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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

DOCKETED

JUN 27 2007

COMMISSIONERS

MIKE GLEASON, Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
KRISTIN K. MAYES
GARY PIERCE

DOCKETED BY
ne

In the matter of:

) DOCKET NO. S-20509A-07-0043

) PERRY and TERRY PENNY, husband and
) wife,
) Gilbert, Arizona

) **MOTION TO SET RESTITUTION
) AMOUNT AND ADMINISTRATIVE
) PENALTY AMOUNT**

) PENNY FINANCIAL, INC., a Michigan
) corporation,
) Gilbert, Arizona

) PENNY PROPERTIES, INC., a Michigan
) corporation,
) Gilbert, Arizona

) RYM TECHNOLOGY HOLDINGS, L.L.C., a
) Michigan limited liability company,
) Birmingham, MI

) FELIX L. DANIEL SR. and JANE DOE
) DANIEL, husband and wife,
) Birmingham, MI

) Respondents.
)

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

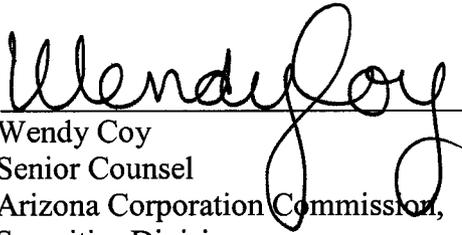
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The Securities Division of the Arizona Corporation Commission requests a Recommended Order on the amount of Restitution and Administrative Penalty to be awarded against RYM TECHNOLOGY HOLDINGS, L.L.C. and FELIX L. DANIEL SR. and JANE DOE DANIEL. RYM TECHNOLOGY HOLDINGS, L.L.C. and FELIX L. DANIEL SR. and JANE DOE

1 DANIEL failed to request a hearing within the timeframe outlined in the Temporary Order to
2 Cease and Desist and Notice of Opportunity for Hearing.

3 Respectfully submitted this 27th day of June, 2007.

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6 Wendy Coy
7 Senior Counsel
8 Arizona Corporation Commission,
9 Securities Division
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MEMORANDUM OF POINTS AND AUTHORITY

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2 On January 22, 2007, the Securities Division of the Arizona Corporation Commission
3 (“Commission”) filed a Temporary Order To Cease And Desist And Notice Of Opportunity For
4 Hearing Regarding Proposed Order For Relief (“Temporary Order”) in this matter against Perry
5 Penny, Terry Penny, Penny Financial, Inc., Penny Properties, Inc., RYM-TECHNOLOGY
6 HOLDINGS, L.L.C., FELIX L. DANIEL SR. and JANE DOE DANIEL. The Temporary Order
7 was personally served upon the Respondents Perry Penny, Terry Penny,
8 Penny Financial, Inc. and Penny Properties, Inc. (“Penny Respondents”), on January 23, 2007.
9 The Penny Respondents filed an Answer on February 13, 2007. A hearing is set to begin July 25,
10 2007. The Penny Respondents are not the subjects of this Motion.

11 The Temporary Order was served upon RYM-TECHNOLOGY HOLDINGS, L.L.C.,
12 FELIX L. DANIEL SR. and JANE DOE DANIEL (“DANIEL RESPONDENTS”) by certified
13 mail mailed on January 23, 2007 and received on January 29, 2007. The Affidavit of Personal
14 Service is attached and incorporated by reference as Exhibit A. The DANIEL RESPONDENTS
15 were served by serving their attorney as directed by said attorney. The Temporary Order specified
16 in bold print that the Respondents had 20 days to request a hearing and 30 days to file an answer.
17 The DANIEL RESPONDENTS did not request a hearing, nor did they file an answer within the
18 required time.

