

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 **WHEREAS**, on November 28, 2001 Respondent **FULL POWER GROUP, INC** was
2 duly served with a true copy of the Order and Notice by certified United States Mail (Item #7000
3 1670 0010 4289 3468), postage prepaid, and addressed to Full Power Group, 5777 W. Century
4 Blvd. #1685, Los Angeles, California 90045 This mailing was returned to sender, affixed with a
5 stamp stating “unable to forward.”

6 **WHEREAS**, on November 28, 2001 Respondent **COURANT CONSULTING, INC**
7 was duly served with a true copy of the Order and Notice by United States Mail, postage prepaid,
8 and addressed to Courant Consulting, 7770 Regents Road #127, San Diego, California 92122.
9 This mailing was never returned.

10 **WHEREAS**, on November 28, 2001 Respondent **COURANT CONSULTING, INC**
11 was duly served with a true copy of the Order and Notice by certified United States Mail (Item
12 #7000 1670 0010 4289 3475), postage prepaid, and addressed to Courant Consulting, 7770
13 Regents Road #127, San Diego, California 92122. This mailing was never returned.

14 **WHEREAS**, on November 28, 2001 Respondent **ELECTRIC CHOICE**
15 **INVESTMENTS, INC** was duly served with a true copy of the Order and Notice by United
16 States Mail, postage prepaid, and addressed to Electric Choice Investments, 1355 W Palmetto
17 Park Rd. #145, Boca Raton, Florida 33486. This mailing was never returned.

18 **WHEREAS**, on November 28, 2001 Respondent **ELECTRIC CHOICE**
19 **INVESTMENTS, INC** was duly served with a true copy of the Order and Notice by certified
20 United States Mail (Item #7000 1670 0010 4303 1173), postage prepaid, and addressed to
21 Electric Choice Investments, 1355 W Palmetto Park Rd. #145, Boca Raton, Florida 33486. This
22 mailing was returned to sender, affixed with a stamp stating “unable to forward.”

23 **WHEREAS**, on November 28, 2001 Respondent **21 CENTURY POWER, INC** was
24 duly served with a true copy of the Order and Notice by United States Mail, postage prepaid, and
25 addressed to 21 Century Power, 2875 NE 191 Street #302, Aventura, Florida 33180. This
26 mailing was never returned.

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1 **WHEREAS**, on November 28, 2001 Respondent **21 CENTURY POWER, INC** was
2 duly served with a true copy of the Order and Notice by certified United States Mail (Item #7000
3 1670 0010 4289 3499), postage prepaid, and addressed to 21 Century Power, 2875 NE 191 Street
4 #302, Aventura, Florida 33180. This mailing was never returned.

5 **WHEREAS**, on November 28, 2001 Respondent **DONALD LABARRE** was duly
6 served with a true copy of the Order and Notice by United States Mail, postage prepaid, and
7 addressed to Donald Labarre,1355 W Palmetto Park Rd. #145, Boca Raton, Florida 33486. This
8 mailing was returned to sender, affixed with a stamp stating “unable to forward.”

9 **WHEREAS**, on November 28, 2001 Respondent **DONALD LABARRE** was duly
10 served with a true copy of the Order and Notice by certified United States Mail (Item #7000
11 1670 0010 4303 1159), postage prepaid, and addressed to Donald Labarre,1355 W Palmetto Park
12 Rd. #145, Boca Raton, Florida 33486. This mailing was returned to sender, affixed with a stamp
13 stating “undeliverable, commercial mail receiving agency.”

14 **WHEREAS**, on November 28, 2001 Respondent **LANCE PELLISSER** was duly
15 served with a true copy of the Order and Notice by United States Mail, postage prepaid, and
16 addressed to Lance Pellisser, 1355 W Palmetto Park Rd. #145, Boca Raton, Florida 33486. This
17 mailing was returned to sender,affixed with a stamp stating “undeliverable, commercial mail
18 receiving agency.”

19 **WHEREAS**, on November 28, 2001 Respondent **LANCE PELLISSER** was duly
20 served with a true copy of the Order and Notice by certified United States Mail (Item #7000
21 1670 0010 4289 3505), postage prepaid, and addressed to Lance Pellisser, 1355 W Palmetto Park
22 Rd. #145, Boca Raton, Florida 33486. This mailing was returned to sender, affixed with a stamp
23 stating “unable to forward.”

