

1 Services, State of Oregon for the purpose of this Order and the
2 issuance thereof;

3 **WHEREAS**, Respondent **JIM GEORGEN** has been notified and
4 understands that a violation of this Order will potentially
5 subject him to the assessment of a further civil penalty or
6 other action by the Director;

7 **NOW THEREFORE**, the Director hereby issues the following
8 Findings of Fact and Conclusions of Law, which Respondent
9 **GEORGEN** neither admits nor denies, and issues the following
10 Order, to which Respondent **GEORGEN** has consented, as is
11 evidenced by the signature of **JIM GEORGEN** on the Consent to
12 Entry of Order attached hereto.

13 **FINDINGS OF FACT**

14 The Director **FINDS** that:

15 **Part One: Jim Georgen**

16 1. Respondent **GEORGEN** was, at all times material herein,
17 both an independent insurance agent and a broker-dealer
18 salesperson. Georgen conducted business out of his home located
19 at 7308 Southwest 35th Avenue, Portland, Oregon 97219-1745.

20 **GEORGEN** conducted business as a sole proprietor, occasionally
21 using the moniker "Lifespan Financial" as an unregistered
22 assumed business name.

23 2. Respondent **GEORGEN** had, at all times material herein,
24 a limited license to sell securities (**CRD #220966**) that
25 permitted him to sell mutual funds and annuities (a so called
26 "series 6" license) in the State of Oregon. Respondent **GEORGEN**



1 was not licensed to sell any other securities products,
2 including investment contracts, in this State.

3 3. Respondent **GEORGEN** has been, since his securities
4 licensure in 1992, affiliated at different times with Fortis,
5 Jefferson Pilot, FFP Securities, Richard B Vance, and Interinvest,
6 all broker-dealers.

7 4. Respondent **JIM GEORGEN's** affiliation was "terminated"
8 by Fortis in 1997 and by Interinvest in 2002.

9 5. As part of his obligation as a broker-dealer
10 salesperson, Respondent **GEORGEN** was prohibited from selling
11 securities that were not authorized to be sold by his broker-
12 dealer ("selling away") and were not registered with the Oregon
13 Division of Finance and Corporate Securities. Notwithstanding
14 this fact, Respondent **GEORGEN** engaged in a substantial number of
15 prohibited securities transactions.

16 6. These securities involved passive investments of money
17 by investors into entities that promoted unregistered
18 investments in viatical policies, pay telephone units, prime
19 bank instruments, mobile cash processing machines, and so called
20 "scrip machines" (a scrip machine is similar to an ATM machine,
21 although it dispenses certificates good at a particular merchant
22 instead of cash). These investments were highly risky and were
23 offered by Respondent **GEORGEN** without the full and complete
24 disclosure the registration process would have provided to
25 investors.

26 7. By virtue of the testing required as a condition of



1 obtaining a securities license Respondent **GEORGEN** either knew or
2 should have known that these investments were securities and
3 that he was prohibited from offering them to his clients unless
4 he was properly licensed to sell them and the securities were
5 registered with the State of Oregon.

6 8. Respondent **GEORGEN** raised approximately \$1,395,500.00
7 from Oregon investors on behalf of these securities issuers.
8 The vast majority of these investment funds have been lost, in
9 many cases leaving investors completely bereft of their
10 principal and interest and in some cases depriving them of their
11 entire life savings.

12 **Part Two: The ETS Payphones Program**

13 9. ETS Payphones, Inc was a Georgia corporation that
14 offered investments in pay telephones to members of the public
15 through sales agents, including Respondent **GEORGEN**, that were
16 recruited and managed by a so called "marketing firm", NCMI.
17 ETS, through its parent company, PSA, Inc sold payphones to
18 NCMI, which then resold the same phones to investors at a price
19 significantly above the unit's retail value. As part of the
20 investment package, the investor concurrently "leased" the
21 phones back to ETS to operate and manage in return for a fixed
22 monthly "lease payment" (from \$75.00 to \$82.00) that, on an
23 annual basis, amounted to a 14% return. ETS contractually
24 obligated itself to repurchase the phones at the original sales
25 price at the end of the 5 year "lease" period or for a slightly
26 discounted amount during the lease period.

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street, NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387



1 10. ETS and PSA have a last known address of 561 Thornton
2 Road, Suite K, Lithia Springs, Georgia 30122. NCMI's last known
3 address is 2520 E. Piedmont Road, Suite F-170, Marietta, Georgia
4 30062-1700.

