



1 and certified mail were returned to DFCS as not deliverable as  
2 addressed, and any forwarding addresses had expired. None of  
3 the respondents requested a hearing in this matter.

4 NOW THEREFORE, after consideration of the Investigation  
5 Report and accompanying exhibits submitted in this matter by  
6 Susan Schoaps, Securities Investigator, the Director hereby  
7 issues the following Findings of Fact, Conclusions of Law, and  
8 Final Order:

9 **FINDINGS OF FACT**

10 The Director **FINDS** that:

11 1. KNC Software, LLC dba Kidsnet Connect (hereinafter,  
12 "**KNC**") was a company located at 5777 West Century Blvd, Suite  
13 1700, Los Angeles, California, 90045, whose purported business  
14 purpose was to develop web sites for use in schools.

15 2. KNC was organized as a limited liability company in  
16 California on May 1, 1996, and incorporated in Nevada on May 14,  
17 2001.

18 3. Taramar Venture Capital, LLC (hereinafter, "**Taramar**")  
19 was organized as a limited liability company in California on  
20 January 17, 1996, and was located at 5777 West Century Blvd,  
21 Suite 1700, Los Angeles, California, 90045.

22 4. KNC was a division of Taramar.

23 5. Marvin Butler (hereinafter, "**Butler**") was president of  
24 KNC and was the registered agent for both KNC and Taramar.  
25 Butler's last known address is 5225 Weller Drive, Woodland  
26 Hills, California.

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1           6. Peter M. Fagnant (hereinafter, "**Fagnant**") was an  
2 investor and salesperson for KNC in Oregon. Fagnant resides at  
3 942 SE 15<sup>th</sup> Avenue, Portland, Oregon, 97214.

4           7. Dawn Lillie aka Dawn Lillie Flores (hereinafter,  
5 "**Lillie**") was a salesperson for KNC in Los Angeles. Lillie's  
6 last known address is 5777 West Century Blvd, Suite 1700, Los  
7 Angeles, California, 90045.

8           8. Respondents raised a total of \$407,000 from 22 Oregon  
9 residents between November 13, 1996, and September 21, 1999,  
10 from the sale of units of membership interests in KNC.

11           9. Respondents were never licensed to sell securities in  
12 Oregon.

13           10. The units of membership interests in KNC that  
14 Respondents sold to Oregon investors were never registered with  
15 the Oregon Division of Finance and Corporate Securities.

16           11. KNC and Taramar, through their salespersons,  
17 represented to investors that the offering was closing soon,  
18 underwriting was arranged, KNC was going public, and an IPO was  
19 imminent.

20           12. Some of KNC's salespersons initially contacted  
21 investors through cold calls.

22           13. Respondents provided copies of a "confidential  
23 offering memorandum" to the investors. The memorandum describes  
24 a \$3 million offering consisting of 300 units of membership  
25 interests in KNC at the purchase price of \$10,000 per unit. The  
26 offering memorandum indicates that Taramar founded and organized

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1 KNC.

2 14. The KNC offering memorandum states that investor funds  
3 will be used for research and development, equipment purchases,  
4 legal and brokerage fees, advertising and sales, overhead, and  
5 other expenses.

6 15. Lillie offered and sold units of membership interests  
7 issued by KNC to seven Oregon residents.

8 16. Fagnant invested a total of \$43,000 in KNC, and he  
9 introduced 14 Oregon investors to the KNC investments.

10 17. Fagnant received a commission or other form of  
11 remuneration in connection with the sale of some of the units of  
12 membership interests in KNC to Oregon residents.

13 18. Butler was the subject of a cease and desist order,  
14 issued in June 1995, by the State of Alaska, Division of  
15 Banking, Securities, and Corporations, for violations of  
16 securities laws.

17 19. Taramar Venture Capital, Kidsnet Connect and Dawn  
18 Lillie were the subjects of a cease and desist order, issued  
19 June 1997, by the State of Washington, Securities Division, for  
20 violations of securities laws.

21 20. Taramar, KNC, Butler, Fagnant, and Lillie failed to  
22 adequately disclose to investors the prior cease and desist  
23 orders issued against Taramar Venture Capital, Kidsnet Connect,  
24 Marvin Butler, and Dawn Lillie.

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1 **CONCLUSIONS OF LAW**

2 The Director **CONCLUDES** that:

3 1. The units of membership interests issued by KNC Software,  
4 LLC dba Kidsnet Connect are "securities" under ORS  
5 59.015(19) (a) (2001).

6 2. The securities issued by KNC that Marvin Butler, Peter M.  
7 Fagnant, and Dawn Lillie aka Dawn Lillie Flores offered and sold  
8 to Oregon investors were not registered securities under ORS  
9 Chapter 59 and OAR Chapter 441.

10 3. Respondents Tamar Venture Capital, LLC; KNC Software,  
11 LLC dba Kidsnet Connect; Marvin Butler, Peter M. Fagnant, and  
12 Dawn Lillie aka Dawn Lillie Flores sold unregistered securities  
13 to Oregon investors, in violation of ORS 59.055.

14 4. Respondents Marvin Butler, Peter M. Fagnant, and Dawn  
15 Lillie aka Dawn Lillie Flores each acted as a securities  
16 "salesperson" as defined in ORS 59.015(18) (a), by representing  
17 an issuer of securities in effecting transactions in securities.

