

1 DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
 2 DIVISION OF FINANCE AND CORPORATE SECURITIES
 3 SECURITIES SECTION
 4 BEFORE THE DIRECTOR OF THE DEPARTMENT OF
 5 CONSUMER AND BUSINESS SERVICES
 6 STATE OF OREGON

7 In the Matter of:) O-96-0007
 8)
 9) ORDER TO CEASE AND DESIST
 10) DENIAL OF EXEMPTIONS
 11 LARRY ALAN STOCKETT and)
 12 OTC EMERGING GROWTH FUND INC) ASSESSMENT OF CIVIL PENALTIES
 13)
 14) AND
 15)
 16 Respondents.) CONSENT TO ENTRY OF ORDER
 17)

18 WHEREAS the Director of the Department of Consumer
 19 and Business Services has conducted an investigation of
 20 certain securities transactions effected by OTC EMERGING
 21 GROWTH FUND, INC. (OTC) and its President, LARRY ALAN
 22 STOCKETT (STOCKETT), and determined that OTC Emerging Growth
 23 Fund, Inc. and LARRY ALAN STOCKETT effected securities
 24 transactions in the State of Oregon in violation of ORS
 25 Chapter 59, and

26 WHEREAS OTC Emerging Growth Fund, Inc. and Larry Alan
 27 Stockett wish to resolve and settle this matter with the
 28 DIRECTOR;

29 NOW THEREFORE, as evidenced by the authorized
 30 signature(s) subscribed on this Order, OTC Emerging Growth
 31 Fund, Inc. and Larry Alan Stockett hereby **CONSENT** to entry
 32 of this Order to Cease and Desist upon the Director's
 33 Findings of Fact and Conclusions of Law as stated
 34 hereinafter.

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



FINDINGS OF FACT

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The Director FINDS that:

1. OTC Emerging Growth Fund, Inc. (OTC) is a Nevada corporation with principal offices at 11250 SW Chickadee Terrace, Beaverton, OR 97007. OTC Emerging Growth Fund, Inc. also maintains an address at P.O. Box 669, Palm Beach, Florida 33480-0669. The business purpose of OTC Emerging Growth Fund, Inc., as stated in the business registration maintained by the Corporation Division of the office of the Secretary of State, is "securing and providing financing to small growth business in the form of secured and unsecured revolving loans as well as equity participation in such entities."

2. Larry Alan Stockett (Stockett) is Chairman, CEO and Director of OTC Emerging Growth Fund, Inc. Stockett's residential address is 11250 SW Chickadee Terrace, Beaverton, OR 97007;

3. Neither OTC Emerging Growth Fund, Inc. nor Larry Alan Stockett are now nor have either of them ever been licensed to conduct a securities business as a broker dealer or to effect securities transactions in Oregon;

4. Stockett, acting as owner and manager of OTC, conducted seminars around the United States (including Orlando, Florida, Las Vegas, Nevada and California) for the purpose of soliciting investors who may be interested in learning how to invest in initial public offerings.



1 Stockett provided the same information on a nationwide
2 "info-mercial" television program that was paid for by IPO
3 Network, a company owned by Stockett;

4 5. On or about March 25, 1995 a resident of
5 Thomasville, Georgia paid Stockett \$5,000 for OTC shares
6 after attending a seminar conducted by Stockett in Orlando,
7 Florida;

8 6. Corporate shares issued and sold by OTC Emerging
9 Growth Fund, Inc. were never registered for sale in or from
10 Oregon;

11 7. On October 2, 1985 the SEC obtained a permanent
12 injunction against Larry Alan Stockett and PC Telemart
13 alleging violations of the anti-fraud provisions of the
14 federal securities laws. The order was entered by consent
15 in the Eastern Federal District Court of Virginia;

16 8. On July 19, 1989 the State of California obtained
17 a permanent injunction against Larry Alan Stockett,
18 Richard Kirkwood and Fibernet Communications, prohibiting
19 the offer and sale of securities in California without
20 registration or exemption. Stockett was the Chairman of the
21 Board of Fibernet at the time of the order;

22 9. The following statement appears on the first page
23 of an OTC offering memorandum dated September 1, 1994 that
24 was provided to the investors:

25 "Since 1984, Mr. Stockett has assisted twelve private
26 companies in becoming public through either initial
public offerings, reverse mergers, or acquisitions



1 in the office automation, telecommunications,
2 publishing, and real estate industries.";

3 10. The offering memorandum dated September 1, 1994
4 does not include the following information:

5 a) Information that the securities offered by
6 OTC were neither registered for sale in Oregon nor
7 exempt from Oregon registration requirements;

8 b) Information that Larry Stockett was the
9 subject of two separate lawsuits in which permanent
10 injunctions were obtained against him for violations of
11 securities laws, as described in paragraphs 7 and 8 of
12 these Findings of Fact;

13 c) Information that Larry Stockett was not
14 licensed to sell securities in Oregon.

