

ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF MARYLAND

IN THE MATTER OF:

CATHERINE L. DOBLER

and

ANCHOR MORTGAGE, LLC

RESPONDENTS.

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Securities Division No. 2008-0466

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ORDER TO SHOW CAUSE

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. & Supp. 2008) (the "Securities Act"), undertook an investigation into the investment-related activities of Catherine L. Dobler and Anchor Mortgage LLC (collectively the "Respondents"); and

WHEREAS, as a result of that investigation the Maryland Securities Commissioner (the "Commissioner") finds grounds to allege that the Respondents have violated sections 11-301, 11-401(a), 11-402(a), and 11-501 of the Act;

THEREFORE, the Commissioner orders 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 and from being or acting as a principal or consultant in any entity engaged in such activities.

I. JURISDICTION

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

II. RESPONDENTS

2. Catherine L. Dobler (“Dobler”), while using various home addresses in Maryland, at all relevant times was the president of Anchor Mortgage, LLC, and was engaged in the business of mortgage financing.

3. Anchor Mortgage, LLC (“Anchor”), with an address in Chesapeake Beach, Calvert County, Maryland, at all relevant times held itself out as being engaged in the business of mortgage financing. Anchor also did business, out of the same address, under the names Anchor Mortgage LLC of Virginia (“Anchor VA”), and Anchor Mortgage LLC of Pennsylvania (“Anchor PA”). All are Maryland limited liability companies.

III. STATEMENT OF FACTS

On information and belief, the Commissioner alleges the following as the basis for this Order.

4. Dobler formed Anchor in March 2002 to conduct residential and commercial mortgage lending business within and outside Maryland. Anchor VA was formed in June 2003, and Anchor PA in July 2003, for the same purposes. Dobler and Anchor did business primarily out of Anchor’s office in Calvert County.

5. Beginning in or around 2002, when Dobler formed Anchor as a sole proprietorship, Dobler offered opportunities to invest in Anchor. She sold and issued shares of Anchor, or solicited loans for which she often, but not always, gave promissory notes.

6. In exchange for loans to Anchor, Dobler would issue 12-month notes promising to pay 7-8%. Dobler personally guaranteed payment in the event Anchor was unable to pay.

7. Dobler also offered shares of Anchor to employees or other investors. In a memo to "Potential Investors" dated February 2006, Dobler wrote that Anchor LLC would incorporate, and become Anchor Ltd., which would issue shares of stock. The new company was going to use mass marketing to target the subprime refinance market. Her stated goal was to form a company that could be sold to employees and investors.

8. In order to remain below the 10% ownership level that would raise financial regulators' questions, Dobler limited an individual's investment to a maximum of 8% of the company's shares. She offered 1% of the company for \$3,000, with a minimum investment of 2%.

9. Investors were told that proceeds were to be used for expanding the business, and that a 22% yield was not impossible.

10. At least 6 Maryland residents invested in excess of \$47,000 with Dobler and Anchor in the form of promissory notes.

11. At least 6 other Maryland residents invested \$80,000 with Dobler and Anchor in the form of shares of Anchor.

12. Anchor's business began to decline, and Dobler reportedly began to experience personal problems that contributed to further declines in business profitability for Anchor. Dobler relinquished managerial authority to former employees, and subsequently went to work for another mortgage company.

13. Despite her personal guarantees, Anchor investors have received no payments as returns on their investments since Dobler's departure.

14. Dobler has abandoned the mortgage business for reasons of health and the economy.

15. Anchor LLC and Anchor PA were forfeited in October 2005, and Anchor VA was forfeited in December 2005, all for failure to file property reports for 2004.

16. The investments in Anchor that have been offered or sold by the Respondents are investment contracts and promissory notes, both of which constitute "securities" within the definition of the Act.

17. The Securities Division has no record of securities registration for an offering by or in the name of Anchor Mortgage, 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. Anchor is not registered in Maryland as a securities broker-dealer or agent, or as an investment adviser or investment adviser representative.

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

COUNT I
(Offer and Sale of Unregistered Securities)

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

WHEREAS, the investment opportunities in Anchor offered by Respondents in the form of investment contracts and notes constitute "securities" within the definition at section 11-101 of the Securities Act; and

WHEREAS, there is no record of registration, a claim of exemption from registration, or of qualification as a federal covered security filed with the Division by or on behalf of Anchor; and

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

NOW, THEREFORE, IT IS HEREBY **ORDERED** that Respondents each show cause why that Respondent should not be ordered permanently to cease and desist from the offer and sale of unregistered securities, why that Respondent should not be assessed a statutory monetary penalty for such violations, and why that Respondent should not be barred from engaging in the securities business in this state and from being a principal or consultant in any entity so engaged.

