you can  
 23 review later.  
 24 Because you're not represented by counsel,  
 25 I'm going to cover a few items that were in Exhibit



1 A. There was one business they were going to  
2 set up to open a bunch of Hispanic grocery stores,  
3 but I don't remember the name of that.

4 **Q. Do you know if anyone at the Elva Group or  
5 New Vision Investments or Destiny Funding solicited  
6 investments for this line of grocery stores?**

7 A. I don't know.

8 **Q. Can you think of any other kinds of  
9 investments that any of the entities that we've  
10 mentioned were engaged in?**

11 A. Not that I know of, other than that  
12 insurance business.

13 **Q. So how did Destiny Funding make a profit  
14 or generate income?**

15 A. There was a service fee to set up an  
16 account and an annual service fee.

17 **Q. Was the service fee paid to Destiny  
18 Funding for assisting the customer in setting up the  
19 self-directed IRA?**

20 A. Yes.

21 **Q. Do you recall what that service fee was?**

22 A. I don't remember exactly, but it was a  
23 percentage of whatever balance they were going to  
24 open their IRA at Sterling Trust with. So we weren't  
25 a custodian and we never took possession of their

1 retirement funds, so we assisted them in setting up  
2 their account with Sterling Trust, the custodian. So  
3 however much their initial rollover or deposit or  
4 whatever, it was going to be a percentage of that.  
5 And I think might have been 1 percent, but I'm not  
6 sure.

7 **Q. So it was a percentage of whatever their  
8 initial rollover amount was into Sterling Trust that  
9 was paid to Destiny Funding as a service fee?**

10 A. Yes, and there might have been, like, a  
11 \$25 fee on top of that. I'm not sure. No, I think  
12 the \$25 fee went to Sterling Trust to set up the  
13 account.

14 **Q. How come Destiny Funding used Sterling  
15 Trust?**

16 A. There are not very many self-directed IRA  
17 custodians in the country, and they are large and  
18 reputable. That's my understanding. Some of the  
19 other ones charge higher fees to the customers.

20 **Q. Did Sterling Trust charge a percentage of  
21 the rollover funds in addition to the percentage that  
22 Destiny Funding was charging?**

23 A. I don't think so. I think they had a  
24 flat-rate fee schedule that -- so they had enough, a  
25 fee to open the account. I can't remember if they

1 had an annual fee or not, but they had a fee for  
2 placing an investment and sending out the funds,  
3 things like that. So they had transaction fees.

4 **Q. Who was responsible for making management  
5 decisions at Destiny Funding?**

6 A. Martin and Armand.

7 **Q. Did they do that equally or was there one  
8 individual that had more significant management  
9 roles?**

10 A. I don't know about that. Their meetings  
11 were private. I rarely saw Martin, but he came in.  
12 I know that he was there after hours and things like  
13 that, so I don't know. I'm sure they discussed it,  
14 decisions.

15 **Q. So in terms of day-to-day operations, who  
16 did you most frequently have communication with about  
17 what you needed to do specifically on each day?**

18 A. Between Martin and Armand, it would be  
19 Armand.

20 **Q. So would it be fair to say that Armand was  
21 more responsible for the day-to-day business  
22 operations?**

23 A. I don't know if that would be fair to say,  
24 because I believe that Martin worked from home quite  
25 a bit and they were on the phone quite a bit, so just

1 because I didn't see him doesn't mean that Armand was  
2 the one, you know, that was more responsible for the  
3 operations.

4 **Q. So it was your understanding that  
5 Martin Poole was involved in the company, you just  
6 didn't see him at the office as frequently as  
7 Mr. Franquelin?**

8 A. Correct.

9 **Q. What kind of a role did Judy Franquelin  
10 have with respect to the different entities?**

11 A. I believe that Judy, other than helping  
12 off of the books, you know, free labor for Destiny  
13 Funding, I think she was basically just supporting  
14 her husband as far as helping out. I'm pretty sure  
15 she was never paid anything. She was not ever a paid  
16 employee and was just trying to help him succeed in  
17 business.

18 **Q. Who was responsible for maintaining lists  
19 of individuals that paid the fees to Destiny Funding  
20 to have Destiny Funding assist them to roll over  
21 their IRAs? Was there a list of clients or  
22 customers?**

23 A. I don't remember a list, but I had a file  
24 for all of them in a filing cabinet. I guess there  
25 must have been a list. I just don't remember it.

1 Q. So --

2 A. And there was obviously a construction  
3 company, but I don't know anything about it. I don't  
4 know the name or any of the people that would have  
5 been involved in that.

6 Q. Did you ever see any documents related to  
7 the Vernal property investment?

8 A. You mean as far as people putting money  
9 into that investment?

10 Q. I guess any sort of paperwork connected to  
11 that, either investor paperwork or bills from  
12 contractors, or anything related to that project.

13 A. I never saw bills from contractors. I  
14 would have seen some of the promissory notes from the  
15 people that Armand and Martin signed. As far as I  
16 know, that's all I saw. I don't know that I saw any  
17 documents pertaining to the subdivision itself.

18 Q. Do you have any idea how many people gave  
19 Armand and Martin money to invest in the Vernal, Utah  
20 development?

21 A. I know there was an Excel spreadsheet that  
22 was several pages long, and each row being about  
23 three-quarters of an inch.

24 Q. Could you estimate a ballpark of how many  
25 investors invested in that Vernal project? And I

1 understand this is just a ballpark. You don't have  
2 any figures in front of you.

3 A. 80 to 100, probably. Actually, though,  
4 some of them had various different promissory notes,  
5 so maybe 50 to 80.

6 Q. Okay. So somewhere, ballpark-wise, there  
7 may be between 50 and 100 individuals, depending on  
8 if they had made one investment or multiple  
9 investments?

10 A. Correct.

11 Q. Did you ever see -- go ahead.

12 A. I made two investments with them.

13 Q. How much did you invest?

14 A. \$1,000 or \$2,000 for a six-month period,  
15 for two different six-month periods.

16 Q. Were you repaid in full?

17 A. Yes.

18 Q. Do you recall what the terms were of the  
19 interest that was guaranteed to you in exchange for  
20 your investment?

21 A. No, but probably 12 percent annually, so 6  
22 percent for six months.

23 Q. Why do you have the figure of 12 percent  
24 annually in your mind?

25 A. I think that was standard for their

1 business.

2 Q. So is it your recollection that most  
3 investors, at least that you're aware of, received  
4 about 12 percent annually on their investment?

5 A. I believe that's how the contracts were  
6 written.

7 Q. Why did you invest with Martin and Armand?

8 A. I had student loan money that was sitting  
9 in my bank account not doing anything, and I saw an  
10 opportunity to earn more interest.

11 Q. Do you know if there were any other  
12 individuals that worked in the office that also may  
13 have invested?

14 A. I don't know.

15 Q. What was your understanding of how your  
16 investment money would be used in order to generate  
17 that return?

18 A. That it would go into the construction  
19 project.

20 Q. During the time from 2007 until 2009 -- so  
21 your employment at Destiny Funding -- do you know if  
22 any of the homes that were being developed in Vernal,  
23 Utah were sold to individuals to move into?

24 A. I don't believe so.

25 Q. Why do you have that understanding?

1 A. My understanding was that the construction  
2 company had delays and the construction company did  
3 not complete the homes by the time I left there.

4 Q. How was the project in Vernal supposed to  
5 earn money to pay the 12 percent return, for example?

6 A. Well, ultimately, the homes would be sold  
7 and then all the money, you know, that had been  
8 invested would be able to be paid back with interest  
9 to the investors.

10 Q. So the idea was that investors would  
11 invest capital in order to pay for the construction  
12 costs of the homes; is that correct?

13 A. Yes.

14 Q. And then the profit would be realized when  
15 those homes were sold to private individuals, and  
16 then investor money would be repaid?

17 A. Yes, except since they were six-month or  
18 one-year promissory notes, you know, obviously the  
19 construction project wasn't going to be completed in  
20 six months to a year.