24 **WHEREAS**, on November 28, 2001 Respondent **SARA PECK** was duly served with a
25 true copy of the Order and Notice by United States Mail, postage prepaid, and addressed to Sara
26 Peck,2875 NE 191 Street #302, Aventura, Florida 33180. This mailing was never returned.



1 California 92122.

2 3. Respondent **ELECTRIC CHOICE INVESTMENTS, INC** was, at all times
3 material herein, a for profit corporation with its last known address at 1355 W. Palmetto Park
4 Road, Suite 145, Boca Raton, Florida 33486.

5 4. Respondent **21 CENTURY POWER, INC** was, at all times material herein, a
6 for profit corporation with its last known address at 2875 NE 191 Street, Suite 302, Aventura,
7 Florida 33180.

8 5. Respondent **DONALD LABARRE** was, at all times material herein, the
9 President of Respondent **ELECTRIC CHOICE INVESTMENTS, INC**. His last known
10 address is 1355 W. Palmetto Park Road, Suite 145, Boca Raton, Florida 33486.

11 6. Respondent **LANCE PELLISSER** was, at all times material herein, a sales
12 representative employed by Respondent **ELECTRIC CHOICE INVESTMENTS, INC**. His
13 last known address is 1355 W. Palmetto Park Road, Suite 145, Boca Raton, Florida 33486.

14 7. Respondent **SARA PECK** was, at all times material herein, a sales representative
15 employed by Respondent **21 CENTURY POWER, INC**. Her CRD number is #1511837. Her
16 last known address is 2875 NE 191 Street, Suite 302, Aventura, Florida 33180.

17 8. Respondent **ROY COOPER** was, at all times material herein, a sales
18 representative employed by Respondent **21 CENTURY POWER, INC**. His last known address
19 is 2875 NE 191 Street, Suite 302, Aventura, Florida 33180.

20 9. Respondent **FULL POWER GROUP** was a publicly traded company that
21 obtained a master license to sell energy to retail consumers within a specific geographical area in
22 California under the deregulated energy process that state set up in 1996 under Assembly Bill
23 1890. (Until the mid 1990's California's energy market was highly regulated. Assembly Bill
24 1890 created a complex process to generate competition by which anyone holding a license to
25 sell power to retail customers could do so.) Respondent **FULL POWER GROUP** obtained said
26 license, which allowed it to sell power when and only when the market was fully deregulated,

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1 from the California Public Utilities Commission by paying a \$100.00 filing fee and posting
2 \$25,000.00 towards a economic viability bond.

3 10. Respondent **FULL POWER GROUP** licensed its right to sell power to retail
4 consumers in California to Respondent **COURANT CONSULTING, INC.**

5 11. Respondent **ELECTRIC CHOICE INVESTMENTS, INC** created a number of
6 limited partnerships that were purportedly designed to profit from the sale of deregulated energy
7 in California by acting as a retail reseller in a specific geographic area. (The names of the funded
8 limited partnerships were LA Power & Light, San Diego Power & Light, Southern California
9 Power & Light, Twin Powers, Reliable Power & Light, and Community Power & Light. An
10 additional four limited partnerships were planned but never funded.) The limited partnerships
11 were created between mid 1998 and early 1999.

12 12. Respondent **COURANT CONSULTING, INC** licensed its right to sell power to
13 retail consumers in California to the numerous limited partnerships created by Respondent
14 **ELECTRIC CHOICE INVESTMENTS, INC.**

15 13. The limited partnerships were set up in such a manner that for every fully funded
16 partnership Respondent **FULL POWER GROUP, INC** received \$968,750.00 in license fees
17 while Respondent **COURANT CONSULTING, INC** received \$387,500 in license fees. These
18 fees, disguised under a variety of different names, came directly from proceeds received from
19 investors. (Had the promoters succeeded in fully funding all ten limited partnerships, license fees
20 would have totaled in excess of \$13,500,000.00 for a license that required a total payment of
21 \$25,100.00.)

22 14. In exchange for license fees made to both Respondent **FULL POWER GROUP,**
23 **INC** and Respondent **COURANT CONSULTING, INC,** Full Power was obligated to make its
24 best efforts to generate and provide retail consumer customer accounts to the various limited
25 partnerships. In theory, the many customer accounts the limited partnerships were designed to
26 start business with justified the huge fees. In reality, no accounts were ever transferred to the



1 limited partnerships.

