

1 subscribed on this Order, Errol H. Schnider hereby **CONSENTS** to
2 entry of this Order to Cease and Desist upon the Director's
3 Findings of Fact and Conclusions of Law as stated hereinafter.

4 **FINDINGS OF FACT**

5 The Director **FINDS** that:

6 1. Arizona Metro Direct Information Services, Inc.,
7 (hereinafter, "**AMD OF NEVADA**"), was a telephone directory-
8 assistance company that was incorporated in Nevada on September
9 19, 1990. Its principal place of business was located at 5050
10 E. Washington #200, in Phoenix Arizona.

11 2. Arizona Metro Direct Information Service, Inc.,
12 (hereinafter, "**AMD OF ARIZONA-1**"), was a telephone directory-
13 assistance company that was incorporated in Arizona on December
14 27, 1990. Its principal place of business was located at 5050
15 E. Washington #200, in Phoenix, Arizona. The State of Arizona,
16 Corporation Commission, revoked the corporate status of AMD OF
17 ARIZONA-1 on September 10, 1991.

18 3. Arizona Metro Direct Information Services, Inc.,
19 (hereinafter, "**AMD OF ARIZONA-2**"), was a telephone directory-
20 assistance company that was incorporated in Arizona on July 9,
21 1992. Its principal place of business was located at 5050 E.
22 Washington #200, in Phoenix Arizona. The State of Arizona,
23 Corporation Commission, revoked the corporate status of AMD OF
24 ARIZONA-2 on June 10, 1993.

25 4. Errol H. Schnider ("Schnider") is a former employee of
26 the U.S. Bank branch in Madras, Juniper Banking Company, and the

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1 Jefferson County Co-op. Schnider was employed as the
2 controller, then the secretary/treasurer of AMD OF NEVADA from
3 approximately September 1991 to approximately June 1992. At the
4 times material to this Order, Schnider was president and CEO of
5 AMD OF ARIZONA-1 and AMD OF ARIZONA-2.

6 5. Schnider offered and sold shares of stock issued by
7 AMD OF NEVADA, AMD OF ARIZONA-1, and AMD OF ARIZONA-2 to a total
8 of at least 13 Oregon investors for a total of more than
9 \$400,000 between October 1991 and October 1992. Most of the
10 Oregon investors were not accredited.

11 6. Schnider was promised stock as compensation for his
12 work for AMD OF NEVADA, AMD OF ARIZONA-1, and AMD OF ARIZONA-2.
13 Schnider was hired to help sell stock in those entities, and he
14 did so. Most the Oregon investors who purchased stock from
15 Schnider first met him through his work at the bank or the co-
16 op.

17 7. Schnider is not, and has never been, licensed to sell
18 securities in Oregon.

19 8. Schnider failed to disclose to some Oregon investors
20 that he is not licensed to sell securities.

21 9. The securities that Schnider offered and sold to
22 Oregon investors were not registered with the Oregon Division of
23 Finance and Corporate Securities.

24 10. Schnider failed to disclose to some Oregon investors
25 that the stock he sold to them has never been registered for
26 sale in Oregon.

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1 11. Schnider represented to some Oregon investors that
2 their funds would be used to purchase the rights to operate a
3 telephone directory-assistance service in Arizona. Schnider
4 represented that the investor funds would be used to purchase
5 those rights from Metro One Telecommunications, Inc. ("Metro
6 One"), and to open a turn-key operation of Metro One in Arizona.
7 Metro One is a successful directory-assistance company,
8 headquartered in Portland, Oregon. Metro One was incorporated
9 in Oregon in 1989.

10 12. Schnider failed to disclose to some Oregon investors
11 the status, terms, and limitations of any franchise/licensing
12 agreements between the issuers and Metro One.

13 13. In connection with the sale of securities to Oregon
14 investors, Schnider failed to deliver promised stock
15 certificates to some Oregon investors who purchased shares of
16 AMD of Arizona-2 from him.

17 14. Metro One filed suit against AMD of Arizona-2 in
18 Maricopa County, Arizona, in 1993. The suit forced AMD of
19 Arizona-2 into receivership.

20 15. In connection with the sale of securities to Oregon
21 investors, Schnider failed to provide a prospectus and financial
22 statements to some investors, and he failed to adequately
23 disclose the risks of investment.

24 16. In connection with the sale of securities to Oregon
25 investors, Schnider misrepresented the return investors could
26 expect and failed to state the basis for his projections.

1 **CONCLUSIONS OF LAW**

2 The Director **CONCLUDES** that:

3 1. The stock issued by Arizona Metro Direct Information
4 Services, Inc., (a Nevada corporation), is a "security" under
5 ORS 59.015(19) (a) (1999) .

6 2. The stock issued by Arizona Metro Direct Information
7 Service, Inc., (an Arizona corporation), is a "security" under
8 ORS 59.015(19) (a) .

9 3. The stock issued by Arizona Metro Direct Information
10 Services, Inc., (an Arizona corporation), is a "security" under
11 ORS 59.015(19) (a) .