21 Q. So how were those investors paid back?

22 A. Probably from newer investors that put  
23 money in.

24 Q. How is it that you came to that  
25 conclusion? Is that based on the fact that none of

1 the properties were sold to --  
 2 A. Right.  
 3 Q. -- third parties?  
 4 A. Right. If no money was coming in from  
 5 that end, then the only place that I could see money  
 6 coming in was from newer investors.  
 7 Q. Did you ever have any conversations about  
 8 that with Armand or Martin or Judy?  
 9 A. No.  
 10 Q. Of the promissory notes that you did see,  
 11 and I understand you didn't see all of them by any  
 12 means, but of the promissory notes that you did see,  
 13 were the terms of a six-month return on the  
 14 investment, was that a typical part of the contract?  
 15 A. There was usually a term, but sometimes it  
 16 was longer. Sometimes it was a year. Most  
 17 investors, you know, kind of wanted to check it out  
 18 before they invested for a longer period of time, so  
 19 usually it was six months.  
 20 Q. And the six-month term, was that to enable  
 21 the investor to determine if they were going to  
 22 receive a profit on their investment?  
 23 A. I can't say the purpose of that. Yeah, I  
 24 would say that would lower the perceived risk.  
 25 Q. Who was responsible, I guess, for

1 negotiating the terms of the contracts with the  
 2 investors? So, for example, the percentage rate of  
 3 return or the six months or the one-year length of  
 4 the contract terms, who was responsible for making  
 5 those decisions?  
 6 A. Both Armand and Martin.  
 7 Q. Did anybody else have the ability to  
 8 negotiate the terms of the contract or the rate of  
 9 return that was promised?  
 10 A. I don't think so.  
 11 Q. Did you ever see any investors meet in the  
 12 offices that you worked at with either Armand or  
 13 Martin?  
 14 A. Yes.  
 15 Q. Was that an event that occurred frequently  
 16 or was that sort of unusual?  
 17 A. No, that was rare.  
 18 Q. Do you recall who those investors were  
 19 that actually, physically came to your building  
 20 location to meet with Armand and Martin?  
 21 A. There was one man, and I don't know his  
 22 name, but he was Polynesian.  
 23 Q. And you don't know who he is?  
 24 A. Huh-uh (negative). If I heard his name, I  
 25 might recognize it, but I don't remember. He wasn't

1 a Destiny Funding client.  
 2 Q. He was not?  
 3 A. No, he wasn't.  
 4 Q. Do you have any idea how many of the  
 5 Destiny Funding clients were also clients in the  
 6 Vernal real estate investment?  
 7 A. I don't have a number.  
 8 Q. Do you have a ballpark figure?  
 9 A. I don't even know how many Destiny Funding  
 10 clients there were.  
 11 Q. Do you have a ballpark figure on that,  
 12 approximately how many clients Destiny Funding had,  
 13 that they assisted in transitioning the IRA funds  
 14 into a self-directed IRA?  
 15 A. I don't. I could guess, but it wouldn't  
 16 even be -- I mean, there would be no basis for the  
 17 guess.  
 18 Q. Okay. I just want, you know, if you have  
 19 a reason, if you could say that you personally  
 20 assisted approximately X amount of customers in the  
 21 two years you were there, that would be a guess that  
 22 would be helpful.  
 23 A. Fifty to 100.  
 24 Q. Okay.  
 25 A. Probably closer to 50.

1 Q. That were individuals that you personally  
 2 assisted in preparing the paperwork in order to  
 3 transfer their funds to Sterling Trust; is that  
 4 correct?  
 5 A. I helped almost every customer with that  
 6 in my two years.  
 7 Q. So to the best of your recollection,  
 8 within that two-year time frame that you worked  
 9 there, it would be an educated guess that you  
 10 assisted about 50 clients? I'm not holding you  
 11 specifically to a number. I'm just trying to get an  
 12 idea of --  
 13 A. I'm trying to remember how many files I  
 14 had in the -- you know, I had two drawers of files,  
 15 and I'm just guessing that each drawer would have  
 16 held about 25 files. So it's a complete guess.  
 17 Q. Okay. So Destiny Funding generated  
 18 revenue or profit by receiving a percentage of the  
 19 rollover amount; correct?  
 20 A. Correct.  
 21 Q. And then how did the real estate  
 22 development in Vernal, how did that generate a  
 23 profit? Or did it?  
 24 A. I don't know. Well, apparently it didn't.  
 25 Q. And you say that because none of the

1 houses were sold, to the best of your knowledge.  
 2 A. To the best of my knowledge. And I don't  
 3 think that they were on schedule to be completed  
 4 until probably shortly before I left there, so  
 5 probably not until early 2009, anyway.  
 6 Q. So how did you learn that the project was  
 7 behind schedule in terms of the construction length  
 8 of time?  
 9 A. Just overhearing conversations in the  
 10 office.  
 11 Q. Did anyone express frustration over that  
 12 fact, that the project was behind schedule?  
 13 A. Oh, I'm sure they did.  
 14 Q. Did they tell you that or did you overhear  
 15 any comments or concerns that were raised by anyone  
 16 about the delays?  
 17 A. I'm sure I did. I believe I did.  
 18 Q. Do you recall anything more specifically?  
 19 A. I probably overheard telephone  
 20 conversations between Armand and someone else,  
 21 whether it was Martin or the real estate agents, you  
 22 know, possibly. I don't think I would have overheard  
 23 anything between attorneys because he would have shut  
 24 his door.  
 25 Q. So in terms of just the way that the

1 office layout was structured, did Armand and Martin  
 2 each have individual offices?  
 3 A. Yes.  
 4 Q. And those were offices that had doors that  
 5 closed?  
 6 A. Yes.  
 7 Q. And then the remaining individuals, did  
 8 they each have their own offices or did you work in a  
 9 common area?  
 10 A. Judy and I worked in a cubicle area, and  
 11 Keelie worked in a cubicle area. Tracy, the  
 12 receptionist, was up at the front desk, but it was  
 13 still open. And George was the accountant. He  
 14 worked over on the other side of the office in an  
 15 office with a door that closed. And there was  
 16 another man that started working there toward the  
 17 end. His name was Yogi.  
 18 Q. Yogi?  
 19 A. Uh-huh (affirmative).  
 20 Q. Would that be spelled Y-o-g-i?  
 21 A. I believe so, after a baseball player.  
 22 Q. Okay. What was Yogi's position?  
 23 A. I don't know. I think he was in charge of  
 24 setting up a Web site or something like that, doing  
 25 some IT stuff.

1 Q. So Keelie Peterson was one of the  
 2 individuals responsible for talking to investors  
 3 about the Vernal project; is that correct?  
 4 A. Right, and she wasn't doing sales pitches  
 5 or anything like that, but she was just doing  
 6 administrative. And she did end up talking to people  
 7 on the phone.  
 8 Q. Do you have any idea who she was employed  
 9 by? Who she was employed by.  
 10 A. Like, which company?  
 11 Q. Yes.  
 12 A. I don't know, but her paycheck probably  
 13 came from the same account that mine did, so --  
 14 Q. Then Tracy, you mentioned, was a  
 15 receptionist at the front desk?  
 16 A. Yes.  
 17 Q. And then can you tell me a little bit  
 18 about George, who was the accountant?  
 19 A. I don't know his last name. He was an  
 20 older gentleman. Other than that, I really only know  
 21 personal stuff, like he was a great baker from  
 22 probably Sweden or something like that.  
 23 Q. Was he employed at Destiny Funding prior  
 24 to you being employed there?  
 25 A. Yes. Yes.

1 Q. What about Keelie? Was she employed  
 2 before you became?  
 3 A. Before me, yes.  
 4 Q. Was Keelie Peterson still employed at  
 5 Destiny Funding or the Elva Group when you left?  
 6 A. No.  
 7 Q. So what happened to Keelie?  
 8 A. She got another job.  
 9 Q. Do you know why she left?  
 10 A. No. I think she got a job that paid more  
 11 money.  
 12 Q. Do you stay in touch with her at all?  
 13 A. No, but she did have my cell phone number  
 14 and called me a couple of times, but I don't have her  
 15 in my cell phone anymore and I haven't heard from her  
 16 in over a couple years.  
 17 Q. Do you know where she lived? The city.  
 18 A. I think maybe Morgan.  
 19 Q. Was her last name, was it Peterson, s-e-n  
 20 or s-o-n? If you remember.  
 21 A. I don't remember. I kind of think maybe  
 22 s-e-n, but I'm not sure.  
 23 Q. And then George, he was still employed  
 24 with either Destiny or the Elva Group at the time you  
 25 left?

