

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

IN THE MATTER OF: *

WINNING MORTGAGES, LLC, *

and *

FILE NO. 2006-0047

MTUTUZELI XUMA, *

individually, and in his
capacities with the company, *

Respondents *

* * * * *

Serve on:

Winning Mortgages, LLC
Box 272, 18222 Flower Way
Gaithersburg, Maryland 20879

Mtutuzeli Xuma
Box 272, 18222 Flower Way
Gaithersburg, Maryland 20879

and on:

Melanie Senter Lubin
Maryland Securities Commissioner
Maryland Division of Securities
200 Saint Paul Place
Baltimore, Maryland 21202-2020

**SUMMARY ORDER TO CEASE AND DESIST
ORDER TO SHOW CAUSE**

WHEREAS, the Maryland Securities Commissioner (the “Commissioner”), pursuant to the authority granted in section 11-701 of the Maryland Securities Act, Title 11, Md. Code Ann., Corps. & Ass’ns Art., section 11-101 et seq. (1999 Repl. Vol. and Supp. 2006) (the “Act”), has initiated an investigation into the securities related activities of Winning Mortgages, LLC, and its agent, Mtutuzeli Xuma (together, the “Respondents”); and

WHEREAS, the Commissioner has determined that Respondents have engaged and are about to engage in acts or practices constituting violations of the registration and anti-fraud provisions of the Act; and

WHEREAS, the Commissioner has determined that immediate action against Respondents is in the public interest.

NOW, THEREFORE, pursuant to section 11-701.1(a) of the Act, it is hereby

ORDERED that Winning Mortgages, LLC, its agent Mtutuzeli Xuma, and its officers, directors, employees and other agents, immediately cease and desist from soliciting, offering or selling securities investments in or from Maryland pending a hearing in this matter or until such time as the Commissioner modifies or rescinds this Order. Willful violation of this Order could result in criminal penalties under section 11-705 of the Act.

IT IS FURTHER ORDERED that Respondents show cause why a final order should not be issued against Respondents that assesses each Respondent the statutory penalty of \$5,000.00 per violation of sections 11-301, 11-401, and 11-501, and permanently bars each Respondent from the securities and investment advisory businesses in Maryland.

I. JURISDICTION

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

II. RESPONDENTS

2. Winning Mortgages, LLC (“WM”), is a Maryland limited liability company, with a principal operating address in Gaithersburg, Maryland.

3. Mtutuzeli Xuma (“Xuma”), whose last known address is in Gaithersburg, Maryland, is the principal of WM.

4. WM is not, and has never been, registered in Maryland as a broker-dealer. *See* Exhibit A, Affidavit of Ellen Polston.

5. Xuma is not, and has never been, registered in Maryland as either a broker-dealer or and issuer agent. *See* Exhibit A, Affidavit of Ellen Polston.

III. STATEMENT OF FACTS

6. On or about May 22, 2005, Respondents registered the name “GreatInterestPaid.net” as a domain name on the World Wide Web. The material transmitted on that web site, www.greatinterestpaid.net, and continuing to appear on that web site, advertises for investors

interested in a “great investment alternative.” See Exhibit B, Copy of <www.greatinterestpaid.net>.

7. During all times relevant to this matter, Xuma was the principal of WM.

8. The offers of securities transmitted via the Respondents’ web site omitted to state material facts necessary in order to make the disclosure not misleading, such as relevant risk factors, current financial information, detailed uses of the proceeds, competition, and management experience and compensation, the unregistered nature of the offering and the unregistered nature of the Respondents as broker-dealers, among other material disclosures.

9. Xuma contacted the Division via email and phone calls, and met with staff of the Division regarding compliance with the requirements of the Act in connection with offers and sales of securities in or from Maryland.

10. In spite of the guidance provided Respondents by the Division to the contrary, and following a reasonable time to do so, Respondents failed to remove from their web site, the general solicitation material regarding the investment opportunities offered by Respondents.

11. On October 12, 2006, the Commissioner issued, and the Division subsequently served on Respondents, a subpoena requesting information and documents relating to the general solicitation of investors by Respondents, and the sales of securities, if any, by Respondents. Respondents have not responded to the subpoena.

12. As of March 23, 2007, Respondents continue to solicit potential investors via the web site to invest in securities, without registration of those offers.

COUNT I

(Offers of unregistered securities – Section 11-501)

WHEREAS, interests in the investment programs offered via the Respondents’ web site constitute "securities" within the definition at section 11-101(r) of the Act; and

WHEREAS, section 11-501 of the Act makes it unlawful for any person to offer any security in or from Maryland unless that security is registered or exempt from registration under the Act, or is a federal covered security; and

WHEREAS, the Division has no record that the securities offered by Respondents are registered under the Act, nor any record that the Respondents have perfected an exemption for the offering, or that the securities offered are federal covered securities; and

WHEREAS, Respondents have offered and sold securities in violation of the registration requirements of section 11-501 of the Act; and

NOW THEREFORE, IT IS HEREBY ORDERED that, pursuant to section 11-701.1 of the Act, Respondents cease and desist from the offer and sale in or from Maryland of unregistered, non-exempt securities pending a hearing in this matter or until such time as this Order is modified or rescinded by the Commissioner.