15 CONCLUSIONS OF LAW

16 The Director **CONCLUDES** that:

17 1. The shares of stock issued by OTC Emerging Growth
18 Fund, Inc. are "securities" as that term is defined in
19 ORS 59.015(17)(a);

20 2. Respondents OTC and Stockett effected the
21 unlicensed sale of unregistered securities in or from
22 Oregon, all in violation of ORS 59.055 and ORS 59.165;

23 3. Respondents OTC and Stockett omitted to state
24 material facts necessary in order to make the statements
25 made, in the light of the circumstances under which they are
26 made, not misleading, in connection with the offer and/or
27 sale of securities, when they did not provide investors with
28 the information described in paragraph 10 of the Findings of
29 Fact herein, all in violation of ORS 59.135.



1 OTC further assures the Director that neither OTC nor
2 its officers, directors, employees or agents will effect
3 securities transactions in Oregon unless such activities are
4 in full compliance with Chapter 59 of the Oregon Securities
5 Revised Statutes.

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

8 Dated this 9th day of April, 1996.

9
10 OTC Emerging Growth Fund, Inc.

11
12 By Larry Alan Stockett
13 LARRY ALAN STOCKETT

14 CORPORATE ACKNOWLEDGMENT

15 There appeared before me this 9th day of April,
16 1996 LARRY ALAN STOCKETT, who was first duly sworn
17 on oath, and stated that he/she was and is the President
18 of OTC Emerging Growth Fund, Inc. and that he/she is
19 authorized and empowered to sign this Consent to Entry of
20 Order on behalf of OTC Emerging Growth Fund, Inc. and to
21 bind OTC Emerging Growth Fund, Inc. to the terms hereof.

22
23 Clairean Gail Smith
24 OFFICIAL SEAL
25 CLAIREAN GAIL SMITH
26 NOTARY PUBLIC-OREGON
COMMISSION NO. 048025
MY COMMISSION EXPIRES AUG. 19, 1999
the state of Oregon

25 My commission expires: Aug. 19, 1999

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



1 CONSENT TO ENTRY OF ORDER

2 I, Larry Alan Stockett, state that I am a resident of
3 the State of CALIFORNIA, that I have read the
4 foregoing Order and that I know and fully understand the
5 contents hereof; that I admit that the factual allegations
6 stated herein are true and correct; that I have been advised
7 of my right to a hearing, and that I have been represented
8 by counsel in this matter; that I voluntarily consent to the
9 entry of this Order without any force or duress, expressly
10 waiving any right to a hearing in this matter; that I
11 understand that the Director reserves the right to take
12 further actions against me to enforce this Order or to take
13 appropriate action upon discovery of other violations of the
14 Oregon Securities Law by me; and that I will fully comply
15 with the terms and conditions stated herein.

16 I further assure the Director that I will not engage in
17 the activities of a broker-dealer, investment adviser, or
18 mortgage broker, or act as a salesperson for any of these
19 unless such activities are in full compliance with Chapter
20 59 of the Oregon Revised Statutes.

21 I understand that this Consent Order is a public
22 document.

23 DATED this 9th day of April, 1996.

24 Larry Alan Stockett
25 NAME

26 SUBSCRIBED AND SWORN to before me this 9th day of
April, 1996.

27 Clairean Gail Smith
28 OFFICIAL SEAL
29 CLAIREAN GAIL SMITH for State of: Oregon
30 NOTARY PUBLIC-OREGON
31 COMMISSION NO. 048025
32 MY COMMISSION EXPIRES AUG. 19, 1999
33 Clairean Gail Smith
34 (Printed name of Notary Public)

35 My commission expires: Aug. 19, 1999

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