5 11. Respondent **GEORGEN** was retained as an Oregon sales
6 agent for the ETS Payphones program by NCMI, and was compensated
7 exclusively through commissions, receiving a percentage of each
8 sale as his remuneration. Respondent **GEORGEN** was also promised
9 a "free" phone of his own (with its attendant monthly lease
10 payment) for every 25 phones he sold to members of the public.

11 12. Upon purchase, an investor would have to choose
12 between several options for the "management" of their payphone.
13 The first two options required the investors to take possession
14 of the phone themselves, for deployment as they saw fit.

15 Respondent **GEORGEN** readily informed potential investors that it
16 made no sense for the client, usually elderly, with no
17 telecommunications knowledge or experience, and interested in
18 income only, to get involved in the day to day management of one
19 or more payphones (in the event an investor was theoretically
20 interested in operating a payphone themselves it made no sense
21 to pay \$7,000.00 for a \$1,250.00 product). Of the phones sold
22 to Oregon investors none were self managed phones.

23 13. Each and every payphone sold in this State was an
24 "option three" phone, and therefore it is only fair to conclude
25 that "option three" was, as a matter of economic reality, the
26 "ETS program." Under this option the investor signed a five

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387



Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387



1 year contract (later contracts increased in duration to become
2 ten year contracts) to "lease" its phones to ETS Payphones, Inc
3 for a fixed monthly lease payment (the "payment" depended on the
4 price of the phone: \$75 a month for phones costing \$6,000 or
5 \$6,750; \$82 a month for phones costing \$7,000.00). Of import,
6 the lease payment was to be paid whether or not the phone in
7 question produced income sufficient to generate this amount or
8 not. Option three phones had an additional feature: a "buyback"
9 provision. This "buyback" feature was designed to create the
10 illusion of liquidity, an important factor considering that
11 sales agents had to lure investor funds from bank products, many
12 of which were both liquid and insured. Under option three, ETS
13 managed, maintained, and operated the telephones. The investor
14 retained no control, and in point of fact had no operational
15 knowledge, with respect to the manner in which their phones were
16 operated. (None of the investors ever visited the actual site
17 of the payphone that had been assigned to them, which was
18 usually in a jurisdiction far from their home.) No
19 participation or involvement was required other than to sign the
20 lease and receive their monthly lease payments from ETS.

21 14. NCMI provided the sales agents, including Respondent
22 **GEORGEN**, with slick, professionally printed sales brochures
23 (reviewed and approved by ETS Payphones) to pass on to potential
24 investors as well as a sales manual that purported to govern all
25 aspects of their roles as sales agents. (Of import, the manual
26 outlined a specific script the agents were to follow when

Division of Finance and Corporate Securities
Labor and Industries Building
330 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387



1 presenting the program to their clients (the manual summarized
2 the highlights of the ETS program as "14% return, Full
3 liquidity, Monthly Income, Principle (sic) Secure"). The sales
4 brochure is filled with happy talk about how wonderful it is to
5 own a payphone ("Of all the individuals who are wealthy today, a
6 great majority became so by owning property or another asset
7 that has increased in value. Wouldn't you agree? This is how
8 many people become financially independent."... "What if the asset
9 was a payphone?"... "What if you could own such a payphone and
10 make [1/2 page picture of \$ bill] with little or no risk"? For a
11 limited time, this opportunity will be available in the
12 telecommunications industry to own your own coin-operated
13 payphone and earn a very good profit." Not only does the
14 brochure not give even the slightest detail about either the
15 financial status of the company or the risks of such a
16 "purchase", it barely even mentions ETS, focusing entirely on
17 the general theme of payphones. These materials formed the
18 centerpiece of Respondent **GEORGEN**'s sales presentation to
19 potential investors.

