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Texas State Securities Board

208 E. 10th Street, 5th Floor
Austin, Texas 78701-2407
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IN THE MATTER OF
NATIONAL PRIVATE MORTGAGE
SERVICES, INC., AKA NPMS, INC. AND
HENRY J. NOVAK

§
§
§
§

Order No. **ENF-04-CDO/FIN-1576**

TO: National Private Mortgage Services, Inc., aka NPMS, Inc.
4412 Spicewood Springs Road, Suite 402
Austin, Texas 78755

Henry J. Novak
4412 Spicewood Springs Road, Suite 402
Austin, Texas 78755

AGREED CEASE AND DESIST ORDER, ORDER MODIFYING ORDER NO. ENF-04-CDO-1567, AND ORDER ASSESSING AN ADMINISTRATIVE FINE

Be it remembered that National Private Mortgage Services, Inc., aka NPMS, Inc. ("Respondent NPMS") and Henry J. Novak ("Respondent Novak") (collectively "Respondents") appeared before the Securities Commissioner of the State of Texas ("Securities Commissioner") and, without admitting or denying the Conclusions of Law and Findings of Fact except for Findings of Fact 1, 2, 6 and 7, which are deemed admitted, consented to the entry of this Order, the Findings of Fact, and Conclusions of Law contained herein.

FINDINGS OF FACT

1. Respondents have waived (a) Respondents' rights to notice and a hearing in this matter; (b) Respondents' rights to appear and present evidence in this matter; (c) Respondents' right to appeal this Order; and (d) all other procedural rights granted to Respondents by The Securities Act, TEX. REV. CIV. STAT. ANN. art. 581-1 et seq. (Vernon 1964 & Supp. 2004-2005) ("Texas Securities Act"), and the Administrative Procedure Act, TEX. GOV'T CODE ANN. § 2001.001 et seq. (Vernon 2000 & Supp. 2004-2005) ("Administrative Procedure Act").
2. Respondents maintain a last known business address at 4412 Spicewood Springs Road, Suite 402, Austin, Texas 78755.

3. Respondents offered for sale in Texas, through a generally accessible Internet website (www.npmsinc.com) and radio advertisements, a real estate investment program whereby investor funds would be held in a trust managed by Respondents as trustees. In the program described on the website, investors' funds were to be loaned by Respondent NPMS to third parties for a pre-determined period of time for the purpose of purchasing and improving real estate. Investors purportedly were to receive a fixed 13.5% return on their investment at the end of the loan period.
4. The investment program was not registered by qualification, notification, or coordination and no permit has been granted for its sale in Texas.
5. Respondents were not registered with the Securities Commissioner as dealers or agents at any time material hereto.
6. On August 10, 2004, the Securities Commissioner of the State of Texas issued Emergency Cease and Desist Order No. ENF-04-CDO-1567 (the "Emergency Order") against Respondents. The Emergency Order has continued in force and effect against Respondents from August 10, 2004, through the date that this Order is entered by the Securities Commissioner.
7. By executing this Order and upon the entry of this Order by the Securities Commissioner, Respondent NPMS and Respondent Novak agree that their request for a hearing on the Emergency Order is withdrawn and non-appealable and that they will not oppose dismissal of the proceeding from the docket of the State Office of Administrative Hearings.

CONCLUSIONS OF LAW

1. The investment program as described in Finding of Fact No. 3 is a "security" as that term is defined by Section 4.A of the Texas Securities Act.
2. Respondents violated Section 7 of the Texas Securities Act by offering securities for sale in Texas at a time when the securities were not registered with the Securities Commissioner.
3. Respondents violated Section 12 of the Texas Securities Act by offering securities for sale in Texas without being registered pursuant to the provisions of Section 12 of the Texas Securities Act.
4. The foregoing violations constitute bases for the issuance of a Cease and Desist Order against Respondents pursuant to Section 23A of the Texas Securities Act.
5. The foregoing violations constitute bases for the assessment of an Administrative Fine against Respondents pursuant to Section 23-1 of the Texas Securities Act.

