

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
 5 BUSINESS SERVICES

In the Matter of:	)	A-01-0033(B)
)	
MAGELLAN SECURITIES, INC.,	)	ORDER TO CEASE AND DESIST
TERRY MICHAEL LAYMON, and	)	ORDER ASSESSING CIVIL PENALTY
DENNIS LEROY DUNN,	)	ORDER DENYING EXEMPTIONS
	)	ORDER SUSPENDING SECURITIES
Respondents.	)	SALESPERSON LICENSE OF
	)	DENNIS LEROY DUNN
	)	and
	)	CONSENT TO ENTRY OF ORDER
	)	AS TO DENNIS LEROY DUNN

12 WHEREAS the Director of the Department of Consumer and
 13 Business Services for the State of Oregon (the Director) has
 14 conducted an investigation of certain securities activities
 15 conducted by Magellan Securities, Inc, Terry Michael Laymon, and
 16 Dennis Leroy Dunn, and the Director has determined that Dennis
 17 Leroy Dunn offered and sold securities in the State of Oregon in
 18 violation of the Oregon Securities Law;

19 WHEREAS Dennis Leroy Dunn wishes to resolve and settle this
 20 matter with the Director:

21 NOW THEREFORE, as evidenced by the authorized signature
 22 subscribed on this Order, Dennis Leroy Dunn, without admitting
 23 or denying the factual allegations herein, hereby **CONSENTS** to
 24 entry of this Order to Cease and Desist upon the Director's
 25 Findings of Fact and Conclusions of Law as stated hereinafter.

26 //

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1 **FINDINGS OF FACT**

2 The Director **FINDS** that:

3 1. Magellan Securities, Inc. (hereinafter, "Magellan") is a
4
5 broker-dealer firm with a principal place of business located at
6 20610 Harper Avenue, Harper Woods, MI 48225. Magellan became
7 licensed in the State of Oregon on January 30, 1997. The CRD
8 number for Magellan is #15986.

9 2. Terry Michael Laymon (hereinafter, "Laymon") is the
10 president and the Series 24 general securities principal of
11 Magellan. Laymon became licensed in Oregon to work for Magellan
12 on January 30, 1997. The CRD number for Laymon is #304342.
13 Laymon is solely responsible for monitoring and supervising the
14 securities activities of all of Magellan's securities
15 salespersons, including Dennis Leroy Dunn.

16 3. Dennis Leroy Dunn (hereinafter "Dunn") is a securities
17 salesperson who became licensed in Oregon to work for Magellan
18 on February 12, 1997. The CRD number for Dunn is #1606413.

19 4. Dunn is also an attorney who is licensed to practice
20 law in Oregon. The Oregon State Bar number for Dunn is #86183.

21 The focus of Dunn's law practice is estate planning. Dunn
22 operates his securities business at his law office, which is
23 located at 780 Commercial St. SE #305, Salem, Oregon 97301. By
24 his own estimate, more than 65 percent of Dunn's securities
25 clients are also his legal clients.

26 5. Generally, Dunn did not tell his legal clients, until

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1 after he set up trusts for them, that he also sells securities
2 on commission. Dunn failed to disclose his dual capacity as
3 both an attorney and a securities salesperson working on
4 commission at the outset of his meetings with legal clients.

5 6. On February 14, 1995, the Oregon Division of Finance and
6
7 Corporate Securities sent a letter of caution to Dunn. The
8 letter put Dunn on notice that he needs to clearly disclose to
9 his clients his commissions for any securities transactions and
10 his dual role as an attorney and as a securities salesperson
11 working for a broker-dealer on commission. The letter followed
12 an investigation of a securities complaint filed against Mr.
13 Dunn.

14 7. First Fidelity Acceptance Corp. (hereinafter, "FFAC")
15 was incorporated in Nevada on October 3, 1988. The principal
16 place of business for FFAC was Plano, Texas. The purported
17 business purpose of FFAC was to buy automobile retail
18 installment sales contracts ("Autoloans") through a nationwide
19 network of factory-authorized automobile dealers. FFAC
20 purportedly entered into agreements with dealers to purchase
21 Autoloans made to borrowers of marginal creditworthiness. The
22 Autoloans were purportedly collateralized by automobiles and
23 light trucks and insured by various insurance companies against
24 loss of principal and interest and against vehicle collateral
25 loss or damage.