# EXHIBIT E

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

In the Matter of: )  
DESTINY FUNDING, LLC ) File No. SL-2587  
)

**RECEIVED**

WITNESS: MARTIN A. POOL

NOV 06 2012

PAGES: 1 through 315

Securities & Exchange Commission  
Salt Lake Regional Office

PLACE: Securities and Exchange Commission  
950 East Paces Ferry Road  
Suite 900  
Atlanta, Georgia 30326

DATE: Wednesday, October 24, 2012

The above-entitled matter came on for investigative  
interview, at 10:15 a.m.

Diversified Reporting Services, Inc.

(202) 467-9200

Page 6

1 PROCEEDINGS  
 2 MS. MOORE: Let's go on the record at 10:15 on  
 3 October 24, 2012.  
 4 Would you please raise your right hand?  
 5 Do you swear to tell the truth, the whole truth,  
 6 and nothing but the truth?  
 7 MR. POOL: I do.  
 8 MS. MOORE: Thank you.  
 9 Whereupon,  
 10 MARTIN A. POOL  
 11 appeared as a witness herein and, having been first duly  
 12 sworn, was examined and testified as follows:  
 13 EXAMINATION  
 14 BY MS. MOORE:  
 15 Q Would you please state and spell your full name  
 16 for the record?  
 17 A Yes. It's Martin A. Pool.  
 18 Q Would you spell it, please?  
 19 A Sorry. M-a-r-t-i-n; middle initial, A. P-o-o-l.  
 20 Q My name is Jennifer Moore, I'm a member of the  
 21 staff of the Enforcement Division of the Salt Lake Regional  
 22 Office of the United States Securities and Exchange  
 23 Commission. I'm an officer of the Commission for the  
 24 purposes of this proceeding.  
 25 This is an investigation by the United States

Page 7

1 Securities and Exchange Commission in the matter of Destiny  
 2 Funding, LLC, SL-2587, to determine whether there have been  
 3 violations of certain provisions of the federal securities  
 4 laws. The facts developed in this investigation might  
 5 constitute violations of other federal civil or criminal  
 6 laws.  
 7 Prior to the opening of the record, you were  
 8 provided with a copy of the Formal Order of Investigation in  
 9 this matter. It will be available for your examination  
 10 during the course of this proceeding.  
 11 Prior to the opening of the record, you were also  
 12 provided with a copy of the Commission's Supplemental  
 13 Information Form, which has been marked as Government Exhibit  
 14 Number I.  
 15 Have you had the opportunity to review Exhibit  
 16 Number I?  
 17 (Government Exhibit Number I  
 18 was referred to.)  
 19 A Yes, I have.  
 20 Q Do you have any questions concerning Exhibit  
 21 Number I?  
 22 A Not at this moment.  
 23 Q Mr. Pool, are you represented by counsel?  
 24 A No, I'm not.  
 25 Q If you -- if you're not represented by counsel, I

Page 8

1 want to advise you, that you have the right to be  
 2 accompanied, represented and advised by counsel. That means,  
 3 you may have an attorney present and that your attorney can  
 4 advise you before, during and after your examination here  
 5 today. Do you understand that?  
 6 A Yes, ma'am.  
 7 Q Since you're not represented by counsel, there are  
 8 a few matters discussed in Exhibit Number 1 that I want to  
 9 highlight for you. Do you understand that upon your request  
 10 these proceedings will be adjourned so that you can obtain  
 11 counsel?  
 12 A Yes, ma'am.  
 13 Q Do you understand that the statutes set forth in  
 14 Exhibit Number 1 provide criminal penalties for knowingly  
 15 providing false testimony or knowingly using false documents  
 16 in connection with this investigation?  
 17 A Yes, ma'am.  
 18 Q Do you understand that you may assert your rights  
 19 under the Fifth Amendment to the Constitution and refuse to  
 20 answer any question which may tend to incriminate you?  
 21 A Yes, ma'am.  
 22 Q If you refuse to answer a question based on your  
 23 Fifth Amendment privilege, a judge or a jury may take an  
 24 adverse inference against you in any civil action that the  
 25 SEC may determine to bring against you. That means the judge

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1 or the jury could be permitted to infer that your answer to  
 2 the questions would have tended to incriminate you, do you  
 3 understand that?  
 4 A Yes, ma'am.  
 5 Q Are you taking any medication or drugs that would  
 6 affect your ability to recall and answer questions truthfully  
 7 today?  
 8 A No, ma'am.  
 9 Q Are there any other circumstances today that would  
 10 affect your ability to recall and answer questions  
 11 truthfully?  
 12 A Probably -- probably not, but due to -- to the  
 13 extreme challenges I had with alcohol that I would -- I would  
 14 put that out there, but I don't think so.  
 15 Q Are you currently --  
 16 A No.  
 17 Q -- under the influence of alcohol?  
 18 A No, I'm not.  
 19 Q Are you currently sober?  
 20 A Yes.  
 21 Q Okay. Could you tell me your date of birth?  
 22 A [REDACTED]  
 23 Q What is your social security number?  
 24 A [REDACTED]  
 25 Q What is your current home address?

1 going to take these kinds of distributions this month and I  
 2 would -- I would just, you know, I say, you know, okay.  
 3 Q But where did he say they were coming from?  
 4 A From the Elva Group and -- and, you know, that he  
 5 -- a lot of stuff -- a lot of stuff that, you know, he was --  
 6 this is his claim, you know, that he was putting in a lot of  
 7 capital in the business along with other investors. And  
 8 where, you know, where those dollars -- how he got the monies  
 9 and -- and how he was, you know, talking to people and  
 10 friends, family, whatever I couldn't tell you.  
 11 Q So, it was your understanding that you were being  
 12 -- you were in fact receiving distributions?  
 13 A Yes. Yes.  
 14 Q And -- so, you knew you were getting money and it  
 15 was coming from the Elva Group?  
 16 A Yes.  
 17 Q And Armand was telling you that he was investing  
 18 his own personal capital?  
 19 A Yeah, he said that he had his own personal capital  
 20 and then there was clients that were putting dollar, and he  
 21 would always call them clients, his clients. Armand always  
 22 had this thing about -- I mean, you know, sometimes, you  
 23 know, if you walk up and down the hallway of the office or  
 24 whatever, you know, you would hear him say, he would always -  
 25 - Armand I guess, he always wanted to be in charge. And he

1 would tell people that, I'm in charge. And now, you know,  
 2 I'll make this -- you know, he would just do all that kind of  
 3 stuff and, you know, it will -- and I'm building up to, you  
 4 know, what I had found out, but that was his thing. And if  
 5 you did something to upset him, he wouldn't talk. I mean  
 6 there were times where we didn't talk for weeks. You know,  
 7 and I wouldn't -- I mean, really most of the time I would  
 8 say, you know, I don't know, most of the time I was either  
 9 traveling or I just didn't like to be in the office with him,  
 10 because there just the tension that was between he and I.  
 11 And I always -- I never, you know, I just -- I never -- I  
 12 never knew what flavor of chocolate I was getting with the  
 13 guy from day-to-day.  
 14 Q Okay.  
 15 A And --  
 16 Q And were there other individuals that were working  
 17 in this office space?  
 18 A Oh, yeah, yeah. I mean, I gave -- and I don't  
 19 have their numbers, but I gave all that to the FBI.  
 20 Q So, approximately how many people were employed  
 21 either, you know, full-time or part-time for New Vision,  
 22 Destiny Funding, the Elva Group, all of the entities that  
 23 were located in this same office space?  
 24 A Probably about four or five, something like that.  
 25 Maybe a little bit more, I don't know.

