

1 DEPARTMENT OF INSURANCE AND FINANCE  
2 DIVISION OF FINANCE AND CORPORATE SECURITIES  
3 SECURITIES SECTION  
4 BEFORE THE DIRECTOR OF THE DEPARTMENT OF INSURANCE AND FINANCE  
5 STATE OF OREGON

6 In the Matter of: ) O-91-0030  
7 HARRY DEAN PROUDFOOT, III; )  
8 INSURANCE DESIGNERS OF THE ) CEASE AND DESIST ORDER  
9 NORTHWEST, INC.; and ) ORDER DENYING EXEMPTIONS  
10 PHIL JENSEN, ) and  
11 ) CONSENT TO ENTRY OF ORDER  
12 ) BY PHIL JENSEN  
13 Respondents. )

14 WHEREAS the Director of the Department of Insurance and Finance ("the  
15 Director") has conducted an investigation of INSURANCE DESIGNERS OF THE  
16 NORTHWEST, INC. ("IDN"), HARRY DEAN PROUDFOOT, III ("PROUDFOOT") and PHIL JENSEN  
17 ("JENSEN") and determined that IDN, PROUDFOOT AND JENSEN transacted securities  
18 business in the State of Oregon in violation of the Oregon Securities Law; and,

19 WHEREAS JENSEN wishes to resolve and settle this matter by consent to the  
20 entry of this Order and by accepting the sanctions imposed herein;

21 NOW THEREFORE, as evidenced by the authorized signature subscribed on the  
22 within Consent to Entry of Order, JENSEN hereby CONSENTS to entry of this Order  
23 as stated hereinafter:

24 FINDINGS OF FACT

25 The Director FINDS that:

- 26 1. Respondent Harry Dean Proudfoot, III, resides at 14880 SW 150th,  
Tigard, Oregon 97224. Respondent PROUDFOOT has been licensed by the Department  
of Insurance and Finance of the State of Oregon ("the Department") since April  
1, 1968 as an insurance agent authorized to sell life and health insurance.  
Respondent PROUDFOOT has been licensed by the Department since 1986

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1 to sell securities on behalf of Philadelphia Life Asset Planning Co.  
2 ("Philadelphia Life").

3 2. Respondent PROUDFOOT is not, and has never been, licensed by the  
4 Department to conduct securities transactions other than as a salesperson  
5 licensed to Philadelphia Life. PROUDFOOT's authority under that license is  
6 limited to effecting or attempting to effect sales of investment company  
7 securities, variable contracts, and mutual funds.

8 3. Insurance Designers of the Northwest, Inc. ("IDN") was an Oregon  
9 corporation incorporated on January 16, 1987 and involuntarily dissolved on  
10 March 16, 1990. IDN had its principal office at 5550 SW Macadam, Suite 215,  
11 Portland, Oregon 97201. During IDN's corporate existence, Respondent PROUDFOOT  
12 was its president and agent for service of process and was responsible for its  
13 management, control, and daily operations.

14 4. On May 3, 1990, Respondent PROUDFOOT registered "Insurance Designers  
15 of the Northwest" as an assumed business name with the State of Oregon  
16 Corporation Division, and presently conducts business under that name. The  
17 principal office address at which Respondent PROUDFOOT conducted business under  
18 the name "Insurance Designers of the Northwest" was formerly 11825 SW Greenburg  
19 Road, #2-A, Tigard, Oregon 97223. Respondent PROUDFOOT presently conducts  
20 business at his residence address.

21 5. Respondent PROUDFOOT declared bankruptcy in 1983, in substantial part  
22 to discharge debts to clients to whom he claimed to have sold, but to whom he  
23 failed to deliver, silver bullion.

24 6. On March 22, 1990, Respondent PROUDFOOT filed a personal bankruptcy  
25 petition with the U.S. Bankruptcy Court for the District of Oregon, pursuant to  
26 Chapter 13 of the U.S. Bankruptcy Code.

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1 with interest at the rate of 15 percent per annum, to Robert R. and Audrey  
2 J. Bowen, 83925 Cloud Nine Road, Florence, Oregon 97439;

3 (e) A note dated August 3, 1989, for \$10,000.00, due February 23,  
4 1991, with interest at the rate of 15 percent per annum, to Muriel F.  
5 Warner, 48790 Breaker Avenue, Neskowin, Oregon 97149;

6 (f) A note dated August 9, 1989, for \$17,500.00, due February 23,  
7 1991, with interest at the rate of 15 percent per annum, to Virginia  
8 Woolsey; and

9 (g) A note dated October 10, 1989, for \$20,000.00, due April 25,  
10 1991, with interest at the rate of 15 percent per annum, to Florence  
11 Simpson, 15555 SE McKinley Avenue, Clackamas, Oregon 97015.

12 20. None of the notes PROUDFOOT, IDN, and JENSEN sold has been repaid in  
13 full and both principal and additional interest payments are due on each of them.