18 5. Respondents Marvin Butler, Peter M. Fagnant, and Dawn  
19 Lillie aka Dawn Lillie Flores each transacted business in Oregon  
20 as a securities salesperson without a license, in violation of  
21 ORS 59.165.

22 6. In connection with the offer and sale of securities to  
23 Oregon investors, Respondents Tamar Venture Capital, LLC; KNC  
24 Software, LLC dba Kidsnet Connect; Marvin Butler, Peter M.  
25 Fagnant, and Dawn Lillie aka Dawn Lillie Flores, omitted to  
26 state material facts, in violation of ORS 59.135(2), by failing

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1 to adequately disclose that Marvin Butler was the subject of a  
2 prior cease and desist order issued by the State of Alaska.

3 7. In connection with the offer and sale of securities to  
4 Oregon investors, Respondents Tamar Venture Capital, LLC; KNC  
5 Software, LLC dba Kidsnet Connect; Marvin Butler, Peter M.  
6 Fagnant, and Dawn Lillie aka Dawn Lillie Flores, omitted to  
7 state material facts, in violation of ORS 59.135(2), by failing  
8 to adequately disclose that Tamar Venture Capital, Kidsnet  
9 Connect and Dawn Lillie were the subjects of a prior cease and  
10 desist order issued by the State of Washington.

11 **ORDER**

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

13 1. Pursuant to ORS 59.245, Respondents Tamar Venture  
14 Capital, LLC; KNC Software, LLC dba Kidsnet Connect; Marvin  
15 Butler, and Dawn Lillie aka Dawn Lillie Flores, are **ORDERED TO**  
16 **CEASE AND DESIST** from:

17 a. Offering or selling unregistered securities in  
18 the State of Oregon, in violation of ORS 59.055;

19 b. Transacting business in Oregon as a securities  
20 salesperson without a license, in violation of ORS 59.165;

21 c. Making any untrue statements of a material fact  
22 or omitting to state a material fact necessary in order to make  
23 the statements made, in light of the circumstances under which  
24 they are made, not misleading, pursuant to ORS 59.135(2); and

25 d. Violating any provision of ORS Chapter 59  
26 and Oregon Administrative Rules Chapter 441.

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1           2.     Pursuant to ORS 59.045(2), Respondents Tamar Venture  
2 Capital, LLC; KNC Software, LLC dba Kidsnet Connect; Marvin  
3 Butler, and Dawn Lillie aka Dawn Lillie Flores, are **DENIED** the  
4 use of any exemptions that would otherwise be available to them  
5 under ORS 59.025 and 59.035, concerning securities and  
6 transactions exempt from the registration requirements of the  
7 Oregon Securities Law.

8           3.     Pursuant to the authority of ORS 59.995, the DIRECTOR  
9 hereby **ASSESSES** a **CIVIL PENALTY** in the amount of \$22,000  
10 (twenty-two thousand dollars) jointly and severally against  
11 Tamar Venture Capital, LLC; KNC Software, LLC dba Kidsnet  
12 Connect; Marvin Butler, and Dawn Lillie aka Dawn Lillie Flores,  
13 for offering or selling unregistered securities in the State of  
14 Oregon, in violation of ORS 59.055.

15           4.     Pursuant to the authority of ORS 59.995, the DIRECTOR  
16 hereby **ASSESSES** a **CIVIL PENALTY** in the amount of \$10,000 (ten  
17 thousand dollars) jointly and severally against Marvin Butler  
18 and Dawn Lillie aka Dawn Lillie Flores for transacting business  
19 in Oregon as a securities salesperson without a license, in  
20 violation of ORS 59.165.

21           5.     Pursuant to the authority of ORS 59.995, the DIRECTOR  
22 hereby **ASSESSES** a **CIVIL PENALTY** in the amount of \$33,000  
23 (thirty-three thousand dollars) jointly and severally against  
24 Tamar Venture Capital, LLC; KNC Software, LLC dba Kidsnet  
25 Connect; Marvin Butler, and Dawn Lillie aka Dawn Lillie Flores,  
26 for violations of ORS 59.135(2).

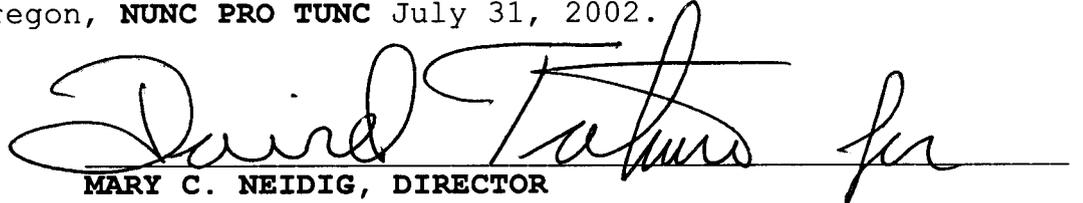
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1           6. Pursuant to the authority of ORS 59.995, the DIRECTOR  
2 hereby **ASSESSES** a **CIVIL PENALTY** in the amount of \$10,000 (ten  
3 thousand) against Marvin Butler, for additional violations of  
4 ORS 59.135(2).

5           The entry of this Order in no way limits further remedies  
6 which may be available to the Director under Oregon law.

7           Dated this 10<sup>th</sup> day of September 2002, at  
8 Salem, Oregon, **NUNC PRO TUNC** July 31, 2002.

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

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