

**ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF MARYLAND**

IN THE MATTER OF: *

ASM FINANCIAL FUNDING CORPORATION *

and

ANDREW S. MACKEY * Securities Division No. 2007-0158

and

JAMES PETERS, *

RESPONDENTS. *

* * * * *

In Re: ASM FINANCIAL FUNDING CORPORATION

and

ANDREW S. MACKEY

* * * * *

FINAL ORDER TO CEASE AND DESIST

WHEREAS, the Securities Division of the Office of the Maryland Attorney General, pursuant to the authority granted in section 11-701 of the Maryland Securities Act, Title 11, Corporations and Associations Article, Annotated Code of Maryland (2007 Repl. Vol.) (the "Securities Act"), undertook an investigation into the investment-related activities of ASM Financial Funding Corporation, Andrew S. Mackey, and James Peters (collectively the "Respondents"); and

WHEREAS, on the basis of that investigation the Securities Commissioner found grounds to allege that the Respondents had engaged in an act or practice constituting a violation of the registration provisions and the antifraud provisions of the Act; and

WHEREAS, the Commissioner issued an Order To Show Cause, ordering each Respondent to show cause why a final order should not be entered ordering that Respondent to cease and desist from violating

those registration and antifraud provisions of the Act, to show cause why a statutory monetary penalty should not be assessed against that Respondent for such violations, and to show cause why that Respondent should not be barred from engaging in the securities business in Maryland for or on behalf of others or from being or acting as a principal or consultant in any entity engaged in such activities; and

WHEREAS, that Order gave each Respondent notice of the opportunity for a hearing in this matter, if requested in writing within fifteen days of service of that Order, and gave notice that as to any Respondent not requesting a hearing, a Final Order To Cease And Desist would be issued, imposing a bar from engaging in securities transactions on behalf of others and a monetary civil penalty; and

WHEREAS, Respondents ASM Financial Funding and Mackey did not file an Answer or request a hearing;¹

NOW, THEREFORE, having determined that it is in the public interest to issue this Final Order To Cease And Desist, THE COMMISSIONER FINDS AND ORDERS:

I. JURISDICTION

1. The Commissioner has jurisdiction in this proceeding and over the Respondents pursuant to section 11-701.1 of the Act.

II. RESPONDENTS

2. ASM Financial Funding Corporation (“ASM”), with its address in Valley Stream, NY, holds itself out as engaged in the business, *inter alia*, of mortgage financing.

3. Andrew S. Mackey (“Mackey”), with an address in Valley Stream, NY, is the President and principal of ASM.

¹ Respondent James Peters filed an Answer but did not request a hearing. A separate Order is being issued as to Peters.

4. James Peters (“Peters”), doing business as Christian Mortgage Service with an address in Owings Mills, MD, acted as a consultant or an agent of ASM.

III. FINDINGS OF FACT

5. ASM, through agents and its website, www.asmfincial.com, offers mortgages and mortgage related financing services. ASM also offers and operates certain advance-fee investment programs.

6. Mackey, through ASM, offered a “Loan Warrantee Program” (the “LWP”), in which an investor pays to ASM an advance fee of 17-25% of the loan/mortgage amount sought and, after three to five years, is to receive 100% of that loan amount from ASM as the return on the investment.

7. Mackey, through ASM, also offered the “Wealth Enhancement Club” (the “WEC” or “WEC-II”), which claims to generate profits from investments with unidentified partners and opportunities in interests in foreign bonds and foreign bank collateralization transactions.

8. The WEC is described as a high yield investment program: investors (“Venture Partners”) put their money (the “Asset”) into ASM’s (the “Managing Partner”) account (the “Program”), a “private structured offshore joint venture business opportunity.” The money is under full control of the Managing Partner, ASM. The WEC-II promised to pay 20% interest monthly on an investment of \$100,000 or more.

9. Potential investors were shown reports about ASM oil and gas investments, and a September 2005 “credential of ownership” certificate purporting to be from the Banco Central De Venezuela issued to ASM to reflect the safekeeping of a \$1 billion bond. They also were told that Mackey was going to generate profits from the worldwide buying and selling of mortgages.