26 8. FFAC issued stock that traded on the NASDAQ Bulletin

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1 Board under the stock symbol "FFAC". At all times relevant to
2 this Order, the price of the stock was less than one dollar per
3 share.

4 9. Dunn became a director of FFAC in May of 1998. A Nevada
5
6 Secretary of State record lists Dunn as corporate secretary of
7 FFAC.

8 10. The Oregon Division of Finance and Corporate
9 Securities issued an order of securities registration for FFAC
10 Auto Receivables Corporation on August 19, 1996. The order
11 pertained to a \$400,000 Regulation D offering of trust
12 certificates for sale in Oregon. The registration expired on
13 August 19, 1997, and it was not renewed.

14 11. The Oregon Division of Finance and Corporate
15 Securities has no record of securities registration for any
16 shares of stock or loan pool interests issued by FFAC or Dunn.

17 12. Between February 1997 and February 1998, Dunn, while
18 working at Magellan, offered and sold a total of 1,056,496
19 shares of stock issued by FFAC for a total of \$317,730.80 to at
20 least 33 Oregon investors. Dunn paid \$275,111.56 for those
21 shares, generating a profit for Dunn of \$42,619.24, or 15.5%.

22 The maximum commission allowed under NASD rules is 5% per
23 transaction. In some cases, Dunn marked up the transactions
24 considerably more than 5%.

25 13. Dunn sold some of the shares of FFAC stock from his
26

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1 own inventory of FFAC stock that he stored at his office. At
2 other times, Dunn filled orders for FFAC stock by using a market
3 maker. He bought those shares in his name, through his personal
4
5 securities account at another brokerage firm.

6 14. Regardless of whether Dunn distributed shares of FFAC
7 stock from his own inventory, or whether he bought the FFAC
8 shares from a market maker, Dunn sent FFAC stock certificates
9 issued in his name to a transfer agent with instructions to
10 split up and reissue shares in his clients' names.

11 15. Dunn represented to customers that he charged 5%
12 commissions for the sale of shares of FFAC stock. In fact, Dunn
13 later admitted that he overcharged his customers by
14 approximately \$12,000. Dunn failed to return the difference to
15 investors until the detection and intervention by the Oregon
16 Division of Finance and Corporate Securities.

17 16. Dunn failed to disclose to some Oregon investors that
18 he charged commissions in excess of 5% on some FFAC stock
19 transactions.

20 17. Dunn filled out a Magellan "buy" ticket for each
21 transaction, even though he sold some of the shares from his own
22 inventory of FFAC stock that he kept at his office, and other
23 transactions were accomplished using a market maker. Magellan
24 neither charged nor received any commissions for the FFAC stock
25 transactions.

26 18. Dunn failed to provide broker-dealer confirmations of

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1 the transactions to the investors. Instead, he sent letters,
2 which omitted some material information (such as actual mark-up
3 and market maker transactions) that broker-dealer confirmations
4 are required to disclose.

5 19. During April and May of 1998, Dunn, while employed by
6 Magellan, offered and sold interests in at least three different
7 FFAC loan portfolios. Dunn offered and sold loan pool interests
8 to a total of at least 16 Oregon investors for a total of at
9 least \$379,893. Some of the buyers were not accredited
10 investors.

11 20. Dunn represented to some investors that he organized
12 the loan pool transactions as an attorney, and not as a
13 securities salesperson for Magellan. Nevertheless, Dunn filled
14 out Magellan order tickets for the loan pool transactions.
15 Magellan and Laymon charged no commissions in connection with
16 the loan pool transactions.

17 21. Dunn generally charged commissions of 5% in connection
18 with the loan pool transactions. In addition to those
19 commissions, Dunn retained at least one Autoloan in an FFAC loan
20 pool as part of his compensation. Dunn's commissions for the
21 loan pool transactions total at least \$14,732.

22
23 22. Dunn became a director of FFAC in May of 1998, before
24 he sold some loan pool interests to some Oregon investors. Dunn
25 failed to disclose to some investors that he was a major
26

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1 shareholder and director of FFAC, in addition to selling the
2 securities.

3 23. Dunn failed to disclose to some investors that the
4 shares of FFAC stock and the loan pool interests are not
5 registered securities in Oregon.

