

2. Rules 9-27-96

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-96-0009  
8 )  
9 FLAMESEAL INTERNATIONAL, INC.) ORDER TO CEASE AND DESIST  
10 AMERICAN VENTURE-EAGLE ) DENIAL OF EXEMPTIONS AND  
11 INTERNATIONAL, INC.; ) ASSESSMENT OF CIVIL PENALTIES  
12 and LARRY E. HUNTER; )  
13 Respondents. ) ENTERED BY DEFAULT

14 On June 17, 1996 the Director of the Department of  
15 Consumer and Business Services for the State of Oregon (the  
16 Director), acting by the authority of the Oregon Securities  
17 Law, Chapter 59 of the Oregon Revised Statutes (hereinafter  
18 cited as ORS Chapter 59), issued Administrative Order  
19 O-96-0009 to Cease and Desist, with Denial of Exemptions,  
20 Assessment of Civil Penalties and Notice of Right to a Public  
21 Hearing.

22 All respondents were duly served with a certified copy of  
23 Administrative Order O-96-0009 and Notice of Right to Hearing.  
24 Service was effected by mailing the Order and Notice by  
25 certified mail and by regular mail, with proper postage  
26 affixed to each, to the last known address for each of the  
named respondents.

27 Larry E. Hunter, for himself and all other named  
28 respondents, made a written request for a hearing in this  
29 matter. A hearing date was set and notice thereof sent to  
30 Mr. Hunter at the address indicated by Mr. Hunter on his

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



1 Request for Hearing. Mr. Hunter failed to appear at the  
2 specified time and place for a hearing, and no other  
3 appearance was made by or on behalf of any named respondent.

4 **NOW THEREFORE**, after consideration of the Investigation  
5 Report and accompanying exhibits submitted in this matter by  
6 Patricia A. Locnikar, the Director hereby issues the following  
7 Findings of Fact, Conclusions of Law and Final Order:

8 **FINDINGS OF FACT**

9 The Director FINDS that:

10 1. FlameSeal International, Inc. (FlameSeal) is  
11 purportedly a corporation whose business address is Route 1,  
12 Box 1304, Homedale, Idaho 83628; telephone number  
13 (208) 337-4097;

14 2. American Venture-Eagle International, Inc. (Eagle) is  
15 purportedly a corporation whose business address is  
16 1005 Commercial Way, Caldwell, Idaho 83605; telephone number  
17 (208) 455-6292;

18 3. Larry E. Hunter (Hunter) holds himself out as  
19 president of both FlameSeal and Eagle, and may be served at  
20 FlameSeal's business address at Route 1, Box 1304, Homedale,  
21 Idaho 83628;

22 4. FlameSeal is not now nor has it ever been licensed as  
23 an issuer or broker-dealer in Oregon;

24 5. Eagle is not now nor has it ever been licensed as an  
25 issuer or broker-dealer in Oregon;

26 6. Hunter is not now nor has he ever been licensed to



1 sell securities in Oregon as a salesperson for any broker-  
2 dealer or for FlameSeal as issuer or Eagle as issuer;

3 7. Beginning in March, 1994 FlameSeal and Hunter offered  
4 and sold at least \$112,500 in investment units issued by  
5 FlameSeal in "FlameSeal International, Inc. Dollar Percentage  
6 Pool" (the Pool) to twenty-four (24) Oregon residents. Each  
7 of the 100 units offered represented one percent (1%) of the  
8 Pool, and was sold at a cost of \$5,000;

9 8. The investment units described in paragraph seven (7)  
10 of these Findings of Fact are not now and have never been  
11 registered in Oregon;

12 9. Beginning in October, 1994 Eagle and Hunter offered  
13 and sold at least \$154,363 in an investment called "TreeSeal  
14 Financing Program 120 day loan--short term notes" (the Notes)  
15 issued by Eagle, to seven (7) Oregon residents. For the  
16 minimum investment of \$1,000, the investor was promised that  
17 the principal plus 50% return would be paid 120 days after the  
18 date of the investment;

19 10. The notes described in paragraph nine (9) of these  
20 Findings of Fact are not now and have never been registered in  
21 Oregon;

22 11. FlameSeal and Hunter failed to disclose to Oregon  
23 investors that they would and did sell more than the  
24 originally advertised 100 units in the "FlameSeal  
25 International, Inc. Dollar Percentage Pool," which would have  
26 the effect of diluting each investor's interest in the Pool;





1 Program issued by Eagle are "notes" as that term is used under  
2 the definition of "securities" in ORS 59.015(17) (a);

3 5. The offer and sale by Hunter of notes in TreeSeal  
4 Financing Program issued by Eagle to Oregon residents  
5 constitutes the offer and sale of unregistered securities in  
6 violation of ORS 59.055;

7 6. Respondents Eagle and Hunter transacted business as  
8 an unlicensed broker-dealer and unlicensed salesperson in the  
9 State of Oregon in violation of ORS 59.165, when they offered  
10 and sold notes in TreeSeal Financing Program issued by Eagle  
11 to Oregon residents;

12 7. Respondents omitted to state material facts, in  
13 violation of ORS 59.135 in failing to disclose the facts set  
14 forth in paragraphs eleven (11) and twelve (12) of the  
15 Findings of Fact, in that such omissions failed to make  
16 statements made not misleading in light of the circumstances  
17 under which they were made;

18 8. Hunter, acting as an authorized agent, officer and/or  
19 director of both FlameSeal and Eagle, filed a statement with  
20 the Director which is false in a material respect, in  
21 violation of ORS 59.451, when he filed the letter described in  
22 paragraph thirteen (13) of the Findings of Fact.

23 **FINAL ORDER**

24 NOW THEREFORE, the Director ORDERS that FlameSeal  
25 International, Inc., American Venture-Eagle International,  
26 Inc. and Larry E. Hunter shall CEASE AND DESIST from:



1           1. Offering and/or selling securities in the State of  
2 Oregon in violation of ORS Chapter 59.

3           2. Violating any of the provisions of ORS Chapter 59 and  
4 Oregon Administrative Rules Chapter 441.

5           Pursuant to the authority of ORS 59.045 Respondents  
6 FlameSeal International, Inc., American Venture-Eagle  
7 International, Inc. and Larry E. Hunter are DENIED the use of  
8 any exemptions authorized by ORS 59.025 and/or ORS 59.035.

9           Pursuant to the authority of ORS 59.995, the Director  
10 ASSESSES the following civil penalties:

11           1. FlameSeal International, Inc. and Larry E. Hunter  
12 jointly and severally are ORDERED TO PAY the sum of \$12,000  
13 for violations of ORS 59.055;

14           2. American Venture-Eagle International, Inc. and Larry  
15 E. Hunter jointly and severally are ORDERED TO PAY the sum of  
16 \$3,500 for violations of ORS 59.055;

17           3. FlameSeal International, Inc. and Larry E. Hunter  
18 jointly and severally are ORDERED TO PAY the sum of \$12,000  
19 for violations of ORS 59.165;

20           4. American Venture-Eagle International, Inc. and Larry  
21 E. Hunter jointly and severally are ORDERED TO PAY the sum of  
22 \$3,500 for violations of ORS 59.165;

23           5. FlameSeal International, Inc., American Venture-Eagle  
24 International, Inc. and Larry E. Hunter jointly and severally  
25 are ORDERED TO PAY the sum of \$15,500 for violations of  
26 ORS 59.135;



