

BEFORE THE COMMISSIONER OF SECURITIES AND INSURANCE
OFFICE OF THE STATE AUDITOR
STATE OF MONTANA

IN THE MATTER OF:)	
)	CASE NO.: SEC-2008-4
STYLE N'TILE INTERNATIONAL, INC.)	(10-18-07-256-C)
8250 Highway 35)	
P.O. Box 2888)	
Bigfork, MT 59911)	
)	FINAL AGENCY DECISION
FREDERICK "FRITZ" KECK, individually)	AND ORDER
and in his capacity as an unregistered)	
broker-dealer salesperson, SYDNEE KECK,)	
individually and in her capacity acting as an)	
unregistered broker-dealer salesperson,)	
LOUISE TIDWELL, individually and in)	
her capacity acting as an unregistered)	
broker-dealer salesperson, and)	
JAMES COOLIDGE, individually and in)	
his capacity acting as an unregistered)	
broker-dealer salesperson,)	
)	
Respondents.)	

The Commissioner of Securities and Insurance, the Office of the State Auditor's Office, (Commissioner) having reviewed and considered the entire record in the above-captioned matter and the relevant law, hereby issues the following:

PROCEDURAL HISTORY AND COMPOSITION OF RECORD

1. The Securities Department of the State Auditor's Office issued a Notice of Proposed Agency Disciplinary Action and Opportunity for Hearing (Notice) and a Temporary Cease and Desist Order to all Respondents on or about February 15 and 19, 2008, respectively.

2. Respondents Louise Tidwell, James Coolidge, Fredrick "Fritz" Keck and Sydnee Keck entered into a Consent Agreement with the Department and were dismissed from the action by the Hearing Examiner's Order (Re: Motion to Dismiss) on August 17, 2009.

3. Respondent Style N'Tile International, LLC (SNT) was served a copy of the Notice and the Temporary Cease and Desist Order pursuant to Mont. Code. Ann. § 30-10-107(8), on or about February 15 and 19, 2008, respectively. SNT did not respond.

4. The Department moved the Hearing Examiner for entry of a default judgment against SNT on June 11, 2009. SNT should have responded to the Department's motion not later than the first part of July 2009, allowing for the mail.

5. At no time did Style N'Tile International, LLC (SNT) appear before the Hearing Examiner or respond to the Department's motion for a default judgment.

6. On October 7, 2009, Hearing Examiner Michael J. Rieley submitted the Hearing Examiner's Proposed Finding of Fact, Conclusions of Law and Order (Pursuant to Motion of Default Judgment Re: Style N'Tile International) recommending default judgment, restitution and fines against SNT. The Hearing Examiner found that entry of a default is proper when an adverse party fails to appear to contest the Department's action and that such inaction renders the facts as alleged in the Department's pleading(s) undisputed and therefore admitted.

7. On October 13, 2009, the Department submitted a Motion for Final Agency Action seeking issuance of a final decision.

FINDINGS OF FACT

Having reviewed the complete record in these proceedings, the Commissioner hereby adopts the Hearing Examiner's Finding of Facts as follows:

1. Respondent SNT was properly served a copy of the Notice and of the Temporary Cease and Desist Order pursuant to Mont. Code. Ann. § 30-10-107(8), on or about February 15 and 19, 2008, respectively. SNT has not requested a hearing at any time since being served.

2. SNT is a Montana Limited Liability Company, organized on March 12, 2001, and subsequently involuntarily dissolved, according to the official records of the Montana Secretary of State's Office, which lists SNT's address as 8250 Highway 35, Bigfork, MT 59911. Its registered agent is listed as Fritz Keck. SNT makes decorative tiles for wholesale to big box stores such as Lowe's, and is not now, nor has it ever been, registered with the Department in any capacity.

3. From on or about September 8, 1998, until February 15, 2008, the date of the Department's Notice, at least 19 individuals have been offered and sold one or more promissory notes by SNT, its registered agent, and S. Keck, its President, neither of which has ever been registered with the Department in any capacity. The promissory notes were signed by either F. Keck or S. Keck, representatives of SNT. The promissory notes offered a rate of return of 7% to 10% annually, generally with a term of between one and two years.

4. When the promissory notes became due, instead of paying the investor as promised, SNT rolled the promissory note into a new note or converted the note into a membership interest.

5. Beginning on or about July 15, 2003, SNT converted 12 investors' promissory notes into "membership interests" that are limited liability company ownership units.

6. Beginning on or about July 15, 2003, SNT rolled promissory notes belonging to six investors into new promissory notes.

7. At least 22 individuals invested money in securities offered and sold by the Kecks and SNT, either as promissory notes or limited liability company ownership units.

8. In written correspondence dated June 28, 2005, F. Keck indicates that "SNT will begin making \$1,000 payments on a monthly basis in August, 2005" to pay the outstanding promissory notes of investors identified herein as BKC. There is no evidence that SNT began to make the payments it represented in this letter. On or about April 7, 2006, BKC, SNT, and the Kecks entered into a judgment note. The note specified that BKC were to be paid \$20,000 plus 10% annual interest until the note was paid in full. This note was to be paid in full by October 1, 2006, by SNT.

9. Although SNT indicated that it would be unable to meet note obligations, each note provided to investors had a maturity date. From the Department's analysis, it appears that SNT failed to meet the terms of each and every note offered and sold to SNT investors.

10. Between February 2, 2006, and March 28, 2006, investors CW, CO, KR, SS, and Coolidge converted their investments to limited liability company ownership units. SNT backdated these membership conversions to December 31, 2005, allowing the investor to claim membership in SNT's LLC for 2005.

11. On or about March 27, 2006, an investor identified herein as LB, signed a conversion notice converting LB's promissory note to a limited liability company ownership unit. SNT indicated it would backdate LB's membership to 2005 so that LB could receive a K-1, and

claim a portion of the LLC's loss. From the documentation reviewed by the Department, it does not appear that SNT backdated LB's membership interest.

12. In written correspondence dated April 11, 2006, to investors TW, KR, CW, LSV, SS, and Coolidge, Tidwell states "it has taken considerable time this year to completely identify and separate all of SNT accounting from Keck account. During March we reviewed all of SNT accounts with our CPA. She in turn has made numerous changes to SNT's inventory valuation/assets and in SNT's liabilities." It does not appear that all of these changes to SNT's financial situation were provided to other SNT investors and potential investors.

13. In written correspondence dated April 26, 2006, Tidwell informed investors PPK, CS, LRM, JMLM, SKR, LB, LSV, TJW, CW, SS, and Coolidge that "we are currently in the process of enhancing our investor package so we can provide complete financial information and meet all legal/disclosure requirements. In the near future, we will be providing this completed package to prospective investors." It appears that SNT did not attempt to register its securities with either the Department or the Securities and Exchange Commission either before or after this correspondence.

14. At least 22 individuals invested money through securities offered and/or sold by the Kecks, Tidwell, Coolidge, and SNT. The total amount of money invested is at least \$1,156,750. These investors were provided updates on SNT's business operations through written correspondence with the Kecks, SNT's Chief Operations Officer, Tidwell, and SNT's general manager, Coolidge.

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CONCLUSIONS OF LAW

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

Conclusions of Law:

1. The State Auditor is the Commissioner of Securities pursuant to Mont. Code Ann. § 30-10-107.
2. The administration of the Securities Act of Montana, Mont. Code Ann., Title 30, Chapter 10, Parts 1 through 3, is under the supervision and control of the Commissioner. Mont. Code Ann § 30-10-107.
3. The Commissioner and the Department have jurisdiction over this matter pursuant to Mont. Code Ann. §§ 30-10-102, 30-10-107, 30-10-201, 30-10-301, 30-10-304, 30-10-305, 30-10-307.
4. The Securities Act of Montana shall be construed to protect investors, persons engaged in securities transactions, and the public interest. Mont. Code Ann. § 30-10-102.
5. SNT collected at least \$1,156,750.00 in investment dollars without proper registration to conduct such business in Montana in violation of Mont. Code Ann. § 30-10-201.
6. SNT offered and/or sold securities of SNT to at least 22 individuals while not registered to offer or sell securities in or from the state of Montana in violation of Mont. Code Ann. § 30-10-201.
7. SNT offered and sold securities of SNT, an unregistered security, from the state of Montana to at least 22 individuals in violation of Mont. Code Ann. § 30-10-202.

8. SNT engaged in fraudulent acts when it issued SNT promissory notes to investors and omitted the material facts for investors that SNT had no intention of meeting the terms of these notes in violation of Mont. Code Ann. § 30-10-301 (1) (b).

9. SNT engaged in fraudulent acts by misleading investors about the likely return on their investment and the success of SNT including, but not limited to, when SNT agents or employees told investors, "If our conservative projections become reality, the investor gets his money back within 10-20 months, if not sooner," and when SNT agents or employees indicated SNT would likely have "\$10 million in sales in 18 months" in violation of Mont. Code Ann. § 30-10-301 (1)(b).

10. SNT engaged in fraudulent acts when it misrepresented both the amount of total investment being offered in SNT and the value of each unit sold by SNT in violation of Mont. Code Ann. § 30-10-301 (1) (b).

11. SNT engaged in fraudulent acts when its agents or employees told investors that SNT would provide all legal/disclosure requirements to potential investors when SNT did not provide potential investors this information in violation of Mont. Code Ann. § 30-10-301 (1) (b).