2 15. Respondent **ELECTRIC CHOICE INVESTMENTS, INC** sold interests in
3 these limited partnerships to members of the public. The firm employed sales representatives to
4 “cold call” (contact members of the public that it had no previous business relationship with by
5 telephone) potential investors, and also maintained a website (www.electric-deregulation.com)
6 that touted the benefits of investing in its limited partnerships.

7 16. The limited partnership units were priced at \$19,675.00 for a full unit, \$10,168.00
8 for a half unit, and \$5,425.00 for a quarter unit.

9 17. Respondent **ELECTRIC CHOICE INVESTMENTS, INC** encouraged
10 subagents to sell interests in these limited partnerships to members of the public for a sales
11 commission. Respondent **21 CENTURY POWER, INC** acted as such a subagent, and its sales
12 representatives employed techniques similar to those used by Respondent **ELECTRIC**
13 **CHOICE INVESTMENTS, INC**. Of the ten Oregonians that invested in these limited
14 partnerships, nine obtained their interests through Respondent **ELECTRIC CHOICE**
15 **INVESTMENTS, INC** while one obtained her interest via Respondent **21 CENTURY**
16 **POWER, INC**.

17 18. A prospective investor would always speak with a sales representative on the
18 telephone as part of the sales process. The sales representative would tout the enormous
19 opportunities of investing in the newly formed deregulated energy market, usually comparing the
20 investment possibilities in the limited partnerships with the chance to invest in MCI or Sprint in
21 the early days of the deregulation of the telecommunications industry.

22 19. Prospects were given differing accounts of potential profits the limited partners
23 could earn during the call, depending on the sales representative they spoke with. However, all
24 amounts were highly inflated: some Oregonians were told that returns would be between 50-
25 100% annually, while others were informed that they would receive 30-40% each year. Still
26 others were told that they could expect to receive \$10,000 per year as a return on a single

1 partnership unit. Some were provided with general assertions such as “cash will be flowing into
2 your account within one year” and “the partnerships will go public within three to five years.” As
3 the deregulated energy market was not even in operation at the time and its viability was in
4 doubt, there was absolutely no factual basis for making any assertions regarding prospective
5 financial returns.

6 20. Prospects were uniformly told that the sale of electricity by the limited
7 partnerships was imminent. The California legislation had mandated that deregulation take place
8 in a series of accelerating steps so that it could be conducted in an orderly fashion, and the
9 process was significantly behind schedule. Investors were never informed of the delays in the
10 process, which would significantly impact operating income and profits.

11 21. Potential investors were also told that the limited partnerships’ sale of energy was,
12 without a doubt, going to be very profitable due to the highly successful conclusion of a “beta
13 test.” (A “beta test” is a power industry procedure whereby power companies identify and obtain
14 potential customers in a particular area or industry.) Sales representatives inferred that the
15 limited partnerships were assured of a steady customer base at the outset of operations. In point
16 of fact, no “beta test” was ever conducted by anyone associated with the limited partnerships.

17 22. Prospects were told that there would be only fifty voting units per partnership.
18 However, as an incentive to ensure that the partnerships would be well managed and successful,
19 the promoters would own and hold thirty non voting units, commensurate with their investments
20 of time and money in each project. In point of fact, as soon as a particular limited partnership
21 was fully funded the promoters converted the non voting units into voting units and sold the units
22 to members of the public. As a result of this act, not only did the promoters receive a significant
23 additional monetary gain but the partners’ interests were significantly diluted and there was no
24 longer any financial incentive for partnership management to perform.

25 23. Sales representatives never mentioned the important concept of “stranded costs”
26 during the phone calls. “Stranded costs” are obligations related to unbuilt and/or nonoperating

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1 nuclear power plants, which would have a significant negative financial impact on those
2 attempting to enter the deregulated energy environment. In fact, “stranded costs” were later cited
3 by Respondent **FULL POWER GROUP, INC** as the reason for abandoning the California
4 energy market altogether.