6 24. Dunn failed to obtain prior written approval from
7 Laymon and Magellan before he offered and sold some of the
8 securities issued by FFAC. Instead, Dunn was "selling away",
9 self-clearing some of the transactions, and self-dealing, by
10 charging undisclosed, excess commissions, failing to disclose to
11 some customers that he was a major shareholder and director of
12 FFAC, failing to use reasonable diligence to ascertain the best
13 inter-dealer market for the subject security, and failing to buy
14 and sell in such market so that the resultant price to the
15 customer is favorable as possible under prevailing market
16 conditions.

17 25. Some of the investors paid for their shares of FFAC
18 stock by check payable to "Dennis Dunn." Dunn deposited those
19 investors' funds into his law firm's operations account. Dunn
20 also deposited legal fees into the same account.

21 26. Dunn used some investors' funds to purchase shares of
22 FFAC stock in his own name, through his personal brokerage
23 account outside of Magellan, and only later had the certificates
24 re-issued in the investors' names.

25 27. The letterhead that Dunn used in connection with FFAC
26

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1 stock transactions with his clients contains a representation of
2 membership in SIPC. SIPC is a non-profit corporation that
3 protects investors' funds in the event that a licensed broker-
4 firm becomes insolvent. SIPC only protects investors' funds
5 that are held by a licensed broker-dealer firm. Magellan is
6 both a licensed broker-dealer firm and it is a member of SIPC.
7 Dunn is neither.

8 28. Dunn placed some investors' funds in jeopardy because
9 he deposited the investors' funds into Dunn's law firm's
10 account, as opposed to a licensed broker-dealer's special
11 reserve bank account exclusively for the benefit of customers.
12 Dunn failed to disclose to investors that neither the SIPC, nor
13 Dunn's legal malpractice insurance, protected the investors'
14 funds that he deposited into his law firm's bank account.
15 Dunn's legal malpractice insurance does not cover claims
16 relating to investment advice.

17 29. Dunn invested some of his own funds in FFAC common
18 stock and interests in the loan pools. Dunn has referred to
19 himself as a "major shareholder" in FFAC, and he has referred to
20 FFAC as "my little company".

21 30. Dunn failed to provide "penny stock" risk disclosures
22 to Oregon investors who bought FFAC stock from him, even though
23 the stock price for FFAC was less than one dollar per share at
24 all times relevant to this Order.

25 31. Dunn disregarded red flags concerning the financial
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1 soundness of FFAC, and he continued to promote and sell
2 securities issued by FFAC even after he knew, in August of 1997,
3 that FFAC was late in issuing financial reports required by the
4 United States Securities and Exchange Commission, and he knew
5 that FFAC was the subject of pending litigation. Nevertheless,
6 Dunn sent letters to some Oregon investors in August of 1997,
7 including Diane Hammock, that emphasized a projected expansion
8 of FFAC and stated that "All of this information bodes well for
9 our little company. If you don't have too many shares already,
10 I would encourage you to make an additional investment in First
11 Fidelity and to tell your friends about this opportunity."

12 32. Dunn failed to disclose to investors who bought FFAC
13 loan pool interests from him that FFAC needed to sell the loan
14 pools to gain a quick infusion of cash, because the former
15 president of FFAC, Richard Tucker, had misappropriated the
16 earlier investors' funds and lost the funding source for FFAC
17 loans by August of 1997. Consequently, FFAC badly needed
18 additional capital to meet its operating expenses.

19 33. Dunn offered and sold FFAC trust certificates to Garey
20 and Jo Ann Consentino. When FFAC was more than two months late
21 in repaying the principal to the investors, Dunn repurchased the
22 Consentino's trust certificates. The Oregon Securities Law and
23 the Magellan compliance manual prohibit securities salespersons
24 from guaranteeing returns on investments. Magellan's compliance
25 manual states: "Under no circumstances is an account executive
26

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1 to . . . agree to repurchase any security from any customer at
2 any time, under any condition whatsoever, or to guarantee any
3 customer against losses in his account" Dunn did not
4 obtain written approval from Laymon or Magellan prior to re-
5 purchasing the Consentino's FFAC trust certificates.

6 34. Magellan's' compliance manual and Oregon securities
7 regulations require annual on-site audits of all branch offices.
8 Dunn became licensed to work for Magellan on February 12, 1997,
9 but Laymon failed to conduct an on-site audit of Dunn's office
10 prior to February 5, 1999.

11 35. Laymon completed a written evaluation of Dunn that is
12 dated August 15, 1997. The evaluation refers to a "Most Recent
13 Internal Audit" and contains the remark, "Great files." In
14 reality, Laymon did not conduct the evaluation on-site, and he
15 did not inspect Dunn's files.