12. SNT engaged in fraudulent acts when it failed to disclose to investors the risks associated with their investment in violation of Mont. Code Ann. § 30-10-301 (1) (b).

13. SNT engaged in a fraudulent act, practice and course of business when it engaged in a practice of issuing promissory notes to investors with no intention of meeting the terms of these notes in violation of Mont. Code Ann. § 30-10-301 (1) (c).

14. SNT engaged in a fraudulent act, practice and course of business when it engaged in a practice of offering a security in the form of a membership interest when it was unable to meet the

obligations of securities (promissory notes) it had previously sold to investors in violation of Mont. Code Ann. § 30-10-301 (1)(c).

15. SNT violated Mont. Code Ann. § 30-10-301 (1) (c) when it engaged in a fraudulent act, practice and course of business by not fully disclosing to potential investors that SNT was not registered to offer securities, that SNT promissory notes and membership interests were unregistered securities, and that there were risks associated with their investment in SNT.

16. Entry of a default is proper in the event an adverse party fails to appear to contest the Department's action Mont. Code Ann. §§ 2-4-603 and 30-10-301(1)(a)(ii), Mont. Admin. R. §§ 6.2.120 and 1.3.214. Such inaction renders the facts as alleged in the Department's pleading(s) undisputed and therefore admitted. The Department's motion for entry of a default order was properly granted by the Hearing Examiner. Mont. Code Ann. § 2-4-603, Mont. Admin. R. §§ 6.2.120 and 1.3.214.

ORDER

Based on the foregoing Findings of Fact and Conclusions of Law, the Commissioner hereby orders the following:

1. The Department's motion for entry of final agency decision and order by default against Respondent Style N'Tile International, LLC (SNT) is granted. Mont. Code Ann. §§ 2-4-603 and 30-10-305(1)(a)(ii), Mont. Admin. R. §§ 6.2.120 and 1.3.214.

2. The Consent Agreements between Respondents Louise Tidwell, James Coolidge, Fredrick "Fritz" Keck and Sydnee Keck and the Department, attached hereto as Exhibits A, B, and C, are adopted as if set forth fully herein.

3. Pursuant to Mont. Code Ann. § 30-10-305(1)(a)(ii) and Mont. Admin. R. § 6.6.122, the Temporary Cease and Desist Order against Respondent SNT (dated February 19, 2008) is permanent for failure to respond. STN is specifically ordered to cease and desist from engaging in the following actions:

(a) Making untrue statements or omissions of material facts that would make the statements made, in light of the circumstances under which they are made, misleading in violation of Mont. Code Ann. § 30-10-301(1)(b);

(b) any act, practice, or course of business that operates or would operate as a fraud or deceit upon any person in violation of Mont. Code Ann. § 30-10-301(1)(c); and

(c) any act that constitutes conducting or transacting securities business in Montana without proper registration or licenses to do so in violation of Mont. Code Ann § 30-10-201.

4. Pursuant to Mont. Code Ann. § 30-10-309, Respondent SNT is ordered to pay restitution to the Montana Investors who engaged in investment activity with SNT in this case in the amount of \$1,156,750.00, including the statutory annual interest rate of 10% from the date of this Final Agency Decision and Order.¹

5. Pursuant to Mont. Code Ann. § 30-10-305(3), Respondent SNT is ordered to pay a fine of \$5,000 for each of the twenty-two identifiable violations of Mont. Code Ann. § 30-10-201, which totals \$110,000.

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¹ Under Mont. Code Ann. § 30-10-309(1), the Commissioner has discretion and “may” require payment of 10% annual interest from the date of violation. Since there are not clear date(s) certain for the violations in this case, the Commissioner believes it is reasonable to require payment of interest from the date of the Final Agency Decision and Order.

6. Pursuant to Mont. Code Ann. § 30-10-305(3), Respondent SNT is ordered to pay a fine of \$5,000 for each of the twenty-two identifiable violations of Mont. Code Ann. § 30-10-202, which totals \$110,000.

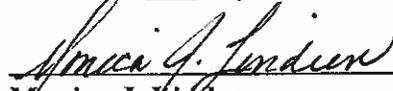
7. Pursuant to Mont. Code Ann. § 30-10-305(3), Respondent SNT is ordered to pay a fine of \$5,000 for each of the twenty-two identifiable violations of Mont. Code Ann. § 30-10-301(1)(b), which totals \$110,000.

8. Pursuant to Mont. Code Ann. § 30-10-305(3), Respondent SNT is ordered to pay a fine of \$5,000 for each of the twenty-two identifiable violations of Mont. Code Ann. § 30-10-301(1)(c).

NOTICE OF OPPORTUNITY FOR JUDICIAL REVIEW

Respondent SNT is hereby notified that it has the right to request judicial review of this Final Agency Decision and Order by filing a petition for judicial review within 60 days of service of this Order with the district court in Lewis and Clark County, Montana, or where the petitioner resides, as provided in Mont. Code Ann. §§ 30-10-308 and 2-4-702.²

Dated this 10th day of March, 2010.



Monica J. Lindeen
Commissioner of Securities and Insurance

²MAPA at Mont. Code Ann. § 2-4-702(2), provides that a respondent must file a petition in district court for judicial review of a written final agency decision within 30 days after service of the decision. The Securities Act of Montana at Mont. Code Ann. § 30-10-308, provides that the respondent may obtain judicial review of a final order of the Commissioner by filing a petition with the court within 60 days after the entry of the order. In the case of conflicting statutes, the more specific will govern over the general. See Whalen v. Montana Right to Life Assoc. (2002), 313 Mont. 204, 207, 60 P.3d 972, 974; Mont. Code Ann. § 1-2-102. Accordingly, the Commissioner believes that the Securities Act of Montana controls and that Respondent SNT has 60 days to petition for judicial review.

CERTIFICATE OF SERVICE

This is to certify that on this 11th day of March, 2010, a copy of the foregoing FINAL AGENCY DECISION AND ORDER was served upon the following persons by depositing a copy in the U.S. Mail, postage prepaid, addressed to:

Ms. Roberta Cross Guns
Special Assistant Attorney General
State Auditor's Office
840 Helena Avenue
Helena, MT 59601

Style N'Tile
8250 Highway 35
P.O. Box 2888
Bigfork, MT 59911

Ms. Linda Deola
Attorney at Law
401 North Last Chance Gulch
Helena, MT 59601

Mr. Richard DeJana
Attorney at Law
P.O. Box 1757
Kalispell, MT 59903



A handwritten signature in black ink, appearing to read "Richard DeJana", is written over a horizontal line.

EXHIBIT A

BEFORE THE STATE AUDITOR, EX-OFFICIO COMMISSIONER OF SECURITIES
FOR MONTANA

IN THE MATTER OF:)	
)	CASE NO.: SEC-2008-4
STYLE N'TILE INTERNATIONAL, INC.)	(10-18-07-256-C)
8250 Highway 35)	
P.O. Box 2888)	
Bigfork, MT 59911)	
)	CONSENT AGREEMENT
FREDERICK "FRITZ" KECK, individually)	RE: TIDWELL
and in his capacity as an unregistered)	
broker-dealer salesperson, SYDNEE KECK,)	
individually and in her capacity acting as an)	
unregistered broker-dealer salesperson,)	
LOUISE TIDWELL, individually and in)	
her capacity acting as an unregistered)	
broker-dealer salesperson, and)	
JAMES COOLIDGE, individually and in)	
his capacity acting as an unregistered)	
broker-dealer salesperson,)	
)	
Respondents.)	

This Consent Agreement is dated this 17th day of July 2009, and is between the Montana Securities Department ("Department"), acting pursuant to the authority of the Securities Act of Montana, § 30-10-101 *et seq*, MCA, and § 2-4-603 MCA, and Respondent Louise Tidwell (Tidwell.)

RECITALS

WHEREAS, the Department issued a Notice of Proposed Agency Action (Action) (this Notice is attached hereto as Exhibit A) and a Temporary Cease and Desist Order on or about February 19, 2008, alleging violations of the Securities Act by Respondent Tidwell, as described in the Action;

WHEREAS, the Department has investigated the matter pursuant to complaints and information obtained through the Department's investigation; and

WHEREAS, the Department and Tidwell agree that the best interests of the public would be served by dismissing the Action and entering into the agreements and undertakings specified herein.

NOW THEREFORE, in consideration of the mutual undertakings herein contained, the Department and Tidwell hereby agree to resolve their differences and settle these matters pursuant to the following terms and conditions:

I. SUMMARY OF ALLEGATIONS

The Action includes, *inter alia*, allegations that Tidwell engaged in providing written correspondence relevant to investing in Style N' Tile International, Inc., without proper licensing and containing false or incomplete information regarding the company and the investments in violation of the Montana Securities Act. The Action is attached hereto as Exhibit A.

II. STIPULATIONS AND CONSENTS

A. Tidwell neither admits nor denies any of the allegations contained in the Action as they apply to her, but makes no comment on any allegation with respect to any other party in this agreement.

B. Tidwell agrees to be permanently barred from applying for registration and from seeking an exemption pursuant to the provisions of the Montana Securities Act, unless she secures written permission from the State Auditor's Office to make such application, which permission the State Auditor's Office may grant or withhold in its sole discretion.

C. Tidwell agrees to comply with the terms and conditions of this Consent Agreement and with the securities laws and regulations of Montana.

D. The applicable statute of limitation, § 30-10-305, MCA, is tolled for two years from the date of execution of this Consent Agreement with regard to all allegations set forth in the Action. In the event Tidwell violates the terms of this Consent Agreement at any time during the two-year tolling period the State Auditor's Office reserves the right to seek a fine of \$75,000, full restitution, and other relief as justified.