1 Q And presumably they were getting paid?  
 2 A Yeah. And once again, you know, we -- we had a  
 3 gal in there by the name of Terri that worked for Destiny  
 4 Funding and how -- how she was paid, I would assume it was  
 5 through Destiny Funding, you know, I don't know, because I  
 6 never dealt with that. But I gave her -- because at time I  
 7 did have her information and I gave it to -- I gave it to  
 8 Jason. I gave the, you know -- and I also don't know --  
 9 well, actually I sent that to you to, Jennifer, the various  
 10 lawsuits, but once again that's years later.  
 11 Q So --  
 12 A And we, you know, we would -- and there was --  
 13 yeah, and that was another thing with the employees, you  
 14 know, there was just always a constant lie, you know, that he  
 15 would -- I would never know, he'd just give people raises  
 16 arbitrarily, oh, yeah, I'll give you a raise. And then I'd  
 17 have to find out -- you know, I would find out later on. And  
 18 it would cause, you know, I said, I didn't agree to this.  
 19 And it would cause friction between me -- I was -- between me  
 20 and then if I go -- well, I didn't authorize you to get a two  
 21 or three dollar raise, he did. And I say, yeah, then I would  
 22 tell him you've got to reverse that. And then, you know, it  
 23 was always, I mean, we could sit here for hours and go  
 24 through all that kind of stuff that he would just do because  
 25 he was Armand, you know --

1 Q Did you -- so, Armand is, you know, at least  
 2 claiming that he's putting in capital and that he has other  
 3 clients or investors that are investing money into the Elva  
 4 Group which you knew had to be true, because you were getting  
 5 distributions --  
 6 A Yeah.  
 7 Q -- and you hadn't yet started generating a profit  
 8 on the Haven Estates, right?  
 9 A Yes, absolutely.  
 10 Q So, were you also soliciting clients or investors  
 11 to invest in the Elva Group?  
 12 A No. I -- well, and this is, once again, this goes  
 13 to some of that documentation that I sent to you. I had met  
 14 with -- as a matter of fact I went down to -- to a friend of  
 15 mine, well, a very good friend of mine was the director of  
 16 securities for the State of Utah. And I asked him, you know,  
 17 if -- okay, if it's --  
 18 Q Is this Mike -- who do you go talk to?  
 19 A Tony Taggart.  
 20 Q Tony Taggart, okay.  
 21 A Yeah.  
 22 Q Okay.  
 23 A And Tony's a friend of the family and all that  
 24 stuff and he was the director. So I took in all the  
 25 paperwork and talked to him and, you know, I said, hey if --



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1 know, when I was talking to Mark Dalton, it was just in  
 2 conversation and he said, oh yeah, Armand just gave me a  
 3 check for \$50,000. I said, you know, what? And then I said,  
 4 what, and I -- so, it was these little, you know --  
 5 Q When -- when was that approximately?  
 6 A Probably in I don't know, maybe 2009, 2010. I  
 7 don't know. But it -- I mean, it's 100 percent fact, you  
 8 know, and I -- I asked Armand, I go what, you know, so, how -  
 9 - how many other times has he done stuff like that, I don't  
 10 know. But that's what, you know, he, you know, the -- the  
 11 capital coming in he -- he had, you know, he had -- he had  
 12 built structures, I couldn't even begin to -- to really, you  
 13 know, to -- I just really don't know how he -- how -- I  
 14 really don't know what's real and what isn't real as far as  
 15 how he -- how he structured things. How, you know, how --  
 16 how, you know, how taxes were -- I mean, I can tell you, I  
 17 had a call -- I had talked to the IRS. As a matter of fact I  
 18 should tell you about that.  
 19 Q Hold on. I want to go back to -- so, with the  
 20 Mark Dalton conversation, he told you that Armand gave him a  
 21 check for about \$50,000?  
 22 A No, for \$50,000 and I --  
 23 Q A check for \$50,000?  
 24 A To -- to him for --  
 25 Q And for what?

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1 A For development fees or whatever.  
 2 Q Did you owe Mark Dalton \$50,000 for development  
 3 fees?  
 4 A I -- probably or there could have been a bill.  
 5 Q I mean, you seemed surprised by that, and I'm just  
 6 wondering if that was --  
 7 A Yeah, it.  
 8 Q -- an expense that you'd you had no idea about.  
 9 A No, but those were the, you know, those were --  
 10 those were -- I mean, like I -- those were things he would  
 11 just do because he was Armand. He would give people raises  
 12 because he was Armand.  
 13 Q So, where did that \$50,000 come from?  
 14 A That I don't know.  
 15 Q Did --  
 16 A But I -- I mean --  
 17 Q -- the Elva Group ever make any money from Haven  
 18 Estates?  
 19 A The -- no, the property -- the property ended up  
 20 going -- no, it was a complete failure. It went broke and  
 21 everything else. And -- I mean, there's a, you know, a lot  
 22 of reasons why it did that but --  
 23 Q So, certain investors that had promissory notes  
 24 from the Elva Group received money?  
 25 A Uh-huh.

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1 Q How did they receive money?  
 2 A Armand was -- he was taking -- he was taking  
 3 dollars from either other investors or their projects. His  
 4 claim to fame was that he was, you know, he was making most  
 5 of the payments. That he was, you know, handling everything  
 6 and -- and, you know, he -- I don't -- he -- from a variety  
 7 of sources.  
 8 Q And that's something I wanted to talk about, those  
 9 sources. So, you know, it's -- it's apparent that certain  
 10 investors that had at least a promissory note obtained some  
 11 or all of their -- their money.  
 12 A Uh-huh.  
 13 Q And it -- it seems that the Elva Group never made  
 14 any money on the Haven Estates project, is --  
 15 A Uh-huh.  
 16 Q -- that's correct, right?  
 17 A Yeah.  
 18 Q Okay. So, did Armand pay certain -- some earlier  
 19 investors with money that he obtained from more recent  
 20 investors?  
 21 A Yeah, yeah, he -- well, he -- he -- you know, I  
 22 don't know to what extent, but do you want me to tell you how  
 23 I -- how I really found out about it and --  
 24 Q Absolutely.  
 25 A Okay.

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1 Q Yeah, what's the basis for your response?  
 2 A Well, and I'm -- I'm going to kind of give you a  
 3 little bit of the history, this may be long winded, I  
 4 apologize. But I had met a -- a gentleman by the name of Rob  
 5 Levine, and he and I, to make a long story short, had become  
 6 very good friends. And they put -- they put monies into --  
 7 into the business.  
 8 Now, that's kind of distorted and I -- I can't say  
 9 one way or another because Rob was always, I'll deal with  
 10 Armand on the money, I'll deal with Armand on the money; then  
 11 okay, fine.  
 12 So, Rob became, I mean, we were very good friends,  
 13 very, very good friends and -- and spent many years, you  
 14 know, just I would go out there, he'd come out there. And  
 15 then he really helped us with Wealth Solutions, with Global,  
 16 became a partner in it. And -- and then I was -- the latter  
 17 part, when I was having really a lot of issues with Armand,  
 18 you know, my alcoholism was, you know, was, it was -- it was  
 19 getting worse, but it wasn't to the point to -- to what had  
 20 happened later on. But and then Rob had come out, he had saw  
 21 that I was, you know, drinking a lot and, you know, and -- I  
 22 mean, he's, you know, and he was concerned and he said, man,  
 23 you really need and -- and it was real genuine. He was, like  
 24 I'm really concerned. And, you know, I had told him -- and  
 25 he knew all -- he didn't know -- he knew the -- the wretched

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1 they put that together.

2 But, you know, but then there's, you know, the

3 other side to that so --

4 Q I'm not understanding at all. Was this just a

5 project that your were looking into and it never got off the

6 ground and you never did anything for it or --

7 A No, no, no. We built a website. We did all that.

8 We had all the contacts. We had all the, you know, the

9 little endorsements and stuff like that from -- from -- the

10 guy's name was -- a black gentlemen. His name was Joseph

11 something. He was the owner of the development company. He

12 was putting it all together. He had, you know, the

13 brochures. And all we were going to do was be a marketing

14 arm. Really, the marketing company for him, marketing all

15 those South African, post World Cup properties. And then,

16 you know, just putting awareness out there about that

17 project. About people that can buy -- you know, really,

18 because ex-patriots of South Africa are all over the world.

19 And what a better way to -- you know, I mean, they were

20 working with -- I don't know -- African Union, all these

21 other people, to get people back into buying real estate, you

22 know, post the -- my brains -- when Nelson Mandela got out of

23 jail. What's that -- the Apartheid.

24 So they were just trying create, you know, a lot

25 of stimulus and --

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1 Q Okay. So, did you become the marketing arm?

2 A Yeah, yeah. We put that up on the website. We

3 were the marketing arm and everything. Did we sell anything?

4 No. No, we didn't.

5 Q Okay. So, you -- you did a fair amount of travel

6 for it, but didn't actually end up selling anything or

7 generating any kind of profit?

8 A No, no, because it was -- and then -- and then the

9 company was -- just because of the global -- the banks were

10 getting -- it was just one, one thing after another.

11 Q Did you enter into a contract with anyone to do

12 the marketing?

13 A Oh, yeah, yeah. We had contracts and all that

14 stuff. Yeah.

