

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 CONSUMER AND BUSINESS
 5 SERVICES

5 In the Matter of:) A-01-0013(C)
 6)
 6 CENTEX SECURITIES, INC.,) ORDER TO CEASE AND DESIST
 FRANK M. SAVASTA,) DENIAL OF EXEMPTIONS
 7 PETER JASON WORRELL, and) ORDER ASSESSING CIVIL PENALTY
 ROBERT FRANK TOTH) AND
 8) CONSENT TO ENTRY OF ORDER
 9 Respondents.) AS TO PETER JASON WORRELL

10 WHEREAS the Director of the Department of Consumer and
 11 Business Services has conducted an investigation of certain
 12 business activities conducted by Centex Securities, Inc., Frank M.
 13 Savasta, Peter Jason Worrell and Robert Frank Toth, and the
 14 Director has determined that Peter Jason Worrell offered and sold
 15 securities in the State of Oregon in violation of the Oregon
 16 Securities Law;

17 WHEREAS Peter Jason Worrell wishes to resolve and settle this
 18 matter with the DIRECTOR;

19 NOW THEREFORE, as evidenced by the authorized signature
 20 subscribed on this Order, Peter Jason Worrell hereby CONSENTS to
 21 entry of this Order to Cease and Desist upon the Director's
 22 Findings of Fact and Conclusions of Law as stated hereinafter.

23 FINDINGS OF FACT

24 The Director FINDS that:

25 1. Centex Securities, Inc. (hereinafter, "Centex") is a
 26 broker-dealer firm with a principal place of business located at

Division of Finance and Corporate Securities
 Labor and Industries Building
 350 Winter Street NE, Suite 410
 Salem, OR 97301-3881
 Telephone: (503) 378-4387



1 7863 Girard Avenue, Suite 302, La Jolla, California 92307. Centex
2 became licensed in the State of Oregon on February 4, 1992. The
3 CRD number for Centex is #18493.

4 2. Frank M. Savasta (hereinafter, "Savasta") is a registered
5 representative who was licensed in Oregon to work for Centex from
6 June 2, 1998, to June 9, 1999. The CRD number for Savasta is
7 #2687410.

8 3. Peter Jason Worrell (hereinafter "Worrell") is a
9 registered representative who was licensed in Oregon to work for
10 Centex from June 2, 1998, to November 19, 1998. Centex employed
11 Worrell from November 28, 1997, to October 20, 1998. The CRD
12 number for Worrell is #2603781.

13 4. Robert Frank Toth (hereinafter, "Toth") was a registered
14 representative who was licensed in Oregon to work for Centex from
15 July 7, 1997, to May 29, 1998. The CRD number for Toth is
16 #2320179. Toth passed the Series 24 exam on May 27, 1997. Toth
17 worked in New York as a branch manager for Centex. Centex employed
18 Toth from June 30, 1997, to May 22, 1998.

19 5. Scottsdale Cigar Company, Inc. (hereinafter "Scottsdale")
20 was a corporation headquartered in Scottsdale, Arizona. The
21 purported business purpose of Scottsdale was to distribute
22 moderately-priced cigars to grocery and convenience store chains,
23 such as Albertson's and Circle K. Scottsdale issued stock that
24 traded on the NASDAQ Bulletin Board under the stock symbol "SDCC"
25 for \$5.00 (five dollars) or less per share.

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1 6. The Oregon Division of Finance and Corporate Securities has
2 no record of securities registration for Scottsdale.

3 7. On or about November 12, 1997, November 13, 1997, January
4 28, 1998, and February 4, 1998, Savasta, while working at Centex,
5 offered and sold shares of Scottsdale to Mike Renshaw,
6 (hereinafter, "Renshaw"), a resident of Salem, Oregon.

7 8. Savasta was not licensed to sell securities in Oregon for
8 Centex until June 2, 1998.

9 9. When Savasta sold the shares to Renshaw, Savasta instructed
10 Renshaw to use a California mailing address because it was not
11 legal for Savasta to sell the stock in Oregon. Renshaw responded
12 that he did not want to do anything illegal. Savasta assured
13 Renshaw that there would be no problem if he used a California
14 mailing address. Renshaw gave Savasta his brother-in-law's
15 address.