COUNT II
(Acting as Unregistered Broker-Dealer and/or Agent)

WHEREAS, section 11-401(a) of the Securities Act makes it unlawful for any person to transact business in the offer and sale of securities in this state as a broker-dealer or agent unless that person is registered as such pursuant to the Securities Act; and

WHEREAS, the interests in Anchor that have been offered or sold by the Respondents are "securities" within the meaning of section 11-101 of the Securities Act; and

WHEREAS, under section 11-101(k) of the Act, an "issuer" is defined as a person, including a corporation, that issues or proposes to issue a security; and

WHEREAS, the Securities 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 own account; and

WHEREAS, the Securities 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, Anchor acted as an issuer or broker-dealer, and engaged in effecting transactions in securities in the form of investment in Anchor; and

WHEREAS, Dobler acted as an agent of Anchor, and engaged in effecting transactions in securities in this state in the form of investment contracts and notes; and

WHEREAS, neither of the Respondents is registered with the Division as a broker-dealer or an agent to transact securities business in this state;

NOW, THEREFORE, IT IS HEREBY **ORDERED** that each Respondent show cause why that Respondent should not be ordered permanently to cease and desist from acting as an unregistered broker-dealer or agent in this state, why that Respondent should not be assessed a statutory monetary penalty for such violations, and why that Respondent should not be barred from engaging in the securities business in this state and from being a principal or consultant in any entity so engaged.

COUNT III
(Employment of Unregistered Agents for Sale of Securities)

WHEREAS, the interests in Anchor that have been offered or sold by the Respondents are "securities" within the meaning of section 11-101 of the Securities Act; and

WHEREAS, under section 11-101(c) of the Act, a "broker-dealer" is defined as a person engaged in the business of effecting transactions in securities for the account of others or for his own account; and

WHEREAS, under section 11-101(k) of the Act, an "issuer" is defined as a person, including a corporation, that issues or proposes to issue a security; and

WHEREAS, Respondent Anchor acted as an issuer or broker-dealer under the Securities Act; and

WHEREAS, under section 11-101(b) of the Securities Act, an "agent" is defined as an individual other than a broker-dealer, including a partner, officer or director of an issuer, who represents a broker-dealer or issuer in effecting or attempting to effect the purchase and sale of securities; and

WHEREAS, Dobler, acting as an agent of Anchor, solicited offers to purchase, offered to sell, and sold securities of Anchor; and

WHEREAS, under section 11-402(a) of the Securities Act it is unlawful for any broker-dealer or issuer to employ or associate with an agent unless the agent is registered pursuant to the Securities Act; and

WHEREAS, the Division's files contain no record of the registration of Dobler as a broker-dealer or agent in this state, pursuant to the Securities Act;

NOW, THEREFORE, IT IS HEREBY **ORDERED** that Respondent Anchor show cause why it should not be ordered permanently to cease and desist from employing unregistered agents for the offer and sale of securities in this state, why it should not be assessed a statutory monetary penalty for such violations, and why it should not be barred from engaging in the securities business in this state and from being a principal or consultant in any entity so engaged.

COUNT IV
(Material Misrepresentation or Omission in Sale of Securities)

WHEREAS, section 11-301 of the Securities Act prohibits any person, in connection with the offer, sale or purchase of any security, directly or indirectly to: (1) employ any device, scheme or artifice to defraud; (2) 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 are made, not misleading; or (3) to engage in any act, practice, or course of business that operates or would operate as a fraud or deceit on any person; and

WHEREAS, the Anchor investments offered and sold by Respondents are securities under the Securities Act; and

WHEREAS, in connection with offering those securities Respondents made materially false or misleading statements regarding the financial status, profitability and performance of the investment; and

WHEREAS, in connection with the offer and sale of the securities Respondents omitted material facts that were necessary to make statements that were made not misleading, including Respondents' lack of appropriate registration, full representation of the risks associated with an investment in Anchor, and the status of Anchor and Anchor-invested funds;

NOW, THEREFORE, IT IS HEREBY **ORDERED** that each Respondent show cause why that Respondent should not be ordered permanently to cease and desist from engaging in material omissions or misrepresentations in connection with the offer and sale of securities, why that Respondent should not be assessed a statutory monetary penalty for such violations, and why that Respondent should not be barred from engaging in the securities business in this state and from being a principal or consultant in any entity so engaged.

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

_____IT IS FURTHER **ORDERED**, pursuant to section 11-701.1 of the Securities Act and the Code of Maryland Regulations, COMAR 02.02.06.06, that each Respondent file with the Securities Commissioner a written Answer to this Order within fifteen days of service of the Order. The Answer must admit or deny each factual allegation in the Order and set forth affirmative defenses, if any. A Respondent without knowledge or information sufficient to form a belief as to the truth of an allegation should state that.

The Answer also must indicate whether the Respondent requests a hearing. A hearing will be scheduled in this matter if one is requested in writing. Failure by any Respondent to file a written request for a hearing will be deemed a waiver by that Respondent of the right to such a hearing.

Failure of a Respondent to file an Answer or a request for a hearing may result in entry of a final order directing that Respondent permanently to cease and desist from violation of the Securities Act, and imposing the sanctions sought in this Order.

IT IS SO ORDERED:

**Commissioner's Signature is
on File with Original Document**

MELANIE SENTER LUBIN
SECURITIES COMMISSIONER

July 28, 2009