19 Pursuant to the Answer filed by the Penny Respondents, they offered and sold to
20 one investor located in Minnesota. The Minnesota investor invested a total of \$44,280.00. The
21 Minnesota investor sent two checks to the Penny Respondents. One check was in the amount of for
22 \$41,000.00 made payable to RYM Technology Holdings L.L.C. and the second check was in the
23 amount of \$3,280.00 paid to the Penny Respondents as commission. This investor provided copies
24 of the Self-Amortizing Conditional Payment Note dated October 12, 2006 signed by Felix Daniel
25 as Managing Member of RYM Technology Holdings L.L.C. and the Property Maintenance Terms
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1 and Conditions Agreement dated October 12, 2006 also signed by Felix Daniel, Managing Member
2 of RYM Technology Holdings L.L.C. The note was in the amount of \$41,000.

3 In addition to the one known investor, the program was also offered to at least two
4 additional individuals one located in Arizona and the other in Utah. See Affidavit of Michael Rice
5 attached as Exhibit B.

6 Therefore, the Securities Division seeks restitution from the Daniel Respondents for the
7 one known investor in the amount of \$44,280.00. The restitution amount will be offset by any
8 previous payments made to the investor by the Daniel Respondents and any funds returned to the
9 investor pursuant to any Order of the Arizona Corporation Commission.

10 Further, the Securities Division seeks administrative penalties in the amount of \$25,000.00
11 for the violations of A.R.S. §§44-1841, 44-1842 and 44-1991.

12 Attached as Exhibit C is the Securities Division Proposed Order to Cease and Desist and
13 Order Assessing Administrative Penalty Regarding Rym Technology Holdings, L.L.C., Felix L.
14 Daniel, Sr. and Jane Doe Daniel.

15 Respectfully submitted this 27th day of June, 2007.

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18 _____
19 Wendy Coy
20 Senior Counsel
21 Arizona Corporation Commission,
22 Securities Division
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ORIGINAL AND THIRTEEN (13) COPIES of the foregoing filed this 27th day of June, 2007, with

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

COPY of the foregoing hand-delivered this 27th day of June, 2007, to:

ALJ Marc Stern
Arizona Corporation Commission/Hearing Division
1200 West Washington
Phoenix, AZ 85007

COPY of the foregoing mailed this 27th day of June, 2007, to:

Perry and Terry Penny
405 West Midland Lane
Gilbert, Arizona 85233

Rym-Tech Services Inc.
330 E. Maple #408
Birmingham, MI 48009

Felix L. Daniel, Sr.
6518 Enclave Dr.
Clarkston, MI 48348-4858

By: Veronica Sundora

EXHIBIT A

Certified Mail Provides:

- A mailing receipt
- A unique identifier for your mailpiece
- A record of delivery kept by the Postal Service for two years

Important Reminders:

- Certified Mail may ONLY be combined with First-Class Mail® or Priority Mail®.
- Certified Mail is not available for any class of international mail.
- NO INSURANCE COVERAGE IS PROVIDED with Certified Mail. For valuables, please consider Insured or Registered Mail.
- For an additional fee, a Return Receipt may be requested to provide proof of delivery. To obtain Return Receipt service, please complete and attach a Return Receipt (PS Form 3811) to the article and add applicable postage to cover the fee. Endorse mailpiece "Return Receipt Requested". To receive a fee waiver for a duplicate return receipt, a USPS® postmark on your Certified Mail receipt is required.
- For an additional fee, delivery may be restricted to the addressee or addressee's authorized agent. Advise the clerk or mark the mailpiece with the endorsement "Restricted Delivery".
- If a postmark on the Certified Mail receipt is desired, please present the article at the post office for postmarking. If a postmark on the Certified Mail receipt is not needed, detach and affix label with postage and mail.

IMPORTANT: Save this receipt and present it when making an inquiry. Internet access to delivery information is not available on mail addressed to APOs and FPOs.