16 10. On or about November 26, 1997, Savasta offered and sold
17 shares of Scottsdale to James Reimann, (hereinafter "Reimann"), as
18 a resident of Keizer, Oregon.

19 11. Savasta represented to Renshaw and Reimann that
20 Scottsdale was a "a sure deal" or "a sure thing" and the stock
21 price was certain to increase.

22 12. Savasta failed to disclose to Renshaw and Reimann that
23 Scottsdale is a penny stock, and Savasta failed to provide Renshaw
24 and Reimann with required penny stock risk disclosures.

25 13. Savasta failed to disclose to Renshaw and Reimann that
26 Scottsdale has never been registered for sale in Oregon.



1 14. Savasta failed to provide Renshaw and Reimann with a
2 prospectus for Scottsdale.

3 15. Savasta failed to disclose to Renshaw and Reimann that
4 Savasta was not licensed to sell securities in Oregon.

5 16. The Centex trading records list Toth as the registered
6 representative for the sales of Scottsdale stock to Renshaw and
7 Reimann, when in fact, it was Savasta who effected those
8 transactions.

9 17. On or about December 4, 1997, Worrell, while employed by
10 Centex, offered and sold shares of Scottsdale stock to Charles
11 Blatt, (hereinafter, "Blatt"), a resident of Tualatin, Oregon.

12 18. Worrell was not licensed to sell securities in Oregon for
13 Centex until June 2, 1998.

14 19. Worrell placed cold calls to Blatt and represented to
15 Blatt that Scottsdale stock was expected to increase in value by
16 40% (forty percent) or more within six to eight weeks.

17 20. Worrell failed to disclose to Blatt that Scottsdale is a
18 penny stock, and Worrell failed to provide Blatt with required
19 penny stock risk disclosures.

20 21. Worrell failed to disclose to Blatt that Scottsdale has
21 never been registered for sale in Oregon.

22 22. Worrell failed to provide Blatt with a prospectus for
23 Scottsdale.

24 23. Worrell failed to disclose to Blatt that Worrell was not
25 licensed to sell securities in Oregon.

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1 7. Centex Securities, Inc., Robert Frank Toth, Frank M.
2 Savasta and Peter Jason Worrell, by listing Robert Frank Toth as
3 the registered representative for the sales of stock in Scottsdale
4 Cigar Company, Inc. when Frank M. Savasta and Peter Jason Worrell
5 actually effected those transactions, engaged in an act, practice
6 or course of business that operated as a fraud or deceit upon
7 Michael Renshaw, James Reimann, Charles Blatt, and the State of
8 Oregon, in violation of ORS 59.135(3).

9 8. In connection with the offer and sale of stock in
10 Scottsdale Cigar Company, Inc. to Oregon investor Charles Blatt,
11 Peter Jason Worrell omitted to state material facts, by failing to
12 disclose that Scottsdale Cigar Company, Inc. was a penny stock,
13 failing to provide required penny stock risk disclosures, failing
14 to provide a prospectus, failing to disclose that Peter Jason
15 Worrell was not licensed to sell securities in Oregon, in violation
16 of ORS 59.135(2).

17 9. In connection with the offer and sale of stock in
18 Scottsdale Cigar Company, Inc. to Oregon investors Michael Renshaw
19 and James Reimann, Frank M. Savasta made untrue statements of
20 material fact and omitted to state material facts, by representing
21 that the stock was "a sure thing" and the stock price was certain
22 to increase, failing to disclose that Scottsdale Cigar Company,
23 Inc. was a penny stock, failing to provide required penny stock
24 risk disclosures, failing to provide a prospectus, failing to
25 disclose that the stock has never been registered for sale in
26 Oregon, and failing to disclose that Frank M. Savasta was not

1 licensed to sell securities in Oregon, in violation of ORS
2 59.135(2).

