

STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCE AND CORPORATE SECURITIES

In the Matter of

Case No. S-12-0068

Safe Systems, Inc.,
Genesis Holdings Group, Inc.,
Phoenix Development Group, Inc.,
Philippine Gold Importation Venture, and
Joseph A. Untalan

FINAL ORDER TO CEASE AND DESIST,
DENIAL OF EXEMPTIONS AND
ORDER ASSESSING CIVIL PENALTIES,
ENTERED BY DEFAULT

Respondents.

On September 7, 2012, the Director of the Department of Consumer and Business Services for the State of Oregon (hereinafter, “the Director”), acting by the authority of the Oregon Securities Law, Oregon Revised Statutes Chapter 59, and Oregon Administrative Rules Chapter 441, issued Administrative Order No. S-12-0068, AMENDED ORDER TO CEASE AND DESIST, DENIAL OF EXEMPTIONS, PROPOSED ORDER ASSESSING CIVIL PENALTIES, AND NOTICE OF OPPORTUNITY FOR AN ADMINISTRATIVE HEARING (“the Notice Order”) against Safe Systems, Inc., Genesis Holdings Group, Inc., Phoenix Development Group, Inc., Philippine Gold Importation Venture, and Joseph A. Untalan.

On September 11, 2012, Joseph A. Untalan (“Untalan”) was personally served with true copies of the Notice Order at 11425 SW Beaverton-Hillsdale Hwy in Beaverton, Oregon 97005. Untalan was served with a true copy of the Notice Order addressed to Untalan individually. At the same time and at the same location, Untalan was also personally served with true copies of the Notice Order addressed to both Untalan’s attention and to each of the following: Safe Systems, Inc., Genesis Holdings Group, Inc., Phoenix Development Group, Inc., and Philippine Gold Importation Venture.

No respondent has made a written demand for a contested case hearing in this matter and

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1 time to do so has now expired.

2 NOW THEREFORE, after consideration of the file in this matter maintained by the
3 Oregon Division of Finance and Corporate Securities, including any materials that any
4 respondent may have submitted in this case, the Director hereby issues the following Findings of
5 Fact, Conclusions of Law, and Final Orders.

6 FINDINGS OF FACT

7 The Director FINDS that:

8 **I. SAFE SYSTEMS, INC.**

9 1. Joseph A. Untalan (“Untalan”) resides at 14485 SW 100th Avenue, Tigard, Oregon
10 97224.

11 2. Safe Systems, Inc. (“SS”) was incorporated in Oregon on December 28, 2001, and its
12 principal place of business was 21798 North Sherwood Boulevard #207, Sherwood, Oregon
13 97140.

14 3. SS administratively dissolved in 2004.

15 4. Untalan was the president, secretary and registered agent of SS.

16 5. The purported business purpose of SS was to produce an aftermarket seat belt for
17 motor vehicles.

18 6. Between May 2002 and August 2003, Untalan raised at least \$25,750 for SS from at
19 least 15 investors, many of whom are Oregon residents.

20 7. Generally, Untalan represented to investors that their funds would be used for
21 engineering and modifications to a patent for producing an aftermarket seat belt.

22 8. In exchange for the funds they invested, most investors received a subscription
23 agreement for shares of stock issued by SS. Some investors also received stock certificates
24 issued by SS.

25 9. Untalan provided some, but not all investors with disclosure documents, including a
26 business plan and private offering memorandum, including an executive summary.

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1 10. The executive summary lists Untalan as the president and director of SS and states
2 that Untalan “[h]as owned and operated several small businesses in both manufacturing and
3 service industries in the past 15 years.”

4 **II. GENESIS HOLDINGS GROUP, INC. AND PHOENIX DEVELOPMENT**
5 **GROUP, INC.**

6 11. Genesis Holdings Group, Inc. (“GHG”) was incorporated in Oregon in November,
7 2007, and its principal place of business was 523 NE Bryant Street in Portland, Oregon.

8 12. GHG administratively dissolved in January, 2010.

9 13. Untalan was president of GHG.

10 14. Phoenix Development Group, Inc. (“PDG”) was incorporated in Oregon in July 2005,
11 and its principal place of business was 17123 SW Roosevelt Street in Sherwood, Oregon.

12 15. PDG administratively dissolved in September 2007. Its business registry number with
13 the Oregon Secretary of State, Corporation Division was 300642-99.

14 16. Untalan was president of PDG.

15 17. Pursuant to Rule 506, Untalan filed a Form D, “Notice of Sale of Securities Pursuant
16 to Regulation D” with DFCS regarding a securities offering by PDG. The Form D that Untalan
17 filed with DFCS, as president of PDG, became effective December 13, 2006.

18 18. In 2006, an individual (“DR”) who resides in Washington state met Untalan through
19 DR’s sister-in-law, who worked with a mortgage broker in Washington state. In December 2006,
20 Untalan attended a meeting with DR in a restaurant in Portland, Oregon to discuss an investment
21 opportunity.