IT IS FURTHER ORDERED that Respondents show cause why a final order should not be issued against Respondents that assesses each Respondent the statutory penalty of \$5,000.00 per violation of section 11-501, and permanently bars each Respondent from the securities and investment advisory business in Maryland.

COUNT II

(Broker-dealer and issuer agent registration violation – Section 11-401)

WHEREAS, section 11-401 of the Act makes it unlawful for any person to transact business as a broker-dealer or issuer agent in Maryland unless that person is registered as such under the Act; and

WHEREAS, section 11-101(c) of the Act defines “broker-dealer” to mean a person engaged in the business of effecting transactions in securities for the account of others or for his or its own account; and

WHEREAS, section 11-101(b) of the Act defines “agent” to mean an individual other than a broker-dealer who represents a broker-dealer or issuer in effecting or attempting to effect the purchase or sale of securities; and

WHEREAS, while offering the securities described via Respondents’ web site, neither respondent was registered with the Division as a broker-dealer or securities agent pursuant to the Act; and

WHEREAS, WM acted as a broker-dealer and offered securities in the form of notes or investment contracts in or from Maryland without being registered to do so; and

WHEREAS, Xuma acted as a broker-dealer or issuer agent and offered securities in the form of notes or investment contracts in or from Maryland without being registered to do so; and

WHEREAS, the Division has determined that Respondents violated section 11-401 of the Act in that Respondents made offers of securities at a time when neither was registered as a broker-dealer or as an issuer agent with the Division.

NOW, THEREFORE, IT IS HEREBY ORDERED, that Winning Mortgages, LLC, Mtutuzeli, its officers, directors, employees, agents and anyone else involved in the offer or sale of securities by Winning Mortgages, LLC, cease and desist from acting as broker-dealers or issuer agents in Maryland pending a hearing in this matter or until such time as the Commissioner modifies

or rescinds this Order. Willful violation of this Order could result in criminal penalties under section 11-705 of the Act.

IT IS FURTHER ORDERED that Respondents show cause why a final order should not be issued against Respondents that assesses each Respondent the statutory penalty of \$5,000.00 per violation of section 11-401, and permanently bars each Respondent from the securities and investment advisory business in Maryland.

COUNT III

(Fraud in connection with the sale of securities – Section 11-301)

WHEREAS, section 11-301(2) of the Act makes it unlawful for any person, in connection with the offer, sale or purchase of any security, directly or indirectly to make any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and

WHEREAS, the securities offered by Respondents constitute "securities" within the definition at section 11-101(r) of the Act; and

WHEREAS, Respondents have misrepresented to potential investors in Maryland, and continue to misrepresent by omission of material information necessary in order to make the disclosure distributed via their web site not misleading, such as relevant risk factors, current financial information, detailed uses of the proceeds, competition, and management experience and compensation, among other material disclosures; and

WHEREAS, Respondents misrepresented to potential investors in Maryland, and continue to misrepresent by omission of material information necessary in order to make the disclosure distributed via their web site not misleading, that WM and Xuma were not registered to do business in Maryland as a broker-dealer and issuer agent, respectively, and that the offering of investment program should have been registered pursuant to the Act but was neither registered nor exempt from registration.

NOW, THEREFORE, IT IS HEREBY ORDERED that Mtutuzeli Xuma, WM, and its officers, directors, employees, agents, and anyone else involved in the offer or sale of securities of any affiliate of WM, cease and desist from engaging in fraudulent acts in connection with the offer or sale of securities, in violation of section 11-301 of the Act, pending a hearing in this matter or until such time as the Commissioner modifies or rescinds this Order. Willful violation of this Order could result in criminal penalties under Section 11-705 of the Act.

IT IS FURTHER ORDERED that Respondents show cause why a final order should not be issued against them that assesses each of them the statutory penalty of \$5,000.00 per violation of Section 11-301 of the Act, and permanently bars each Respondent from the securities and investment advisory businesses in Maryland.

**REQUIREMENT OF ANSWER AND
NOTICE OF OPPORTUNITY FOR HEARING**

_____ IT IS FURTHER ORDERED that, pursuant to section 11-701.1 of the Act and COMAR 02.02.06.06, each Respondent shall file with the Commissioner written Answers to this Summary Order to Cease and Desist within 15 days of service of the Order. The Answers shall admit or deny each factual allegation in the Summary Order to Cease and Desist and shall set forth affirmative defenses, if any. A Respondent without knowledge or information sufficient to form a belief as to the truth of an allegation shall so state.

The Answers also shall indicate whether the Respondent requests a hearing. A hearing to determine whether the Order should be vacated, modified, or entered as final will be scheduled in this matter if one is requested in writing. A Respondent's failure to file a written request for a hearing in this matter within 15 days of receipt of the Order shall be deemed a waiver by Respondent of the right to such a hearing, and the cease and desist Order will be entered as final.

Failure to file an answer or request for a hearing shall result in entry of a final order:

- a) directing that Respondents permanently cease and desist from violation of the Act;
and
- b) imposing a monetary penalty of up to \$5,000.00 per violation of the Act; and
- c) barring Respondents from engaging in the securities or investment advisory business in Maryland for or on behalf of others, or from acting as principal or consultant in any entity so engaged.

SO ORDERED,

April , 2007

MELANIE SENTER LUBIN
SECURITIES COMMISSIONER

Maryland Division of Securities
200 St. Paul Place
Baltimore, Maryland 21202-2020
(410) 576-6360