E. Pursuant to the stipulations, agreements and consents of Tidwell, the Department, under the authority of the Montana Securities Act and § 2-4-603, Montana Code Annotated, hereby agrees that:

Upon the signing of this Consent Agreement, the State Auditor will file with the hearing examiner a Motion and Stipulation for Dismissal of the Action as it relates to Tidwell, with prejudice.

F. All parties to this Consent Agreement agree and acknowledge:

This Consent Agreement constitutes the entire agreement between the parties, there being no other promises or agreements, either express or implied. Under authority of the Securities Act, the Department hereby agrees that it will not initiate any additional civil, criminal or administrative actions against Tidwell regarding or related to the allegations contained in the Action. Tidwell fully and forever release and discharge the Office of the State Auditor, the elected State Auditor and all State Auditor employees from any and all actions, claims, causes of action, demands, or expenses for damages or injuries that may arise from the allegations underlying this Consent Agreement, whether asserted or unasserted, known or unknown,

foreseen or unforeseen, arising out of the Action.

DATED this 16th day of July, 2009.

MONTANA SECURITIES DEPARTMENT

By: *Lynne Egan*
Lynne Egan
Deputy Securities Commissioner

DATED this 13th day of July, 2009.

Louise Tidwell
Louise Tidwell

SUBSCRIBED AND SWORN to before me this 13 day of July, 2009.

Richard D. Jana
Signature

Printed name _____
Notary Public for the State of Montana
Residing at: _____
My commission expires _____



RICHARD DE JANA
Notary Public For The
State Of Montana
Residing at Kalispell
My Commissions Expires
June 20, 2011

ROBERTA CROSS GUNS
Special Assistant Attorney General
840 Helena Avenue
Helena, MT 59601
406-444-2040
Attorney for Securities Department

BEFORE THE STATE AUDITOR AND THE COMMISSIONER OF SECURITIES,
HELENA, MONTANA

IN THE MATTER OF:)

STYLE N'TILE INTERNATIONAL, INC.)
8250 Highway 35)
P.O. Box 2888)
Bigfork, MT 59911)

CASE NO.: SEC-2008-4
(10-18-07-256-C)

FREDERICK "FRITZ" KECK, individually)
and in his capacity as an unregistered)
broker-dealer salesperson, SYDNEE KECK,)
individually and in her capacity acting as an)
unregistered broker-dealer salesperson,)
LOUISE TIDWELL, individually and in)
her capacity acting as an unregistered)
broker-dealer salesperson, and)
JAMES COOLIDGE, individually and in)
his capacity acting as an unregistered)
broker-dealer salesperson,)

NOTICE OF PROPOSED AGENCY
DISCIPLINARY ACTION AND
OPPORTUNITY FOR HEARING

Respondents.)

Staff of the Securities Department (Department) of the office of the State Auditor as
Commissioner of Securities of the state of Montana (Commissioner), pursuant to the authority of
the Securities Act of Montana, Section 30-10-101, et seq., Montana Code Annotated (2007)
(MCA), is proposing to the Commissioner that he take specific action against STYLE N'TILE
INTERNATIONAL, LLC (SNT) having its principle place of business at 8250 Highway 35,
P.O. Box 2888, Bigfork, MT 59911, and Frederick "Fritz" Keck (F. Keck), Sydnee Keck (S.
Keck), Louise Tidwell (Tidwell), and James Coolidge (Coolidge) as identified above for

violations of the Montana Securities Act. The Commissioner has authority to take such action under the provisions of Sections 30-10-102, 30-10-107, 30-10-201, 30-10-202, 30-10-301, 30-10-304, 30-10-305, and 30-10-309, MCA.

In particular, the Department's staff recommends specific action against SNT, F. Keck, S. Keck, Tidwell, and Coolidge, including issuing a cease and desist order, imposition of appropriate fines, appropriate restitution with interest, and denial of their respective registrations pursuant to the provisions of the Montana Securities Act.

Service of process is pursuant to § 30-10-107 (8), MCA.

There is probable cause to believe that the following facts, if true, justify and support such specific action.

ALLEGATIONS

1. On or about September 25, 2007 the Department received a complaint from Elizabeth O'Halloran, an attorney representing six investors of SNT. The investors allege SNT and their representatives, agents and employees made misrepresentations and omissions in relation to the offer and sale of securities of SNT.

2. SNT makes decorative tiles for wholesale to big box stores such as Lowe's. SNT is not now nor has it ever been registered with the Department.

2. F. Keck is listed as the registered agent for SNT, and on correspondence provided to and reviewed by the Department, identifies himself as general manager. F. Keck is not now nor has he ever been registered with the Department in any capacity.

3. Documents provided to and reviewed by the Department list S. Keck as the President of SNT. S. Keck is not now nor has she ever been registered with the Department in any capacity.

4. Documents provided to and reviewed by the Department list Tidwell as the Chief Operating Office for SNT. Tidwell is not now nor has she ever been registered with the Department in any capacity.

5. Documents provided to and reviewed by the Department identify Coolidge as a general manager for SNT. Coolidge is not now nor has he ever been registered with the Department in any capacity.

6. On or about October 18, 2007, the Department requested specific information and documentation from SNT. The Department's request was sent to and received by F. Keck. The Department indicated in its letter that the requested information should be received by the Department not later than October 31, 2007.

7. On or about October 25, 2007, F. Keck contacted the Department and indicated he would be unable to provide the requested information by October 31, 2007. F. Keck indicated that he would be out of town for several days and that he no longer had keys to the SNT office. F. Keck indicated SNT's general manager was Jim Coolidge. The Department indicated to F. Keck it would extend the deadline, but he would need to provide the requested information by November 7, 2007.

8. On or about October 28, 2007, the Department again requested SNT provide the same items as listed above. This letter was sent to Jim Coolidge and indicated the requested information was due to the Department on November 7, 2007.

9. On or about November 5, 2007, F. Keck contacted the Department and asked if the Department had received the requested information. The Department indicated the request had not been received. F. Keck indicated he wanted to cooperate with the Department, but he

did not have access to the requested information. He told the Department the information requested was held at the SNT office and he was not welcome there.

10. As of February 14, 2008, the Department has not received any of the information requested from SNT. However, Ms. O'Halloran's clients provided specific information and documentation of actions taken by SNT, F. Keck, S. Keck, Tidwell and Coolidge.

11. From on or about September 8, 1998 until the present, at least 19 individuals have been offered and sold one or more promissory notes by SNT and the Keck's. These promissory notes were signed by either F. Keck or S. Keck, representatives of SNT. The promissory notes offered a rate of return of 7% to 10% annually with a term of generally between one and two years.

12. When the promissory notes became due, instead of paying the investor as promised, SNT rolled the promissory note into a new note, or converted the note into a membership interest.

13. Beginning on or about July 15, 2003, SNT converted 12 investors' promissory note(s) to "membership interests" that are limited liability company ownership units.

14. Beginning on or about July 15, 2003, SNT rolled promissory notes belonging to six investors into new promissory notes.

15. At least 22 individuals invested money in securities offered and sold by the Keck's and SNT, either as promissory notes or limited liability company ownership units.

16. F. Keck began seeking investors for his business venture as early as 1998. It appears that F. Keck solicited funds from friends and acquaintances. F. Keck informed these potential investors that he was unable to obtain financing through banks, and therefore was relying on investors to obtain the capital necessary to make his venture successful.

17. In written correspondence dated March 26, 2002, F. Keck solicits investment from investors identified herein as PPK, indicating that "another \$20,000 would put you at 4% if you convert to ownership at this point it looks like the investment will prove very profitable." It appears that investors PPK have not received any return on this investment.

18. In written correspondence dated September 5, 2002, to investor identified herein as CO, F. Keck stated, "I have budgeted a \$1.5 million term life insurance on myself with the investors as beneficiaries up to the amount of their investment. I am receptive to setting up a line of credit, a loan/equity arrangement or whatever it takes to get this venture running big-time. We have valued the company at \$2 million and are selling 1% units for \$20,000. I am willing to sell up to 35% of the LLC. If our conservative projections become reality, the investor gets his money back within 10-20 months, if not sooner." To date, the Department is aware of only 1 investor who received a return of principal.

19. In written correspondence dated, November 8, 2003, F. Keck indicated to investors identified herein as BKA, "all members have a promissory note for the amount of their investment which would be recouped in the event of my untimely demise. It is a term life policy for \$1,500,000 with Mony Group, Syracuse, New York. At this point of the venture the only chance of failure would be if I wasn't around to run the show. In addition, I have a one million-dollar AD&D policy. Bottom-line, nobody is left holding the bag." The Department has received no evidence supporting that such a life policy naming SNT investors as beneficiaries exists.

20. In written correspondence dated, September 14, 2002, F. Keck indicated to investor identified herein as CW, "per our conversation, this letter will also confirm our agreement that you will be 'first out' on disbursements of monies available formulated by

general accounting procedures." The Department has no evidence indicating CW has ever received any disbursements or any return on the investment. Further, the Department has no evidence that it was disclosed to other SNT investors that CW would be the first investor to receive monies from SNT.