15 Q Were you supposed to get a percentage of revenue

16 of sales or --

17 A Oh, yeah, there was actually a very large dollar

18 amount. You know, when the contract was actually

19 implemented, there would be -- there would have been a

20 percentage, you know, paid up front. And then a percentage

21 paid -- I don't remember all the -- yeah, but no, it was all

22 in -- I mean, stuff that I gave to my attorney and

23 everything. I mean, there was --

24 Q And then it just never went anywhere?

25 A No, no. Contracts. There was -- yeah, all that

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1 stuff.

2 Q Did that project have a name?

3 A Under Global?

4 Q The South African project.

5 A That's what it was, REMO. You asked about REMO.

6 Q Okay. So --

7 A Yeah, REMO was -- that's -- that's what it is.

8 REMO. It was driving me crazy. REMO --

9 Q

10 Q That's R-E-M-O --

11 A Yes.

12 Q -- Property Marketing Company. That entity?

13 A I -- you know, they -- they -- that was an African

14 entity.

15 Q Okay.

16 A So that was -- I think REMO was owned by Joseph.

17 And I can't remember his last name.

18 Q Okay. And the project itself, was it called the

19 Katota project?

20 A Katota project. Yes, ma'am.

21 Q K-a-t-o-t-a.

22 A Yes.

23 Q Okay. So the only thing that actually got off the

24 ground, for that whole project was that Wealth Solutions did

25 design a website?

26 A Yeah, Wealth Solutions -- you know, the website

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1 was done. We were actually -- we actually had a couple

2 properties from Citibank that we loaded on there or several

3 properties. But it was -- that was another thing that Global

4 Real Estate -- we were working directly with National Asset

5 Direct on that. But, you know, the biggest obstacle was to

6 actually -- to be able to -- I don't know, to be able to

7 resell those properties. Because everything was being held

8 back and it was just -- it just -- it was real difficult at

9 the time, to -- to be able to buy the properties.

10 Q So did Citibank authorize GREN Realty to list

11 properties that they owned?

12 A No, not Citi. Citi would have all these

13 foreclosures. And then National Asset Direct would -- I

14 mean, they did it for various companies. But they were a

15 servicing entity.

16 Q Okay.

17 A And if -- if Citi, Bank of America, you know,

18 whatever, Wells Fargo, had a foreclosure, they would have --

19 they would hire National Asset Direct, to go in there and you

20 know, basically fix up the property, and/or if National Asset

21 Direct bought a mortgage, Citibank mortgage and they had to

22 foreclose on it, then it would turn into an asset --

23 Q So --

24 A -- that we could actually sell.

25 Q -- National Asset Direct was a hedge fund, that

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1 was your understanding?  
 2 A Yeah, they're a hedge fund.  
 3 Q Okay. Where are they operating out of?  
 4 A They have offices in Dallas and San Diego.  
 5 Q Okay.  
 6 A And New York.  
 7 Q So the -- Wealth Solutions did the, the website  
 8 and Roy Bettenhausen provided all of the funding capital for  
 9 that project?  
 10 A Yes. He put the capital into that project and,  
 11 you know, he was very involved in the structure and all that.  
 12 Q So none of the ELVA Group investors' money was  
 13 used for the Katota project or anything having to do with  
 14 Wealth Solutions or GREN Realty, is that correct?  
 15 A Yeah, to my knowledge. But there's all sorts of -  
 16 - I'll use A.J., as an example, that was being told, the  
 17 people, that your dollars are going into the Global Real  
 18 Estate Network project. And you know, that I was -- I was in  
 19 Africa when I wasn't. And --  
 20 Q Who -- who said those things?  
 21 A Armand was telling these people that. I mean, I  
 22 have -- I -- you know, from -- from -- and this was when I  
 23 was getting all that documentation so I could give it to  
 24 Jason. And then when I was talking to people, they were,  
 25 like yeah, you know, you were in Africa. I said, no I wasn't

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1 in Africa on those dates. And -- but I gave all that  
 2 information to the FBI.  
 3 Q So Armand was representing to people that had  
 4 invested money with the Elva Group, that some of that money  
 5 was going to the South African project?  
 6 A Apparently. I mean, I don't -- I don't know to  
 7 what -- I mean, I've seen stuff on the internet. You know,  
 8 I'm going to try to take that with a grain of salt. But I  
 9 know the people that I had talked to, yeah, and they said, --  
 10 Q Do you recall any of those individuals, that you  
 11 spoke to, that told you Armand had told them that their Elva  
 12 Group money was being used for the Katota project?  
 13 A One specifically, was Bob Ballauo.  
 14 Q Can you spell his last name?  
 15 A B-a-l-l-a-u-o, I think. But that's -- yeah, that  
 16 was in an e-mail that I sent to you as well.  
 17 Q So it's your understanding that investor money was  
 18 not used in the Katota project, for the Wealth Solutions or  
 19 GREN Realty because the only money was the Wealth Solutions  
 20 website, that was funded by Roy --  
 21 A Roy.  
 22 Q -- Bettenhausen?  
 23 A Yes.  
 24 Q Okay. So there wouldn't have been a need for  
 25 investor money, for any other purpose, is that correct?

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1 A For?  
 2 Q To invest in any South African properties or for  
 3 any other reason?  
 4 A No, no, no. There was -- I mean, there was --  
 5 there was -- that lady that I told you about earlier, Leslie  
 6 Leason, she was talked, you know, talked to her about  
 7 capitalization for -- for Wealth Solutions. But it -- you  
 8 know, that didn't -- that didn't work. So we talked to --  
 9 talked to Mr. Roy Bettenhausen about it. And then he, you  
 10 know, discussed it with the attorney and that's how that came  
 11 about. So he was -- he was the only that -- he was the only  
 12 one that put capital into -- into Wealth Solutions and to  
 13 Global Real Estate.  
 14 Q So you never received any income or distributions  
 15 or anything from any of those entities because they never had  
 16 any profit or never had any business?  
 17 A I think there was -- there -- on the distribution,  
 18 I think there was -- there may have been -- there may have  
 19 been -- I think, from Wealth Solutions, there may have been  
 20 distribution that came out of that. But I'm pretty sure  
 21 there was.  
 22 Q So that would have been money from Ray -- Roy  
 23 Bettenhausen?  
 24 A Yes. Yeah.  
 25 Q Do you recall how much distribution was to both

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1 you and Armand, from Wealth Solutions?  
 2 A No, I do not. I think it may have been \$7,500,  
 3 maybe. I don't know.  
 4 Q Okay.  
 5 A That was probably in -- I think, it was either  
 6 2009 or 2010.  
 7 Q Okay. And Bob Ballauo --  
 8 A Ballauo.  
 9 Q Ballauo. What did he tell you?  
 10 A He told me, you know, previously, that he had, you  
 11 know, that he -- he was doing property with New Vision and  
 12 then Armand had him switch it over to -- to the Elva Group.  
 13 And Mr. Ballauo was telling me all this over the telephone.  
 14 And I was just trying to get as much information from him  
 15 that I could so that I could forward it to Jason. And I just  
 16 asked him -- I said, hey, you know, I just -- there's -- the  
 17 only thing I said, I said, there's some friction between  
 18 Armand and I, I would like to -- you know, and then he sent  
 19 me all the information I needed. And he had told me about,  
 20 you know, about the Elva Group and --  
 21 Q What did he tell you about Elva Group?  
 22 A That he had, you know, that he had -- he was doing  
 23 loans for properties, private money loans. And then money  
 24 was transferred to, you know, to the Elva Group. Or that he  
 25 and Armand had that conversation. So at that --

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1 A That I don't know. I don't know what --

2 Q Was there any profit being generated by any of the

3 businesses, like New Vision or the Vernal project or the

4 Katota project or any of the other ones that we've discussed?

5 A No, no. There was no -- there was -- I mean there

6 were -- yeah, there were sales and stuff like that that were

7 coming from, you know, small sales from Vernal. There was --

8 there was supposedly a lot of sales coming from -- or a lot

9 of sales taking place in the -- in the NuGulf thing. I'm

10 almost positive about that. But how -- how Armand was --

11 well, like I told you, he told Rob there at the end, I was

12 paying you with other investor dollars. And that's when --

13 that's when -- you know, going back at that time, going --

14 you know, when it was all taking place, everything seemed

15 fine and dandy.

16 But then -- then Rob or -- I'm sorry. Armand told

17 Rob that and that's why I got that, you know, that e-mail

18 that he sent to me.