12 4. The offer and sale of stock in Arizona Metro Direct
13 Information Services, Inc., (a Nevada corporation); Arizona
14 Metro Direct Information Service, Inc., (an Arizona
15 corporation);and Arizona Metro Direct Information Services,
16 Inc., (an Arizona corporation), constitutes the offer and sale
17 of securities in violation of ORS 59.055;

18 5. Errol H. Schnider acted as a securities "salesperson"
19 as defined in ORS 59.015(18) (a), by representing issuers in
20 effecting transactions in securities to at least 13 Oregon
21 investors.

22 6. Schnider transacted business in Oregon as a securities
23 "salesperson" while not licensed in Oregon, in violation of ORS
24 59.165(1) .

25 7. Arizona Metro Direct Information Services, Inc., (a
26 Nevada corporation); Arizona Metro Direct Information Service,

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1 Inc., (an Arizona corporation);and Arizona Metro Direct
2 Information Services, Inc., (an Arizona corporation), employed
3 one or more unlicensed salesperson to act in Oregon, in
4 violation of ORS 59.165(3).

5 8. In connection with the offer and sale of stock to
6 Oregon investors, Errol H. Schnider omitted to state material
7 facts, in violation of ORS 59.135(2), by failing to adequately
8 disclose the risks of the investment; failing to provide a
9 prospectus and financial statements to some investors; failing
10 to disclose to some investors the status, terms and limitations
11 of any franchise/licensing agreements between the issuers and
12 Metro One; by failing to disclose that he would not deliver
13 promised stock certificates to some Oregon investors who
14 purchased shares of AMD of Arizona-2 from him; failing to
15 disclose that the stock was not a registered security in Oregon;
16 and failing to disclose that Schnider was not licensed to sell
17 securities in Oregon.

18 **ORDER**

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

20 1. Respondents Errol H. Schnider; Arizona Metro Direct
21 Information Services, Inc., (a Nevada corporation); Arizona
22 Metro Direct Information Service, Inc., (an Arizona
23 corporation);and Arizona Metro Direct Information Services,
24 Inc., (an Arizona corporation), are **ORDERED TO CEASE AND DESIST**
25 from:

26 a. Offering and selling unregistered securities in



1 the State of Oregon, in violation of ORS 59.055.

2 b. Transacting business as a securities salesperson,
3 and employing an unlicensed securities salesperson in the State
4 of Oregon, in violation of ORS 59.165.

5 c. Making any untrue statements of a material fact
6 or omitting to state a material fact necessary in order to make
7 the statements made, in light of the circumstances under which
8 they are made, not misleading, in violation of ORS 59.135(2).

9 d. Violating any of the provisions of ORS Chapter
10 59 and Oregon Administrative Rules Chapter 441.

11 2. Pursuant to ORS 59.045, Respondents are **DENIED** the use
12 of any exemptions that would otherwise be available to them
13 under ORS 59.025 and 59.035, concerning securities exempt from
14 registration and securities transactions exempt from
15 registration, respectively.

16 3. Respondents are permanently **DENIED** the right to apply
17 for any securities license or registration in Oregon.

18 4. Pursuant to the authority of ORS 59.995, the DIRECTOR
19 hereby **ASSESSES a CIVIL PENALTY** in the amount of \$30,000 (thirty
20 thousand dollars) against Respondents, jointly and severally,

21 the payment of \$17,500 (seventeen thousand five hundred dollars)
22 of which is suspended so long as Respondents are in full
23 compliance with all terms of this Cease and Desist Order;

24 **PROVIDED HOWEVER**, that the suspended portion of the this penalty
25 will be immediately due and payable upon a determination by the
26 Director that any Respondent has violated any term of this

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1 order, or any provision of ORS Chapter 59 and Oregon
2 Administrative Rules Chapter 441. Respondents will pay \$5,000
3 (five thousand dollars) of the civil penalty at the time of
4 execution of this Order, and will pay the remaining \$7,500
5 (seven thousand five hundred dollars) portion of the due and
6 payable civil penalty in monthly installments of no less than
7 \$625.00 (six hundred twenty-five dollars) beginning the first
8 month following the date of execution of this Order. Payments
9 will be due on or before the tenth day of each month. If
10 Respondents fail to comply with the payment schedule, are late
11 with a monthly payment, or skip a monthly payment, then the
12 entire unpaid portion of the civil penalty, including but not
13 limited to, the \$17,500 (seventeen thousand five hundred
14 dollars) suspended portion of the civil penalty, will become
15 immediately due and payable.

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

18 Dated this _____ day of _____, 2001 at Salem,
19 Oregon.

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

23
24 **CONSENT OF ERROL H. SCHNIDER TO ENTRY OF ORDER**

25 I, Errol H. Schnider, state that I am a resident of the
26 state of Oregon; that I have read the foregoing Order and that I



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

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

12 Dated this _____ day of _____, 2001.

13
14

15 _____
ERROL H. SCHNIDER

16
17 **SUBSCRIBED AND SWORN** before me this ____ day of _____,
18 2001.

19 _____

20 _____

21 _____
(Printed name of Notary Public)

22

23

24 **NOTARY PUBLIC** for State of: _____

25 My commission expires: _____

26 //

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1 Oregon Administrative Rules.