21. On or about November 19, 2002, F. Keck wrote a letter to investors PPK regarding SNT. F. Keck indicated SNT's executive summary "is 90% reality and 10% blue sky." Further, F. Keck states, "I feel we can be at \$10 million in sales in 18 months. I obviously need investors to seize this once-in-a-lifetime opportunity (at least for yours truly)." It does not appear that F. Keck disclosed to other SNT investors or potential investors that SNT's executive summary was 90% reality and 10% "blue sky". Furthermore, it is not apparent that an executive summary actually exists or existed because the Department was not provided a copy of any executive summary for SNT.

22. In written correspondence dated November 8, 2003, F. Keck indicated to BKA, that, "there will be no dilution of your interest by bringing in additional members. Ideally, I would like to keep our membership small and seek only two more individuals." However, after November 8, 2003, there were at least 12 additional investments made in SNT, this included investments by 8 new investors.

23. In written correspondence dated, November 8, 2003, F. Keck told BKA, "as an incentive to bring you into the membership, we will stay with the value of 1% for \$15,000 and not the \$20,000 currently being offered." It does not appear that F. Keck disclosed to other SNT investors or potential investors that SNT was offering BKA a 1% equity position for \$15,000, while other potential investors were offered a 1% equity position for \$20,000.

Over the last several years, F. Keck and Tidwell have provided written communication to these investors and potential investors. Some of the information provided by F. Keck and Tidwell appears to be either false or misleading.

24. In written correspondence dated January 27, 2004, F. Keck tells investors identified herein as JMLM, "[I] appreciate your participation, after 3 very hard years; we now are riding a big winner." It appears that only one investor has received any return on their investment.

25. In written correspondence dated June 28, 2005 F. Keck indicates that "SNT will begin making \$1,000 payments on a monthly basis in August, 2005" to pay the outstanding promissory notes of investors identified herein as BKC. There is no evidence that SNT began to make the payments it represented in this letter. On or about April 7, 2006, BKC, SNT, and the Keck's entered into a judgment note. This note specified that BKC were to be paid \$20,000 plus 10% annual interest until the note was paid in full. This note was to be paid in full by October 1, 2006 by SNT. Keck's never provided a signed copy to BKC's attorney and the judgment was never effective. To date the Keck's have failed to fulfill any note they offered or sold to BKC.

26. In written correspondence dated February 15, 2006, Tidwell told investors identified herein as CS, LRM, PPK, JMLM, BKC, LB, KR, TJW, CW, LSV, SS, SKR, and Coolidge that "[d]espite the progress to date, current SNT performance does not allow for the repayment of notes to any note holders at this time." Tidwell also encouraged note holders to convert to a membership interest (limited liability company ownership unit), because "there will be losses in the FY 2005 year which would be available to those who make the conversion to equity based on the 2005 year." Although SNT indicated that they would be unable to meet note obligations, each note provided to investors had a maturity date. From the Department's

analysis, it appears that SNT failed to meet the terms of each and every note offered and sold to SNT investors.

27. Between February 2, 2006 and March 28, 2006, investors CW, CO, KR, SS and Coolidge, converted their investments to limited liability company ownership units. SNT backdated these membership conversions to December 31, 2005, allowing the investor to claim membership in SNT's LLC for 2005.

28. On or about March 27, 2006, investor identified herein as LB signed a conversion notice, converting LB's promissory note to a limited liability company ownership unit. SNT indicated it would backdate LB's membership to 2005, so that LB could receive a K-1, and claim a portion of the LLC's loss. From the documentation reviewed by the Department it does not appear that SNT backdated LB's membership interest.

29. In written correspondence dated April 11, 2006 to TW, KR, CW, LSV, SS, and Coolidge, Tidwell states. "it has taken considerable time this year to completely identify and separate all of SNT accounting from Keck account. During March we reviewed all of SNT accounts with our CPA. She in turn has made numerous changes to SNT's inventory valuation/assets and in SNT's liabilities." It does not appear that all of these changes to SNT's financial situation was provided to other SNT investors and potential investors.

30. In written correspondence dated April 26, 2006, Tidwell informed PPK, CS, LRM, JMLM, SKR, LB, LSV, TJW, CW, SS, and Coolidge that "we are currently in the process of enhancing our investor package so we can provide complete financial information and meet all legal/disclosure requirements. In the near future, we will be providing this completed package to prospective investors." It appears that SNT did not attempt to register its securities

with either the Department or the Securities and Exchange Commission either before or after this correspondence.

31. On or about June 29, 2006, investor identified herein as CS expressed anger and frustration about not having the ability to liquidate CS's promissory note. CS communicated to Tidwell, that CS was "very upset that (Keck's) are putting an addition onto (their) home and yet [CS] can't get [CS's] money back." Tidwell told CS that "Style N' Tile isn't in any position to even make payments at this time." CS promissory note has been rolled over at least three times since the original note of January 1, 2001.

32. On or about November 20, 2006, investor identified herein as LM emailed Tidwell, and asked "If we decide not to convert but want to cash in our note, is that possible". Tidwell responded by saying, "at this moment SNT is not able to cash out either of the two investor notes. If you want to cash in your note in the future you can certainly make that request to current SNT members or to any new SNT investor to see if they want to pay out your note."

33. On or about December 8, 2006, Coolidge encouraged CS to convert CS's promissory note to a limited liability ownership unit in SNT. However, it appears that CS has refused to convert CS's note into an ownership unit.

34. On or about December 8, 2006, Coolidge encouraged PPK to convert PPK's promissory note to an ownership unit in SNT. However, it appears PPK refused to convert the note into an ownership unit.

35. On or about April 19, 2007, the Keck's entered into a "Comprehensive, Final and Irrevocable Release of Prior All Claims and Rights" with investors identified herein as CJ and WRC. The terms of this agreement indicate that the Keck's owe CJ and WRC \$230,000 from previous agreements. Further, under the terms of the agreement, the debt owed by the Keck's

would be reduced to \$200,000, and this debt would be settled by converting it to a 25% membership interest in SNT. It appears this agreement was not disclosed to other SNT investors or potential investors.

36. In an email dated December 8, 2006, sent to investors LRM, JMLM, LB, KR, CO, SS, LSV, TJW, and CW, Tidwell states, "time is of the essence for the members to get issues resolved between SNT and Fritz/Sydney. The past two weeks have been spent "churning" through SNT accounts: tying expenses to taxes that have been filed each year, identifying (F. Keck) \$\$ in and out of SNT by each year, again so that those expenses can be correctly identified as either SNT or (F. Keck) and correctly tied with tax returns." It appears this information was not relayed to any other SNT investors. SNT has failed to provide any information regarding any of the investments, including where those investments were located or how they were utilized to the benefit of the company or the investors.

37. At least 22 individuals invested money through securities offered and/or sold by the Keck's, Tidwell, Coolidge and SNT. The total amount of money invested is at least \$1,156,750.00. These investors were provided updates on SNT's business operations through written correspondence with the Keck's, SNT's Chief Operation Officer, Tidwell, and SNT's general manager Coolidge.

Based on the foregoing allegations, the Department submits the following:

CONCLUSIONS OF LAW

1. The State Auditor is the Commissioner of Securities (Commissioner) pursuant to § 30-10-107, MCA.

2. The administration of the Securities Act of Montana, Title 30, Chapter 10, Parts 1 through 3, MCA, is under the supervision and control of the Securities Commissioner. Section 30-10-107, MCA.

3. The Securities Act of Montana shall be construed to protect investors, persons engaged in securities transactions, and the public interest. Section 30-10-102, MCA.

4. SNT collected at least \$1,156,750.00 in investment dollars without proper registration to conduct such business in Montana in violation of § 30-10-201, MCA.

5. Respondents offered and/or sold securities of SNT to at least 22 individuals, while not registered to offer or sell securities to or from the state of Montana in violation of § 30-10-201, MCA.

6. Respondents offered and sold securities of SNT, an unregistered security, from the state of Montana to at least 22 individuals, in violation of § 30-10-202, MCA.

7. Respondents engaged in fraudulent acts when they issued SNT promissory notes to investors and omitted the material facts for investors that SNT had no intention of meeting the terms of these notes, in violation of § 30-10-301 (1) (b), MCA.

8. Respondents engaged in fraudulent acts by misleading investors about the likely return on their investment and the success of SNT, including but not limited to when Respondents told investors "If our conservative projections become reality, the investor gets his money back within 10-20 months, if not sooner," and when Respondents indicated SNT would likely have "\$10 million in sales in 18 months," in violation of § 30-10-301 (1) (b), MCA.

9. F. Keck engaged in fraudulent acts when he told investors that he had a \$1.5 million term life insurance on himself with the investors as beneficiaries up to the amount of

their investment when it appears this policy does not exist, in violation of § 30-10-301 (1) (b), MCA.

10. Respondents engaged in fraudulent acts when they misrepresented both the amount of total investment by offered in SNT and the value of each unit sold by SNT, in violation of § 30-10-301 (1)-(b), MCA.

11. Respondents engaged in fraudulent acts when they told investors SNT would provide all legal/disclosure requirements to potential investors, when it appears SNT did not provide potential investors this information, in violation of § 30-10-301 (1) (b), MCA.

12. Respondents engaged in fraudulent acts when they failed to disclose to investors the risks associated with their investment, in violation of § 30-10-301 (1) (b), MCA.

13. Respondents engaged in a fraudulent act, practice and course of business when they engaged in a practice of issuing promissory notes to investors with no intention of meeting the terms of these notes, in violation of § 30-10-301 (1) (c), MCA.