19 Q Okay.

20 A Family Products. I know what this is. Okay.

21 That wasn't for the mortgage company.

22 Q So what is your understanding of April 21 --

23 A It says, "Family Products."

24 Q Okay.

25 A They were another real estate seminar firm. And

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1 we were having -- and they needed letters of recommendation.

2 And that's what that was for -- for the Global Real Estate

3 Network.

4 Q So, it was another seminar kind of program, like

5 the James Smith --

6 A Yes.

7 Q -- or the M5 seminars --

8 A Yeah. They were --

9 Q -- too?

10 A -- they were a company in California. Because I

11 was trying to think who -- I saw family something somewhere.

12 Q Family Products?

13 A Family Products. That's exactly what that is.

14 Q Okay. So it's your understanding that's the

15 purpose for Mary Levine writing a letter of recommendation,

16 about the returns that she had, had been outstanding.

17 A Well -- see -- but -- that's -- and that's what

18 stumped me a little bit. That's not what that was for. That

19 letter was for -- just letters of recommendation, that we had

20 to send to their legal counsel or their legal department at

21 Family -- whatever it's called.

22 Q Okay.

23 A Family Products.

24 Q I'm handing you what has just been marked as

25 Government Exhibit 22.

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1 (Government Exhibit 22 was

2 marked for identification.)

3 Q It's a one-page document. It's from Harbor

4 Capital Partners, dated May 1, 2008. And it's entitled,

5 notice of default.

6 A Yeah.

7 Q Do you know what that is?

8 A There was a default on the loan. And -- there was

9 a default on the loan for the -- for the property and -- and

10 this is something that their lawyer and -- and our lawyer

11 were dealing with extensively because there was -- once

12 again, this was talking to my attorney, there was -- there

13 was really some shenanigans that were going on. But when I

14 got out of rehab, my attorney had told me that, you know,

15 there was a notice of default on the --

16 Q Hold on. So, did you go to rehab in 2008?

17 A No, no, no. But there was -- he had -- he had

18 brought the notice of default to my attention when I got out

19 of rehab and we were talking about that because basically,

20 this notice of default, in my opinion, is not worth the paper

21 it's written on.

22 Q Okay. But I don't understand. So, it's a letter

23 that's dated May 1, 2008. And you saw it when you got out of

24 rehab. So three years later, you saw it in 2011?

25 A No, I would imagine I saw it. But there was a

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1 notice of default and it was supposed to be lifted. And

2 that's -- and that came from Harbor Capital, 1000 percent.

3 They were -- this should have never taken place.

4 Q This, being --

5 A This --

6 Q -- the letter in Exhibit 22?

7 A This letter, this notice of default. And --

8 Q Okay. So, was the Elva Group current on all

9 payments it owed to Harbor Capital?

10 A No, it was not current. But they -- they had

11 said, they had sent that notice -- they were going to reverse

12 the notice of default, for whatever reason. And that -- that

13 -- my attorney, David Stevenson and their attorney, but a lot

14 of those -- a lot of these -- a lot of these meetings and

15 stuff, Armand was involved in a whole bunch of these

16 meetings. So -- but the notice of default, to the best of my

17 recollection, was -- it was supposed to be lifted

18 immediately.

19 Q Okay. So --

20 A It shouldn't have even been recorded, from my

21 understanding.

22 Q So this -- the notice of default, here in Exhibit

23 22, it shows the loan agreement and promissary note are dated

24 January 6, 2006. And the original amount is \$2.4 million and

25 change. That's a considerable higher amount than the 1.1

# EXHIBIT F



HARBOR CAPITAL PARTNERS

May 1, 2008

Armand Franquelin  
[REDACTED]

NOTICE OF DEFAULT

RE: Loan from Harbor Real Asset Fund, LP ("Harbor")

Dear Mr. Franquelin:

This letter constitutes formal notice of default by the Elva Group, L.L.C. ("Borrower") as a result Borrower's failure to pay the amounts due in accordance with the following documents:

- Loan Agreement and Secured Promissory Note dated January 6, 2006 evidencing a loan in the original amount of \$2,463,625.00
  - Loan Agreement and Secured Promissory Note dated January 15, 2008 evidencing a loan in the original amount of \$509,175.00
- (Collectively, the "Loan Agreements" and "Notes")

As a result of Borrower's failure to make the required payment as set forth in the Loan Agreements and Notes, the loans are in default. The total amount due and owing under the Notes as of the date of this letter is \$7,158,665.94. This amount will continue to accrue interest at the rate of interest set forth in the Note and 3 points per month in accordance with the terms of the Notes. Please note that Harbor has the right to charge a default rate of 10 points per month in accordance with the terms of the Notes for each month in which the loan is in default.

Under the terms of the Guarantee and Waiver of January 15, 2008 ("Guarantee"), you, as a guarantor, irrevocably and unconditionally guarantee and promise to pay the amounts due under the Note without diligence, presentment, demand for payment and performance, protest, notice of dishonor or nonpayment. Your obligations under the Guarantee are secured by a pledge of all of your personal assets pursuant to a Security Agreement dated January 15, 2008 ("Security Agreement"). A copy of the Guarantee is enclosed with this letter.

In accordance with the terms of the Guarantee, Harbor demands payment by you, as guarantor, of all amounts due under the Notes. If this amount is not paid to Harbor within thirty (30) calendar days of the date of this letter or an extension agreement is not entered into reached, then all legal and equitable actions available to Harbor under the Guarantee and the Security Agreement will be taken, including foreclosure upon all of your personal assets and accounts.

Unless otherwise agreed by Harbor in writing in the form of a Note Extension Agreement and/or a Forbearance Agreement, Harbor's acceptance of one or more payments for less than the total amount due shall not be deemed to reinstate the loan, waive acceleration of the loan or halt foreclosure and/or other proceedings against you as the Guarantor. Harbor intends to take any and all legal action against you to recover all amounts due under the Notes, including fees and expenses. In order to avoid legal action and foreclosure upon the personal assets pledged by you under the Security Agreement you must promptly do the following:

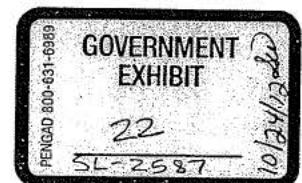
1. Pay Harbor all amounts due under the Notes, including interest and fees up to and including the date of payment.
2. Pay all reasonable expenses, including, but not limited to, attorney's fees, trustee's fees, property valuation expenses and other expenses Harbor has incurred in enforcing its remedies, unless otherwise prohibited by law, which amounts are in addition to the amount set forth above

We appreciate your prompt attention to this matter.

Sincerely,

J. Martin Tate  
General Counsel  
Harbor Real Asset Fund, LP

Cc: Paul Veasy, Parsons Behle & Latimer



# EXHIBIT G

11/15/10

The Elva Group  
968 East Chambers Street  
Suite #5  
South-Ogden, UT 84403

*new personal  
Chamber  
R  
beal*

Attn: Armand Franquelin, Martin Poole, James M. Smith, Robert Levine

Gentlemen, my name is Tom Tranovich, and I am writing to you on behalf of my family members who invested with you and your company. The parties include [REDACTED] to be herein referred to as the "Tranovich investors". Effective November 13, 2010, The Tranovich investors have given me the exclusive power-of-attorney to resolve their collective interest in regards to their investment with you and your firm and to proceed with any remedies as I see fit. Therefore, effective immediately, you are hereby forbidden to contact any of the Tranovich investors directly. Any and all future communication for the group will be handled by me.

In the fall of 2008, the Tranovich investors were initially solicited by James M. Smith and later by Armand Franquelin and Martin Poole. During those meetings, the Tranovich investors were given verbal assurances that their investment in the Vernal Utah project would be secured by a first lien position on the specific lots in that project. The verbal commitment of their first lien position was not only made to the four Tranovich investors, but also witnessed by Stephen Tranovich (husband of Marie) and Scott Fitz-Patrick (husband of Karen). I personally was also was told of the same security in a phone conversation I had with Martin Poole in or around December 2008, soon after I learned of my mother's (Marie Tranovich) investment with your firm. Martin assured me during that call, that the project was a great investment and her money was safe and secured by a first lien position on the individual lots in the development. He even explained to me in great detail that the lien was on specific lots, not the project in general, and hence gave her investment perfect security.