20 15. At or about the time of the events in question, the
21 entire pay telephone industry was facing monumental challenges
22 that were steadily reducing revenue. New technology was largely
23 to blame for the industry's demise: heavy usage of cellular
24 telephone technology, facsimiles and e-mails, and "calling
25 cards" were causing income to drop as much as fifty percent per
26 annum. Neither ETS Payphones, Inc, NCMI, or Respondent **GEORGEN**

1 ever disclosed any of this information to potential investors.
2 As instructed, Respondent **GEORGEN** focused on the "guaranteed"
3 fourteen percent return and the purported "safety" of the
4 program as its primary selling points. The sales pitch focused
5 exclusively on the supposed benefits of the investment, and made
6 no mention of lurking difficulties. In short, Respondent
7 **GEORGEN**'s sales presentation would focus on anything and
8 everything but *the risks of this program and the state of the*
9 *payphone industry.*

10 16. Respondent **GEORGEN** sold 177 phones to 12 Oregonians,
11 who invested a total of \$1,163,500.00 through him. A single
12 client purchased fifty one phones and invested \$344,250.00,
13 taking out a mortgage on his home to invest as much as possible
14 in the ETS program. The fact of the matter, completely unknown
15 to investors, was that from a financial perspective ETS was in
16 dire straits at the time these investments were made. ETS was
17 losing \$1,800,000 per month (\$21,600,000 on an annual basis),
18 and had thousands of phones for which expenses exceeded income.
19 Because the ETS payphones were poorly placed and always operated
20 at a loss, monthly lease payments could only be made as long as
21 ever increasing numbers of individuals infused new funds into
22 the program by purchasing additional ETS payphones. The scheme
23 collapsed, leaving ETS in bankruptcy and mostly elderly
24 investors out of all of their much needed principal and income.

25 17. The ETS Payphone program was not registered as a
26 security for sale in Oregon at any time.

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387



1 **Part Three: GBS Funding**

2 18. Respondent **GEORGEN**, through a partnership he cofounded
3 with an individual named Lee Stortz entitled "GBS Funding",
4 offered and sold investments in unregistered "high yield trading
5 programs" to members of the public. (A "high yield trading
6 program" is purportedly designed to take advantage of offshore
7 inter-bank transactions.)

8 19. GBS Funding and Lee Stortz have, as their last known
9 address, PMB 327, 7410 SW Oleson Road, Portland, Oregon 97223.

10 20. The GBS Funding "trading program" purportedly
11 consisted of investments in "high return trading mediums"
12 involving unnamed "international banks" that ostensibly sold
13 loan portfolios at a discount to "raise cash. In point of fact,
14 the GBS Funding "trading program" was a variation on a "prime
15 bank" scenario in which illegitimate financial schemes purport
16 to make use of the structure of legitimate transactions engaged
17 in by large banks. (Prime bank scenarios offer disproportionate
18 returns to the alleged risk involved, are replete with
19 complexity and confusion, obscure the true commercial basis for
20 and source of the return, make it impossible to verify the
21 transaction or its financing, and entail unnecessary secrecy and
22 obfuscative jargon.)

23 21. Investors were required to sign a "confidentiality
24 agreement" in which they agreed not to discuss or disclose
25 information regarding the GBS Funding "trading program" with any
26 third party. As the information given to prospective investors

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387



1 was so vague and sketchy as to not constitute proprietary data,
2 the true purpose of the document was to discourage investors
3 from contacting regulators either before or after the investment
4 was made.

5 22. During the fourth quarter of 1999 Respondent **GEORGEN**
6 solicited investments in the GBS Funding "trading program" from
7 his client base at the rate of \$10,000 per unit. Respondent
8 **GEORGEN** orally described the nature of the "trading program" (no
9 written materials were employed in the sales process or given to
10 investors to review), stating that transactions that the GBS
11 Funding "trading program" engaged in were previously employable
12 only by large financial institutions but were now available to
13 small investors through the process of "aggregation", in which
14 ten thousand dollar units were combined by "promoters" until a
15 critical mass of funds was collected, at which time moneys could
16 be "traded" in much the manner in which multinational financial
17 institutions do.

18 23. Respondent **GEORGEN** told investors that their funds
19 could be doubled or "significantly improved" during the roughly
20 twelve month length of the GBS Funding "trading program."

21 Respondent's comments in connection with the solicitation of
22 funds for the GBS Funding "trading program" were nebulous and
23 vague. Potential investors were not told the names or
24 backgrounds of the "promoters" their investment would be
25 forwarded to, were not given specific information about how
26 their investment would be "traded", and were not informed of the

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OK 77301-3881
Telephone: (503) 378-4387



1 true commercial basis for and source of the purported high
2 return.

3 24. Respondent **GEORGEN** represented that he was to receive
4 two percent (2%) of amounts returned from "trading" as his
5 compensation.

