

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

5 In the Matter of ) 0-97-0032  
6 )  
7 RALPH MICHAEL SHIRTCLIFF ) ORDER TO CEASE AND DESIST  
8 and ) DENIAL OF EXEMPTIONS  
9 MARLIN LARSEN, ) ORDER ASSESSING CIVIL PENALTY  
10 ) and  
11 Respondents. ) CONSENT TO ENTRY OF ORDER

12 WHEREAS the Director of the Department of Consumer and  
13 Business Services conducted an investigation of certain  
14 business activities of RALPH MICHAEL SHIRTCLIFF and MARLIN  
15 LARSEN, Respondents herein, and has determined that  
16 Respondents participated in the organization of limited  
17 liability companies in the State of Oregon that sold  
18 membership interests in violation of the Oregon Securities  
19 Law;

20 WHEREAS RALPH MICHAEL SHIRTCLIFF and MARLIN LARSEN  
21 dispute the Director's position, but wish to resolve and  
22 settle this matter with the DIRECTOR;

23 NOW THEREFORE, as evidenced by the signature(s)  
24 subscribed on this Order, RALPH MICHAEL SHIRTCLIFF and  
25 MARLIN LARSEN, without admitting or denying allegations  
26 herein of any violations of the Oregon Securities Law,  
hereby CONSENT to entry of this Order to Cease and Desist  
upon the Director's Findings of Fact and Conclusions of Law



1 as stated hereinafter.

2 FINDINGS OF FACT

3 The Director FINDS that:

4 1. Marlin Larsen, PhD, BLD (Larsen) is the Contract  
5 Administrator for ABCT, Inc. and has a principal place of  
6 business at 1813 W Harvard, Suite 431, Roseburg, Oregon  
7 97470;

8 2. ABCT, Inc. is an Oregon corporation for which  
9 Marlin Larsen is the President and Registered Agent;

10 3. Ralph Michael Shirtcliff, DMD (Shirtcliff) is a  
11 licensed Oregon dentist whose principal place of business is  
12 at 2510 NW Kline, Roseberg, Oregon 97470;

13 4. During a period commencing in approximately  
14 January 1996 through February, 1997, Shirtcliff and Larsen  
15 conducted and participated in meetings in various Oregon  
16 communities around the state, and local dentists were  
17 invited to attend the meetings. The purpose of the meetings  
18 was to provide information to dentists in each community  
19 about the organization of limited liability companies  
20 (LLC's) through which dental services could be provided  
21 under the provisions of the Oregon Health Plan. Dentists in  
22 each area were subsequently offered the opportunity to  
23 participate by purchasing membership interests in the LLC  
24 for their area;

25 5. Shirtcliff and Larsen participated in organizing  
26 the following LLC's which sold membership interests to



1 dentists in the corresponding locality:

2 Eastern Oregon Dental Services, LLC  
3 Basin Dental Services, LLC  
4 Valley of the Rogue Dental Services, LLC  
5 Siskiyou Dental Services, LLC  
6 Central Oregon Dental Services, LLC  
7 Columbia Gorge Dental Services, LLC  
8 South Coast Dental Services, LLC

9 Collectively, a total of approximately 242 membership  
10 interests in the eight LLC's were sold;

11 6. The membership interests that were issued by each  
12 of the LLC's named in paragraph five of these Findings of  
13 Fact are not now nor were any of them ever registered as  
14 securities with the Director for sale in Oregon;

15 7. Neither Shirtcliff nor Larsen nor any agent or  
16 representative of any of the LLC's are now, nor have ever  
17 been licensed to sell securities in Oregon for any licensed  
18 broker-dealer or as an issuer agent in Oregon;

19 8. The operating agreement for each LLC provides that  
20 its members shall delegate all management and business  
21 conduct to an elected Management Committee, and all of the  
22 LLC's entered into a contract with ABCT, Inc. to provide  
23 management services for the LLC. Respondents Shirtcliff and  
24 Larsen received fees for the organization of each LLC and  
25 for services performed under each management contract;

26 9. Respondents Shirtcliff and Larsen organized the  
27 LLC's and participated in the sale of membership interests  
28 in each of the LLC's in the belief that these activities did  
29 not violate the Oregon Securities Law, and Respondents



1 dispute any conclusion that such membership interests  
 2 constitute "securities" as that term is defined in ORS  
 3 Chapter 59;

4 10. The LLC's named in paragraph 5 are in the process  
 5 of making registered rescission offerings to the investors  
 6 in each.

#### 7 CONCLUSIONS OF LAW

8 The Director CONCLUDES that:

9 1. The membership interests issued by each of the  
 10 LLC's named in paragraph five of the Findings of Fact herein  
 11 constitute "investment contracts" as that term is used in  
 12 the definition of "security" in ORS 59.015(17)(a);

13 2. Respondents Ralph Michael Shirtcliff and Marlin  
 14 Larsen participated in the sale of unregistered securities  
 15 in unlicensed securities transactions in violation of  
 16 ORS 59.055 and ORS 59.165 when membership interests  
 17 described herein were sold to no fewer than 242 purchasers  
 18 in Oregon.