The Tranovich investors signed 4 separate Promissory Notes prepared by your firm that confirmed the verbal commitment's you made and their understanding that their money would be secured by a first lien position in the lots. Paragraph 7c of the notes state, "Holder's security interest in and to the Collateral is and shall remain in a first lien position". In fact, there already was a first lien position on all of the lots by Harbor Asset Fund (or associated entity of Harbor) prior to any investment made by the Tranovich investors. The Tranovich investors would have NEVER invested their money in this project if they were told they would not be in a first lien position. They were intentionally misled (through verbal commitments and written documents) by Armand Franquelin, Martin Poole, James M. Smith, and Robert Levine.





The Tranovich investors first learned of this fraud in a letter dated November 9, 2010 from your attorney David Stevenson. Prior to receiving this letter, you had no less than 50 conversations and/or correspondences with the Tranovich investors over the course of their investment asking about the status of their payments and their security interest in the lots. You never revealed to them that the lots were foreclosed upon in February 2009, only MONTHS after they made their investment! You initially lied to get the Tranovich investors to invest their money, and then blatantly lied to them for the last 20 months about the status of the lots!

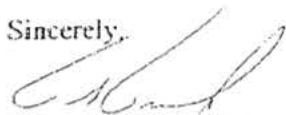
On November 10, 2010, I participated in a conference call with Armand Franquelin, Karen Fitz-Patrick and Lorraine Epperley. During that call we collectively reviewed the November 9, 2010 Stevenson letter and the fraud was revealed. During that call, Armand again promised full payment of principle and accrued interest by mid December 2010.

You have failed to make the interest and principle payments promised in the notes, and therefore you are in breach of the contracts. During the course of this investment, you have repeatedly promised payment of the principle and accrued interest, and have failed to fulfill your promises.

Based on the breach of the contracts and evidence of fraud, I have contacted my attorney Mr. Tracy Fowler (Snell and Witmer LLP, Salt Lake City, UT) to review the matter. Mr. Fowler is in complete agreement of the fraudulent implications of this case, and not only recommended immediate civil actions against The Elva Group and all of its principles and associates, but his firm has a close working relationship with the District Attorney and feels confident they will pursue a criminal investigation against Armand Franquelin, Martin Poole, James M. Smith, and Robert Levine for their role in this fraud. Mr. Fowler also feels confident that the Attorney General's office will have great interest in this matter as acts of this nature smears the great state of Utah's reputation for commerce and investing. Also, the Tranovich investors are not classified as "accredited investors" as an investment of this nature requires, so hence additional legal action will be explored.

Gentlemen, Armond promised full payment of principle and all accrued interest by mid December, 2010. If I do not receive full payment per the attached spread sheet by Friday December 17, 2010, I will immediately institute civil and criminal action.

Sincerely,



Thomas S. Tranovich  
For the Tranovich Investors



Vernal Utah Investments  
11/15/2010



	<u>Principle</u>	<u>Interest to 12/17/10</u>
\$	250,000	\$ 116,632
\$	200,000	\$ 87,165
\$	150,000	\$ 76,994
\$	100,000	\$ 61,303
\$	<u>700,000</u>	\$ <u>342,094</u>

Total Principle and Interest	\$ 1,042,094
Legal costs	\$ 10,000
Total Due Tranovich Investors	\$ 1,052,094

Wiring Instructions

Incoming Wire ABA  
Account Number:  
Wachovia Bank NA



11/18/2010

Tom s Tranovich

Dear Tom,

Again thank you for your time and consideration regarding a payback plan. What we are proposing is the following: based on your message dated 11/15/2010 via e-mail and ups delivery received on 11/18/2010 at the [REDACTED].

The accounting numbers I received from you show interest accruing thru to 12/17/2010, and based on our accounting we are close to your numbers that you provided. And it appears that you are using the default rate of 21% and you credited the interest payment's that where made only to made to [REDACTED] and [REDACTED].

I agree with you on the default of 21% simple interest. Based on our past dealings with your family, I do not want to give you any unrealistic expectations. So we have made a payment plan. Payment plan; MEANING (James Smith, Armand Franquelin & Martin Pool) understand the need to have your family paid off entirely as quick as possible.

What is realistic and with expectation that can be met:

EFFECTIVE FEBRUARY 15TH 2011.

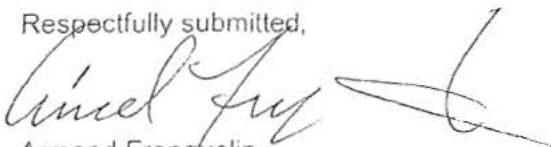
1<sup>ST</sup> PAYMENT WILL BE RECEIVED INTO WACHIVOA BANK ON FEBRUARY 15, 2011 AND EVERY MONTH FOLLOWING.

THE FINAL PAYMENT WILL BE ON MAY 15, 2011, WHICH WILL INCLUDE ALL PRINCIPAL AND ACCURED INTEREST.

The reason for the deferred lengthy payment plan is that through our contract with South Africa will we be receiving drawdowns. We will be paying you as much as we can, when we receive it but not all money will come in at one time, therefore we need to draw this payment out so we can fulfill our financial obligation to your family and yourself.

Once this payment plan is accepted or other settlement options, I would expect that Rob Levine be taken off any obligations or possible law suits, for he has no lawful contract with The Elva Group.

Respectfully submitted,



Armand Franquelin  
C/c Martin Pool  
C/c James Smith

11/29/10

The Elva Group  
968 East Chambers Street  
Suite #5  
South- Ogden, UT 84403

Attn: Armand Franquelin, Martin Poole, James M. Smith

Gentlemen, I am in receipt of your 11/18/10 proposal. It is extremely hard to believe that any payment program you suggest is meaningful, as at our November 9, 2010 conference call Armand said the full balance would be paid by mid December 2010, and now you are suggesting to start paying in February 2011 and end in May 2011! This is not acceptable.

But, in order to facilitate a settlement agreement, I would be agreeable to the following:

1. A new contract would be created to incorporate these items. This document to include:

a. Payment Schedule

1. December 15, 2010	\$50,000	20,000	I
2. January 15, 2011	\$150,000	00	
3. February 15, 2011	\$200,000	230,000	
4. March 15, 2011	\$250,000		
5. April 15, 2011	\$250,000		
6. May 15, 2011			balance of principle, accrued interest, legal fees

b. Interest on unpaid balances to accrue at a rate of 21%

c. A "tolling" provision to be included to eliminate any statute of limitations expiring on any lawsuit opportunities.

d. This agreement is to be signed by Armand Franquelin, Martin Poole, and James M. Smith, and it will include a personal guarantee provision binding each of these gentlemen to meet this payment schedule. I will not require Robert Levine to sign.

I believe this is more than a fair agreement. The Tranovich investors are in desperate need of cash, so the December and January payments are a must. After that, I simply followed your proposed payment plan. The personal guarantees are a must as your promises to pay over the last 18 months have been meaningless. (You each are already personally liable for this debt as fraud is not protected by the corporate veil.)

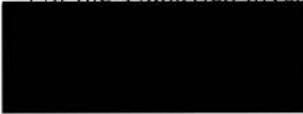
very important

You have until Wednesday December 1, 2010 to agree or reject this proposal. If you agree, I will have my attorney prepare the agreement. If you don't agree, or I don't hear from you by that date, I will not wait until December 17<sup>th</sup> (as I stated in my previous letter) and will immediately institute legal and criminal prosecution.

Sincerely,



Thomas S. Tranovich  
For the Tranovich Investors



# EXHIBIT H

Daniel J. Wadley (10358)  
wadleyd@sec.gov  
Thomas M. Melton (4999)  
meltont@sec.gov  
Attorneys for Plaintiff  
Securities & Exchange Commission  
15 West South Temple Street, Suite 1800  
Salt Lake City, Utah 84101  
Tel. 801-524-5796  
Fax: 801-524-5262

IN THE UNITED STATES DISTRICT COURT  
DISTRICT OF UTAH, NORTHERN DIVISION

SECURITIES AND EXCHANGE  
COMMISSION,

PLAINTIFF,

v.