6 25. Respondent **GEORGEN** sold ten \$10,000.00 investments in
7 GBS Funding to ten clients for a total of \$100,000. On
8 information and belief, GBS Funding forwarded investor funds to
9 two separate California "promoters" of "prime bank programs
10 sometime in 2000. In its last correspondence with investors,
11 dated November 6, 2000, GBS Funding noted that "[t]he risk with
12 facilitators who aggregate funds... are that the funds aren't
13 always returned promptly, if at all." Unfortunately, Respondent
14 **GEORGEN** did not provide this information to prospective
15 investors prior to the loss of their investment.

16 26. The GBS Funding trading program was not registered as
17 a security for sale in Oregon at any time.

18 **Part Four: Liberte' Capital**

19 27. Liberte' Capital was an Ohio corporation that offered
20 investments in so called "viatical" policies to members of the
21 public through sales agents, including Respondent **GEORGEN**, that
22 were recruited and managed by Ruttenberg and Associates, a
23 marketing firm. A viatical investment involves the purchase of a
24 terminally ill individual's (viator) life insurance policy,
25 through a discounted purchase arrangement with a third party (in
26 this case, Liberte). The third party may then solicit



1 investments from individuals to purchase the entire contract or
2 a portion of the contract. The investors are entitled to a
3 return on their investment either when the insurance company
4 pays the face value of the policy or when the policy is resold
5 to another investor.

6 28. Liberte Capital has a last known address of PO Box
7 528, 1530 Timberwolf Drive, Holland, Ohio 43528. Capwill and
8 Company, an entity that was formed for the purpose of making
9 premium payments on the policies in effect, has a last known
10 address of 33790 Bainbridge Rd., Suite 209, Solon, Ohio 44139.
11 Ruttenberg and Associates, the marketing firm that recruited and
12 managed Respondent **GEORGEN**, has a last known address of 1603
13 Visa Drive #4, Normal, Illinois 61761.

14 29. Respondent **GEORGEN** was contacted by Ruttenberg and
15 Associates through a direct mailing targeted to insurance
16 agents in 1997. Respondent **GEORGEN** was promised a commission on
17 all sales and was assured that investors would receive highly
18 attractive returns of between 24-40% per annum.

19 30. Liberte represented that investors would receive a
20 return on their investment when the insurance companies that
21 issued the underlying policies paid the investor as designated
22 policy beneficiary. Investors necessarily relied on Liberte to
23 conduct the complex calculation of medical, financial, and
24 actuarial information to assess the viator's life expectancy and
25 purchase price of the insurance policies. Liberte represented
26 that new purchasers would be found for policies on a secondary

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387



1 market, so that the investor could collect their money before
2 the insured died. (Of course, if Liberte was not successful in
3 selling the contracts, the investors would not reap their
4 promised reward.)

5 31. During the sales process, Respondent **GEORGEN** harped on
6 the purported annual return of 24%, assured investors that
7 Liberte' would make the underlying premium payments, promised
8 that the policies would be re-sold within 24 months so that life
9 expectancies were not a relevant issue, and stated that
10 viaticals had little risk and high "fixed" returns. To the
11 contrary, the risk was substantial: premium payments could go
12 unmade (causing policies to lapse), policies could be contested,
13 and buyers on the secondary market could go lacking. (In point
14 of fact, this is precisely what transpired.) Investors were
15 never given detailed, accurate financial data that would have
16 allowed them to assess Respondent **GEORGEN's** assertions.

17 32. Respondent **GEORGEN** raised \$96,000.00 from three
18 individuals to invest in viatical contracts. Most estimated life
19 expectancies have passed, many policies have been canceled due
20 to non payment of premiums, and buyers on the secondary market
21 have not been found. It is unlikely investors will recoup any
22 funds.

23 33. The Liberte Capital viatical investment program was
24 not registered as a security for sale in Oregon at any time.

25 **Part Five: Mobile Cash**

26 34. Respondent **GEORGEN**, along with an Oregon insurance



1 agent named Ken Gebarowski, solicited approximately twenty
2 clients of Gebarowski in an attempt to sell investments in the
3 "Mobile Cash Systems" program. Respondent **GEORGEN** and Gebarowski
4 informed potential investors that they could buy a "wireless
5 terminal machine" (a machine capable of electronic transaction
6 processing) from Mobile Cash Systems and concurrently retain Web
7 Star Payment Systems to locate and "manage" the machine in
8 exchange for income each month. (The program was offered as a
9 single package.)