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

3 Dated this _____ day of _____, 2001.

4 By _____
5 (Signature of Officer)

6 _____
7 (Office Held)

8 **CORPORATE ACKNOWLEDGMENT**

9 There appeared before me this _____ day of _____, 2001
10 _____, who was first duly sworn on oath,
11 (name of affiant)
12 and stated that he was the _____ of AMD OF NEVADA
13 (title)
14 and that he is authorized and empowered to sign this Consent
15 to Entry of Order on behalf of AMD OF NEVADA and to bind AMD
16 OF NEVADA to the terms hereof.

17 _____
18 _____
19 _____
20 Printed Name of Notary Public

21 Notary Public for the State of: _____

22 My commission expires: _____

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23 **CORPORATE CONSENT TO ENTRY OF ORDER**
24 **Arizona Metro Direct Information Service, Inc.**
25 **(an Arizona corporation)**

26 I, Errol H. Schnider, state that I was an officer of
Arizona Metro Direct Information Service, Inc. (an Arizona

1 corporation), ("AMD OF ARIZONA-1"), and I am authorized to act
2 on its behalf; that I have read the foregoing Order and that I
3 know and fully understand the contents hereof; that I neither
4 admit nor deny that the factual allegations stated herein are
5 true and accurate; that AMD OF ARIZONA-1 voluntarily and without
6 any force or duress, consents to the entry of this Order without
7 further hearing, expressing waiving any right to a hearing in
8 this matter; that AMD OF ARIZONA-1 understands that the Director
9 reserved the right to take further actions to enforce this Order
10 or to take appropriate action upon discovery of other violations
11 of the Oregon Securities Law; and that AMD OF ARIZONA-1 will
12 fully comply with the terms and conditions stated herein.

13 AMD OF ARIZONA-1 further assures the Director that neither
14 AMD OF ARIZONA-1 nor its officers, directors, employees or
15 agents will effect securities transactions in Oregon unless such
16 activities are in full compliance with the terms of this Order
17 and with Chapter 59 of the Oregon Revised Statutes and Chapter
18 441 of the Oregon Administrative Rules.

19 I understand that this Consent Order is a public document.
20 Dated this _____ day of _____, 2001.

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21
22 By _____
(Signature of Officer)

23
24 _____
(Office Held)

25
26

1 **CORPORATE ACKNOWLEDGMENT**

2 There appeared before me this _____ day of _____, 2001
3 _____, who was first duly sworn on oath,
4 (name of affiant)
5 and stated that he was the _____ of AMD OF
6 (title)
7 ARIZONA-1 and that he is authorized and empowered to sign
8 this Consent to Entry of Order on behalf of AMD OF ARIZONA-1
9 and to bind AMD OF ARIZONA-1 to the terms hereof.

10 _____
11 _____
12 Printed Name of Notary Public

13 Notary Public for the State of: _____
14 My commission expires: _____

15 **CORPORATE CONSENT TO ENTRY OF ORDER**
16 **Arizona Metro Direct Information Services, Inc.**
17 **(an Arizona corporation)**

18 I, Errol H. Schnider, state that I was an officer of
19 Arizona Metro Direct Information Service, Inc. (an Arizona
20 corporation), ("AMD OF ARIZONA-2"), and I am authorized to act
21 on its behalf; that I have read the foregoing Order and that I
22 know and fully understand the contents hereof; that I neither
23 admit nor deny that the factual allegations stated herein are
24 true and accurate; that AMD OF ARIZONA-2 voluntarily and without
25 any force or duress, consents to the entry of this Order without
26 further hearing, expressing waiving any right to a hearing in

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1 this matter; that AMD OF ARIZONA-2 understands that the Director
2 reserved the right to take further actions to enforce this Order
3 or to take appropriate action upon discovery of other violations
4 of the Oregon Securities Law; and that AMD OF ARIZONA-2 will
5 fully comply with the terms and conditions stated herein.

6 AMD OF ARIZONA-2 further assures the Director that neither
7 AMD OF ARIZONA-2 nor its officers, directors, employees or
8 agents will effect securities transactions in Oregon unless such
9 activities are in full compliance with the terms of this Order
10 and with Chapter 59 of the Oregon Revised Statutes and Chapter
11 441 of the Oregon Administrative Rules.

12 I understand that this Consent Order is a public document.
13 Dated this _____ day of _____, 2001.

14 By _____
15 (Signature of Officer)

16 _____
17 (Office Held)

18
19 **CORPORATE ACKNOWLEDGMENT**

20 There appeared before me this _____ day of _____, 2001
21 _____, who was first duly sworn on oath,
22 (name of affiant)
23 and stated that he was the _____ of AMD OF
24 (title)
25 ARIZONA-2 and that he is authorized and empowered to sign
26 this Consent to Entry of Order on behalf of AMD OF ARIZONA-2
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1 and to bind AMD OF ARIZONA-2 to the terms hereof.

2

3

4

Printed Name of Notary Public

5

6 Notary Public for the State of: _____

7 My commission expires: _____

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