#### 19 ORDER

20 NOW THEREFORE, THE DIRECTOR ORDERS AS FOLLOWS:

21 1. Ralph Michael Shirtcliff and Marlin Larsen shall  
 22 CEASE AND DESIST from:

23 a. Offering and/or selling securities in the  
 24 State of Oregon in violation of ORS Chapter 59, and

25 b. Violating any of the provisions of ORS  
 Chapter 59 and Oregon Administrative Rules Chapter 441.

26 2. Pursuant to the authority of ORS 59.045



1 Respondents Ralph Michael Shirtcliff and Marlin Larsen are  
2 DENIED THE USE OF ANY EXEMPTIONS authorized by ORS 59.025  
3 and/or ORS 59.035 for a period of five years from the date  
4 of this Order without the prior written approval of the  
5 Director.

6 3. Pursuant to the authority of ORS 59.995, Ralph  
7 Michael Shirtcliff and Marlin Larsen are ORDERED TO PAY,  
8 jointly and severally, a civil penalty in the amount of  
9 \$15,000 for violations stated herein.

10 The DIRECTOR and Respondents agree that Michael  
11 Shirtcliff and Marlin Larsen will make their best efforts to  
12 have a registered rescission offering made to investors of  
13 each of the LLC's named in this order.

14 Dated this 18<sup>th</sup> day of December, 1997 at  
15 Salem, Oregon.

16   
17  
18 KERRY BARNETT, DIRECTOR  
19 DEPARTMENT OF CONSUMER & BUSINESS SERVICES

20 CONSENT TO ENTRY OF ORDER FOR RALPH MICHAEL SHIRTCLIFF

21 I, Ralph Michael Shirtcliff, state that I am a resident  
22 of the State of Oregon, that I have read the foregoing Order  
23 and that I know and fully understand the contents hereof;  
24 that I enter this consent without admitting or denying the  
25 allegations of violations stated herein, and that I will not  
26 deny, directly or indirectly, the allegations of violations

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



1 stated herein after having consented to this settlement  
2 without admitting or denying such allegations; that I have  
3 been advised of my right to a hearing, and that I have been  
4 represented by counsel in this matter; that I voluntarily  
5 consent to the entry of this Order without any force or  
6 duress, expressly waiving any right to a hearing in this  
7 matter; that I understand that the Director reserves the  
8 right to take further actions against me to enforce this  
9 Order or to take appropriate action upon discovery of other  
10 violations of the Oregon Securities Law by me; and that I  
11 will fully comply with the terms and conditions of this  
12 order.

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

18 I further assure the Director that I will exercise my  
19 best effort to register rescission offerings for the limited  
20 liability companies named in paragraph five of the Findings of  
21 Fact herein pursuant to which repayment will be made to all  
22 investors who elect to rescind within the allotted time  
23 provided in each rescission offer.

24 ///

25 ///

26 ///



1 I understand that this Consent Order is a public  
2 document.

3 DATED this 2nd day of December, 1997.

4  
5 Ralph Michael Stintz  
6 NAME

7 SUBSCRIBED AND SWORN to before me this 2 day of  
8 December, 1997.

9  
10 Henrietta Russell  
11 NOTARY PUBLIC for State of: Oregon  
12 Henrietta Russell  
13 (Printed name of Notary Public)

14 My commission expires: 9/1/2001

16 CONSENT TO ENTRY OF ORDER FOR MARLIN LARSEN

17 I, Marlin Larsen, state that I am a resident of the  
18 State of Oregon, that I have read the foregoing Order and  
19 that I know and fully understand the contents hereof;  
20 that I enter this consent without admitting or denying  
21 the allegations of violations stated herein, and that I  
22 will not deny, directly or indirectly, the allegations of  
23 violations stated herein after having consented to this  
24 settlement without admitting or denying such allegations;  
25 that I have been advised of my right to a hearing, and  
26 that I have been represented by counsel in this matter;

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1 that I voluntarily consent to the entry of this Order  
2 without any force or duress, expressly waiving any right  
3 to a hearing in this matter; that I understand that the  
4 Director reserves the right to take further actions  
5 against me to enforce this Order or to take appropriate  
6 action upon discovery of other violations of the Oregon  
7 Securities Law by me; and that I will fully comply with  
8 the terms and conditions of this order.

9 I hereby assure the Director that I will not engage  
10 in the activities of a broker-dealer, investment adviser,  
11 or mortgage broker, or act as a salesperson for any of  
12 these unless such activities are in full compliance with  
13 Chapter 59 of the Oregon Revised Statutes.

14 I further assure the Director that I will exercise  
15 my best effort to register rescission offerings for the  
16 limited liability companies named in paragraph five of the  
17 Findings of Fact herein pursuant to which repayment will  
18 be made to all investors who elect to rescind within the  
19 allotted time provided in each rescission offer.

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

22 DATED this 2nd day of December, 1997.

Mark Lauer

NAME

25 SUBSCRIBED AND SWORN to before me this 2 day of  
26 December, 1997.

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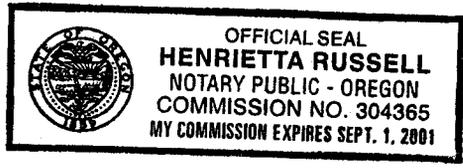
Henrietta Russell

NOTARY PUBLIC for State of: Oregon

Henrietta Russell

(Printed name of Notary Public)

My commission expires: 9/1/2001



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