

1 2. Janice Binion (hereinafter, "Binion") resides at 115
2 Calle Chapultepec, Vacaville, California, 95687.

3 3. "Four Steps To Wealth" was an investment program formed
4 and operated by Hitchcock and Binion from January 2001 to May
5 2001.

6 4. Hitchcock and Binion raised a total of at least \$2,500
7 from at least 100 Four Steps to Wealth investors between January
8 2001 and May 2001.

9 5. Hitchcock and Binion created and mailed promotional
10 materials regarding the Four Steps to Wealth program to a total
11 of at least 1200 residents throughout the United States.

12 Hitchcock and Binion obtained the names of potential investors
13 from a mailing list purchased by Binion and a tap file of
14 Hitchcock's prior direct mail contacts. Binion distributed the
15 majority of the promotional materials.

16 6. Hitchcock and Binion's promotional materials regarding
17 the Four Steps to Wealth described the program as a "gifting
18 plan" and included the following statements:

19 "Step 1: You gift \$20 as a Freshman and receive
20 \$160 as a Senior. (You receive 1 \$20 entry into Step
21 1, a \$100 entry into Step 2 and \$40 cash.)

22 Step 2: You gift \$100 and receive \$800. (You
23 receive another \$20 entry into Step 1, a \$100 entry
24 into Step 2, a \$500 entry into Step 3 and \$180 cash).

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1 Step 3: You gift \$500 and receive \$4000. (You
2 receive another entry into Steps 1, 2, 3, and 4 and
3 \$1380 cash.)

4 Step 4: You GIFT \$2000 AND RECEIVE \$16000. (You
5 receive 1 entry into Steps 1, 2, 3, and 4, and 13,380
6 cash.)

7 Start right now by sending \$25, includes \$5
8 processing fee, in cash or money order to monitor:
9 Kathie Hitchcock..."

10 "...All you need to do is join and invite two
11 people who want to succeed and receive \$14,980 just
12 like we all do. Inviting two people really isn't that
13 hard. Who wouldn't join a plan for only \$25 and a
14 100% success opportunity to make \$14,980."

15 "...All 'Gifts' and processing fee are cash only.
16 Wrap the cash in newspaper (classified or funnies) or
17 dark construction paper...'Gifts' are sent directly to
18 Kathie Hitchcock, along with the signed 'Gifting
19 Statement' by regular mail..."

20 "Here is what your future holds with just a \$25
21 Investment. There is a \$5 non-refundable processing
22 fee. Join now! Watch your \$20 grow & grow...You can
23 receive \$14,980 over and over again."

24 7. The Four Steps to Wealth was a centrally-managed
25 investment program. Investors were charged a non-refundable,
26

1 "processing fee" of five dollars. Hitchcock was the Four Steps
2 to Wealth "monitor" who maintained the lists of program
3 participants and managed the mailing and distribution of
4 "gifts."

5 8. The Four Steps to Wealth investment program was never
6 registered with the Oregon Division of Finance and Corporate
7 Securities.

8 9. Hitchcock and Binion failed to disclose to investors
9 that the Four Steps to Wealth program has never been registered
10 with the Oregon Division of Finance and Corporate Securities.

11 10. Hitchcock and Binion were never licensed to sell
12 securities in Oregon.

13 11. Hitchcock and Binion failed to disclose to investors
14 that Hitchcock and Binion have never been licensed to sell
15 securities.

16 12. Hitchcock and Binion each filed for bankruptcy
17 resulting in a discharge of debt within seven years prior to the
18 formation and operation of the Four Steps to Wealth investment
19 program.

20 13. Hitchcock and Binion failed to disclose to investors
21 that Hitchcock and Binion each filed for bankruptcy within seven
22 years prior to the formation and operation of the Four Steps to
23 Wealth program.

24 14. Hitchcock and Binion's promotional materials regarding
25 the Four Steps to Wealth represented that investors would
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1 receive specific returns for specific sums of money invested in
2 the program.

3 15. In fact, some of the later investors received no
4 returns on their investment, and they were not refunded their
5 investment principal.

6 16. The Four Steps to Wealth program was doomed to failure
7 from the beginning because Hitchcock, Binion, and the investors
8 would eventually run out of people to recruit.

9 17. Hitchcock and Binion failed to adequately disclose to
10 investors the risks of investment in the Four Steps to Wealth
11 program.

12 CONCLUSIONS OF LAW

13 The Director **CONCLUDES** that:

14 1. The Four Steps to Wealth investment program meets the
15 definition of an investment contract in Oregon, and is a
16 "security" under ORS 59.015(19)(a)(2001).

17 2. The security that Respondents Kathie A. Hitchcock and
18 Janice Binion sold was not a registered security under ORS
19 Chapter 59 and OAR Chapter 441.