14. Respondents engaged in a fraudulent act, practice and course of business when they engaged in a practice of offering a security in the form of a membership interest, when it was unable to meet the obligations of securities they had previously sold to investors, in violation of § 30-10-301 (1) (c), MCA.

15. Respondents engaged in a fraudulent act, practice and course of business when they engaged in a practice of not fully disclosing to potential investors that they were not registered to offer securities, that SNT was an unregistered security, and that their were risks associated with their investment in SNT, in violation of § 30-10-301 (1) (c), MCA.

PUBLIC INTEREST

For any and all of the reasons set forth above, it is in the public interest and will protect Montana investors to:

1. Issue a cease and desist order barring Respondents from further violations of the Act;
2. Order the denial of registrations and licenses for Respondents until resolution of this case.
3. Order Respondents to pay administrative fines in an amount and upon such terms and conditions as supported by the evidence and determined at hearing of this matter;
4. Order Respondents to pay restitution to the Montana investors who engaged in investment activity with Respondents while Respondents were not properly registered to conduct securities salesperson or broker-dealer business in Montana, including the statutory 10% interest from the date of the wrong-doing; and
5. Take such other actions which may be in the public interest and necessary and appropriate for the protection of Montana investors.

RELIEF SOUGHT

1. Order Respondents to pay fines not to exceed \$5,000 for each identifiable violation of §30-10-201, MCA, pursuant to § 30-10-305 (3), MCA.
2. Order Respondents to pay fines not to exceed \$5,000 for each identifiable violation of §30-10-202, MCA, pursuant to § 30-10-305 (3), MCA.
3. Order Respondents to pay fines not to exceed \$5,000 for each identifiable violation of §30-10-301 (1) (b), MCA, pursuant to § 30-10-305 (3), MCA.
4. Order Respondents to pay fines not to exceed \$5,000 for each identifiable violation of §30-10-301 (1) (c), MCA, pursuant to § 30-10-305 (3), MCA.

5. Order Respondents registration and license in Montana be denied for violating the provisions of §§ 30-10-201 and 301, MCA.
6. Order Respondents to pay restitution to the Montana investors who engaged in investment activity with Respondents while Respondents were not properly registered to conduct securities salesperson or broker-dealer business in Montana, including the statutory 10% interest from the date of the wrong-doing, pursuant to § 30-10-309, MCA.
7. Any other such relief allowed by law or required by justice.

STATEMENT OF RIGHTS

You are entitled to a hearing to respond to this notice, present evidence and arguments on all issues involved in this case. You have a right to be represented by an attorney at any and all stages of this proceeding. You may demand a formal hearing before a hearing examiner appointed by the Commissioner pursuant to the Montana Administrative Procedure Act, § 2-4-601, MCA, and following, including § 2-4-631, MCA. If you demand a hearing, you will be given notice of the time, place and the nature of the hearing.

If you want to contest the proposed action under the jurisdiction of the Commissioner, you must advise the Commissioner within fifteen (15) days of the date you receive this notice. You must advise the Commissioner of your intent to contest the proposed action by writing to Roberia Cross Guns, Special Assistant Attorney General, State Auditor's Office, 840 Helena Avenue, Helena, Montana 59601. Your letter must clearly indicate whether you demand a hearing, or whether you waive formal proceedings and, if so, what informal proceedings you prefer for disposition of this case. Pursuant to § 2-4-603(2), MCA, you may not request to

proceed informally if the action could result in suspension, revocation or any other adverse action against a professional license.

Should you request a hearing, you have the right to be accompanied, represented, and advised by counsel. If the counsel you choose has not been admitted to practice law in the state of Montana, he or she must comply with the requirements of *Application of American Smelting and Refining Co.*, (1973), 164 Mont. 139, 520 P.2d 103 and *Montana Supreme Court Commission on the Unauthorized Practice of Law v. Jerry O'Neil* (2006), 2006 MT 284, 334 Mont. 311, 147 P.3d 200.

CONTACT WITH SECURITIES COMMISSIONER'S OFFICE

If you have questions or wish to discuss this matter, please contact Roberta Cross Guns, legal counsel for the State Auditor, at 840 Helena Avenue, Helena, MT, 59601, (406)-444-2040 or, within Montana, (800)-332-6148. If an attorney represents you, please make any contacts with this office through your attorney.

POSSIBILITY OF DEFAULT

Failure to give notice or to advise of your demand for a hearing or informal procedure within fifteen (15) days, will result in the entry of a default order imposing the disciplinary sanctions against you and your license, without further notice to you, pursuant to 6.2.101, Administrative Rules of Montana and the Attorney General's Model Rule 10, 1.3.214.

DATED this 15th day of February 2008.

JOHN MORRISON
State Auditor and ex-officio
Commissioner of Securities and Insurance

By: Roberta Cross Guns
Roberta Cross Guns
Special Assistant Attorney General

CERTIFICATE OF SERVICE

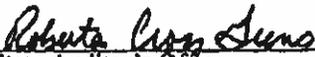
I hereby certify that on the 15th day of February, 2008, a true and correct copy of the foregoing was deposited in the United States mail, postage prepaid, addressed to:

Style N' Tile
P.O. Box 2888
Bigfork, MT 59911

Frederick "Fritz" Keck
Sydnee Keck
P.O. Box 1724
Bigfork, MT 59911

Louise Tidwell
4925 Highway 35
Kalispell, MT 59901

James Coolidge
P.O. Box 782
Bigfork, MT 59911



State Auditor's Office

EXHIBIT B

BEFORE THE STATE AUDITOR, EX-OFFICIO COMMISSIONER OF SECURITIES
FOR MONTANA

IN THE MATTER OF:)

STYLE N'TILE INTERNATIONAL, INC.)
8250 Highway 35)
P.O. Box 2888)
Bigfork, MT 59911)

CASE NO.: SEC-2008-4
(10-18-07-256-C)

FREDERICK "FRITZ" KECK, individually)
and in his capacity as an unregistered)
broker-dealer salesperson, SYDNEE KECK,)
individually and in her capacity acting as an)
unregistered broker-dealer salesperson,)
LOUISE TIDWELL, individually and in)
her capacity acting as an unregistered)
broker-dealer salesperson, and)
JAMES COOLIDGE, individually and in)
his capacity acting as an unregistered)
broker-dealer salesperson,)

CONSENT AGREEMENT
RE: COOLIDGE

Respondents.)

This Consent Agreement is dated this 29th day of July 2009, and is between the Montana Securities Department ("Department"), acting pursuant to the authority of the Securities Act of Montana, § 30-10-101 *et seq.* MCA, and § 2-4-603 MCA, and Respondent James Coolidge (Coolidge.)

RECITALS

WHEREAS, the Department issued a Notice of Proposed Agency Action (Action) and a Temporary Cease and Desist Order on or about February 19, 2008, alleging violations of the Securities Act by Respondent Coolidge, as described in the Action;

WHEREAS, the Department has investigated the matter pursuant to complaints and information obtained through the Department's investigation; and

WHEREAS, the Department and Coolidge agree that the best interests of the public would be served by dismissing the Action and entering into the agreements and undertakings specified herein.

NOW THEREFORE, in consideration of the mutual undertakings herein contained, the Department and Coolidge hereby agree to resolve their differences and settle these matters pursuant to the following terms and conditions:

I. SUMMARY OF ALLEGATIONS

The Action includes, *inter alia*, allegations that Coolidge, in violation of § 30-10-301, MCA, engaged in providing written correspondence relevant to investing in Style N' Tile International, Inc., without proper licensing and containing false or incomplete information regarding the company and the investments in violation of the Montana Securities Act. The Action is attached hereto as Exhibit A.

II. STIPULATIONS AND CONSENTS

- A. Coolidge neither admits nor denies any of the allegations contained in the Action.
- B. Coolidge agrees to be permanently barred from applying for registration and from seeking an exemption pursuant to the provisions of the Montana Securities Act.
- C. Coolidge agrees to comply with the terms and conditions of this Consent Agreement and with the securities laws and regulations of Montana.
- D. The applicable statute of limitation, § 30-10-305, MCA, is tolled for two years from the date of execution of this Consent Agreement with regard to all allegations set forth in the Action. In the event Coolidge violates the terms of this Consent Agreement at any time

during the two-year tolling period the State Auditor's Office reserves the right to seek a fine of \$75,000, full restitution, and other relief as justified.

E. Pursuant to the stipulations, agreements and consents of Coolidge, the Department, under the authority of the Montana Securities Act and § 2-4-603, Montana Code Annotated, hereby agrees that:

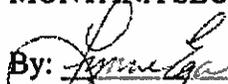
Upon the signing of this Consent Agreement, the State Auditor will file with the hearing examiner a Motion and Stipulation for Dismissal of the Action as it relates to Coolidge, with prejudice.

F. All parties to this Consent Agreement agree and acknowledge:

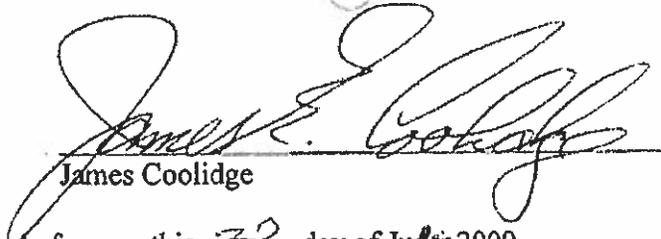
This Consent Agreement constitutes the entire agreement between the parties, there being no other promises or agreements, either express or implied. Under authority of the Securities Act, the Department hereby agrees that it will not initiate any additional civil, criminal or administrative actions against Coolidge regarding or related to the allegations contained in the Action. Coolidge fully and forever release and discharge the Office of the State Auditor, the elected State Auditor and all State Auditor employees from any and all actions, claims, causes of action, demands, or expenses for damages or injuries that may arise from the allegations underlying this Consent Agreement, whether asserted or unasserted, known or unknown, foreseen or unforeseen, arising out of the Action.

