Division of Securities
Utah Department of Commerce
160 East 300 South, 2nd Floor
Box 146760
Salt Lake City, UT 84114-6760
Telephone: (801) 530-6600
FAX: (801) 530-6980

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

IN THE MATTER OF:	ORDER TO SHOW CAUSE
PENNY FINANCIAL, INC.;	Docket No. SD-06-0097
PERRY PENNY;	Docket No. SD-06-0098
TERRY PENNY;	Docket No. SD-06-0099
RYM TECHNOLOGY HOLDINGS, LLC; and	Docket No. SD-06-0100
FELIX L. DANIEL SR.;	Docket No. SD-06-0101
Respondents.	

It appears to the Director of the Utah Division of Securities (Director) that Penny Financial, Inc., Perry Penny, Terry Penny, Rym Technology Holdings, LLC, and Felix L. Daniel Sr. (Respondents) may have engaged in acts and practices that violate the Utah Uniform Securities Act, Utah Code Ann. § 61-1-1, et seq. (the Act). Those acts are more fully described herein. Based upon information discovered in the course of the Utah Division of Securities' (Division) investigation of this matter, the Director issues this Order to Show Cause in accordance with the provisions of § 61-1-20(1) of the Act.

STATEMENT OF JURISDICTION

1. Jurisdiction over Respondents and the subject matter is appropriate because the Division alleges that Respondents violated § 61-1-1 (Securities Fraud) of the Act, while engaged in the offer and sale of securities in Utah.

STATEMENT OF FACTS

THE PARTIES

2. Penny Financial, Inc. (Penny Financial) was registered as a Michigan corporation by Terry Penny and Perry Penny on April 27, 2004, and its corporate status is currently "active." Penny Financial is not a registered business entity in Utah.

3. Perry Penny (Perry) resides in Maricopa County, Arizona.

4. Terry Penny (Terry) resides in Maricopa County, Arizona. Perry and Terry are husband and wife.

5. Rym Technology Holdings, LLC (Rym Technology) was registered as a Michigan company on September 16, 2003, and its corporate statue is currently "active." Rym Technology is not a registered business entity in Utah.

6. Felix Daniel (Daniel) resides in Wayne County, Michigan. At all times relevant to the matters asserted herein, Daniel held himself out to be the Managing Member of Rym Technology.

GENERAL ALLEGATIONS

7. In July 2006, S. C., a Utah resident, first learned about Penny Financial and its "5 Years to Freedom Program" from Perry.

8. S. C. had signed up for a real estate investing program called the Wealth Intelligence Academy (the Academy).

9. Perry was assigned to S. C. as her coach and mentor through the Academy, and came to Utah on July 25, 2006, to train S. C..

10. During the training, Perry told S. C. she should set up her own website in order to generate business. S. C. asked Perry if he had a website, and he replied that he did and gave S. C. the web-address.

11. When S. C. visited Perry's website, which is also Penny Financial's website, she read about the "5 Years to Freedom Program" (the Program).

12. Penny Financial's website made the following statements about the Program:

    1. "Pay off your mortgage in only 5 years and reduce your new mortgage payments by 50%."

    2. "Free and clear in only 5 years! Lower your monthly payment! No Risk!"

    3. "To qualify, you would need to have at least 25% equity in your home, or have that amount in cash. You would refinance your home if you need to access your equity, then you're ready to enter into the 5 YEARS TO FREEDOM Program."

    4. "Your initial investment matures in 5 years to the amount of the original loan."

5. "The principal investment of the 5 YEARS TO FREEDOM Program is guaranteed, and will generate the amount of money borrowed, making this a "win-win" opportunity so you have nothing to lose."

6. "Your equity is invested through a reputable investment firm, with a guaranteed return on investment. Therefore, the profit made from investing the equity pays off your mortgage. By the end of the 5 years, your mortgage is paid in full, and your home is free and clear. This program is patent pending, so we've had to provide extensive documentation, showing that this program is both legitimate and beneficial."

7. "There is NO involvement with risky investments, such as stocks. And since the cost of the 5 YEARS TO FREEDOM Program is fully guaranteed, with interest, this means you have **NOTHING TO LOSE!**"

8. "The minimum loan amount is $50,000, and there's **no maximum loan amount.**"

9. "Consulting fee is 2% of the loan amount, and is due and payable at the time you enter your mortgage into the program."

10. "All parties agree that they are not licensed to sell securities and that if completed, this transaction would be exempted under the 1933 Securities Act."

13. The next time Perry came to S. C.'s home to train her, S. C. asked him about the Program.

14. Perry told S. C. the Program had nothing to do with the Academy, and if he was going to talk to her about the Program she needed to know that it was not related to or endorsed by those in charge of the Academy.