22 19. The meeting concerned Untalan’s plans to launch two start-up companies, GHG and
23 PDG. The plans called for one company to design, and the other company to manufacture,
24 portable emergency shelters able to withstand a variety of natural disasters. At that meeting in
25 Portland, Oregon, DR was shown a sample of some building material that could form the “skin”
26 of the emergency shelters, which Untalan planned to sell to FEMA and other relief agencies.

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1 20. Based on representations made at that meeting, DR understood that Untalan’s prior
2 business experience included a number of successful start-up companies.

3 21. Approximately one week after the meeting in Portland, Oregon, DR invested \$60,000
4 by cashier’s check payable to “Joe Untalan” and dated December 27, 2006. The source of those
5 funds was a line of credit that DR took out against DR’s home.

6 22. Based on representations made by Untalan, DR understood that he was investing in
7 both GHG and PDG, and that Untalan was president of both companies.

8 23. Based on representations made by Untalan, DR understood his investment would be
9 very secure and would include a first position against certain real property in Brush Prairie,
10 Washington that was owned free and clear.

11 24. In exchange for his funds, DR received a promissory note in the amount of \$61,800
12 dated December 27, 2006, and a deed of trust, purportedly secured by real property in Brush
13 Prairie, Washington. Untalan was a signor on the promissory note and the trust deed. The terms
14 of the promissory note included interest at the rate of 18% per annum. The note was due January
15 31, 2007.

16 25. DR did not receive any of his \$60,000 principal back, and he did not receive any
17 interest. The note went into default.

18 26. Prior to his investment, DR was not given a prospectus or other written materials
19 fully disclosing the actual business background, the experience and track record of management,
20 the financial condition of the companies DR understood he was investing in, Untalan’s prior
21 bankruptcy history, or the risks of DR’s investment.

22 27. DR received a copy of a business plan more than a year after he invested. DR later
23 learned that the trust deed that was purportedly going to “secure” DR’s investment was never
24 effective because, among other problems with it, one of the owners of the Brush Prairie property
25 did not sign the trust deed.

26 **III. PHILIPPINE GOLD IMPORTATION VENTURE**



- 1 28. The Philippine Gold Importation Venture (“PGIV”) was an investment venture
2 involving Oregon investors.
- 3 29. Untalan assisted in gathering investors to fund PGIV.
- 4 30. PGIV purportedly raised capital to fund an investment opportunity that involved
5 importing gold bars from the Philippines.
- 6 31. Untalan claimed that gold bars were found on property in the Philippines and that the
7 gold was hidden and subsequently abandoned by a Japanese General or Admiral during WWII.
- 8 32. Untalan claimed to have a purchase contract for 5,000 metric tons of gold bars, and
9 that he was going to be able to purchase these bars for half of the spot price.
- 10 33. Untalan spoke with HVH by telephone and HVH agreed to invest in PGIV. Untalan
11 told HVH that he would only need to invest \$10,000.
- 12 34. Untalan represented to HVH and PVH that their investment funds would be used to
13 cover expenses associated with PGIV, such as travel expenses, security detail and miscellaneous
14 fees. Contrary to those representations, Untalan actually used some of their funds for personal
15 purposes.
- 16 35. Untalan met HVH and PVH on July 26, 2010 at their bank in Grants Pass, Oregon to
17 exchange funds of \$10,000.
- 18 36. HVH and PVH later invested an additional \$5,000 into PGIV when Untalan claimed
19 that he was in the Ukraine and unable to make it to the Philippines to complete the deal due to air
20 travel changes and lack of funds.
- 21 37. Untalan told HVH the investment would be short term and that HVH would receive a
22 profit of at least two and a half times his principal investment. Untalan also told HVH that
23 Untalan’s girlfriend had a trust account to cover any investment loss.
- 24 38. Untalan did not tell HVH or PVH that Untalan was not licensed to sell securities in
25 Oregon.
- 26 39. HVH and PVH did not receive a return on their investment or a return of principal.



1 When HVH asked Untalan about the trust account that was supposed to guarantee the investment
2 funds, Untalan said that the trust account belonged to his girlfriend and that she was not going to
3 give him any money from the account to pay back investors.

4 **IV. SS, GHG, PDG, PGIV and Untalan**

5 40. SS, GHG, PDG, PGIV and Untalan failed to adequately disclose to investors
6 Untalan's prior bankruptcy history. Untalan filed for bankruptcy in 1996 and 2006.

7 41. SS, GHG, PDG, PGIV and Untalan failed to adequately disclose to investors that
8 Untalan incorporated more than 20 businesses in the state of Oregon, and the majority of those
9 businesses have generated no income.

10 42. The Oregon Division of Finance and Corporate Securities has no record of securities
11 registration or a broker-dealer license for SS, GHG, and PGIV.

12 43. At all times material to this order, Untalan was not licensed to sell securities in the
13 state of Oregon.

14 **CONCLUSIONS OF LAW**

15 The Director CONCLUDES that:

16 44. The stock issued by Respondent SS is a "security" under ORS 59.015(19)(a).

17 45. Each subscription agreement issued by SS and sold by Untalan is an investment
18 contract, and therefore a "security" under ORS 59.015(19)(a).