DATED this 29th day of ~~June~~^{July}, 2009.

MONTANA SECURITIES DEPARTMENT

By: 
Lynne Egan
Deputy Securities Commissioner

DATED this _____ day of June, 2009.


James Coolidge

SUBSCRIBED AND SWORN to before me this 29 day of July, 2009.

Signature

Printed name
Notary Public for the State of _____
Residing at: _____
My commission expires _____



RICHARD DE JANA
Notary Public For The
State Of Montana
Residing at Kalispell
My Commissions Expires
June 20, 2011

ROBERTA CROSS GUNS
Special Assistant Attorney General
840 Helena Avenue
Helena, MT 59601
406-444-2040
Attorney for Securities Department

BEFORE THE STATE AUDITOR AND THE COMMISSIONER OF SECURITIES,
HELENA, MONTANA

IN THE MATTER OF:)

STYLE N'TILE INTERNATIONAL, INC.)
8250 Highway 35)
P.O. Box 2888)
Bigfork, MT 59911)

CASE NO.: SEC-2008-4
(10-18-07-256-C)

FREDERICK "FRITZ" KECK, individually)
and in his capacity as an unregistered)
broker-dealer salesperson, SYDNEE KECK,)
individually and in her capacity acting as an)
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LOUISE TIDWELL, individually and in)
her capacity acting as an unregistered)
broker-dealer salesperson, and)
JAMES COOLIDGE, individually and in)
his capacity acting as an unregistered)
broker-dealer salesperson,)

NOTICE OF PROPOSED AGENCY
DISCIPLINARY ACTION AND
OPPORTUNITY FOR HEARING

Respondents.)

Staff of the Securities Department (Department) of the office of the State Auditor as
Commissioner of Securities of the state of Montana (Commissioner), pursuant to the authority of
the Securities Act of Montana, Section 30-10-101, et seq., Montana Code Annotated (2007)
(MCA), is proposing to the Commissioner that he take specific action against STYLE N'TILE
INTERNATIONAL, LLC (SNT) having its principle place of business at 8250 Highway 35,
P.O. Box 2888, Bigfork, MT 59911, and Frederick "Fritz" Keck (F. Keck), Sydnee Keck (S.
Keck), Louise Tidwell (Tidwell), and James Coolidge (Coolidge) as identified above for

violations of the Montana Securities Act. The Commissioner has authority to take such action under the provisions of Sections 30-10-102, 30-10-107, 30-10-201, 30-10-202, 30-10-301, 30-10-304, 30-10-305, and 30-10-309, MCA.

In particular, the Department's staff recommends specific action against SNT, F. Keck, S. Keck, Tidwell, and Coolidge, including issuing a cease and desist order, imposition of appropriate fines, appropriate restitution with interest, and denial of their respective registrations pursuant to the provisions of the Montana Securities Act.

Service of process is pursuant to § 30-10-107 (8), MCA.

There is probable cause to believe that the following facts, if true, justify and support such specific action.

ALLEGATIONS

1. On or about September 25, 2007 the Department received a complaint from Elizabeth O'Halloran, an attorney representing six investors of SNT. The investors allege SNT and their representatives, agents and employees made misrepresentations and omissions in relation to the offer and sale of securities of SNT.
2. SNT makes decorative tiles for wholesale to big box stores such as Lowe's. SNT is not now nor has it ever been registered with the Department.
2. F. Keck is listed as the registered agent for SNT, and on correspondence provided to and reviewed by the Department, identifies himself as general manager. F. Keck is not now nor has he ever been registered with the Department in any capacity.
3. Documents provided to and reviewed by the Department list S. Keck as the President of SNT. S. Keck is not now nor has she ever been registered with the Department in any capacity.

4. Documents provided to and reviewed by the Department list Tidwell as the Chief Operating Office for SNT. Tidwell is not now nor has she ever been registered with the Department in any capacity.

5. Documents provided to and reviewed by the Department identify Coolidge as a general manager for SNT. Coolidge is not now nor has he ever been registered with the Department in any capacity.

6. On or about October 18, 2007, the Department requested specific information and documentation from SNT. The Department's request was sent to and received by F. Keck. The Department indicated in its letter that the requested information should be received by the Department not later than October 31, 2007.

7. On or about October 25, 2007, F. Keck contacted the Department and indicated he would be unable to provide the requested information by October 31, 2007. F. Keck indicated that he would be out of town for several days and that he no longer had keys to the SNT office. F. Keck indicated SNT's general manager was Jim Coolidge. The Department indicated to F. Keck it would extend the deadline, but he would need to provide the requested information by November 7, 2007.

8. On or about October 28, 2007, the Department again requested SNT provide the same items as listed above. This letter was sent to Jim Coolidge and indicated the requested information was due to the Department on November 7, 2007.

9. On or about November 5, 2007, F. Keck contacted the Department and asked if the Department had received the requested information. The Department indicated the request had not been received. F. Keck indicated he wanted to cooperate with the Department, but he

did not have access to the requested information. He told the Department the information requested was held at the SNT office and he was not welcome there.

10. As of February 14, 2008, the Department has not received any of the information requested from SNT. However, Ms. O'Halloran's clients provided specific information and documentation of actions taken by SNT, F. Keck, S. Keck, Tidwell and Coolidge.

11. From on or about September 8, 1998 until the present, at least 19 individuals have been offered and sold one or more promissory notes by SNT and the Keck's. These promissory notes were signed by either F. Keck or S. Keck, representatives of SNT. The promissory notes offered a rate of return of 7% to 10% annually with a term of generally between one and two years.

12. When the promissory notes became due, instead of paying the investor as promised, SNT rolled the promissory note into a new note, or converted the note into a membership interest.

13. Beginning on or about July 15, 2003, SNT converted 12 investors' promissory note(s) to "membership interests" that are limited liability company ownership units.

14. Beginning on or about July 15, 2003, SNT rolled promissory notes belonging to six investors into new promissory notes.

15. At least 22 individuals invested money in securities offered and sold by the Keck's and SNT, either as promissory notes or limited liability company ownership units.

16. F. Keck began seeking investors for his business venture as early as 1998. It appears that F. Keck solicited funds from friends and acquaintances. F. Keck informed these potential investors that he was unable to obtain financing through banks, and therefore was relying on investors to obtain the capital necessary to make his venture successful.

17. In written correspondence dated March 26, 2002, F. Keck solicits investment from investors identified herein as PPK, indicating that "another \$20,000 would put you at 4% if you convert to ownership at this point it looks like the investment will prove very profitable." It appears that investors PPK have not received any return on this investment.

18. In written correspondence dated September 5, 2002, to investor identified herein as CO, F. Keck stated, "I have budgeted a \$1.5 million term life insurance on myself with the investors as beneficiaries up to the amount of their investment. I am receptive to setting up a line of credit, a loan/equity arrangement or whatever it takes to get this venture running big-time. We have valued the company at \$2 million and are selling 1% units for \$20,000. I am willing to sell up to 35% of the LLC. If our conservative projections become reality, the investor gets his money back within 10-20 months, if not sooner." To date, the Department is aware of only 1 investor who received a return of principal.

19. In written correspondence dated, November 8, 2003, F. Keck indicated to investors identified herein as BKA, "all members have a promissory note for the amount of their investment which would be recouped in the event of my untimely demise. It is a term life policy for \$1,500,000 with Mony Group, Syracuse, New York. At this point of the venture the only chance of failure would be if I wasn't around to run the show. In addition, I have a one million-dollar AD&D policy. Bottom-line, nobody is left holding the bag." The Department has received no evidence supporting that such a life policy naming SNT investors as beneficiaries exists.

20. In written correspondence dated, September 14, 2002, F. Keck indicated to investor identified herein as CW, "per our conversation, this letter will also confirm our agreement that you will be 'first out' on disbursements of monies available formulated by

general accounting procedures." The Department has no evidence indicating CW has ever received any disbursements or any return on the investment. Further, the Department has no evidence that it was disclosed to other SNT investors that CW would be the first investor to receive monies from SNT.

21. On or about November 19, 2002, F. Keck wrote a letter to investors PRK regarding SNT. F. Keck indicated SNT's executive summary "is 90% reality and 10% blue sky." Further, F. Keck states, "I feel we can be at \$10 million in sales in 18 months. I obviously need investors to seize this once-in-a-lifetime opportunity (at least for yours truly)." It does not appear that F. Keck disclosed to other SNT investors or potential investors that SNT's executive summary was 90% reality and 10% "blue sky". Furthermore, it is not apparent that an executive summary actually exists or existed because the Department was not provided a copy of any executive summary for SNT.

22. In written correspondence dated November 8, 2003, F. Keck indicated to BKA, that, "there will be no dilution of your interest by bringing in additional members. Ideally, I would like to keep our membership small and seek only two more individuals." However, after November 8, 2003, there were at least 12 additional investments made in SNT, this included investments by 8 new investors.

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Over the last several years, F. Keck and Tidwell have provided written communication to these investors and potential investors. Some of the information provided by F. Keck and Tidwell appears to be either false or misleading.