16 36. Laymon has admitted that he failed to reasonably
17 supervise Dunn. Laymon failed to follow the standards set forth
18 in the Magellan compliance manual regarding periodic review of
19 transactions and correspondence of all of the securities
20 salespersons. Consequently, Laymon and Magellan failed to
21 prevent or detect Dunn's wrongdoing.

22 37. Laymon testified that he was solely responsible for
23 the monitoring and supervision of at least twenty registered
24 representatives, but he spent approximately 20% of his time
25 performing his supervisory duties. Laymon stated that he spent
26 two to three hours per month reviewing the registered

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1 representatives' correspondence and securities transaction
2 records.

3 38. Laymon either ignored or acquiesced to Dunn's
4 securities activities, even when they clearly violated
5 Magellan's compliance requirements and securities regulations.
6 Laymon failed to review and initial Dunn's correspondence
7 concerning FFAC securities transactions. Laymon failed to
8 monitor Dunn's outside brokerage accounts and transfer agent
9 activity. Laymon failed to enforce penny stock risk disclosure
10 requirements when Dunn failed to provide those disclosures to
11 the investors who bought FFAC stock from Dunn. Laymon failed to
12 independently verify that Dunn's books and records were
13 truthful, complete, and correct.

14 CONCLUSIONS OF LAW

15 The Director **CONCLUDES** that:

16 1. The shares of stock issued by First Fidelity Acceptance
17 Corp. (hereinafter, FFAC) are "securities" under ORS
18 59.015(19) (a) (1999).

19 2. The FFAC loan pool interests that Dennis Leroy Dunn
20 offered and sold to Oregon investors are "securities" under ORS
21 59.015(19) (a).

22 3. The FFAC trust certificates that Dennis Leroy Dunn
23 offered and sold to Oregon investors are "securities" under ORS
24 59.015(19) (a).

25 4. Magellan Securities, Inc. and Terry Michael Laymon
26



1 failed to diligently supervise the securities activities of an
2 associated person, Dennis Leroy Dunn, in violation of OAR 441-
3 205-0210(1) (2000).

4 5. Magellan Securities, Inc. and Terry Michael Laymon
5 failed to establish, maintain or enforce adequate written
6 procedures to detect and prevent irregularities or abuses,
7 including sales of unregistered securities, in violation of OAR
8 441-205-0210(3). Magellan Securities, Inc. and Terry Michael
9 Laymon failed to promptly and frequently review and approve, in
10 writing, all securities transactions by associated persons and
11 all correspondence pertaining to the solicitation or execution
12 of all securities transactions by associated persons.

13 6. Pursuant to ORS 59.115 and ORS 59.215, Magellan
14 Securities, Inc. and Terry Michael Laymon are liable for Dennis
15 Leroy Dunn's willful and repeated offers and sales of
16 unregistered securities issued by FFAC, in violation of ORS
17 59.055.

18 7. Pursuant to ORS 59.115 and ORS 59.215, Magellan
19 Securities, Inc. and Terry Michael Laymon are liable for Dennis
20 Leroy Dunn's failure to provide customers with confirmations
21 regarding the purchase of FFAC securities, in violation of OAR
22 441-205-0030.

23 8. Pursuant to ORS 59.115 and ORS 59.215, Magellan
24 Securities, Inc. and Terry Michael Laymon are liable for Dennis
25 Leroy Dunn's failure to disclose his control capacity as a major
26

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1 shareholder and director of FFAC to some Oregon investors, in
2 violation of OAR 441-205-0040.

3 9. The shares of FFAC stock and the FFAC loan pool
4 interests that Dennis Leroy Dunn offered and sold to Oregon
5 investors were not registered securities under ORS Chapter 59
6 and OAR chapter 441.

7 10. Dennis Leroy Dunn sold unregistered securities,
8 including shares of stock issued by FFAC and interests in FFAC
9 loan pools, to Oregon investors, in violation of ORS 59.055.

10 11. Dennis Leroy Dunn acted as a securities "salesperson"
11 as defined in ORS 59.015(18) (a), by representing a broker-
12 dealer, issuer or owner of securities in effecting transactions
13 in securities.