10 35. Mobile Cash Systems, Inc has a last known address of
11 8215 S. Eastern Avenue, Suite 239 Las Vegas, NV 89123. Web Star
12 Payment Systems Inc. has a last known address of 2564 Wigwam
13 Parkway, Suite 202, Henderson, NV 89014. Kenneth Gebarowski has
14 a last known address of 22616 SE Morrison St. Gresham, OR 97030.

15 36. Mobile Cash Systems initially contacted Respondent
16 **GEORGEN** through direct mail correspondence addressed to licensed
17 insurance agents. Respondent **GEORGEN** was to be compensated by
18 commission for every sale of the Mobile Cash program he made. In
19 turn, Respondent **GEORGEN** recruited Gebarowski as a "subagent",
20 and as a result was to receive a small percentage of
21 Gebarowski's sales as well.

22 37. Wireless terminal machines are small hand-held mobile
23 units that allow customers to use credit or debit cards to
24 electronically process merchant transactions. Mobile Cash
25 offered the units for sale for \$4,500.

26 38. Upon purchase of a Mobile Cash wireless terminal

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387



1 machine, investors entered into a five year contract with Web
2 Star. Web Star represented that they would place the wireless
3 terminal machines in retail stores, charging the merchant for
4 each transaction placed on a machine (the charge for each
5 transaction ranged from 2.5 cents to 10 cents). As a result of
6 these efforts, the investor would receive "right of first
7 revenue" which would be up to the first \$60 of all funds
8 collected each month from each wireless terminal machine. The
9 investor would then receive 50% of any additional gross
10 revenues. (On the other hand, the investor was assessed a one-
11 time training and set up fee of \$100 per machine, per location,
12 and was also charged with a monthly service fee of \$20.)

13 39. Respondent **GEORGEN** and Ken Gebarowski made joint
14 presentations (offers) to twenty investors without making a
15 sale. Although no sales resulted from these offers to purchase
16 securities, Gebarowski did make a single sale of the program to
17 an elderly Oregonian himself, without Respondent **GEORGEN's**
18 assistance. Gebarowski forwarded his sales paperwork to **GEORGEN**,
19 who tendered the materials to Mobile Cash.

20 40. The Mobile Cash program was not registered as a
21 security for sale in Oregon at any time.

22 **Part Six: Douglas Network Enterprises**

23 41. Douglas Network Enterprises, Inc was a California
24 corporation that offered investments in money voucher processor
25 ("MVP") machines to members of the public through sales agents,
26 including Respondent **GEORGEN**, that were recruited and managed by

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387



1 a marketing firm, Ruttenberg and Associates. Investors were to
2 purchase an MVP machine (also known as a scrip machine, which
3 operates in a similar fashion to an ATM but dispenses store
4 certificates instead of cash) from Unlimited Cash, Inc and
5 concurrently enter into a "management agreement" with Douglas
6 Network Enterprises ("DNE") whereby DNE would operate the
7 machines and in return provide monthly compensation to
8 investors. Investors were also guaranteed that their machines
9 could, at the investor's option, be re-sold to DNE for the
10 original sales price.

11 42. Douglas Network Enterprises has a last known address
12 of 517 Calle San Pablo, Camarillo, California 93012. Unlimited
13 Cash, Inc has a last known business address of 130 Lombard
14 Street, Oxnard, California 93012. Ruttenberg and Associates MVP
15 has a last known address of 1603 Visa Drive, #4, Normal,
16 Illinois 61761.

17 43. Ruttenberg and Associates contacted Respondent
18 **GEORGEN**, with whom it had a previous business relationship
19 emanating from the sale of Ruttenberg managed viatical products,
20 to act as sales agents for Douglas Network Enterprises in
21 exchange for commission compensation.

22 44. Unlimited Cash manufactured and sold the money voucher
23 processor machines. The machines were sold for \$4000 per unit.
24 The machine, also known as a "scrip" machine, was represented to
25 be preferred by merchants to ATM machines because - unlike
26 dispensed cash - scrip could only be used at a single retail



1 location (the one the machine was located in).