3 **ORDER**

4 **NOW, THEREFORE, THE DIRECTOR ISSUES THE FOLLOWING ORDERS:**

5 1. Respondent Peter Jason Worrell is **ORDERED TO CEASE AND**
6 **DESIST** from:

7 a. Transacting business as a securities salesperson in
8 the State of Oregon in violation of ORS 59.165(1).

9 b. Making any untrue statements of a material fact or
10 omitting to state a material fact necessary in order
11 to make the statements made, in light of the
12 circumstances under which they are made, not
13 misleading, pursuant to ORS 59.135(2).

14 c. Engaging in any act, practice or course of business
15 which operates or would operate as a fraud or deceit
16 upon any person, in connection with the purchase or
17 sale of any security, pursuant to ORS 59.135(3).

18 d. Violating any of the provisions of ORS Chapter 59
19 and Oregon Administrative Rules Chapter 441.

20 2. Pursuant to ORS 59.045, Respondent Peter Jason Worrell is
21 **DENIED** the use of any exemptions that would otherwise be available
22 to him under ORS 59.025 and 59.035, concerning securities exempt
23 from registration and securities transactions exempt from
24 registration, respectively.

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1 3. Respondent Peter Jason Worrell is permanently **DENIED** the
2 right to apply for any securities license or registration in
3 Oregon.

4 4. Pursuant to the authority of ORS 59.995, the DIRECTOR
5 hereby **ASSESSES** a **CIVIL PENALTY** in the amount of \$15,000 (fifteen
6 thousand dollars), (five thousand dollars for each of the
7 violations in the conclusions of law), against Respondent Peter
8 Jason Worrell, the payment of \$10,000 (ten thousand dollars) of
9 which is suspended so long as Respondent Peter Jason Worrell is in
10 full compliance with all terms of this Cease and Desist Order;
11 **PROVIDED HOWEVER**, that the suspended portion of the this penalty
12 will be immediately due and payable upon a determination by the
13 Director that Respondent Peter Jason Worrell has violated any term
14 of this order, or any provisions of ORS Chapter 59 and Oregon
15 Administrative Rules Chapter 441. Respondent Peter Jason Worrell
16 will pay \$2,000 (two thousand dollars) of the civil penalty at the
17 time of execution of this Order, and will pay the remaining \$3,000
18 (three thousand dollars) of the due and payable civil penalty in
19 monthly installments of no less than \$300.00 (three hundred
20 dollars) beginning the first month following the date of execution
21 of this Order. Payments will be due on or before the tenth day of
22 each month. If Respondent Peter Jason Worrell fails to comply with
23 the payment schedule, is late with a monthly payment, or skips a
24 monthly payment, then the entire unpaid portion of the civil
25 penalty, including but not limited to, the \$10,000 (ten thousand
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1 dollars) suspended portion of the civil penalty, will become
2 immediately due and payable.

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

5 Dated this _____ day of May, 2001 at Salem, Oregon.

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MARY C. NEIDIG, DIRECTOR
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES

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CONSENT OF PETER JASON WORRELL TO ENTRY OF ORDER

10 I, Peter Jason Worrell, state that I am a resident of the
11 state of New York; that I have read the foregoing Order and that I
12 know and fully understand the contents hereof; that I have been
13 advised on my right to a hearing, and that I am represented by
14 counsel in this matter; that without admitting or denying the
15 factual allegations herein, I voluntarily consent to the entry of
16 this Order without any force or duress, expressly waiving any right
17 to a hearing in this matter; that I understand that the Director
18 reserves the right to take further actions against me to enforce
19 this Order or to take appropriate action upon discovery of other

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Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387



1 violations of the Oregon Securities Law by me; and that I will
2 fully comply with the terms and conditions stated herein.

3 I understand that this Consent Order is a public document.

4 Dated this _____ day of _____, 2001.

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PETER JASON WORRELL

8 SUBSCRIBED AND SWORN before me this ____ day of _____, 2001.

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(Printed name of Notary Public)

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14 NOTARY PUBLIC for State of: _____

15 My commission expires: _____

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