

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 9477 / November 13, 2013

SECURITIES EXCHANGE ACT OF 1934
Release No. 70868 / November 13, 2013

INVESTMENT COMPANY ACT OF 1940
Release No. 30783 / November 13, 2013

ADMINISTRATIVE PROCEEDING
File No. 3-15613

In the Matter of

**JULIEANN PALMER
MARTIN,**

Respondent.

**ORDER INSTITUTING ADMINISTRATIVE
AND CEASE-AND-DESIST PROCEEDINGS
PURSUANT TO SECTION 8A OF THE
SECURITIES ACT OF 1933, SECTIONS 15(b)
AND 21C OF THE SECURITIES EXCHANGE
ACT OF 1934 AND SECTION 9(b) OF THE
INVESTMENT COMPANY ACT OF 1940
AND NOTICE OF HEARING**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”), Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) and Section 9(b) of the Investment Company Act of 1940 (“Investment Company Act”) against Julieann Palmer Martin (“Respondent” or “Martin”).

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENT

Julieann Palmer Martin (“Martin”), 44, resides in South Jordan, Utah. She worked for National Note of Utah, LC (“National Note”) from 1995 until 2012 when a federal judge appointed

a receiver to manage it. Martin is currently employed as a bookkeeper. Martin has never held a securities license and is not registered with the Commission as a broker or dealer or associated with a registered broker or dealer.

B. OTHER RELEVANT ENTITIES

1. **National Note of Utah, LC** (“National Note”) is a Utah limited liability company formerly with its principal place of business in West Jordan, Utah. National Note claimed to purchase, manage, and sell real property and also buy and sell loans backed by real property interests. From at least 2004 to mid-2012, National Note sold over \$100 million in promissory notes to approximately 600 investors in a purported Regulation D offering. National Note’s securities were not registered with the Commission. National Note promised investors a guaranteed return of 12% a year, paid quarterly from the company’s profits from real estate investments and lending. It raised these new investor funds, however, by means of a private placement memorandum (“PPM”) and sales materials that contained material misstatements and omissions.

By the fall of 2010, National Note was having difficulty making some payments to investors. By approximately September 2011, it was no longer able to make payments on a timely basis, and within a few months it had ceased making payments altogether. On June 25, 2012, the Commission filed an emergency action against National Note and its principal in federal district court, alleging that National Note was a widespread offering fraud and Ponzi scheme.¹ On August 17, 2012, National Note and its principal consented to a preliminary injunction in that case. The assets of both continue to be subject to a freeze, and a receiver is in control of the company’s business.

C. FACTS

1. Martin worked at National Note for 17 years, handling a variety of responsibilities. Although Martin did not have a title, she appears to have functioned as an office manager and assistant to Wayne Palmer (“Palmer”), National Note’s principal and her cousin. Martin was employed at National Note beginning in 1995 as a bookkeeper. From 2006 until February 2012, Martin was compensated, in the form of salary and commissions.

2. Martin was solely responsible for investor funds at National Note. She personally handled all deposits from investors. She also handled all interest and principal payments to investors, preparing the wires and checks to be distributed each month with the assistance of National Note’s receptionist. Martin logged the payments made to investors in both National Note’s Peachtree accounting records and in its NoteSmith database (“NoteSmith”). Martin also used NoteSmith to generate the statements of account that National Note sent to investors. In fact, Martin was the person responsible for managing all the NoteSmith data, meaning every penny that came in or went out on a particular note, notes receivable and notes payable.

¹ SEC v. National Note of Utah, LC, Civil Action No. 2:12-cv-00591 (D. Utah).

3. Martin and Palmer were the only signatories on the two bank accounts National Note used to handle investor funds at Chase and at Wells Fargo. She also had online access to both of these accounts and checked the balances daily.

4. Martin also monitored and collected National Note's income from real estate investments. She kept track of these payments in the NoteSmith system, notified Palmer if any were late, and sent out demand letters as needed. She also paid all the operating expenses of the business, such as utility payments. At any given time, therefore, Martin knew whether National Note's income was sufficient to pay its obligations.

5. Martin appears to have been investors' primary, and in some cases only, contact at National Note. Beginning in approximately 2009, when Palmer began to travel more, responsibility for investor calls and inquiries shifted to Martin in Palmer's absence.

6. Martin provided investors with substantive information about the investment and National Note's business and even convinced investors to invest with National Note.

7. From 2006 until February 2012, Martin was compensated, in the form of salary and commissions, for bringing in National Note investors. From 2006 through August 2010, Martin received commissions from National Note totaling \$366,500.00.

8. As early as October 2010, Martin became aware that National Note was having difficulty making investor payments. Problems appear to have first manifested themselves when investors requested the return of their principal at maturity, and National Note was unable to return the principal.