14 12. In connection with the offer and sale of interests in
15 FFAC loan pools, Dennis Leroy Dunn transacted business in Oregon
16 as a securities salesperson without a license, in violation of
17 ORS 59.165. Dunn represented to some Oregon investors that he
18 organized the loan pool transactions as an attorney, and not as
19 a securities salesperson for Magellan.

20 13. Dennis Leroy Dunn acted as a "broker-dealer" as
21 defined in ORS 59.015(1), in effecting transactions in
22 securities for the account of others or for his personal account
23 when he sold FFAC stock from his personal inventory to Oregon
24 investors and self-cleared the transactions without effecting
25 the trades through Magellan and a clearing firm.

26

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1 14. In connection with the offer and sale of shares of
2 stock in FFAC, and in connection with the offer and sale of
3 interests in FFAC loan pools, Dennis Leroy Dunn transacted
4 business in Oregon as an unlicensed broker-dealer, in violation
5 of ORS 59.165.

6 15. Dennis Leroy Dunn, by buying, selling and re-issuing
7 securities issued by FFAC, with undisclosed, excessive mark-ups
8 and self-dealing, engaged in an act, practice or course of
9 business that operated as a fraud or deceit upon the investors
10 and the State of Oregon, in violation of ORS 59.135(3).

11 16. In connection with the offer and sale of shares of
12 stock and loan pool interests issued by FFAC, Dennis Leroy Dunn
13 omitted to disclose the following material facts to some Oregon
14 investors, in violation of ORS 59.135(2): (1) FFAC stock and
15 loan pool interests were not registered securities in Oregon; (2)
16 FFAC was a penny stock, and Dunn failed to provide investors
17 with required penny stock risk disclosures; (3) Dunn was a major
18 shareholder and director of FFAC; (4) Dunn failed to keep
19 accurate books and records of FFAC securities transactions by
20 using Magellan "buy" trade tickets for securities transactions
21 that were not executed by Magellan, but in fact were executed
22 from Dunn's personal inventory or his own brokerage accounts;
23 (5) Dunn was selling some of his own shares of FFAC at the same
24 time he was recommending that his clients invest in FFAC; (6)
25 FFAC needed to sell the loan pools because funds from earlier
26 investors had been misappropriated, FFAC lost the funding source

1 for its loans in August of 1997, and consequently, FFAC badly
2 needed additional capital to meet its operating expenses; (7)
3 Dunn used investor funds, which he sometimes collected by check
4 payable to "Dennis Dunn", to purchase shares of FFAC stock in
5 his name, and only later had the shares reissued in the
6 investor's name; (8) Dunn was "selling away" and self-clearing
7 some of the FFAC investments, instead of obtaining Laymon and
8 Magellan's prior written approval and effecting the transactions
9 through Magellan; (9) Dunn failed to adequately disclose his
10 dual role as an attorney and a securities salesperson working on
11 commission, at the outset of his meetings with legal clients;
12 (10) Dunn disregarded red flags about the operations of FFAC and
13 continued to promote and sell securities issued by FFAC to
14 Oregon investors even when he knew that FFAC had overdue
15 financial reports and a pending lawsuit; (11) Dunn engaged in
16 self-dealing and charged commissions on some FFAC stock
17 transactions in excess of 5%; (12) Dunn commingled the
18 investors' funds with his law firm's operations account, which
19 also contained legal fees, and therefore, those client funds
20 were placed at risk and were not subject to the same protection
21 as funds held by NASD-authorized broker-dealer accounts; (13)
22 Dunn failed to deposit some Oregon investors' funds into a
23 special reserve bank account for the exclusive benefit of
24 investors, as required of broker-dealers; and (14) Neither
25 Dunn's legal malpractice nor SIPC protected investors' funds
26 that were deposited into Dunn's law firm bank account.

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1 17. Dennis Leroy Dunn, when acting as an unlicensed
2 broker-dealer, failed to disclose to some Oregon investors his
3 control capacity as a major shareholder and director of the
4 issuer of securities, FFAC, in violation of OAR 441-205-0040.

5 18. Dennis Leroy Dunn engaged in a "manipulative,
6 deceptive, or other fraudulent actor of practice," as defined by
7 ORS 59.205(2), OAR 441-205-0010, 441-205-0020, and OAR 441-205-
8 0130, by:

9 (1) failing to use reasonable diligence to ascertain
10 the best inter-dealer market for the FFAC securities and buy and
11 sell in such market so that the resultant price to the customer
12 is as favorable as possible under prevailing market conditions,
13 in violation of OAR 441-205-0130(4);

14 (2) guaranteeing customers Garey and JoAn Consentino
15 against loss in their securities account, in violation of OAR
16 441-205-0130(10); and

17 (3) sharing directly or indirectly in the profits or
18 losses in any account of a customer, in violation of OAR 441-
19 205-0130(11).