(Reverse) PS Form 3800, June 2002

9380 5944 0000 0660 5007

U.S. Postal Service CERTIFIED MAIL™ RECEIPT <i>(Domestic Mail Only; No Insurance Coverage Provided)</i>	
For delivery information visit our website at www.usps.com .	
OFFICIAL USE	
Postage \$ _____ Certified Fee _____ Return Receipt Fee (Endorsement Required) _____ Restricted Delivery Fee (Endorsement Required) _____ Total Postage & Fees \$ _____	Mike Rice Postmark Here
Sent To Street, Apt. No., or PO Box No. City, State, ZIP+4	RYM TECHNOLOGY HOLDINGS, LLC C/O TIMOTHY G. WEGMEYER PO BOX 596 MARINE CITY, MI 48039
PS Form 3800, June 2002 See Reverse for Instructions	

SENDER: COMPLETE THIS SECTION

- 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.

1. Article Addressed to:

RYM TECHNOLOGY HOLDINGS, LLC
 C/O TIMOTHY G. WEGMEYER
 PO BOX 596
 MARINE CITY, MI 48039

COMPLETE THIS SECTION ON DELIVERY

A. Signature *[Signature]* Agent Addressee

B. Received by (Printed Name) *[Signature]* C. Date of Delivery **1-29-07**

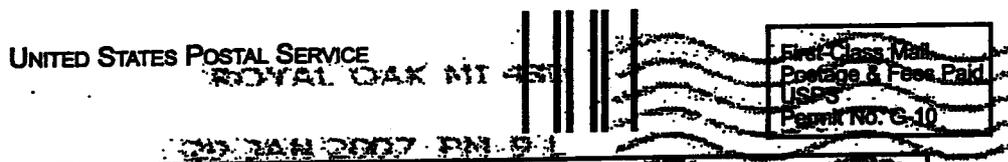
D. Is delivery address different from item 1? Yes No
 If YES, enter delivery address below: _____

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number **7005 0390 0000 4465 0388**
 (Transfer from service label)

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540



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

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FEB 01 2007

ARIZONA CORP. COMMISSION
SECURITIES DIVISION

Arizona Corporation Commission
Securities Division
1300 W Washington - 3rd Floor
Phoenix AZ 85007

EXHIBIT B

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STATE OF ARIZONA)
County of Maricopa)

DOCKET NO. S-20509A-07-0043
AFFIDAVIT OF MICHAEL RICE

I, Michael Rice, being duly sworn, say as follows:

1. I am a Special Investigator with the Securities Division of the Arizona Corporation Commission and am over the age of eighteen (18).

2. As part of my duties for the Securities Division, I was assigned to investigate Perry Penny, Terry Penny, Penny Financial, Inc., Penny Properties, Inc. ("Penny Respondents"), RYM-Technology Holdings, L.L.C., Felix L. Daniel Sr. and Jane Doe Daniel ("Daniel Respondents").

3. I understand that this affidavit may be used in a court of law.

4. As part of my duties as the Special Investigator assigned to this matter, I interviewed offerees and the one known investor who were offered and sold investment opportunities in RYM Technology Holdings, L.L.C. by the Penny Respondents. The only known investor is from Minnesota.

5. The Minnesota investor provided documents to the Securities Division including a Self-Amortizing Conditional Payment Note dated October 12, 2006 signed by Felix Daniel as Managing Member of RYM Technology Holdings L.L.C. The note was in the amount of \$41,000.

6. In addition, the Minnesota investor provided a copy of another document provided to her to evidence her investment. That document was a Property Maintenance Terms and Conditions Agreement dated October 12, 2006 and signed by Felix Daniel, Managing Member of RYM Technology Holdings L.L.C.

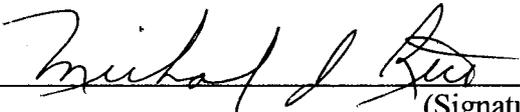
7. The Minnesota investor sent two checks to the Penny Respondents; the first check was for the investment in the amount of \$41,000 payable to RYM Technology Holdings L.L.C. The second check payable to the Penny Respondents as a consulting fee in the

1 amount of \$3,280.00. Copies of the checks are attached as Exhibit I to the Penny Respondents
2 Answer.