19 46. The investment in GHG and PDG sold by Untalan to DR is an investment contract,
20 and therefore a "security" under ORS 59.015(19)(a).

21 47. The investment in PGIV sold by Untalan to HVH and PVH is an investment contract,
22 and therefore a "security" under ORS 59.015(19)(a).

23 48. The securities that SS, GHG, PGIV and Untalan sold were not registered under ORS
24 Chapter 59 and OAR Chapter 441.

25 49. Untalan sold unregistered securities to Oregon investors, in violation of ORS 59.055.

26 50. Untalan acted as a securities "salesperson" as defined in ORS 59.015(18)(a), by



1 representing an issuer of a security in effecting transactions in securities.

2 51. Untalan transacted business in Oregon as a securities salesperson without a license, in
3 violation of ORS 59.165.

4 52. In connection with the purchase or sale of securities to investors in SS, Untalan and
5 SS omitted to state material facts, in violation of ORS 59.135(2), by failing to adequately
6 disclose to investors in SS that: (1) Untalan has incorporated more than 20 businesses in Oregon,
7 but the majority of those businesses have generated no income; and (2) Untalan filed for
8 bankruptcy in 1996.

9 53. In connection with the purchase or sale of a security to DR, Untalan, GHG, and PDG
10 omitted to state material facts, in violation of ORS 59.135(2), by failing to adequately disclose to
11 DR that: (1) Untalan has incorporated more than 20 businesses in Oregon, but the majority of
12 those businesses have generated no income; (2) Untalan filed for bankruptcy in 1996 and 2006;
13 and (3) the trust deed for the property in Brush Prairie, Washington was invalid.

14 54. In connection with the purchase or sale of a security to HVH and PVH, Untalan and
15 PGIV omitted to state material facts, in violation of ORS 59.135(2), by failing to adequately
16 disclose to HVH and PVH that: (1) Untalan has incorporated more than 20 businesses in Oregon,
17 but the majority of those businesses have generated no income; (2) Untalan filed for bankruptcy
18 in 1996 and 2006; (3) some of the funds invested by HVH and PVH into PGIV would be used
19 for personal purposes; and (4) Untalan was not licensed to sell securities in the state of Oregon.

20 **ORDER**

21 NOW, THEREFORE, THE DIRECTOR ISSUES THE FOLLOWING ORDERS:

22 Order to Cease and Desist

23 55. Pursuant to ORS 59.245, respondents SS, GHG, PDG, PGIV and Untalan, and any
24 successor business entity or any business entity owned, operated or controlled by Untalan, are
25 ORDERED TO CEASE AND DESIST from:

26 A. Offering or selling unregistered securities in the State of Oregon, in violation of

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- ORS 59.055;
- B. Transacting business in Oregon as a securities salesperson without a license, in violation of ORS 59.165;
- C. Making any untrue statement of a material fact or omitting to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading, in violation of ORS 59.135(2); and
- D. Violating any provision of ORS Chapter 59 and Oregon Administrative Rules Chapter 441.

Denial of Exemptions

56. Pursuant to ORS 59.045, Respondents SS, GHG, PDG, PGIV and Untalan, and any successor business entity or any business entity owned, operated or controlled by Untalan, are DENIED the use of any exemptions that would otherwise be available to them under ORS 59.025 and 59.035, concerning securities and transactions exempt from the registration requirements of the Oregon Securities Law.

Order Assessing Civil Penalties

- 1. Pursuant to the authority of ORS 59.995, the DIRECTOR hereby ASSESSES CIVIL PENALTIES totaling \$30,000, as follows:
 - A. A CIVIL PENALTY of \$10,000 against SS and Untalan, jointly and severally, for violations of ORS 59.055, ORS 59.165, and ORS 59.135(2) by SS and Untalan;
 - B. A CIVIL PENALTY of \$10,000 against GHG, PDG and Untalan, jointly and severally, for violations of ORS 59.055, ORS 59.165, and ORS 59.135(2) by GHG, PDG and Untalan; and
 - C. A CIVIL PENALTY of \$10,000 against PGIV and Untalan, jointly and severally, for violations of ORS 59.055, ORS 59.165, and ORS 59.135(2) by PGIV and Untalan.

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1 57. The entry of this Order in no way limits further remedies which may be available to
2 the Director under Oregon law.

3 IT IS SO ORDERED this 8th day of October, 2012 at Salem, Oregon
4 NUNC PRO TUNC September 7, 2012.

5 PATRICK M. ALLEN, Director
6 Department of Consumer and Business Services

7
8 /s/ David Tatman
9 David Tatman, Administrator
10 Division of Finance and Corporate Securities

11 NOTICE OF RIGHT TO APPEAL

12 Any party adversely affected or aggrieved by this order, including any respondent named
13 in this order, is entitled to seek judicial review of this order. Judicial review may be obtained by
14 filing a petition for review with the Oregon Court of Appeals within sixty (60) days from the
15 service of this order. Judicial review is pursuant to the provisions of ORS 183.482 and ORS
16 59.305.

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