20 19. Dennis Leroy Dunn has willfully or repeatedly violated
21
22 provisions of the Oregon Securities Law, pursuant to ORS
23 59.205(3), by failing to provide timely and accurate disclosure
24 to Oregon investors, concerning Dunn's commissions on securities
25 transactions and his dual roles as attorney and securities
26 salesperson, in spite of the fact that the Oregon Division of

1 Finance and Corporate Securities issued a letter of caution to
2 Dunn regarding this conduct in 1995.

3 **ORDER**

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

5 1. Respondent Dennis Leroy Dunn is **ORDERED TO CEASE AND**
6 **DESIST** from:

7 a. Offering or selling unregistered securities in
8 the State of Oregon, in violation of ORS 59.055.

9 b. Transacting business in Oregon as a securities
10 salesperson without a license, in violation of ORS 59.165(1).

11 c. Transacting business in Oregon as an unlicensed
12 broker-dealer, in violation of ORS 59.165(1).

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

17 e. Making any untrue statements of a material fact
18 or omitting to state a material fact necessary in order to make
19 the statements made, in light of the circumstances under which
20 they are made, not misleading, pursuant to ORS 59.135(2).

21 f. Failing to disclose to any customer the control
22 capacity of the broker-dealer over an issuer of any security, in
23 violation of OAR 441-205-0040.

24 g. Engaging in dishonest, fraudulent or illegal
25 practices or conduct in any business or profession or unfair or
26 unethical practices or conduct in connection with the purchase

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1 or sale of any security, as defined by ORS 59.205(2), OAR 441-
2 205-0010 to OAR 441-205-0210, including but not limited to,
3 failing to provide complete written confirmations to investors
4 in compliance with OAR 441-205-0030; failing to disclose control
5 capacity over an issuer of any security, pursuant to OAR 441-
6 205-0040; failing to use reasonable diligence to ascertain the
7 best inter-dealer market for the subject security and buy and
8 sell in such market so that the resultant price to the customer
9 is favorable and possible under prevailing market conditions,
10 pursuant to OAR 441-205-0130(4); guaranteeing a customer against
11 loss in any securities account of such customer carried by a
12 broker-dealer or in any securities transaction effected by the
13 broker-dealer with or for such customers, pursuant to OAR 441-
14 205-0130(10); sharing directly or indirectly in the profits or
15 losses in any account of a customer carried by the broker-
16 dealer, without prior written authorization from the broker-
17 dealer carrying the account, pursuant to OAR 441-205-0130(11).

18 h. Willfully or repeatedly violating or failing to
19 comply with any provision of the Oregon Securities Law, pursuant
20 to ORS 59.205(3).

21 i. Violating any of the provisions of ORS Chapter 59
22
23 and Oregon Administrative Rules Chapter 441.

24 2. Pursuant to ORS 59.045, Respondent Dennis Leroy Dunn
25 is **DENIED** the use of any exemptions that would otherwise be
26 available to him under ORS 59.025 and 59.035, concerning

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1 securities and transactions exempt from the registration
2 requirements of the Oregon Securities Law.

3 3. Pursuant to ORS 59.205, the Director **ORDERS** the
4 following action: The securities salesperson license of Dennis
5 Leroy Dunn is hereby **SUSPENDED** for a period of two years from
6 November 19, 2001. Respondent Dunn shall submit an application
7 for withdrawal of salesperson license (form U-5) no later than
8 December 31, 2001. Respondent Dunn will not apply to be
9 licensed as a securities salesperson or apply for any other
10 securities license in the State of Oregon for two years from
11 November 19, 2001. After two years, Dunn may apply for a
12 securities salesperson license in Oregon, but only in a non-
13 supervisory capacity. Prior to applying for a securities
14 salesperson license in Oregon, Respondent Dunn must: (1) re-
15 qualify for both the Series 7 and the Series 63
16 examinations; and (2) pay in full all civil penalties assessed
17 against him by the Director.