3 8. According to the Minnesota investor, they have received two payments
4 for a total of \$1,333.68 from RYM Technology Holding L.L.C.

5 9. In addition, on January 3, 2007, I contacted the Penny Respondents as a
6 potential investor and spoke with Terry Penny regarding the 5 Years to Freedom Program.
7 Terry Penny offered me the opportunity to invest in the 5 Years to Freedom program.

8 10. On December 7, 2006, I interviewed a potential investor from Utah who
9 spoke with Terry Penny regarding the 5 Years to Freedom program. This Utah offeree received
10 the Self-Amortizing Conditional Payment Note and the Property Maintenance Terms and
11 Conditions Agreement from the Daniel Respondents. The Utah offeree decided not to invest.

12 
13 _____
(Signature)

14 SUBSCRIBED AND SWORN TO BEFORE me this 15 day of
15 JUNE, 2007.

17 
18 _____
NOTARY PUBLIC

19 My Commission Expires:
20  Notary Public State of Arizona
Maricopa County
Ronald R. Clark
Expires May 05, 2007

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EXHIBIT C

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

MIKE GLEASON, Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
KRISTIN K. MAYES
GARY PIERCE

In the matter of:

PERRY and TERRY PENNY, husband and wife,
Gilbert, Arizona

PENNY FINANCIAL, INC., a Michigan
corporation,
Gilbert, Arizona

PENNY PROPERTIES, INC., a Michigan
corporation,
Gilbert, Arizona

RYM TECHNOLOGY HOLDINGS, L.L.C., a
Michigan limited liability company,
Birmingham, MI

FELIX L. DANIEL SR. and JANE DOE DANIEL,
husband and wife,
Birmingham, MI

Respondents.

) DOCKET NO. S-20509A-07-0043

) DECISION NO. _____

) **SECURITIES DIVISION PROPOSED**
) **ORDER TO CEASE AND DESIST AND**
) **ORDER ASSESSING**
) **ADMINISTRATIVE PENALTY**
) **REGARDING RYM TECHNOLOGY**
) **HOLDINGS, L.L.C., FELIX L. DANIEL**
) **SR. AND JANE DOE DANIEL**

On January 22, 2007, the Securities Division of the Arizona Corporation Commission (“Commission”) filed a Temporary Order To Cease And Desist And Notice Of Opportunity For Hearing Regarding Proposed Order For Relief (“Temporary Order”) in this matter against Perry Penny, Terry Penny, Penny Financial, Inc., Penny Properties, Inc., RYM-TECHNOLOGY HOLDINGS, L.L.C., FELIX L. DANIEL SR. and JANE DOE DANIEL. The Temporary Order was personally served upon the Respondents Perry Penny, Terry Penny,

1 Penny Financial, Inc. and Penny Properties, Inc. ("Penny Respondents"), on January 23, 2007.
2 The Penny Respondents filed an Answer on February 13, 2007. A Procedural Order was issued on
3 February 20, 2007 setting this matter for a pre-hearing conference on March 22, 2007. The Penny
4 Respondents are not subject to this Order.

5 The Temporary Order was served upon RYM-TECHNOLOGY HOLDINGS, L.L.C.,
6 FELIX L. DANIEL SR. and JANE DOE DANIEL ("DANIEL RESPONDENTS") by certified
7 mail mailed on January 23, 2007 and received on January 29, 2007. The Affidavit of Personal
8 Service is attached and incorporated by reference as Exhibit A. The DANIEL RESPONDENTS
9 were served by serving their attorney as directed by said attorney. The Temporary Order specified
10 in bold print that the Respondent had 20 days to request a hearing and 30 days to file an answer.
11 The DANIEL RESPONDENTS did not request a hearing, nor did they file an answer within the
12 required time.