ORDER

1. It is therefore ORDERED that the Emergency Order is modified by this Order solely and exclusively as the Emergency Order relates to Respondents.
2. It is further ORDERED that Respondents CEASE AND DESIST from offering for sale any security in Texas until the security is registered with the Securities Commissioner or is offered for sale pursuant to an exemption from registration under the Texas Securities Act.
3. It is further ORDERED that Respondents CEASE AND DESIST from acting as securities dealers or agents in Texas until Respondents are registered with the Securities Commissioner or are acting pursuant to an exemption from registration under the Texas Securities Act.
4. It is further ORDERED that Respondents are hereby collectively ASSESSED AN ADMINISTRATIVE FINE in the amount of Three Thousand Dollars (\$3,000). Payment shall be made by delivery of a cashier's check to the Securities Commissioner in the amount of Three Thousand Dollars (\$3,000), payable to the State of Texas, contemporaneously with the delivery of this Order.

SIGNED AND ENTERED by the Securities Commissioner this 8th day of

November, 2004.

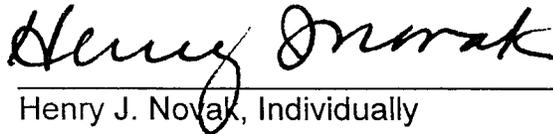


DENISE VOIGT CRAWFORD
Securities Commissioner

Respondents:

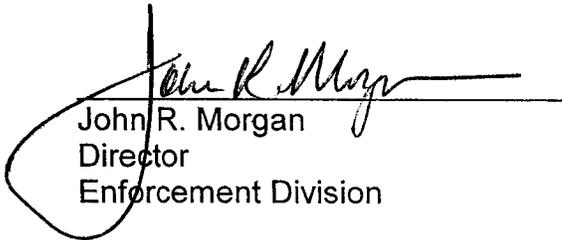


National Private Mortgage Services, Inc.,
aka NPMS, Inc.
Henry J. Novak, President



Henry J. Novak, Individually

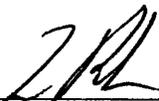
Approved as to Form:



John R. Morgan
Director
Enforcement Division



Tina Lawrence
Attorney
Enforcement Division



Lee Polson
Attorney for Respondents
Strasburger & Price, LLP

ACKNOWLEDGMENT

On November 5, 2004, National Private Mortgage Services, Inc., aka NPMS, Inc. ("Respondent NPMS"), by and through its President, Henry J. Novak, personally appeared before me, executed the foregoing Order and acknowledged that:

1. Henry J. Novak is duly authorized to enter into the foregoing Order on behalf of Respondent NPMS;
2. Henry J. Novak has read the foregoing Order;
3. Respondent NPMS has been fully advised of its rights under the Texas Securities Act and the Administrative Procedure Act;
4. Respondent NPMS knowingly and voluntarily consents to the entry of the foregoing Order and the Findings of Fact and Conclusions of Law contained therein; and
5. Respondent NPMS, by consenting to the entry of the foregoing Order, has knowingly and voluntarily waived its rights as set forth therein.



[affix notary seal here]

A handwritten signature in cursive script, appearing to read "M. Claypool".

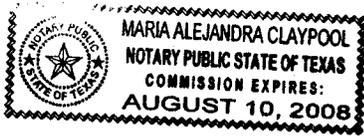
Notary Public in and for
The State of Texas

My commission expires on: 8/10/2008

ACKNOWLEDGMENT

On November 5, 2004, Henry J. Novak ("Respondent Novak") personally appeared before me, executed the foregoing Order and acknowledged that:

1. Respondent Novak has read the foregoing Order;
3. Respondent Novak has been fully advised of his rights under the Texas Securities Act and the Administrative Procedure Act;
4. Respondent Novak knowingly and voluntarily consents to the entry of the foregoing Order and the Findings of Fact and Conclusions of Law contained therein; and
5. Respondent Novak, by consenting to the entry of the foregoing Order, has knowingly and voluntarily waived his rights as set forth therein.



Marilyn

Notary Public in and for
The State of Texas

[affix notary seal here]

My commission expires on: 8/10/2008