20 3. Respondents Kathie A. Hitchcock and Janice Binion sold
21 an unregistered security to Oregon investors, in violation of
22 ORS 59.055.

23 4. Respondents Kathie A. Hitchcock and Janice Binion each
24 acted as a securities "salesperson" as defined in ORS
25 59.015(18)(a), by representing an issuer of a security in
26 effecting transactions in securities.

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1 5. Respondents Kathie A. Hitchcock and Janice Binion
2 each transacted business in Oregon as a securities salesperson
3 without a license, in violation of ORS 59.165.

4 6. In connection with the offer and sale of securities
5 to Oregon investors, Respondents Kathie A. Hitchcock and Janice
6 Binion omitted to state a material fact, in violation of ORS
7 59.135(2), by failing to disclose that Respondents Kathie A.
8 Hitchcock and Janice Binion have never been licensed to sell
9 securities.

10 7. In connection with the offer and sale of securities to
11 Oregon investors, Respondents Kathie A. Hitchcock and Janice
12 Binion omitted to state a material fact, in violation of ORS
13 59.135(2), by failing to disclose that the Four Steps To Wealth
14 investment program was an unregistered security.

15 8. In connection with the offer and sale of securities to
16 Oregon investors, Respondents Kathie A. Hitchcock and Janice
17 Binion omitted to state a material fact, in violation of ORS
18 59.135(2), by failing to disclose that Respondents Kathie A.
19 Hitchcock and Janice Binion have each filed for bankruptcy
20 within seven years prior to the formation and operation of the
21 Four Steps to Wealth investment program.

22 9. In connection with the offer and sale of securities to
23 Oregon investors, Respondents Kathie A. Hitchcock and Janice
24 Binion made an untrue statement of material fact, in violation
25 of ORS 59.135(2), by representing that investors in the Four
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1 Steps to Wealth program would receive specific returns for
2 specific sums of money invested.

3 10. In connection with the offer and sale of securities to
4 Oregon investors, Respondents Kathie A. Hitchcock and Janice
5 Binion omitted to state a material fact, in violation of ORS
6 59.135(2), by failing to adequately disclose the risks of
7 investment in the Four Steps to Wealth program.

8 **ORDER**

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

10 1. Pursuant to ORS 59.245, Respondent Kathie A. Hitchcock
11 is **ORDERED TO CEASE AND DESIST** from:

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

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

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

20 d. Violating any provision of ORS Chapter 59
21 and Oregon Administrative Rules Chapter 441.

22 2. Pursuant to ORS 59.045(2), Respondent Kathie A.
23 Hitchcock is **DENIED** the use of any exemptions that would
24 otherwise be available to her under ORS 59.025 and 59.035,
25 concerning securities and transactions exempt from the
26 registration requirements of the Oregon Securities Law.

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1 3. Pursuant to the authority of ORS 59.995, the DIRECTOR
2 hereby **ASSESSES** a **CIVIL PENALTY** in the amount of \$5,000 (five
3 thousand dollars) against Respondent Kathie A. Hitchcock,
4 payment of \$5,000 of the civil penalty (five thousand dollars)
5 of which is suspended so long as Respondent Kathie A. Hitchcock
6 fully complies with all terms of this Order; **PROVIDED HOWEVER,**
7 that the suspended portion of this penalty will be immediately
8 due and payable upon a determination by the Director that
9 Respondent Kathie A. Hitchcock has violated any term of this
10 Order, or any provision of ORS Chapter 59 or Oregon
11 Administrative Rules Chapter 441. Respondent Kathie A. Hitchcock
12 will surrender to the State of Oregon her entire file of direct
13 mail contacts at the time of execution of this Order.

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

16 Dated this 3rd day of March, 2003, at
17 Salem, Oregon.

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19 _____
20 **CORY STREISINGER, DIRECTOR**
21 **DEPARTMENT OF CONSUMER & BUSINESS SERVICES**
22 **STATE OF OREGON**

23 **CONSENT OF KATHIE A. HITCHCOCK TO ENTRY OF ORDER**

24 I, Kathie A. Hitchcock, state that I am a resident of the
25 state of Oregon; that I have read the foregoing Order and that I
26 know and fully understand the contents hereof; that I have been
advised of my right to a hearing; that I voluntarily consent to
the entry of this Order without any force or duress, expressly



1 waiving any right to a hearing in this matter; that I understand
2 that the Director reserves the right to take further actions
3 against me to enforce this Order or to take appropriate action
4 upon discovery of other violations of the Oregon Securities Law
5 by me; and that I will fully comply with the terms and
6 conditions stated herein.

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

8 Dated this 26th day of Feb., 2003.

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Kathie A. Hitchcock
KATHIE A. HITCHCOCK

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SUBSCRIBED AND SWORN before me this 26 day of February
2003.

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NOTARY PUBLIC for State of: Oregon

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My commission expires: Nov 28 2004

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