13 **I.**
FINDINGS OF FACT

14 1. RYM TECHNOLOGY HOLDINGS, L.L.C. ("RYM"), organized as a Michigan
15 limited liability company since about 2003. RYM is based in Michigan. The Resident Agent for
16 RYM is FELIX L. DANIEL SR. RYM was the issuer of the securities offered and sold through its
17 agents/salesperson the Penny Respondents.

18 2. FELIX L. DANIEL SR. ("DANIEL"), who resides in Michigan, was at all relevant
19 times member/manger of RYM. DANIEL was the vice president of sales and marketing of the
20 issuer, RYM, and directed its agents/salesperson, Penny Respondents.

21 3. JANE DOE DANIEL, was at all relevant times the spouse of RESPONDENT
22 DANIEL. JANE DOE DANIEL is a fictitious name used to describe any person married to
23 DANIEL. JANE DOE DANIEL is joined in this action under A.R.S. § 44-2031(C) solely for
24 purposes of determining the liability of the marital community.

25 4. At all relevant times, DANIEL was acting for his own benefit, and for the benefit or
26 in furtherance of the marital community.

1 5. DANIEL RESPONDENTS were issuers of securities in the form of notes and/or
2 investment contracts and through its agents/salesperson the Penny Respondents offered and sold
3 notes and/or investment contracts within or from the state of Arizona through the use of the internet
4 to one investor in the amount of \$41,000.00 plus \$3,280.00 commission paid to the Penny
5 Respondents. The notes and/or investment contracts were not registered with the Arizona
6 Corporation Commission, Securities Division nor did the notes and/or investment contracts qualify
7 for an exemption from registration. The DANIEL RESPONDENTS were not registered dealers or
8 salesman in Arizona.

9 6. RYM, Penny Financial and Penny Properties had websites ("Penny Websites") that
10 offer the notes and/or investment contracts to the general public on behalf of the DANIEL
11 RESPONDENTS. According to Terry Penny, The Penny Websites were reviewed and approved by
12 the DANIEL RESPONDENTS. The DANIEL RESPONDENTS also provided some of the
13 content for the Penny Websites explaining the "5 Years to Freedom Program" ("5 Year Program").

14 7. Through the websites, the DANIEL RESPONDENTS and its agents, offered and
15 sold the 5 Year Program. The 5 Year Program was a program that allows investors the opportunity
16 of owning their property "free and clear in only 5 years."

17 8. According to the Penny Websites and representations to offerees and investors, to
18 become debt free in a short period of time, the investors invest 25% - 45% of the equity¹ in their
19 homes. The funds are then sent to the Penny Respondents in two checks; one check is 2% of the
20 mortgage amount payable to the Pennys for their commission and the second check is payable to
21 RYM for the amount of the investment.

22 9. Once there was an agreement to invest, the investors receive investments
23 documentation from RYM that includes a "Self-Amortizing Conditional Payment Note" ("Note")
24 and a "Property Maintenance Terms and Conditions Agreement" ("Property Agreement"). The Note
25

26 ¹ The investor can have the equivalent amount of cash or the investors are encouraged to refinance their mortgages to pull out their equity to make the investment.

1 is executed by DANIEL, on behalf of RYM, for the benefit of the investor. The Property Agreement
2 is between RYM as "Agent" for the investor who were the "Holder."

3 10. The offerees and investors were given offering documents printed from the Penny
4 Websites stating that their funds will be invested by a reputable investment firm, with a guaranteed
5 return on investment. The offering documents state that the investment funds are placed "in an
6 account that generates large profits" and "there is no involvement with risky investments."

7 11. It was represented to offerees and investors that the investments made by the
8 DANIEL RESPONDENTS to cover the costs of the 5 Year Program are invested in an account that
9 generates large profits with limited risks. Further, the offerees and investors are informed that the
10 investments that would be made with their funds would be similar to those in which insurance
11 companies invest.