9. In October 2010, Martin participated in a telephone call with an investor whose note had matured and, consequently, who wanted his \$500,000 principal returned. Also on the call was the sales agent who had referred the investor to National Note. Martin told that investor and his sales agent that National Note could not return the principal at that time. Over the next several months, Martin and the investor's sales agent exchanged e-mails in which Martin reassured the sales agent that Palmer was "working on a deal" to raise the funds for the investor. The investor never received even a partial return of his principal. He did, however, receive a renewal note, unsolicited.

10. In fact, whenever an investor requested the return of his or her principal and when National Note did not have sufficient funds to repay the principal, National Note had a practice of simply sending the investor a renewal note in lieu of the principal.

11. Subsequently, beginning in July 2011 and continuing through the fall, Martin's e-mail correspondence shows that National Note was in financial trouble. She e-mailed Palmer each day asking him to transfer funds to meet the company's obligations. On a few occasions, she notified him that the company was overdrawn at its bank; that funds were needed for payroll and health insurance; and, that National Note was not able to return principal to investors at maturity.

12. In September 2011, National Note began falling behind in investor interest payments, in addition to principal payments. After National Note was several months delinquent, Palmer and Martin asked National Note's receptionist to prepare a spreadsheet reflecting all the late investor payments. For each individual investor payment, the spreadsheet shows, by investor name, the date the payment was supposed to have been made and the date, if any, when it was actually made. It evidences that all the September 2011 payments were late, and most went out in mid-October. Most of October's payments went out at the end of the month rather than the first, but in addition a very large number appear on the spreadsheet as "voided," indicating that the checks were not paid at all. Most of the payments for November and the months following were also voided.

13. Additionally, by the end of 2011 and into 2012, National Note's payroll was frequently late and Palmer was using credit cards to pay for National Note's operating expenses.

14. During the time that National Note was having difficulty paying its operating expenses and making investor payments, Martin was corresponding by e-mail with new investors who were transferring funds, often IRA funds, to National Note. Between October 2011 and February 2012, Martin personally spoke to a number of investors at the time of their investment. Martin answered their questions and handled their paperwork for these investments.

15. Martin did not disclose or otherwise discuss National Note's financial problems with any new investors in late 2011 or early 2012. One investor, who was placing his aunt's money at National Note between December 2011 and February 2012, spoke to Martin on the phone and specifically asked her if National Note had ever missed any interest payments. Martin answered that it had not, and made no mention of any financial problems at the company.

16. Another investor, who spoke to both Palmer and Martin before making her investment on February 14, 2012, said that Martin confirmed Palmer's rosy picture of the company's business and prospects, and made no mention of any financial problems. By this time, National Note had been unable to make any payments for months.

17. Martin knew that Palmer was using new investor funds to pay returns to existing investors at National Note. Because she monitored incoming revenue from National Note's business, Martin knew that its projects were not generating enough to pay operating expenses and investor returns. She also handled the deposits of investor funds into the Chase bank account and the payment of investor returns from the Wells Fargo account.

18. Martin acted with scienter. Despite knowing about National Note's inability to pay investors, Martin continued to tell investors that National Note's 12% return was guaranteed and that National Note was paying investors returns from its real estate investments.

19. Martin's misrepresentations were material. Martin acted as an unregistered broker by conducting broker-related activity. She solicited investors, provided copies of National Note's private placement memorandum and other substantive information relating to the investment, facilitated IRA transfers and received transaction-based compensation.

D. VIOLATIONS

1. As a result of the conduct described above, Respondent willfully violated Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibit fraudulent conduct in the offer and sale of securities and in connection with the purchase or sale of securities.

2. As a result of the conduct described above, Respondent willfully violated Sections 5(a) and 5(c) of the Securities Act, which prohibits the sale of unregistered securities.

3. As a result of the conduct described above, Respondent willfully violated Section 15(a) of the Exchange Act, which prohibits acting as an unregistered broker.

III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative and cease-and-desist proceedings be instituted to determine:

A. Whether the allegations set forth in Section II are true and, in connection therewith, to afford Respondent an opportunity to establish any defenses to such allegations;

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b) of the Exchange Act including, but not limited to, disgorgement and prejudgment interest, and civil penalties pursuant to Section 21B of the Exchange Act;

C. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 9(b) of the Investment Company Act including, but not limited to, disgorgement and civil penalties pursuant to Section 9 of the Investment Company Act; and,

C. Whether, pursuant to Section 8A of the Securities Act and Section 21C of the Exchange Act, Respondent should be ordered to cease and desist from committing or causing violations of and any future violations of Sections 5(a), 5(c) and 17(a) of the Securities Act and Sections 10(b) and 15(a) of the Exchange Act and Rule 10b-5 thereunder, and whether Respondent should be ordered to pay disgorgement and prejudgment interest pursuant to Section 8A(e) of the Securities Act and Section 21C(e) of the Exchange Act.

IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened not earlier than 30 days and not later than 60 days from the service of this Order at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondent shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f) and 201.310.

This Order shall be served forthwith upon Respondent personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 300 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

By the Commission.

Elizabeth M. Murphy
Secretary