



DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCE AND CORPORATE SECURITIES
SECURITIES SECTION
BEFORE THE DIRECTOR OF THE DEPARTMENT OF
CONSUMER AND BUSINESS SERVICES OF THE STATE OF OREGON

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In the matter of:) O-95-0030
)
MARK E. STUART; and) ORDER TO CEASE AND DESIST;
6 HALSEY L. JOHNSTON,) DENYING EXEMPTIONS;
) IMPOSING CIVIL PENALTIES;
) AND
Respondents.) STUART CONSENT TO ENTRY OF ORDER

The Director of the Department of Consumer and Business Services for the State of Oregon, acting by the authority of the Securities Law, Chapter 59 of the Oregon Revised Statutes (hereinafter cited as ORS Chapter 59), hereby issues the following Findings of Fact, Conclusions of Law, Order, and Notice of Right to a Public Hearing:

FINDINGS OF FACT

The Director **FINDS** that:

1. At all times material herein, Respondent MARK E. STUART (hereinafter STUART) was an Oregon resident whose address was 17034 SE Madison, Portland, OR 97233. STUART currently may be served at 1355 SW 29th Court; Beaverton, Oregon.
2. At all times material herein, Respondent HALSEY LYNN JOHNSTON (hereinafter JOHNSTON) was a British Columbia, Canada citizen, whose address was 4650 W. 13th; Vancouver, British Columbia, Canada V6R2V7.
3. On or about November 1994, Respondent JOHNSTON,

Division of Finance and Corporate Securities
Labor and Industries Building
550 Winter Street NE, Suite 410
Salem, OR 97310
Telephone: (503) 378-4387



1 while employed by a British Columbia company, Pyng
2 Technologies Corporation (hereinafter Pyng), contacted
3 Respondent STUART to publish advertisements regarding Pyng
4 business activity and the impending effect on Pyng stock.
5 These advertisements were to be published on several
6 computer bulletin boards within the Internet system.

7 4. Internet is a world-wide computer information and
8 communication network which can be accessed by any user of a
9 computer through a subscription service. This service is
10 available to the public for input and reading.

11 5. On November 10, 1994 JOHNSTON sent STUART a Federal
12 Express package containing brochures describing Pyng and its
13 patents and licenses for medical technology. Also included
14 in the package was a check made payable to STUART for
15 \$100.00.

16 6. After receiving the Federal Express package, STUART
17 and JOHNSTON talked by telephone regarding the terms of
18 their agreement and the content of the advertisements.

19 7. The terms of the agreement between STUART and
20 JOHNSTON were that STUART was to receive the aforementioned
21 \$100.00 prior to placing the advertisement on the Internet.
22 JOHNSTON would then pay an additional \$500.00 upon
23 completion of the postings on the computer bulletin boards.

24 8. STUART and JOHNSTON discussed over the telephone
25 the content of the advertisements. They both had editorial
26 input as to the final form which was posted on the Internet.



1 9. On or about November 22, 1994, STUART purchased
2 access to the Internet for the purpose of entering the
3 advertisements regarding Pyng. On or about that same date
4 STUART, from a location in Portland, Oregon, entered the
5 information about Pyng on the Internet. Through the
6 Internet this information was made available to Oregon
7 residents.

8 10. The information entered by STUART onto the
9 Internet provided specific information concerning Pyng's
10 then-current negotiations on a contract with the United
11 States military. The intent of the information was to be an
12 advertisement to interest the reader in purchasing Pyng
13 stock. The advertisement contained the following
14 information:

- 15 (a) That Pyng was about to announce full scale
16 production of a medical device for the U.S.
Military;
- 17 (b) That the U.S. Military was set to spend
18 hundreds of millions on the new emergency
medical device starting in January 1995;
- 19 (c) That based on the information contained in
20 (a) and(b) above, Pyng stock was a "hot
investment opportunity."

21 11. The information set forth above was false in the
22 following particulars:

- 23 (a) Pyng was not about to announce full scale
24 production of a device for the U.S. Military;
and,
- 25 (b) That the U.S. Military was not set to spend
26 hundreds of millions of dollars on the device
starting in January 1995.



1 Chapter 59.

2 4. JOHNSTON, by soliciting STUART to place the
3 advertisements, as well as editing and approving the
4 advertisements, participated and materially aided STUART in
5 placing the advertisements for the sale of Pyng stock on the
6 Internet and is joint and severally liable with STUART as
7 set forth in ORS 59.115(3).

8 5. Respondents STUART and JOHNSTON, by offering stock
9 in Pyng at a time when said stock was not registered for
10 sale in Oregon as a security with the Securities Section,
11 violated ORS 59.055.

12 6. Respondents JOHNSTON and STUART, by their actions
13 in the offer, as set forth above, transacted business in
14 securities in Oregon while unlicensed. This is in violation
15 of ORS 59.165(1).

16 7. The false representations made, and the information
17 omitted, in connection with the offer and sale of the
18 investment as set forth in Findings of Fact #11, 12, 13, and
19 14 above, were material facts.