12 12. The offerees were told that DANIEL RESPONDENTS will double the investors'
13 money within six months by investing in condominium conversions. If DANIEL RESPONDENTS
14 invested in the international markets, DANIEL RESPONDENTS would earn 15 to 20 percent return
15 per week.

16 13. DANIEL RESPONDENTS, through the Penny Respondents, provided offering
17 documentation to offerees, either through the mails, telephonically or on the internet representing
18 once the investment is made, the first six months of mortgage payments will be paid, then the
19 investors will receive half of their mortgage payments for the term of the Note (four, five or six
20 years). Upon maturity of the Note, the investors will receive a balloon payment that the investors
21 can use to pay off their mortgage. Offerees and investors were told that the cost of the 5 Year
22 Program, plus interest is "fully guaranteed." In fact, the DANIEL RESPONDENTS through the
23 Penny Respondents have represented to at least one offeree that this program is guaranteed and low
24 risk. The DANIEL RESPONDENTS through the Penny Respondents offered several other
25 programs that use the 5 Years to Freedom Program as the basis of the investments; Millionaire
26 Action Plan and the Real Estate Investor's Millionaire Action Plan.

1 DANIEL SR. and JANE DOE DANIEL shall not sell any securities in or from Arizona without
2 being registered in Arizona as a dealer or salesman, or exempt from such registration.

3 IT IS FURTHER ORDERED that pursuant to A.R.S. §§ 44-2032, that RYM-
4 TECHNOLOGY HOLDINGS, L.L.C., FELIX L. DANIEL SR. and JANE DOE DANIEL shall
5 jointly and severally be liable to pay restitution to the Commission in the amount of FORTY
6 FOUR THOUSAND TWO HUNDRED EIGHTY DOLLARS (\$44,280.00). Any amount
7 outstanding shall accrue interest at the rate of 10% per annum from the date of this Order until paid
8 in full. The restitution amount will be offset by any payments made to the investor from any prior
9 payments or payments to the Commission made by any other Respondent. Payment shall be made
10 by check or money order payable to the "State of Arizona" and will be placed in an interest-bearing
11 account maintained and controlled by the Commission. Any funds that the Commission
12 determines it is unable to, or cannot feasibly, disburse shall be transferred to the general fund of the
13 State of Arizona.

14 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036 that RYM-TECHNOLOGY
15 HOLDINGS, L.L.C., FELIX L. DANIEL SR. and JANE DOE DANIEL shall pay an
16 administrative penalty in the amount of Twenty-five thousand dollars (\$25,000.00). Payment shall
17 be made in full on the date of this Order to the "State of Arizona." Any amount outstanding shall
18 accrue interest at the rate of 10% per annum from the date of this Order until paid in full. The
19 payment obligations for these administrative penalties shall be subordinate to any restitution
20 obligations ordered herein and shall become immediately due and payable only after restitution. . .

21 ...
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1 payments have been paid in full or upon Respondent's default with respect of Respondent's
2 restitution obligations.

3 IT IS FURTHER ORDERED that this Order shall become effective immediately.

4 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

5
6
7 **CHAIRMAN**

COMMISSIONER

8
9 **COMMISSIONER**

COMMISSIONER

COMMISSIONER

10
11 IN WITNESS WHEREOF, I, BRIAN C. McNEIL,
12 Executive Director of the Arizona Corporation
13 Commission, have hereunto set my hand and caused the
14 official seal of the Commission to be affixed at the
15 Capitol, in the City of Phoenix, this _____ day of
16 _____, 20__.

17 _____
18 BRIAN C. McNEIL
19 Executive Director

20 **DISSENT**

21
22 _____
23 **DISSENT**

24 This document is available in alternative formats by contacting Linda Hogan, Executive Assistant
25 to the Executive Director, voice phone number 602-542-3931, E-mail lhogan@azcc.gov.

26 (wlc)