15. S. C. told Perry she understood the basics of the Program, but had some additional questions. S. C. asked Perry how Penny Financial could guarantee such a high return on investments.

16. Perry told S. C. that Penny Financial had a separate investment company, Rym Technology, that invested the money mainly in large real estate deals such as apartment conversions in New York and China.

17. Perry told S. C. that Penny Financial was in the process of getting a patent for the Program, and it had already passed inspection by the US Attorney's Office and the IRS.

18. Perry said that after the IRS inspected their investment opportunity, thirty IRS agents invested in the Program.

19. After Perry left Utah, the majority of S. C.'s communication about the Program was with Terry Penny by email.

20. On August 22, 2006, S. C. sent an email to Terry asking if S. C. should refinance her home to get a higher loan to value.

21. Terry responded by saying "We always suggest that the homeowners pull as much cash out at the closing as possible."

22. On September 11, 2006, S. C. sent another email to Terry informing Terry that S. C. would like to enroll in the Program. S. C. asked to receive any forms she would need to complete.

23. Terry responded with the following:

> Felix Daniel of Rym-Technology Holdings, our investing source, will draw up two copies of the contracts. There will be a Payment Note and a Property Maintenance Agreement. He will sign and overnight to you two originals of each contract, then you sign both sets and keep one copy for

your records. Then return the other signed set, along with two checks, to us.

24. On September 12, 2006, Terry e-mailed S. C., instructing her to include two checks with the signed contracts: one for $24,846.80, and one for $993.87. The $24,846.80 was the amount of money S. C. could borrow against her own home. The $993.87 was to pay Penny Financial's consulting fee, and represented 1.4%[1] of the amount still owing on her home, or $70,000.

25. On September 15, 2006, Terry e-mailed S. C. telling her "With the Mortgage that you're currently putting into the program, here's how your return on investing (ROI) would break down:

Investment amount: $24,846
Monthly return: $537.82 X 54 months (4 ½ yrs.) = $29,042.28
Balloon payment in 4 ½ yrs: $70,990.87
$100,033.15

That's 403% ROI over 4 ½ yrs.
That's over 89% ROI per year NOT BAD!!!!!"

26. On or about September 15, 2006, S. C. received a package in the mail from Daniel of Rym Technology, which included a Payment Note signed by Daniel as the Managing Member of Rym Technology, and an unsigned Property Maintenance Agreement.

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[1] Penny Financial's consulting fee was advertised on its web site as 2% of the "loan amount," meaning the amount still owing on the home mortgage. The consulting fee S. C. was asked to pay was lower because she was going to act as a referral for Penny Financial.

27. The Payment Note was from Rym Technology to S. C., was in the amount of $24,846.40, included an interest rate of 7% per year, and matured on March 1, 2011.

28. S. C. chose not to invest in the Program.

CAUSES OF ACTION

COUNT I
Securities Fraud under § 61-1-1 of the Act

29. The Division incorporates and re-alleges paragraphs 1 through 28.

30. The investment opportunity and "Payment Note" offered by the Respondents are securities under § 61-1-13 of the Act.

31. In connection with the offer of securities to S. C., Respondents, directly or indirectly, made false statements, including, but not limited to, the following:

    a. That there was no risk involved in the investment, when, in fact, every investment involves some risk and this one involved multiple, significant risks;

    b. That investors are guaranteed a return of their principal plus interest, when, in fact, Respondents had no reasonable basis on which to make this representation;

    c. That if the investor chose to invest in the Program, all parties involved would agree that the transaction would be exempted from registration under the 1933 Securities Act, when, in fact, parties to an investment cannot agree to whether or not an investment is exempt from registration, it either is or it is not exempt;

d. Perry told S. C. the Program was in the process of becoming patented and had passed inspection by the US Attorney's Office and the IRS, when, in fact, the US Patent and Trademark Office is the only agency involved in inspecting and approving a patent;

e. Perry told S. C. that after the IRS inspected the Program, thirty IRS agents invested, when, given that the IRS is not involved in the patenting process and never actually inspected the Program, Perry had no reasonable basis on which to make this representation; and

f. Terry told S. C. that if she invested $24,846 in the Program, she would receive a return of 89% per year, or 403% over 4 ½ years, when, in fact, Terry had no reasonable basis on which to make these representations.

