

1 Respondents acknowledge fully reading and understanding
2 the contents of this **ORDER TO CEASE AND DESIST AND**
3 **STIPULATIONS AND CONSENT TO ENTRY OF ORDER** [hereafter
4 referred to as the "Order"] and have waived any right to a
5 hearing with respect to this matter and to challenge or appeal
6 this Order.

7 **NOW, THEREFORE,** the Director hereby makes the following
8 Findings of Fact and Conclusions of Law, and issues the
9 following Order, to which the Respondents have consented, as
10 is evidenced by the signature of the Respondents on the
11 attached Stipulations and Consent to Entry of Order.

12 **FINDINGS OF FACT**

13 The Director **FINDS** that, at all material times herein:

14 1. Respondent Stephen Harold Smither, aka Steven H.
15 Smither [hereafter, SMITHER] was and is a resident of Oregon
16 whose address is 4382 Indigo Street NE, Salem, Oregon 97305.

17 2. SMITHER was not and is not licensed to sell
18 securities in Oregon or in any other state.

19 3. GGN, GG NETWORK, GGN GEMOLOGICAL SERVICES, GGN
20 BROKERS, and GGN IDEAL DIAMOND BROKERS [hereafter, GGN] are
21 assumed business names for SMITHER. GGN is not a broker-
22 dealer licensed or otherwise authorized to effect the sale
23 of securities in Oregon or any other state.

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Initialed: _____

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



1 2. SMITHER transacted business in this State as a
2 broker-dealer and/or salesperson without being properly
3 licensed as such, in violation of ORS 59.165 (1).

4 3. SMITHER, in connection with the purchase or sale
5 of a security, made untrue statements of a material fact
6 and/or *omitted to state a material fact necessary in order*
7 *to make the statements made, in the light of the*
8 *circumstances under which they were made, not misleading in*
9 violation of ORS 59.135 (2) when he failed to clearly inform
10 GATES that their investment in the "diamond market" in the
11 amount of ten thousand dollars (\$10,000) was in fact, used
12 by SMITHER for business and personal expenses, and not, as
13 SMITHER stated, invested in the diamond market or held in
14 their account as cash or diamonds.

15 4. SMITHER, in connection with the purchase or sale
16 of a security, issued false statements of account to GATES,
17 which purported to show purchases and sales in the diamond
18 market and showing a return on their investment funds,
19 knowing such statements to be false. SMITHER violated ORS
20 59.135(3) by engaging in an *act, practice or course of*
21 *business which operates or would operate as a fraud or*
22 *deceit upon any person.*

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ORDER

Therefore, the Director **ORDERS**

1. That Respondents SMITHER, GGN, GG Network, GGN Gemological Services, GGN Brokers, and GGN Ideal Diamond Brokers shall cease and desist from offering and/or selling securities to persons in the State of Oregon in violation of ORS Chapter 59 or OAR Chapter 441.

2. That Respondent SMITHER is ordered to pay the sum of Five Thousand Dollars (\$5,000.00) as a civil penalty for violations described herein. It is further ordered that \$5,000 of the civil penalty shall be suspended, so long as SMITHER complies with all the terms of this order.

3. That Respondent SMITHER pay the sum of Eleven Thousand Seven Hundred Twenty-two Dollars (\$11,722.00) to GATES as settlement for their funds given to SMITHER and/or GGN for a purported investment in diamonds. Payment of these funds is hereby acknowledged.

Terms and Conditions

4. Respondents SMITHER and GGN agree not to solicit, offer, advertise or sell securities, or investments, or conduct investment programs in or from Oregon, including internet or website activity, in the future without first being licensed by the State of Oregon to conduct such activities.

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Initialed: _____



IT IS SO ORDERED.

1 Entry of this Order in no way limits or prevents
2 further remedies, sanctions, or actions which may be
3 available to the Director under Oregon law to enforce this
4 Order, for violations of this Order, for conduct or actions
5 of Respondents which are not covered by this Order, or
6 against any party not covered by this Order.
7

8 Dated this _____ day of _____, 2001 at Salem, Oregon.
9

10
11 **MARY NEIDIG, DIRECTOR**
12 **DEPARTMENT OF CONSUMER & BUSINESS SERVICES**
13 **STATE OF OREGON**

14 **APPROVED AS TO FORM:**

15 _____ Dated: _____
16 David C. Tatman
17 Chief of Enforcement
18 Division of Finance and Corporate Securities
19 Department of Consumer and Business Services
20 State of Oregon

21 _____ Dated: _____
22 Stephen H. Smither

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Initialed: _____

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I further **ACKNOWLEDGE** and **UNDERSTAND** that I had the opportunity to consult with counsel of my choosing.

I further **ACKNOWLEDGE** and **UNDERSTAND** that this Order and Stipulation and Consent to Entry of Order is a public document.

_____ Dated: _____
STEPHEN H. SMITHER

State of Oregon) ss.
County of Marion)

SUBSCRIBED AND SWORN TO voluntarily before me this _____ day of _____, 2001, by **STEPHEN H. SMITHER**, an individual.

(Print)

Notary Public for the State of Oregon

My commission expires: _____

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Initialed: _____