ARMAND R. FRANQUELIN, an individual, and  
MARTIN A. POOL, an individual

DEFENDANTS,

and

JUDITH E. FRANQUELIN

RELIEF DEFENDANT

Civil No.: 1:13-cv-00096

Judge Clark Waddoups

Magistrate Judge Evelyn J. Furse

**DEFAULT AND FINAL JUDGMENT AS TO DEFENDANT ARMAND R.  
FRANQUELIN AND RELIEF DEFENDANT JUDITH E. FRANQUELIN**

The Court having reviewed the Securities and Exchange Commission's ("Commission") Motion for Default and Final Judgment against Defendant Armand R. Franquelin ("Franquelin" or "Defendant") and Relief Defendant Judith E. Franquelin ("Relief Defendant") and good cause appearing enters the following Order:

### STATEMENT OF FACTS

1. The Commission filed a Complaint against Defendant and Relief Defendant on July 2, 2013. Docket No. 2.
2. On August 21, 2013, Franquelin and Judith filed a Statement of Financial Affairs with the United States Bankruptcy Court, District of Utah, in which they list this action as a suit “to which the debtor is or was a party”. *See In re Armand R. Franquelin et al.*, Case No. 13-22646, docket No. 37, (D. Utah 2013).
3. On October 17, 2013, the Court granted the Commission’s Motion for Service of the Complaint by Alternative Means, approving service by publication against the Defendant and Relief Defendant and also allowed service of the Complaint to the Defendant via email. Docket No. 10.
4. On October 22, 2013, pursuant to the Court’s Order Granting Use of Alternative Means of Service of Process, the Commission sent the summons and complaint to Defendant via email at [armandfranquelin@aol.com](mailto:armandfranquelin@aol.com). *See Declaration of Service*, Docket No. 11.
5. The Commission also published a notice about the pendency of this action in *The Salt Lake Tribune* and the *Standard-Examiner*. The notices ran once a week for three weeks starting October 23, 2013 and ending November 6, 2013. *Id.*
6. Notice of the Proof of Services was filed with the Court of November 20, 2013. *Id.*
7. On January 3, 2014, the Clerk of the Court entered a Default Certificate against Defendant and Relief Defendant. Docket No. 13.
8. To date, Defendant and Relief Defendant have failed to file a response to the allegations contained in the Commission’s July 2, 2013, Complaint.



9. No stipulation for an extension of time was entered into between the Commission and Defendant or Relief Defendant allowing further time in which to respond to the Complaint.
10. Defendant is not an infant or incompetent. Docket No. 2 at ¶ 12.
11. Relief Defendant is not an infant or incompetent. Docket No. 2 at ¶ 14.
12. A Default Certificate having been entered against Defendant and Relief Defendant, they are barred from denying the allegations of the Complaint.
13. In the course of the fraudulent conduct alleged in the Complaint, Franquelin received \$1,529,749.28 of investors' funds. The prejudgment interest calculation on these funds is \$709,662.16.
14. Relief Defendant Judith E. Franquelin, wife of Armand Franquelin, was unjustly enriched from the funds derived from the alleged fraudulent conduct, receiving \$396,740.62 of investors' funds. The prejudgment interest calculation on these funds is \$166,935.80.

I.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant Armand R. Franquelin and Defendant's agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating, directly or indirectly, Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5], by using any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, in connection with the purchase or sale of any security:

- (a) to employ any device, scheme, or artifice to defraud;
- (b) to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or
- (c) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

II.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Armand R. Franquelin and Defendant's agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating Section 17(a) of the Securities Act of 1933 (the "Securities Act") [15 U.S.C. § 77q(a)] in the offer or sale of any security by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly:

- (a) to employ any device, scheme, or artifice to defraud;
- (b) to obtain money or property by means of any untrue statement of a material fact or any omission of a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;  
or
- (c) to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser.

III.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Armand R. Franquelin and Defendant's agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating Section 5 of the Securities Act [15 U.S.C. § 77e] by, directly or indirectly, in the absence of any applicable exemption:

- (a) Unless a registration statement is in effect as to a security, making use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell such security through the use or medium of any prospectus or otherwise;
- (b) Unless a registration statement is in effect as to a security, carrying or causing to be carried through the mails or in interstate commerce, by any means or instruments of transportation, any such security for the purpose of sale or for delivery after sale; or
- (c) Making use of any means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy through the use or medium of any prospectus or otherwise any security, unless a registration statement has been filed with the Commission as to such security, or while the registration statement is the subject of a refusal order or stop order or (prior to the effective date of the registration statement) any public proceeding or examination under Section 8 of the Securities Act [15 U.S.C. § 77h].

IV.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Armand R. Franquelin and Defendant's agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating Section 15(a) of the Exchange Act [15 U.S.C. § 78o(a)] by directly or indirectly making use of the mails or any means or instrumentality of interstate commerce to effect any transactions in, or to induce or attempt to induce the purchase or sale of any security (other than an exempted security or commercial paper, bankers' acceptances, or commercial bills) unless such broker or dealer is registered in accordance with Section 15(b) of the Securities Act

V.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Armand R. Franquelin is liable for disgorgement of \$1,529,749.28, representing profits gained as a result of the conduct alleged in the Complaint, together with prejudgment interest thereon in the amount of \$709,662.19, for a total of \$2,239,411.44. Defendant shall satisfy this obligation by paying \$2,239,411.44 to the Securities and Exchange Commission within 14 days after entry of this Final Judgment.

Defendant may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request. Payment may also be made directly from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>. Defendant may also pay by certified check, bank cashier's check, or United States postal money order payable to the Securities and Exchange Commission, which shall be delivered or mailed to

Enterprise Services Center  
Accounts Receivable Branch  
6500 South MacArthur Boulevard  
Oklahoma City, OK 73169

and shall be accompanied by a letter identifying the case title, civil action number, and name of this Court; Armand R. Franquelin as a defendant in this action; and specifying that payment is made pursuant to this Final Judgment.

Defendant shall simultaneously transmit photocopies of evidence of payment and case identifying information to the Commission's counsel in this action. By making this payment, Defendant relinquishes all legal and equitable right, title, and interest in such funds and no part of the funds shall be returned to Defendant.

The Commission shall hold the funds (collectively, the "Fund") and may propose a plan to distribute the Fund subject to the Court's approval. The Court shall retain jurisdiction over the administration of any distribution of the Fund. If the Commission staff determines that the Fund will not be distributed, the Commission shall send the funds paid pursuant to this Final Judgment to the United States Treasury.

The Commission may enforce the Court's judgment for disgorgement and prejudgment interest by moving for civil contempt (and/or through other collection procedures authorized by law) at any time after 14 days following entry of this Final Judgment. Defendant shall pay post judgment interest on any delinquent amounts pursuant to 28 U.S.C. § 1961.

VI.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Relief Defendant Judith E. Franquelin is liable for disgorgement of \$396,740.62, representing profits gained as a result of the conduct alleged in the Complaint, together with prejudgment interest thereon in the amount of \$166,935.80, for a total of \$563,676.42. Relief Defendant shall satisfy

this obligation by paying \$563,676.42 to the Securities and Exchange Commission within 14 days after entry of this Final Judgment.

Relief Defendant may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request. Payment may also be made directly from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>. Relief Defendant may also pay by certified check, bank cashier's check, or United States postal money order payable to the Securities and Exchange Commission, which shall be delivered or mailed to

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and shall be accompanied by a letter identifying the case title, civil action number, and name of this Court; Judith E. Franquelin as a relief defendant in this action; and specifying that payment is made pursuant to this Final Judgment.

Relief Defendant shall simultaneously transmit photocopies of evidence of payment and case identifying information to the Commission's counsel in this action. By making this payment, Relief Defendant relinquishes all legal and equitable right, title, and interest in such funds and no part of the funds shall be returned to Relief Defendant.

The Commission shall hold the funds (collectively, the "Fund") and may propose a plan to distribute the Fund subject to the Court's approval. The Court shall retain jurisdiction over the administration of any distribution of the Fund. If the Commission staff determines that the Fund will not be distributed, the Commission shall send the funds paid pursuant to this Final Judgment to the United States Treasury.

The Commission may enforce the Court's judgment for disgorgement and prejudgment interest by moving for civil contempt (and/or through other collection procedures authorized by law) at any time after 14 days following entry of this Final Judgment. Relief Defendant shall pay post judgment interest on any delinquent amounts pursuant to 28 U.S.C. § 1961.

VII.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court shall retain jurisdiction of this matter for the purposes of enforcing the terms of this Final Judgment.

VIII.

There being no just reason for delay, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, the Clerk is ordered to enter this Final Judgment forthwith and without further notice.

Dated this 18th Day of April, 2014.



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Clark Waddoups  
United States District Judge