32. In connection with the offer of a security to S. C., Respondents, directly or indirectly, failed to disclose material information, including, but not limited to, the following, which was necessary in order to make representations made not misleading:

a. Some or all of the information typically provided in an offering circular or prospectus regarding Penny Financial and Rym Technology, such as:

i. The business and operating history for Penny Financial and Rym Technology;

ii. Identities of Penny Financial's and Rym Technology's principals along with their experience in this type of business;

iii. Penny Financial's and Rym Technology's financial statements;

iv. The market for the product of the companies;

v. The nature of the competition for the product;

vi. Current capitalization of the issuer;

vii. A description of how the investment would be used by the businesses;

viii. The track record of the companies to investors;

ix. Risk factors for investors;

x. The number of other investors;

xi. The minimum capitalization needed to participate in the investment;

xii. The disposition of any investments received if the minimum capitalization were not achieved;

xiii. The liquidity of the investment;

xiv. Discussion of pertinent suitability factors for the investment;

xv. The proposed use of the investment proceeds;

xvi. Any conflicts of interest the issuer, the principals, or the agents may have with regard to the investment;

xvii. Agent commissions or compensation for selling the investment;

xviii. Whether the investment is a registered security or exempt from registration; and

xix. Whether the person selling the investment is licensed.

33. Based upon the foregoing, Penny Financial, Inc., Terry Penny, Perry Penny, Rym Technology Holdings, LLC, and Felix L. Daniel Sr. willfully violated § 61-1-1 of the Act.

ORDER

The Director, pursuant to § 61-1-20 of the Act, hereby orders Respondents to appear at a formal hearing to be conducted in accordance with Utah Code Ann. §§ 63-46b-4 and 63-46b-6 through -10, and held before the Utah Division of Securities. The hearing will occur on Monday, January 29th, 2007, at 10:00 a.m., at the office of the Utah Division of Securities, located in the Heber Wells Building, 160 East 300 South, 2nd Floor, Salt Lake City, Utah. The purpose of the hearing is to establish a scheduling order and address any preliminary matters. If Respondents fail to file an answer and appear at the hearing, the Division of Securities may hold Respondents in default, and a fine may be imposed in accordance with Utah Code Ann. § 63-46b-11. In lieu of default, the Division may decide to proceed with the hearing under § 63-46b-10. At the hearing, Respondents may show cause, if any they have:

a. Why Penny Financial, Inc., Terry Penny, Perry Penny, Rym Technology Holdings, LLC, and Felix L. Daniel Sr. should not be found to have willfully engaged in the violations alleged by the Division in this Order to Show Cause;

b. Why Penny Financial, Inc., Terry Penny, Perry Penny, Rym Technology Holdings, LLC, and Felix L. Daniel Sr. should not be ordered to cease and desist from engaging in any further conduct in violation of Utah Code Ann. § 61-1-1, or any other section of the Act;

c. Why Penny Financial, Inc. should not be ordered to pay a fine of twenty five thousand dollars ($25,000) to the Division of Securities;

d. Why Terry Penny should not be ordered to pay a fine of ten thousand dollars ($10,000) to the Division of Securities;

e. Why Perry Penny should not be ordered to pay a fine of ten thousand dollars ($10,000) to the Division of Securities;

f. Why Rym Technology Holdings, LLC should not be ordered to pay a fine of twenty five thousand dollars ($25,000) to the Division of Securities; and

g. Why Felix L. Daniel Sr. should not be ordered to pay a fine of fifty thousand dollars ($50,000) to the Division of Securities.

DATED this 21st day of December, 2006.

Wayne Klein

WAYNE KLEIN
Director, Utah Division of Securities

Approved:

JEFF BUCKNER
Assistant Attorney General

J. S.

Division of Securities
Utah Department of Commerce
160 East 300 South, 2nd Floor
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BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH

IN THE MATTER OF:	**NOTICE OF AGENCY ACTION**
PENNY FINANCIAL, INC.;	**Docket No.** SD-06-0097
PERRY PENNY;	**Docket No.** SD-06-0098
TERRY PENNY;	**Docket No.** SD-06-0099
RYM TECHNOLOGY HOLDINGS, LLC; and	**Docket No.** SD-06-0100
FELIX L. DANIEL SR.;	**Docket No.** SD-06-0101
Respondents.	

THE DIVISION OF SECURITIES TO THE ABOVE-NAMED RESPONDENTS:

The purpose of this Notice of Agency Action is to inform you that the Division hereby commences a formal adjudicative proceeding against you as of the date of the mailing of the Order to Show Cause. The authority and procedure by which this proceeding is commenced are provided by Utah Code Ann. §§ 63-46b-3 and 63-46b-6 through 11. The facts on which this action is based are set forth in the foregoing Order to Show Cause.