5 24. At no point in the sales pitch did the sales representatives inform prospects about
6 the exorbitant commissions and fees that would be paid to Respondent **FULL POWER**
7 **GROUP, INC** and Respondent **COURANT CONSULTING, INC** and the resultant limited
8 amount of capital that would actually be available to the partnerships. Investors were informed in
9 writing (after the investment was made) that forty percent (40%) of gross proceeds paid would
10 go toward commissions. In fact, eighty two percent (82%) of all funds invested went toward
11 some kind of commission or fee to either Full Power, Courant Consulting, or Electric Choice.
12 For every full unit costing \$19, 675.00 only \$3,500.00 was left for a partnership to actually
13 conduct business.

14 25. The telephone conversations between sales representatives employed by
15 Respondent **ELECTRIC CHOICE INVESTMENTS, INC** and Respondent **21 CENTURY**
16 **POWER, INC** and prospective investors were of great import because, with the exception of
17 marketing materials described below, written disclosure materials were only sent to investors
18 after their check was received and their investment was made.

19 26. Interested prospects would be mailed press clippings and a marketing brochure
20 full of sales puffery touting the concept of deregulated energy but devoid of any specifics about
21 the limited partnerships that investors were being asked to purchase interests in.

22 27. Several days later, the potential investor would receive a series of increasingly
23 frantic telephone calls in which the sales representative would almost always state that “there is
24 only one unit left, and you have to move on this immediately or the partnership will sell out.” (In
25 point of fact, this was not the case.) This statement was simply designed to place a significant
26 amount of pressure on an uncertain investor to invest immediately and forego the benefits of



1 reflection.

2 28. After a completed application and funds (or paperwork to have Individual
3 Retirement Account contents transferred to Sterling Trust, the custodial agent of the limited
4 partnerships for retirement accounts) were submitted, a “welcome letter” and documents such as
5 a “confidential partnership questionnaire” and “risk disclosure document” would be mailed to the
6 investor.

7 29. A total of ten Oregonians invested the sum of \$141,061.50 in the various limited
8 partnerships.

9 30. None of the limited partnerships ever became operational. They never sold a
10 single kilowatt of energy.

11 31. Respondents **FULL POWER GROUP, INC, COURANT CONSULTING,**
12 **INC, ELECTRIC CHOICE INVESTMENTS, INC,** and **21 CENTURY POWER, INC** were
13 not licensed as broker-dealers in the State of Oregon. Furthermore, Respondents **FULL**
14 **POWER GROUP, INC, COURANT CONSULTING, INC, ELECTRIC CHOICE**
15 **INVESTMENTS, INC,** and **21 CENTURY POWER, INC** did not inform potential investors
16 that they were not licensed as broker-dealers in the State of Oregon.

17 32. Respondents **DONALD LABARRE, LANCE PELLISSER, SARA PECK**
18 **and ROY COOPER,** were not licensed as securities salespersons in the State of Oregon.
19 Furthermore, Respondents **DONALD LABARRE, LANCE PELLISSER, SARA PECK** and
20 **ROY COOPER,** did not inform potential investors that they were not licensed as securities
21 salespersons in the State of Oregon.

22 33. The limited partnership interests were not registered with the Oregon Division of
23 Finance and Corporate Securities. Furthermore, Respondents did not inform potential investors
24 that the interests were not registered with the Oregon Division of Finance and Corporate
25 Securities.

26 34. Respondents made the following misrepresentations, directly or through their

1 agents, to different prospective investors in the various limited partnerships: that returns on a
2 limited partnership unit would be between 50-100% annually; that returns on a limited
3 partnership unit would be between 30-40% annually; that an investor could receive \$10,000 a
4 year as a return on a single partnership unit; that “the partnerships will go public within three to
5 five years”; that the sale of deregulated electricity in California was imminent; that a highly
6 successful “beta test” had been conducted; that there would only be fifty voting units per
7 partnership; that the promoters would hold and retain thirty non voting units; and that “there is
8 only one unit left, and you have to move on this immediately or the partnership will sell out.”

9 35. Respondents failed to inform potential investors of the following material
10 information which would have allowed them to make an informed decision about investing in
11 these limited partnerships: that anyone competing in the California deregulated energy
12 marketplace would bear responsibility for “stranded costs”, which would have a significant
13 negative financial impact; that commissions and fees would total eighty two percent of all funds
14 invested, leaving limited capital for partnership operations; that Respondents were not licensed
15 as broker-dealers or broker-dealer salespersons by the Oregon Division of Finance and Corporate
16 Securities; that the limited partnerships were not registered with the Oregon Division of Finance
17 and Corporate Securities.

