

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE
COMMISSIONER OF COMMERCE

In the Matter of Authotecq Systems, Inc. and
James Litzinger

**FINDINGS OF FACT, CONCLUSIONS
OF LAW AND ORDER**

OAH Docket No. 16-1005-22469-2

The above-entitled matter came before Administrative Law Judge James E. LaFave of the Office of Administrative Hearings on August 20, 2012. Assistant Attorney General Michael J. Tostengard appeared on behalf of the Minnesota Department of Commerce. Respondent, Authotecq Systems, Inc., through its Court Appointed Receiver chose not to challenge the proceeding. Respondents James Litzinger and Michael Diaz did not appear in person or by counsel and are in default. The Administrative Law Judge's Findings of Fact, Conclusions and Recommendations were issued on September 18, 2012. In accordance with Minn. Stat. § 45.024 (2010), Commissioner of Commerce Mike Rothman delegated the authority to issue a final order in this matter to Assistant Commissioner of Commerce Dennis D. Ahlers. By letter dated September 24, 2012, Assistant Commissioner Ahlers informed the parties of their right to file exceptions and argument with the Commissioner regarding the Administrative Law Judge's Recommendation. Written exceptions and argument was submitted by Michael J. Tostengard on behalf of the Department. The record closed on October 15, 2012.

Based upon all the facts, records and proceedings herein, the Commissioner makes the following:

FINDINGS OF FACT

1. The Commissioner adopts in its entirety and incorporates as his own the Findings of Fact contained in the Administrative Law Judge's Report.

2. Any Finding of Fact herein, which should more properly be deemed a Conclusion of Law, is hereby adopted as such.

Based upon the foregoing Findings of Fact, the Commissioner makes the following:

CONCLUSIONS OF LAW

1. The Commissioner adopts and incorporates as his own the Conclusions of Law contained in the Administrative Law Judge's Report.

2. Any Conclusion of Law herein, which should more properly be deemed a Finding of Fact, is hereby adopted as such.

3. This Order is in the public interest.

ORDER

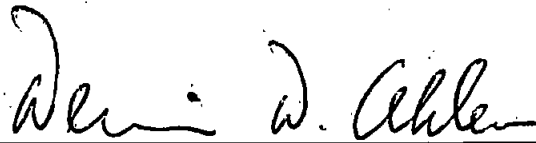
NOW, THEREFORE, IT IS HEREBY ORDERED that a civil penalty in the amount of \$20,000 is imposed upon Respondents, jointly and severally, pursuant to Minn. Stat. § 45.027, subd. 6 (2010).

MIKE ROTHMAN
Commissioner

Dated: _____

11/20/12

By: _____



DENNIS D. AHLERS
Assistant Commissioner
Minnesota Department of Commerce
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MEMORANDUM

This matter comes before the Commissioner following Administrative Law Judge James E. LaFave's recommendation that the Commissioner of the Minnesota Department of Commerce take disciplinary action and/or impose a civil penalty upon Respondents.

Respondent Authotecq Systems, Inc. is in receivership and the Receiver chose not to challenge this proceeding. Respondents James Litzinger and Michael Dias are in default. Pursuant to Minnesota Rules, part 1400.6000, the allegations contained in the Notice of and Order for Hearing, Order for Prehearing Conference, Order to Show Cause, and Statement of Charges are taken as true and incorporated by reference into the Administrative Law Judge's Findings of Fact.

Respondents are not licensed or registered by the Department in any capacity. According to the Statement of Charges, a Minnesota resident entered into an agreement with Respondents to purchase Authotecq Systems, Inc. stock certificates at an investment cost of \$132,500. The stock is not registered with the State of Minnesota and constitutes a security under Minnesota law. The investment was made in response to an unsolicited sales call from Respondents. In January of 2006, the California Department of Corporations issued a Desist and Refrain Order against Respondents. There was no mention of that Order in the Private Placement Memorandum that was provided to the investor.

Respondents engaged in an act, practice, or course of business that operated as a fraud or deceit upon another, failed to provide material information, made untrue statements and representations and failed to disclose that in 2006 the State of California had issued a Desist and Refrain Order against them, all in violation of Minn. Stat. §80A.68 (2010).

Respondent's violations are serious and adversely affected a Minnesota consumer. Since the record establishes that Respondents committed as many as five violations of Minnesota law, a civil penalty of up to \$50,000 could be imposed pursuant to Minn. Stat. 45.027, subd. 6 (2010). The Commissioner finds that a civil penalty of \$20,000 be imposed jointly and severally upon Respondents, a result that is reasonable and consistent with the recommendation of the Administrative Law Judge.

D.D.A.