14 21. None of the insurance companies made any of the bonus payments  
15 PROUDFOOT and IDN assigned as collateral on the loans.

16 22. Respondent JENSEN has paid to the investor victims in this matter a  
17 total of three thousand five hundred dollars (\$3,500.00) as partial restitution  
18 for their losses.

19 **CONCLUSIONS OF LAW**

20 The Director **CONCLUDES** that:

21 1. Respondent PROUDFOOT was the sole and controlling principal of  
22 Respondent IDN during its corporate existence and is responsible and liable for  
23 all its activities.

24 2. The notes that IDN and PROUDFOOT issued and sold, and that Respondent  
25 JENSEN sold on behalf of Respondents IDN and PROUDFOOT, are securities, as  
26 defined in ORS 59.015(17).

3. Respondents IDN and PROUDFOOT issued and sold securities in Oregon  
which were not registered with the State of Oregon, in violation of ORS 59.055;

4. Respondent JENSEN offered and sold securities in Oregon which were not

1 registered with the State of Oregon, in violation of ORS 59.055.

2 5. Respondents IDN and PROUDFOOT employed JENSEN as a salesperson to sell  
3 securities in Oregon without benefit of licensing, in violation of ORS 59.165(3).

4 6. Respondent JENSEN transacted business as a salesperson in Oregon  
5 without being licensed to do so, in violation of ORS 59.165(1).

6 7. Respondents PROUDFOOT and IDN, in connection with the purchase or sale  
7 of securities in Oregon, made untrue statements of material fact and omitted to  
8 state facts necessary to make the statements made, in the light of the  
9 circumstances under which they were made, not misleading, in violation of ORS  
10 59.135(2).

11 8. Respondent JENSEN, in connection with the purchase or sale of  
12 securities in Oregon, made untrue statements of material fact and omitted to  
13 state facts necessary to make the statements made, in the light of the  
14 circumstances under which they were made, not misleading, in violation of ORS  
15 59.135(2).

16 **ORDER**

17 NOW, THEREFORE, THE **DIRECTOR ORDERS**, pursuant to ORS 59.245(4), that  
18 Respondent PHIL JENSEN, and all persons and entities through whom or which he  
19 may act shall **CEASE AND DESIST** from:

20 1. Offering for sale and/or selling securities which are not registered  
21 with the State of Oregon;

22 2. Selling securities unless licensed in this State pursuant to the  
23 Oregon Securities Law;

24 3. Engaging in any acts or practices which are false, fraudulent or  
25 deceptive as provided under ORS Chapter 59; and

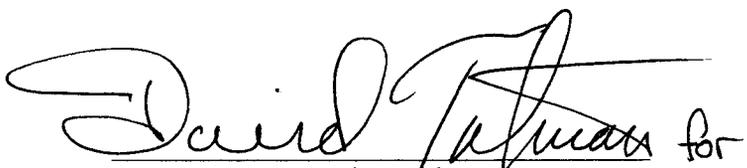
26 4. Violating any of the provisions of ORS Chapter 59.

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1 THE DIRECTOR FURTHER **ORDERS**, pursuant to ORS 59.045(2), that Respondent  
2 PHIL JENSEN, and all persons and entities through whom or which he may act are  
3 **DENIED** the use of any exemptions that would otherwise be available to them under  
4 ORS 59.025 and ORS 59.035.

5 Dated this 16<sup>th</sup> day of March, 1993 at Salem, Oregon.

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8   
9 **Gary Heeks, Director**  
10 **Department of Insurance and Finance**

11 **CONSENT TO ENTRY OF ORDER**

12 I, PHIL JENSEN, state that I am one of the Respondents herein; that I have  
13 read the foregoing Order and that I know and fully understand the contents  
14 thereof; that I have been advised of my right to a hearing, and that I consent  
15 to the entry of this Order without a hearing; that I consent to the entry of the  
16 annexed Order voluntarily without any force or duress; that I understand that  
17 the Director reserves the right to take further actions to enforce this Order,  
18 or, upon discovery, to prosecute other violations, if any, of the Oregon

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1 Securities Law; and that I will fully comply with the terms and conditions of  
2 this Order.

3 I, PHIL JENSEN, further assure the Director that I will not transact any  
4 business in the State of Oregon unless such transactions are in full compliance  
5 with the Oregon Securities Law, Chapter 59 of the Oregon Revised Statutes.

6 I understand further that this Consent Order is a public document.

7 Dated this 7<sup>th</sup> day of March, 1993.

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11 PHIL JENSEN

12 SUBSCRIBED AND SWORN TO before me this 7<sup>th</sup> day of March, 1993.

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14  
15 My commission expires: 3-8-93

NOTARY PUBLIC

16  
17   
18 GONALD L. LAURMUNDI JR.  
19 NOTARY PUBLIC - OREGON  
20 My Commission Expires \_\_\_\_\_  
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