10. In January 2005 Peters, having learned about ASM from the internet, became a “consultant” to ASM. In that capacity Peters was to refer potential clients to ASM for mortgage financing or other financial transactions, including investment in the WEC and the LWP, and receive a commission from ASM.

11. Between April and November 2005, five Maryland residents invested a total of \$391,000

with ASM: \$300,000 in the WEC program, with the promise of monthly payments of 20%; and \$91,000 in the LWP program, which would pay off mortgages or other loans in 3 years.

12. Investors have received payments amounting to \$42,000 from ASM for the WEC program. Peters received commissions of only \$12,000 from ASM. No payments have been received from ASM since February 2006.

13. In April 2006, ASM sent an e-mail assuring that payment for the WEC was expected in a matter of days. No report or payment ever was received. Contrary to other such assurances that funds are available and would be paid in a few days, no disbursements have been made.

14. Instead of their payments, investors and Peters have been told that their money has been tied up in transactions between Mackey on behalf of ASM, and a foreign entity named Cargill Hiller McCoy, the fund managers of which won't release the millions of dollars supposedly due to ASM investors.

15. Investors have been given accounts of incomplete transactions and unfulfilled foreign ventures, and of new or ongoing opportunities presented by international foundations (such as the Pacific Asian Atlantic Foundation, which supposedly guaranteed ASM an interest in \$3 billion in bonds), with the assurance that the investors' money will be forthcoming.

16. The investments in the LWP loan payment program and the WEC program that have been offered or sold by the Respondents are investment contracts, evidences of indebtedness, promissory notes, and participatory interests in a profit-sharing agreement, all of which constitute "securities" within the definition of the Securities Act.

17. The Securities Division has no record of securities registration for an offering by or in the name of WEC, WEC-II, LWP, or ASM, nor has any claim of exemption or status as a federal-covered security been made with the Division with respect to any such offering.

18. ASM is not registered in Maryland as a securities broker-dealer or agent, or as an investment adviser or investment adviser representative.

19. Mackey is not registered in Maryland as a securities broker-dealer or agent, or as an investment adviser or investment adviser representative.

20. Peters is not registered in Maryland as a securities broker-dealer or agent, or as an investment adviser or investment adviser representative.

IV. CONCLUSIONS OF LAW

21. Respondents ASM and Mackey violated section 11-501 of the Act by offering and selling unregistered securities in Maryland, for which no claim of preemption or exemption has been filed.

22. Respondents ASM and Mackey violated section 11-401(a) of the Act by transacting business in the offer or sale of securities in this state as a broker-dealer or securities agent, without being registered pursuant to the Act.

23. Respondents ASM and Mackey violated section 11-402(a) of the Act by employing unregistered agents for the offer and sale of securities in Maryland.

24. Respondents ASM and Mackey violated section 11-301 of the Act by making material omissions and misrepresentations in connection with the offer and sale of securities.

V. SANCTIONS

IT IS HEREBY ORDERED THAT:

25. (a) Respondents ASM and Mackey, their agents and employees and all others acting on their behalf, permanently cease and desist, in or from Maryland on behalf of others, from offering or selling securities in violation of the Act, from offering and selling any securities whether registered or exempt from registration, and from engaging in any transaction exempted under the Act; and that

(b) Respondents ASM and Mackey are permanently barred from engaging in the

securities business in Maryland for or on behalf of others, or from acting as a principal or consultant in any entity so engaged; and that

(c) Respondents ASM and Mackey, jointly and severally, are assessed a civil monetary penalty of \$200,000 pursuant to section 11-701.1(b) of the Act, payable by certified check to the Office of the Attorney General.

VI. JURISDICTION RETAINED

26. Jurisdiction is retained by the Securities Commissioner for the purpose of enabling any party to this Order to apply for such further orders and directions as may be necessary or appropriate for the construction or enforcement of this Order.

VII. NOTICE OF APPEAL RIGHTS

27. Pursuant to the Code of Maryland Regulations, COMAR 02.02.06.24, each Respondent has the right to file an appeal of this Order with the circuit court of Maryland. Any appeal must be filed within 30 days from the date this Order is mailed by the Division.

IT IS SO ORDERED

March 24, 2008

**Commissioner's Signature is
on File with Original Document
MELANIE SENTER LUBIN
SECURITIES COMMISSIONER**