20 8. Respondents JOHNSTON and STUART made or
21 communicated false representations of material facts, and
22 omitted to state or communicate material facts, as set forth
23 in Findings of Fact #11, 12, 13, and 14 above, in violation
24 of ORS 59.135(2).

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ORDER

The Director, pursuant to ORS 59.245 hereby **ORDERS** that Respondents shall **CEASE AND DESIST** from:

1. Transacting business in the State of Oregon in violation of ORS 59.055.
2. Transacting business in the State of Oregon in violation of ORS 59.135(2).
3. Transacting business in the State of Oregon in violation of ORS 59.165.
4. Violating any of the provisions of ORS Chapter 59.

The Director, pursuant to ORS 59.045, hereby **DENIES THE USE OF ANY EXEMPTIONS** to Respondents which would otherwise be available under ORS Chapter 59.

The Director, pursuant to ORS 59.995, hereby **IMPOSES CIVIL PENALTIES** against Respondents as follows:

Respondent JOHNSTON is hereby ordered to pay a total civil penalty of \$3,000, as follows:

- (1) \$500 for violations of ORS 59.055;
- (2) \$2,000 for violations of ORS 59.135;
- (3) \$500 for violations of ORS 59.165.

Respondent STUART is hereby ordered to pay a total civil penalty of \$3,000, as follows:

- (1) \$500 for violations of ORS 59.055;
- (2) \$2,000 for violations of ORS 59.135;
- (3) \$500 for violations of ORS 59.165.

The Director further **ORDERS** that the **CIVIL PENALTY**

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street, NE, Suite 410
Salem, OR 97310
Telephone: (503) 378-4387



1 imposed against **STUART** shall be suspended under the
2 following terms and conditions:

- 3 (1) **STUART** shall not engage in the offer or sale
4 of a security for a period of **FIVE YEARS** from
5 the date of the issuance of a final order in
6 this matter without first notifying the
7 securities section;
- 8 (2) **STUART** shall strictly comply with all the
9 terms and conditions of this order.

10 Should **STUART** fail to strictly comply with all of the
11 above conditions, the entire amount of the **CIVIL PENALTY**
12 imposed (\$3,000.00) shall become immediately due and owing.

13 **STATEMENT OF REASONABLE ACCOMMODATION**

14 If you are required to appear personally, your
15 appearance will be conducted in a wheelchair accessible
16 location. Written materials may be provided and/or graphic
17 displays may be presented during the appearance. For any
18 other accommodation needed by individuals due to a
19 disability, please contact the person whose name appears
20 below:

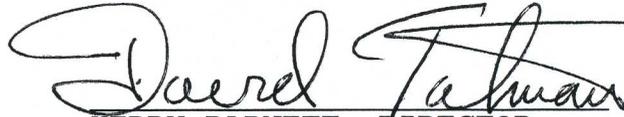
21 John N. Berg
22 Securities Compliance Officer
23 Corporate Securities Section
24 Telephone: (503) 373-4387 (voice)
25 (503) 378-4178 (FAX)
26 (503) 378-4387 (TDD)

27 Questions concerning the issues raised in this Order
28 may be directed to John N. Berg or David Tatman, Oregon
29 Department of Consumer and Business Services, Corporate
30 Securities Section, telephone (503) 378-4387.



1 The entry of this Order in no way limits further
2 remedies which may be available to the Director under Oregon
3 law.

4 Dated this 17th day of October, 1995 at Salem,
5 Oregon.

6 

7 KERRY BARNETT, DIRECTOR
8 DEPARTMENT OF CONSUMER
9 AND BUSINESS SERVICES

10 **CONSENT TO ENTRY OF ORDER**

11 I, Mark E. Stuart, Respondent herein, state that I have
12 read the foregoing Consent Order; that I know and fully
13 understand the contents hereof; that the facts contained in
14 this Order are accurate and true to the best of my
15 knowledge; that I consent to the entry of this Order; that I
16 understand that I have the right to seek the advice of an
17 attorney and have one represent me at any point during the
18 pendency of the matter; that I have been advised of my right
19 to a hearing and that I consent to the entry of this Order
20 without further hearing on this matter; that I consent to
21 entry of this Order voluntarily without any force or duress;
22 that I understand that the Director reserves the right to
23 take further actions against me to enforce this Order or
24 upon discovery of other violations of Oregon law; and that I
25 will fully comply with the terms and conditions stated
26 herein.



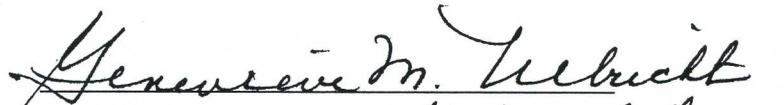
1 I further state that I will not act as a broker-dealer,
2 salesperson, or issuer's representative, or transact any
3 securities business in the State of Oregon unless such
4 activities or transactions are in full compliance with
5 Oregon law.

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7 Dated the 11th day of October 1995.

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10 
11 Mark E. Stuart

12 This instrument was acknowledged before me on this 11
13 day of Oct 1995.



16 
17 Notary Public for State of Oregon
Clatsop County
My Commission Expires 2.20.99

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