

BEFORE THE  
STATE OF WISCONSIN  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
DIVISION OF SECURITIES

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In the Matter of  
AMERIFIRST FUNDING, INC.,  
JEFFREY C. BRUTEYN,  
DENNIS W. BOWDEN, and  
GERALD KINGSTON,

PETITION FOR ORDER

File No. S-08114(EX)

Respondents.

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The staff of the State of Wisconsin, Department of Financial Institutions, Division of Securities, has conducted an investigation in this matter pursuant to § 551.56, Wis. Stats., and as a result thereof alleges as follows:

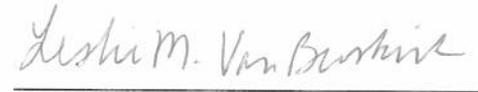
1. AmeriFirst Funding, Inc., (“AmeriFirst”) (CRD# 78315) is a Texas corporation with a last known business address of 3333 Lee Parkway, Suite 600, Dallas, Texas 75219-5117;
2. Jeffrey C. Bruteyn (“Bruteyn”) (CRD# 2575306) is an individual who at all times material hereto has been an owner, officer and/or controlling person of AmeriFirst, with a last known home address of 6887 Gaston Avenue, Dallas, Texas 75214;
3. Dennis W. Bowden (“Bowden”) (CRD# 3055340) is an individual who at all times material hereto has been an owner, officer and/or controlling person of AmeriFirst, with a last known home address of 421 Conner Avenue, Fort Worth, Texas 76106;
4. Gerald R. “Gerry” Kingston (“Kingston”) (CRD# 2496468) is an individual who at all times material hereto has been an agent of AmeriFirst, Bruteyn, and Bowden, with a last known address of 3351 Kendall Lane, Irving, Texas 75062;
5. During 2006, Kingston, on behalf of AmeriFirst, Bruteyn and Bowden, offered and sold to at least one person in Wisconsin an investment interest in “secured debt obligations” (“SDOs”), in which the investors were to receive monthly principal and interest payments over a three year period at 8.5% interest;
6. Upon information and belief, investors can play a passive role in the AmeriFirst investment with no duties and responsibilities;
7. On July 2, 2007, the U.S. Securities & Exchange Commission (“SEC”) filed a complaint against the Respondents and others, in the district court for the Northern District of Texas, Dallas Division, Civil Action No. 3:07-CV-01188 (“SEC action”) based on the same misconduct of Respondents alleged herein;
8. On July 31, 2007, a judge in the SEC action signed an order granting a preliminary injunction and other equitable relief.

9. The district court issued an opinion dated May 5, 2008 which granting a permanent injunction against Bruteyn prohibiting future violations of the anti-fraud provisions of the federal securities laws, and a disgorgement award of \$56,383,039.43, and a civil penalty of \$1,178,000.
10. The district court opinion held that since at least January 2006, Bruteyn and Bowden sold secured debt obligations (“SDOs”) through Amerifirst to hundreds of investors, many of whom were senior citizens. It found that Bruteyn and Bowden controlled all aspects of Amerifirst operations, and that their sales of the SDOs violated federal securities laws in two fundamental ways: 1) they failed to file a registration statement for the SDOs, but sold them to the public through a general solicitation, and 2) they “knowingly, or with severe recklessness regarding the truth, made misrepresentations and omitted material facts in connection with the offer and sale of the SDOs,” violating the anti-fraud provisions of the federal securities laws.
11. On February 29, 2008, the district court entered a consent judgment in the SEC action against Kingston, ordering him to pay disgorgement in the amount of \$68,950 plus prejudgment interest of \$2,316;
12. On September 22, 2008, the district court granted the SEC’s application for entry of final judgment, ordering a permanent injunction against Amerifirst from violating the federal securities laws, ordering disgorgement of over \$38 million plus prejudgment interest against Amerifirst.
13. On March 30, 2009, the district court granted a permanent injunction against Bowden from violation of the federal securities laws, and ordered disgorgement of \$54,237,462.00 against Bowden.
14. On December 27, 2007, in a separate criminal action against Kingston for the United States District Court for the Northern District of Texas, Dallas Division, Case No. 3:07-CR-344-M (01), the district court accepted Kingston’s guilty plea to federal charges of conspiracy to commit securities fraud arising with his sales of securities issued by the other respondents.
15. On April 14, 2010, a jury convicted Bruteyn of nine counts of federal securities fraud relating to the operation of Amerifirst and the sales of the SDOs as alleged above in a separate criminal action filed in the United States District Court for the Northern District of Texas, Dallas Division, Case No. 3-09 CR 136-K.
16. As described above, the SDOs sold by Respondents to the Wisconsin investor were investment contracts as defined by § DFI-Sec. 1.02(6)(a), Wis. Adm. Code, and as such are securities as defined by § 551.02(13), Wis. Stats..
17. The AmeriFirst SDO investment contracts have never been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.
18. All Respondents have violated § 551.21(1), Wis. Stats., by offering and selling unregistered securities in Wisconsin.
19. In connection with the offers and sales of the securities described above, Kingston transacted business in Wisconsin as an "agent" for AmeriFirst, Bruteyn and Bowden, as that term is defined by § 551.02(2), Wis. Stats.
20. At no time has Kingston been licensed as a securities agent pursuant to Ch. 551, Wis. Stats.

21. Kingston has violated § 551.31(1), Wis. Stats., by transacting business in Wisconsin as a securities agent without a license.
22. AmeriFirst, Bruteyn and Bowden have violated § 551.31(2), Wis. Stats., by employing an unlicensed agent to represent them in Wisconsin.
23. Through their conduct alleged above in connection with the offer and sale of securities to a person in Wisconsin, AmeriFirst, Bruteyn and Bowden have violated § 551.41(3), Wis. Stats., by engaging in an act, practice or course of business which operates or would operate as a fraud or deceit upon any person.
24. Through their conduct alleged above in connection with the offer and sale of securities to a person in Wisconsin, AmeriFirst, Bruteyn and Bowden have violated § 551.41(2), Wis. Stats., by making misrepresentations of material fact and omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, in connection with the offer and sale of securities to persons in Wisconsin.
25. Staff of the Division of Securities mailed an inquiry letter to AmeriFirst, with a due date for a response, but to date the staff has received no response despite the due date having passed.
26. Therefore, the staff of the Division petitions the Administrator of the Division of Securities for the issuance of the attached Order pursuant to Ch. 551, Wis. Stats.

Dated this 16<sup>th</sup> day of April, 2010.

  
Mark E. Dorman  
Examiner

  
Leslie M. Van Buskirk  
Attorney Supervisor