Within thirty (30) days of the mailing date of this notice, you are required to file an Answer with the Division. The Answer must include the information required by Utah Code § 63-46b-6 (1). In addition, you are required by § 63-46b-6 (3) to state: a) by paragraph, whether

you admit or deny each allegation contained in the Order to Show Cause, including a detailed explanation for any response other than an unqualified admission; b) any additional facts or documents which you assert are relevant in light of the allegations made; and c) any affirmative defenses (including exemptions or exceptions contained within the Utah Uniform Securities Act) which you assert are applicable. To the extent that factual allegations or allegations of violations contained in the Order to Show Cause are not disputed in your Answer, they will be deemed admitted.

Your Answer, and any future pleadings or filings that should be part of the official files in this matter, should be sent to the following:

Signed originals to:	A copy to:
Administrative Court Clerk c/o Pam Radzinski Division of Securities 160 E. 300 S., Second Floor Box 146760 Salt Lake City, UT 84114-6760 (801) 530-6600	Jeff Buckner Assistant Attorney General 160 E. 300 S., Fifth Floor Box 140872 Salt Lake City, UT 84114-0872 (801) 366-0310

A hearing date has been set for Monday, March 12, 2007, at 9:00 a.m., at the office of the Utah Division of Securities, located in the Heber Wells Building, 160 East 300 South, 2nd Floor, Salt Lake City, Utah.

If you fail to file an Answer, as set forth herein, or fail to appear at the hearing, the Division of Securities may hold you in default, and a fine and other sanctions may be imposed against you in accordance with Utah Code Ann. § 63-46b-11, without the necessity of providing you with any further notice. In lieu of default, the Division may decide to proceed with the

hearing under § 63-46b-10. At the hearing, you may appear and be heard and present evidence on your behalf. You may be represented by counsel during these proceedings.

The presiding officer in this case is Wayne Klein, Director, Division of Securities. Questions regarding the Order to Show Cause and Notice of Agency Action should be directed to the Division's attorney, Jeff Buckner, at (801) 366-0310.

DATED this 6th day of February, 2007.

Wayne Klein

WAYNE KLEIN
Director, Division of Securities
Utah Department of Commerce

Certificate of Mailing

I certify that on the 6TH day of ~~January~~ FEBRUARY, 2007, I mailed, by certified mail, a true and correct copy of the Order to Show Cause and Notice of Agency Action to:

Penny Financial, Inc.
C/O Mindy L. Hitchcock, Esq. (Resident Agent)
19785 W. 12 Mile Road, #262
Southfield, MI 48076-2584
~~Certified Mail~~ FEDEX # 5613339432

Perry Penny
405 Midland Drive
Gilbert, AZ 85233
~~Certified Mail~~ FEDEX # 5613339443

Terry Penny
405 Midland Drive
Gilbert, AZ 85233
~~Certified Mail~~ FEDEX # 5613339443

Rym Technology Holdings, Inc.
330 E. Maple Rd. #408
Birmingham, MI 48009
~~Certified Mail~~ FEDEX # 5613339421

Timothy G. Wegmeyer
Registered Agent for Rym Technology Holdings, Inc.
67 N. Walnut
Mt. Clemens, MI 48043
~~Certified Mail~~ FEDEX # 5613339410

RTND BAD ADDRESS

Felix L. Daniel Sr.
16400 Park Dr.
Southfield, MI 48075

FEDEX
~~Certified Mail~~ # 5613339406

Felix L. Daniel Sr.
11692 Robson St.
Detroit, MI 48227

FEDEX
~~Certified Mail~~ # 5613339395

Felix L. Daniel Sr.
2742 Tyler St.
Detroit, MI 48238

FEDEX
~~Certified Mail~~ # 561 3339384

Pam Radzinski
Executive Secretary

From: Jonathan Stewart
To: Radzinski, Pamala
Date: 2/6/2007 2:18 PM
Subject: Re: Penny Financial

The number I gave you was Penny Financial's business phone number, for their home number I have four numbers all area code 480: 361.7065, 507.8300, 507.8302, and 507.8304.

>>> Pamala Radzinski 2/6/2007 2:14 PM >>>
I'm guessing this number is for Hitchcock. I need phone numbers for all named respondents, home, office, other. Thanks.

>>> Jonathan Stewart 2/6/2007 2:09 PM >>>
866.514.9137

>>> Pamala Radzinski 2/6/2007 2:08 PM >>>
Jen is preparing a new Notice of Agency Action and we will send FedEx tonight. Can you provide phone number for the mailing addresses? Thanks.

>>> Jonathan Stewart 2/6/2007 11:03 AM >>>
Was Penny Financial's Order to Show mailed out? Do we have proof that they received it?

Thanks-

Jonny