24. In written correspondence dated January 27, 2004, F. Keck tells investors identified herein as JMLM, "[I] appreciate your participation, after 3 very hard years; we now are riding a big winner." It appears that only one investor has received any return on their investment.

25. In written correspondence dated June 28, 2005 F. Keck indicates that "SNT will begin making \$1,000 payments on a monthly basis in August, 2005" to pay the outstanding promissory notes of investors identified herein as BKC. There is no evidence that SNT began to make the payments it represented in this letter. On or about April 7, 2006, BKC, SNT, and the Keck's entered into a judgment note. This note specified that BKC were to be paid 520,000 plus 10% annual interest until the note was paid in full. This note was to be paid in full by October 1, 2006 by SNT. Keck's never provided a signed copy to BKC's attorney and the judgment was never effective. To date the Keck's have failed to fulfill any note they offered or sold to BKC.

26. In written correspondence dated February 15, 2006, Tidwell told investors identified herein as CS, LRM, PPK, JMLM, BKC, LB, KR, TJW, CW, LSV, SS, SKR, and Coolidge that "[d]espite the progress to date, current SNT performance does not allow for the repayment of notes to any note holders at this time." Tidwell also encouraged note holders to convert to a membership interest (limited liability company ownership unit), because "there will be losses in the FY 2005 year which would be available to those who make the conversion to equity based on the 2005 year." Although SNT indicated that they would be unable to meet note obligations, each note provided to investors had a maturity date. From the Department's

analysis, it appears that SNT failed to meet the terms of each and every note offered and sold to SNT investors.

27. Between February 2, 2006 and March 28, 2006, investors CW, CO, KR, SS and Coolidge, converted their investments to limited liability company ownership units. SNT backdated these membership conversions to December 31, 2005, allowing the investor to claim membership in SNT's LLC for 2005.

28. On or about March 27, 2006, investor identified herein as LB signed a conversion notice, converting LB's promissory note to a limited liability company ownership unit. SNT indicated it would backdate LB's membership to 2005, so that LB could receive a K-1, and claim a portion of the LLC's loss. From the documentation reviewed by the Department it does not appear that SNT backdated LB's membership interest.

29. In written correspondence dated April 11, 2006 to TW, KR, CW, LSV, SS, and Coolidge, Tidwell states. "it has taken considerable time this year to completely identify and separate all of SNT accounting from Keck account. During March we reviewed all of SNT accounts with our CPA. She in turn has made numerous changes to SNT's inventory valuation/assets and in SNT's liabilities." It does not appear that all of these changes to SNT's financial situation was provided to other SNT investors and potential investors.

30. In written correspondence dated April 26, 2006, Tidwell informed PPK, CS, LRM, JMLM, SKR, LB, LSV, TJW, CW, SS, and Coolidge that "we are currently in the process of enhancing our investor package so we can provide complete financial information and meet all legal/disclosure requirements. In the near future, we will be providing this completed package to prospective investors." It appears that SNT did not attempt to register its securities

with either the Department or the Securities and Exchange Commission either before or after this correspondence.

31. On or about June 29, 2006, investor identified herein as CS expressed anger and frustration about not having the ability to liquidate CS's promissory note. CS communicated to Tidwell, that CS was "very upset that (Keck's) are putting an addition onto (their) home and yet [CS] can't get [CS's] money back." Tidwell told CS that "Style N' Tile isn't in any position to even make payments at this time." CS promissory note has been rolled over at least three times since the original note of January 1, 2001.

32. On or about November 20, 2006, investor identified herein as LM emailed Tidwell, and asked "If we decide not to convert but want to cash in our note, is that possible". Tidwell responded by saying, "at this moment SNT is not able to cash out either of the two investor notes. If you want to cash in your note in the future you can certainly make that request to current SNT members or to any new SNT investor to see if they want to pay out your note."

33. On or about December 8, 2006, Coolidge encouraged CS to convert CS's promissory note to a limited liability ownership unit in SNT. However, it appears that CS has refused to convert CS's note into an ownership unit.

34. On or about December 8, 2006, Coolidge encouraged PPK to convert PPK's promissory note to an ownership unit in SNT. However, it appears PPK refused to convert the note into an ownership unit.

35. On or about April 19, 2007, the Keck's entered into a "Comprehensive, Final and Irrevocable Release of Prior All Claims and Rights" with investors identified herein as CJ and WRC. The terms of this agreement indicate that the Keck's owe CJ and WRC \$230,000 from previous agreements. Further, under the terms of the agreement, the debt owed by the Keck's

would be reduced to \$200,000, and this debt would be settled by converting it to a 25% membership interest in SNT. It appears this agreement was not disclosed to other SNT investors or potential investors.

36. In an email dated December 8, 2006, sent to investors LRM, JMLM, LB, KR, CO, SS, LSV, TJW, and CW, Tidwell states, "time is of the essence for the members to get issues resolved between SNT and Fritz/Sydney. The past two weeks have been spent "churning" through SNT accounts: tying expenses to taxes that have been filed each year, identifying (F. Keck) \$\$ in and out of SNT by each year, again so that those expenses can be correctly identified as either SNT or (F. Keck) and correctly tied with tax returns." It appears this information was not relayed to any other SNT investors. SNT has failed to provide any information regarding any of the investments, including where those investments were located or how they were utilized to the benefit of the company or the investors.

37. At least 22 individuals invested money through securities offered and/or sold by the Keck's, Tidwell, Coolidge and SNT. The total amount of money invested is at least \$1,156,750.00. These investors were provided updates on SNT's business operations through written correspondence with the Keck's, SNT's Chief Operation Officer, Tidwell, and SNT's general manager Coolidge.

Based on the foregoing allegations, the Department submits the following:

CONCLUSIONS OF LAW

1. The State Auditor is the Commissioner of Securities (Commissioner) pursuant to § 30-10-107, MCA.

2. The administration of the Securities Act of Montana, Title 30, Chapter 10, Parts 1 through 3, MCA, is under the supervision and control of the Securities Commissioner. Section 30-10-107, MCA.

3. The Securities Act of Montana shall be construed to protect investors, persons engaged in securities transactions, and the public interest. Section 30-10-102, MCA.

4. SNT collected at least \$1,156,750.00 in investment dollars without proper registration to conduct such business in Montana in violation of § 30-10-201, MCA.

5. Respondents offered and/or sold securities of SNT to at least 22 individuals, while not registered to offer or sell securities to or from the state of Montana in violation of § 30-10-201, MCA.

6. Respondents offered and sold securities of SNT, an unregistered security, from the state of Montana to at least 22 individuals, in violation of § 30-10-202, MCA.

7. Respondents engaged in fraudulent acts when they issued SNT promissory notes to investors and omitted the material facts for investors that SNT had no intention of meeting the terms of these notes, in violation of § 30-10-301 (1) (b), MCA.

8. Respondents engaged in fraudulent acts by misleading investors about the likely return on their investment and the success of SNT, including but not limited to when Respondents told investors "If our conservative projections become reality, the investor gets his money back within 10-20 months, if not sooner," and when Respondents indicated SNT would likely have "\$10 million in sales in 18 months," in violation of § 30-10-301 (1) (b), MCA.

9. F. Keck engaged in fraudulent acts when he told investors that he had a \$1.5 million term life insurance on himself with the investors as beneficiaries up to the amount of

their investment when it appears this policy does not exist, in violation of § 30-10-301 (1) (b), MCA.

10. Respondents engaged in fraudulent acts when they misrepresented both the amount of total investment by offered in SNT and the value of each unit sold by SNT, in violation of § 30-10-301 (1)-(b), MCA.

11. Respondents engaged in fraudulent acts when they told investors SNT would provide all legal/disclosure requirements to potential investors, when it appears SNT did not provide potential investors this information, in violation of § 30-10-301 (1) (b), MCA.

12. Respondents engaged in fraudulent acts when they failed to disclose to investors the risks associated with their investment, in violation of § 30-10-301 (1) (b), MCA.

13. Respondents engaged in a fraudulent act, practice and course of business when they engaged in a practice of issuing promissory notes to investors with no intention of meeting the terms of these notes, in violation of § 30-10-301 (1) (c), MCA.

14. Respondents engaged in a fraudulent act, practice and course of business when they engaged in a practice of offering a security in the form of a membership interest, when it was unable to meet the obligations of securities they had previously sold to investors, in violation of § 30-10-301 (1) (c), MCA.

15. Respondents engaged in a fraudulent act, practice and course of business when they engaged in a practice of not fully disclosing to potential investors that they were not registered to offer securities, that SNT was an unregistered security, and that their were risks associated with their investment in SNT, in violation of § 30-10-301 (1) (c), MCA.

PUBLIC INTEREST

For any and all of the reasons set forth above, it is in the public interest and will protect Montana investors to:

1. Issue a cease and desist order barring Respondents from further violations of the Act;
2. Order the denial of registrations and licenses for Respondents until resolution of this case.
3. Order Respondents to pay administrative fines in an amount and upon such terms and conditions as supported by the evidence and determined at hearing of this matter;
4. Order Respondents to pay restitution to the Montana investors who engaged in investment activity with Respondents while Respondents were not properly registered to conduct securities salesperson or broker-dealer business in Montana, including the statutory 10% interest from the date of the wrong-doing; and
5. Take such other actions which may be in the public interest and necessary and appropriate for the protection of Montana investors.