2 45. The "management" contract investors entered into with
3 Douglas Network Enterprises provided that the company would
4 place the machine in a retail location, service the machine if
5 it became faulty, and collect and account for revenues. As
6 compensation, Douglas Network paid investors 60 cents for each
7 transaction on a machine. (The company's literature assumed an
8 average of 89 transactions per machine each month.) Furthermore,
9 Douglas Network contractually obligated itself to repurchase the
10 MVP machines at the original sales price at the end of the three
11 year lease period or for a discounted amount (70-90%) during the
12 lease period.

13 46. Respondent **GEORGEN** sold nine Douglas Network MVP
14 units, at \$4000 per unit, to one Oregon resident, for a total
15 investment of \$36,000.

16 47. The Douglas Network MVP program was not registered as
17 a security for sale in Oregon at any time.

18 **Part Seven: Misrepresentations and Omissions**

19 48. Respondent **GEORGEN** made the following
20 misrepresentations and/or omissions of material facts in
21 connection with the offer and/or sale of the above mentioned
22 securities: that they were "safe" investments; that they were
23 appropriate for an investor in or nearing retirement; that the
24 securities were required to be registered with the Division of
25 Finance and Corporate Securities and were not; that the
26 Respondent was not licensed by the Oregon Division of Finance

Division of Finance and Corporate Securities
Labor and Industries Building
330 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387



1 and Corporate Securities to sell this type of security; that
2 there were significant and substantial risks with these
3 investments, including the risk of loss of the entirety of the
4 principal, along with a complete and accurate description of the
5 nature of said risks; that in some cases investors could only
6 continue to receive monthly payments so long as a sufficient
7 number of new investors infused money into the promoters'
8 coffers; that investors were not presented with the opportunity
9 to review detailed financial information about the promoters and
10 related entities such that they would be able to note the
11 companys' precarious financial situations, and thereby learn
12 just how contingent their ability to execute on their promises
13 of repurchasing the investment at the original sales price was;
14 and that Respondent did not provide information about the
15 issuer's business plan, their promoters' management backgrounds,
16 or the precise manner in which funds were to be employed.

17 **CONCLUSIONS OF LAW**

18 The Director **CONCLUDES** that:

- 19 1. The investments which were offered and sold by
20 Respondent **GEORGEN** are a "security" as defined in ORS
21 59.015(19)(a).
- 22 2. Respondent offered and/or sold unregistered securities
23 in the State of Oregon in violation of ORS 59.055.
- 24 3. Respondent offered and/or sold a security in the State
25 of Oregon without being licensed as a broker-dealer or general
26 license broker-dealer salesperson in violation of ORS 59.165(1).



Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387



1 4. Respondent **GEORGEN** made the following
2 misrepresentations and/or omissions of material facts in
3 connection with the offer and/or sale of the above mentioned
4 securities: that they were "safe" investments; that they were
5 appropriate for an investor in or nearing retirement; that the
6 securities were required to be registered with the Division of
7 Finance and Corporate Securities and were not; that the
8 Respondent was not licensed by the Oregon Division of Finance
9 and Corporate Securities to sell this type of security; that
10 there were significant and substantial risks with these
11 investments, including the risk of loss of the entirety of the
12 principal, along with a complete and accurate description of the
13 nature of said risks; that in some cases investors could only
14 continue to receive monthly payments so long as a sufficient
15 number of new investors infused money into the promoters'
16 coffers; that investors were not presented with the opportunity
17 to review detailed financial information about the promoters and
18 related entities such that they would be able to note the
19 companys' precarious financial situations, and thereby learn
20 just how contingent their ability to execute on their promises
21 of repurchasing the investment at the original sales price was;
22 and that Respondent did not provide information about the
23 issuer's business plan, their promoters' management backgrounds,
24 or the precise manner in which funds were to be employed, all of
25 which are untrue statements of a material fact and/or omissions
26 to state a material fact necessary in order to make the

1 statements made, in the light of the circumstances under which
2 they were made, not misleading in violation of ORS 59.135(2).

3 **ORDER**

4 Therefore, the Director **ORDERS**

5 1. That Respondent shall cease and desist from offering
6 and/or selling securities to persons in the State of Oregon in
7 violation of ORS Chapter 59, OAR Chapter 441, or the Oregon
8 securities law.