18 4. Pursuant to the authority of ORS 59.995, the DIRECTOR
19 hereby **ASSESSES** a **CIVIL PENALTY** in the amount of \$40,000 (forty
20 thousand dollars), (five thousand dollars for each of the
21 violations in the conclusions of law), against Respondent Dennis
22 Leroy Dunn, payment of \$30,000 (thirty thousand dollars) of
23 which is suspended so long as Respondent Dennis Leroy Dunn fully
24 complies with all terms of this Order; **PROVIDED HOWEVER**, that
25 the suspended portion of this penalty will be immediately due
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1 and payable upon a determination by the Director that Respondent
2 Dennis Leroy Dunn has violated any term of this Order, or any
3 provision of ORS Chapter 59 or Oregon Administrative Rules
4 Chapter 441. Respondent Dennis Leroy Dunn will pay \$5,000 (five
5 thousand dollars) of the civil penalty at the time of execution
6 of this Order, and he will pay \$5,000 (five thousand dollars)
7 of the civil penalty in monthly installments of no less than
8 \$200.00 (two hundred dollars) beginning in January 2002. The
9 final payment will be paid no later than December 10, 2003. The
10 payments will be due on or before the tenth day of each month.

11 Restitution

12 Respondent Dennis Leroy Dunn is **ORDERED** to pay a total of
13 \$30,000 (thirty thousand dollars) in restitution, on a pro rata
14 basis, to all investors listed on "Exhibit A" attached hereto
15 and incorporated within this Order. Respondent Dennis Leroy
16 Dunn will pay the restitution no later than December 31, 2001.
17 Respondent Dennis Leroy Dunn will provide a report to the
18 Director no later than January 31, 2002, showing amounts of
19 restitution paid to each investor, and including photocopies of
20 the all restitution checks disbursed. Respondent Dennis Leroy
21 Dunn will provide a second report to the Director no later than
22 February 15, 2002, including photocopies of the front and back
23 sides of all restitution checks after they have been canceled.
24 The \$30,000 restitution reflected in "Exhibit A" will be paid to
25 investors in addition to, not instead of, funds identified as
26 Trust Suit Payment, Received ALFI, Allan Suit Payment, Dunn

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3888
Telephone: (503) 378-4387



1 Payment, and Simon Settlement (Pending), as reflected in
2 "Exhibit B", attached hereto and incorporated within this Order.
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17 Failure to Comply with Restitution/Civil Penalty Terms

18 If Respondent Dennis Leroy Dunn fails to comply with the
19 civil penalty or restitution schedule, is late with a civil
20 penalty or restitution payment, skips a civil penalty or
21 restitution payment, or otherwise fails to comply with the civil
22 penalty or restitution requirements of this Order, then the
23 entire unpaid portion of the civil penalty, including, but not
24 limited to, the \$30,000 (thirty thousand dollars) suspended
25 portion of the civil penalty, will become immediately due and
26 payable.

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

3 Dated this _____ day of _____, 2001, at
4 Salem, Oregon.

5

6

7 **MARY C. NEIDIG, DIRECTOR**
8 **DEPARTMENT OF CONSUMER & BUSINESS SERVICES**
9 **STATE OF OREGON**

8

9

10 CONSENT OF DENNIS LEROY DUNN TO ENTRY OF ORDER

11 I, Dennis Leroy Dunn, state that I am a resident of the
12 state of Oregon; that I have read the foregoing Order and that I
13 know and fully understand the contents hereof; that I have been
14 advised of my right to a hearing, and that I am represented by
15 counsel in this matter; that without admitting or denying the
16 factual allegations herein, I voluntarily consent to the entry
17 of this Order without any force or duress, expressly waiving any
18 right to a hearing in this matter; that I understand that the
19 Director reserves the right to take further actions against me
20 to enforce this Order or to take appropriate action upon
21 discovery of other violations of the Oregon Securities Law by
22 me; and that I will fully comply with the terms and conditions
23 stated herein.

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

25 Dated this _____ day of _____, 2001.

26

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28 _____
29 **DENNIS LEROY DUNN**

30 ORDER TO CEASE AND DESIST WITH

Division of Finance and Corporate Securities
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350 Winter Street NE, Suite 410
Salem, OR 97301-388
Telephone: (503) 578-4387



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

(Printed name of Notary Public)

NOTARY PUBLIC for State of: _____
My commission expires: _____

Division of Finance and Corporate Securities
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350 Winter Street NE, Suite 410
Salem, OR 97301-3884
Telephone: (503) 578-4387