18 36. Respondents failed to provide potential investors with an accurate, written
19 disclosure of the true risks of this investment, a description of the background of limited
20 partnership management, and a description of the true financial condition of the limited
21 partnerships.

22 37. On information and belief, Respondents **ELECTRIC CHOICE**
23 **INVESTMENTS, INC,** and **21 CENTURY POWER, INC** closed their doors as soon as the
24 last limited partnership interest was sold.

25 38. On information and belief, Respondent **COURANT CONSULTING, INC**
26 ceased operations soon after the last limited partnership interest was sold.

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1 successful “beta test” had been conducted; that there would only be fifty voting units per
2 partnership; that the promoters would hold and retain thirty non voting units; that “there is only
3 one unit left, and you have to move on this immediately or the partnership will sell out”; that
4 anyone competing in the California deregulated energy marketplace would bear responsibility
5 for “stranded costs”, that commissions and fees would total eighty two percent of all funds
6 invested; that Respondents were not licensed as broker-dealers or broker-dealer salespersons by
7 the Oregon Division of Finance and Corporate Securities; that the limited partnerships were not
8 registered with the Oregon Division of Finance and Corporate Securities; all of which are untrue
9 statements of a material fact and/or omissions to state a material fact necessary in order to make
10 the statements made, in the light of the circumstances under which they were made, not
11 misleading in violation of ORS 59.135 (2).

12 **ORDER**

13
14 Therefore, the Director **ORDERS**

15 1. That Respondents shall cease and desist from offering and/or selling securities to
16 persons in the State of Oregon in violation of ORS Chapter 59, OAR Chapter 441, or the Oregon
17 securities law.

18 2. That Respondent **FULL POWER GROUP, INC** is ordered to pay the sum of
19 **TWENTY FIVE THOUSAND DOLLARS (\$25,000.00)** as a civil penalty for violations
20 described herein.

21 3. That Respondent **COURANT CONSULTING, INC** is ordered to pay the sum of
22
23 **TWENTY FIVE THOUSAND DOLLARS (\$25,000.00)** as a civil penalty for violations
24 described herein

25 4. That Respondent **21 CENTURY POWER** is ordered to pay the sum of
26 **TWENTY FIVE THOUSAND DOLLARS (\$25,000.00)** as a civil penalty for violations

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1 described herein.

2 5. That Respondent **DONALD LABARRE** is ordered to pay the sum of **FORTY**
3 **FIVE THOUSAND DOLLARS** (\$45,000.00) as a civil penalty for violations described herein.
4 Furthermore, Respondent **DONALD LABARRE** is prohibited from applying for an Oregon
5 securities license for a period of seven years.

6 6. That Respondent **LANCE PELLISSER** is ordered to pay the sum of **TWENTY**
7 **FIVE THOUSAND DOLLARS** (\$25,000.00) as a civil penalty for violations described herein.
8 Furthermore, Respondent **LANCE PELLISSER** is prohibited from applying for an Oregon
9 securities license for a period of seven years.

10 7. That Respondent **SARA PECK** is ordered to pay the sum of **FIVE**
11 **THOUSAND DOLLARS** (\$5,000.00) as a civil penalty for violations described herein.
12 Furthermore, Respondent **SARA PECK** is prohibited from applying for an Oregon securities
13 license for a period of seven years.

14 8. That Respondent **ROY COOPER** is ordered to pay the sum of **FIVE THOUSAND**
15 **DOLLARS** (\$5,000.00) as a civil penalty for violations described herein. Furthermore,
16 Respondent **ROY COOPER** is prohibited from applying for an Oregon securities license for a
17 period of seven years.

18 9. That Respondents are hereby denied the use of any exemptions authorized by
19 ORS 59.025 and ORS 59.035, until further order of the Director, pursuant to ORS 59.045.

20 **IT IS SO ORDERED.**

21 Dated this ____ day of January 2002 at Salem Oregon NJNC PRO TJNC November 28 2001.

22 **MARY C. NEIDIG, DIRECTOR**
23 **DEPARTMENT OF CONSUMER & BUSINESS SERVICES**
24 **STATE OF OREGON**

25 **APPROVED AS TO FORM:**

26 _____
David T. Weiss
Securities Enforcement Officer
Division of Finance and Corporate Securities
Department of Consumer and Business Services
State of Oregon

Dated:

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