9 2. That Respondent is hereby denied use of any exemptions
10 authorized by ORS 59.025 and ORS 59.035, until further order of
11 the Director, pursuant to ORS 59.045. Furthermore, Respondent is
12 strictly prohibited from raising capital from other individuals
13 for use or investment on their behalf.

14 3. That Respondent **GEORGEN** is ordered to pay the sum of
15 **ONE HUNDRED THOUSAND DOLLARS** (\$100,000.00) as a civil penalty
16 for violations of ORS 59.055, ORS 59.135, and ORS 59.165
17 described herein; of this amount, eighty thousand dollars
18 (\$80,000.00) shall be **SUSPENDED** so long as Respondent does not
19 violate the terms of this Order; the remaining **TWENTY THOUSAND**
20 **DOLLARS** (\$20,000.00) shall become due and owing ten days after
21 the date of entry of this Order.

22 4. That failure to comply with any provision of this
23 Order, Oregon Revised Statutes Chapter 59, or Oregon
24 Administrative Rules Chapter 41, shall cause the entire civil
25 penalty noted above to be due and owing immediately.

26 5. That Respondent **GEORGEN's OREGON SECURITIES LICENSE**

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387



1 **IS HEREBY REVOKED.** Furthermore, Respondent shall not be
2 eligible to apply for reinstatement of said license.

3 **IT IS SO ORDERED.**

4 Dated this 18th day of December, 2003 at Salem, Oregon.

5
6
7
8

Cory Streisinger
CORY STREISINGER, DIRECTOR
DEPARTMENT OF CONSUMER & BUSINESS
SERVICES
STATE OF OREGON

9 Approved as to Form:

10
11
12
13
14

David T. Weiss

Dated: 12-18-03

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

15
16
17
18

Andrew P. Ositis

Dated: 12/16/03

Andrew P. Ositis
Attorney at Law
388 State Street, Suite 565
Salem, Oregon 97301
Attorney For Jim Georgen

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387



19
20
21
22
23
24
25
26

CONSENT TO ENTRY OF ORDER

I, **JIM GEORGEN**, state the following, subject to the provisions
of ORS 59.451 that prohibit the making of a false statement to
the Director of the Department of Consumer and Business
Services: that I am a resident of the State of Oregon; that I
have read the foregoing Order and that I know and fully
understand the contents thereof; that I admit that the factual
allegations stated herein are true and correct; that I have been

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

10

11 I further state: that I have filed a bankruptcy petition with
12 the Clerk of the US District Court for the District of Oregon on
13 June 17, 2003; that I was discharged from my obligations by that
14 Court on September 25, 2003, that as of the date of the entry of
15 this Order I have no ownership interest in any real estate; that
16 I did not transfer an ownership in any real estate in the 180
17 days preceding the bankruptcy filing to any relative by blood or
18 marriage; that as of the date of the entry of this Order my
19 equity in any vehicle does not exceed one thousand five hundred
20 dollars; that as of the date of the entry of this Order my gross
21 earned income, not counting pension income and/or social
22 security, does not exceed one thousand dollars a month.

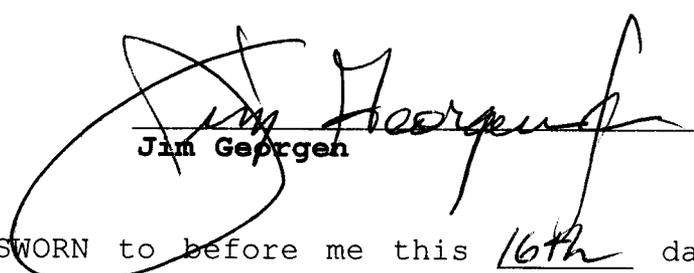
23

24 I further assure the Director that I will not engage in the
25 activities of a broker-dealer, investment adviser, or mortgage
26 broker.



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

3 Dated this 16th day of December, 2003.

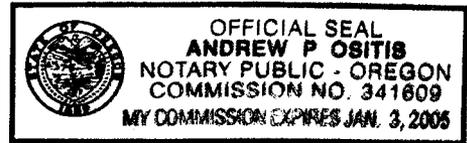
4
5
6 
7
8 Jim Georgen

9 SUBSCRIBED AND SWORN to before me this 16th day of
10 , 2003.

11 
12 Notary Public

13 for the State of: OREGON

14 My commission expires: 1/3/05



15
16
17
18
19
20
21
22
23
24
25
26
Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