RELIEF SOUGHT

1. Order Respondents to pay fines not to exceed \$5,000 for each identifiable violation of §30-10-201, MCA, pursuant to § 30-10-305 (3), MCA.
2. Order Respondents to pay fines not to exceed \$5,000 for each identifiable violation of §30-10-202, MCA, pursuant to § 30-10-305 (3), MCA.
3. Order Respondents to pay fines not to exceed \$5,000 for each identifiable violation of §30-10-301 (1) (b), MCA, pursuant to § 30-10-305 (3), MCA.
4. Order Respondents to pay fines not to exceed \$5,000 for each identifiable violation of §30-10-301 (1) (c), MCA, pursuant to § 30-10-305 (3), MCA.

5. Order Respondents registration and license in Montana be denied for violating the provisions of §§ 30-10-201 and 301, MCA.
6. Order Respondents to pay restitution to the Montana investors who engaged in investment activity with Respondents while Respondents were not properly registered to conduct securities salesperson or broker-dealer business in Montana, including the statutory 10% interest from the date of the wrong-doing, pursuant to § 30-10-309, MCA.
7. Any other such relief allowed by law or required by justice.

STATEMENT OF RIGHTS

You are entitled to a hearing to respond to this notice, present evidence and arguments on all issues involved in this case. You have a right to be represented by an attorney at any and all stages of this proceeding. You may demand a formal hearing before a hearing examiner appointed by the Commissioner pursuant to the Montana Administrative Procedure Act, § 2-4-601, MCA, and following, including § 2-4-631, MCA. If you demand a hearing, you will be given notice of the time, place and the nature of the hearing.

If you want to contest the proposed action under the jurisdiction of the Commissioner, you must advise the Commissioner within fifteen (15) days of the date you receive this notice. You must advise the Commissioner of your intent to contest the proposed action by writing to Roberta Cross Guns, Special Assistant Attorney General, State Auditor's Office, 840 Helena Avenue, Helena, Montana 59601. Your letter must clearly indicate whether you demand a hearing, or whether you waive formal proceedings and, if so, what informal proceedings you prefer for disposition of this case. Pursuant to § 2-4-603(2), MCA, you may not request to

proceed informally if the action could result in suspension, revocation or any other adverse action against a professional license.

Should you request a hearing, you have the right to be accompanied, represented, and advised by counsel. If the counsel you choose has not been admitted to practice law in the state of Montana, he or she must comply with the requirements of *Application of American Smelting and Refining Co.*, (1973), 164 Mont. 139, 520 P.2d 103 and *Montana Supreme Court Commission on the Unauthorized Practice of Law v. Jerry O'Neil* (2006), 2006 MT 284, 334 Mont. 311, 147 P.3d 200.

CONTACT WITH SECURITIES COMMISSIONER'S OFFICE

If you have questions or wish to discuss this matter, please contact Roberta Cross Guns, legal counsel for the State Auditor, at 840 Helena Avenue, Helena, MT, 59601, (406)-444-2040 or, within Montana, (800)-332-6148. If an attorney represents you, please make any contacts with this office through your attorney.

POSSIBILITY OF DEFAULT

Failure to give notice or to advise of your demand for a hearing or informal procedure within fifteen (15) days, will result in the entry of a default order imposing the disciplinary sanctions against you and your license, without further notice to you, pursuant to 6.2.101, Administrative Rules of Montana and the Attorney General's Model Rule 10, 1.3.214.

DATED this 15th day of February 2008.

JOHN MORRISON
State Auditor and ex-officio
Commissioner of Securities and Insurance

By: Roberta Cross Guns
Roberta Cross Guns
Special Assistant Attorney General

CERTIFICATE OF SERVICE

I hereby certify that on the 15th day of February, 2008, a true and correct copy of the foregoing was deposited in the United States mail, postage prepaid, addressed to:

Style N' Tile
P.O. Box 2888
Bigfork, MT 59911

Frederick "Fritz" Keck
Sydney Keck
P.O. Box 1724
Bigfork, MT 59911

Louise Tidwell
4925 Highway 35
Kalispell, MT 59901

James Coolidge
P.O. Box 782
Bigfork, MT 59911



State Auditor's Office

EXHIBIT C

BEFORE THE STATE AUDITOR, EX-OFFICIO COMMISSIONER OF SECURITIES
FOR MONTANA

IN THE MATTER OF:)

STYLE N'TILE INTERNATIONAL, INC.)
8250 Highway 35)
P.O. Box 2888)
Bigfork, MT 59911)

CASE NO.: SEC-2008-4
(10-18-07-256-C)

FREDERICK "FRITZ" KECK, individually)
and in his capacity as an unregistered)
broker-dealer salesperson, SYDNEE KECK,)
individually and in her capacity acting as an)
unregistered broker-dealer salesperson,)
LOUISE TIDWELL, individually and in)
her capacity acting as an unregistered)
broker-dealer salesperson, and)
JAMES COOLIDGE, individually and in)
his capacity acting as an unregistered)
broker-dealer salesperson,)

CONSENT AGREEMENT
RE: KECKS

Respondents.)

This Consent Agreement is dated this 1st day of ^{July} ~~June~~ 2009, and is between the Montana Securities Department ("Department"), acting pursuant to the authority of the Securities Act of Montana, § 30-10-101 *et seq.* MCA, and § 2-4-603 MCA, and Respondents Frederick "Fritz" and Sydnee Keck ("Kecks".)

RECITALS

WHEREAS, the Department issued a Notice of Proposed Agency Action (Action) and a Temporary Cease and Desist Order on or about February 19, 2008, alleging violations of the

Securities Act by Respondents Kecks with respect to omissions and misrepresentations of material facts to investors, offering and selling unregistered securities and acting as unregistered securities salespersons in Montana, as described in the Action;

WHEREAS, the Department has investigated the matter pursuant to complaints and information obtained through the Department's investigation; and

WHEREAS, the Department and the Kecks agree that the best interests of the public would be served by dismissing the Action and entering into the agreements and undertakings specified herein.

NOW THEREFORE, in consideration of the mutual undertakings herein contained, the Department and the Kecks hereby agree to resolve their differences and settle these matters pursuant to the following terms and conditions:

I. SUMMARY OF ALLEGATIONS

The Action includes, *inter alia*, allegations that the Kecks, in violation of § 30-10-301, MCA, engaged in acts of omission and misrepresentation of material facts, and sold securities without prior registration to conduct securities business in Montana in violation of § 30-10-201, MCA. The Action is attached hereto as Exhibit A. The Kecks provided a financial statement to the Department indicating they are unable to repay the alleged victims in this matter.

II. STIPULATIONS AND CONSENTS

A. The Kecks neither admit nor deny any of the allegations contained in the Action.

B. The Kecks shall pay a fine of \$10,000. Said fine is payable in four equal quarterly payments to the State of Montana. The last payment is due one year from the date of the signing of this agreement.

C. The Kecks agree to comply with the terms and conditions of this Consent Agreement and with the securities laws and regulations of Montana.

D. The Kecks agree to be permanently barred from applying for registration and from seeking an exemption pursuant to the provisions of the Montana Securities Act.

E. The applicable statute of limitation, § 30-10-305, MCA, is tolled for two years from the date of execution of this Consent Agreement with regard to all allegations set forth in the Action. In the event the Kecks violate the terms of this Consent Agreement at any time during the two-year tolling period the State Auditor's Office reserves the right to seek a fine of \$75,000, full restitution, and other relief as justified.

F. Pursuant to the stipulations, agreements and consents of the Kecks, the Department, under the authority of the Montana Securities Act and § 2-4-603, Montana Code Annotated, hereby agrees that:

Upon the signing of this Consent Agreement, the State Auditor will file with the hearing examiner a Motion and Stipulation for Dismissal of the Action as it relates to the Kecks, with prejudice.

G. All parties to this Consent Agreement agree and acknowledge:

This Consent Agreement constitutes the entire agreement between the parties, there being no other promises or agreements, either express or implied. Under authority of the Securities Act, the Department hereby agrees that it will not initiate any additional civil, criminal or administrative actions against the Kecks regarding or related to the allegations contained in the Action. The Kecks fully and forever release and discharge the Office of the State Auditor, the elected State Auditor and all State Auditor employees from any and all actions, claims, causes of action, demands, or expenses for damages or injuries that may arise from the allegations

underlying this Consent Agreement, whether asserted or unasserted, known or unknown, foreseen or unforeseen, arising out of the Action.

DATED this 1st day of July 1st 2009

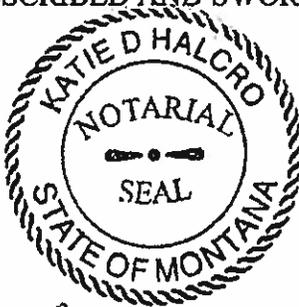
MONTANA SECURITIES DEPARTMENT

By: [Signature]
Lynne Egan
Deputy Securities Commissioner

DATED this 18 day of June, 2009.

[Signature]
Frederick "Fritz" Keck

SUBSCRIBED AND SWORN to before me this 18 day of June, 2009.



[Signature]
Signature
Katie D. Halcro
Printed name
Notary Public for the State of MONTANA
Residing at: Bigfork
My commission expires NOV. 1, 2009

DATED this 18 day of June, 2009.

[Signature]
Sydney Keck

SUBSCRIBED AND SWORN to before me this 18 day of June, 2009.



[Signature]
Signature
Katie D. Halcro
Printed name
Notary Public for the State of montana
Residing at: Bigfork
My commission expires NOV. 1, 2009