

1 DEPARTMENT OF CONSUMER AND BUSINESS SERVICES  
 2 DIVISION OF FINANCE AND CORPORATE SECURITIES  
 3 SECURITIES SECTION  
 4 BEFORE THE DIRECTOR OF THE DEPARTMENT OF CONSUMER AND  
 5 BUSINESS SERVICES

6 In the Matter of: )  
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 8 )  
 9 )  
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 12 )

**FIRST LIBERTY FINANCIAL**  
**KERRY DALBERT**  
**STEPHEN M. PARRINO**  
**DANNY M. RAYBURN**  
**MICHAEL DONALDSON**  
**JOSHUA CRAIG**

S-04-0014

**ORDER TO CEASE AND DESIST  
 ORDER IMPOSING CIVIL PENALTY  
 AND DENYING USE OF  
 EXEMPTIONS  
 ENTERED BY DEFAULT**

**Respondents.**

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



15 On January 7, 2005 the Director of the Department of Consumer and Business Services  
 16 for the State of Oregon (the Director), acting pursuant to the Oregon Securities Law, ORS  
 17 Chapter 59 (hereinafter cited as ORS Chapter 59), issued Administrative Order S-04-0014, Order  
 18 to Cease and Desist, Order Imposing Civil Penalty and Notice of Right to Hearing. Service was  
 19 effected on January 10, 2005 by mailing the Order and Notice by both regular and certified mail  
 20 with proper postage affixed to the last known address of First Liberty Financial in Irvine, CA;  
 21 Kerry Dalbert in Irvine, CA; Stephen Parrino in Yorba Linda, CA; Danny Rayburn in Anaheim,  
 22 CA; Michael Donaldson in Irvine, CA; and Joshua Craig in Irvine, CA. The Orders sent to First  
 23 Liberty Financial, Kerry Dalbert and Joshua Craig were returned "attempted, not known." The  
 24 Orders sent to Michael Donaldson and Stephen Parrino were returned "forwarding order  
 25 expired" and the Orders sent to Danny Rayburn were returned "unclaimed."  
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1 None of the respondents have requested a hearing in this matter.

2 **NOW THEREFORE**, after consideration of the Investigative Report and accompanying  
3 documents submitted in this matter by Susan Schoaps, the Director hereby issues the following  
4 Findings of Fact, Conclusions of Law and Final Order:

5 **FINDINGS OF FACT**

6 The Director **FINDS** that:

7 1. First Liberty Financial (hereinafter "FLF") is a California Corporation with its principal  
8 place of business at 19800 MacArthur, Suite 330, Irvine, CA 92612.

9 2. FLF is not, and never has been licensed as a broker dealer in the State of Oregon.

10 3. Kerry Dalbert (hereinafter "Dalbert") was, at all times pertinent to the facts involving him  
11 in this Order, an employee of FLF.

12 4. Dalbert is not, and never has been licensed to sell securities in the State of Oregon.

13 5. Stephen M. Parrino, CRD # 3260808, (hereinafter "Parrino") resides at 22225 Mission  
14 Hills Lane, Yorba Linda, CA 92887 and was, at all times pertinent to the facts involving him in  
15 this Order, an employee of FLF.

16 7. Parrino is not, and never has been licensed to sell securities in the State of Oregon.

17 8. Danny M. Rayburn, CRD # 2501340, (hereinafter "Rayburn") resides at 2249 Judith  
18 Lane, Anaheim, CA 92804 and was, at all times pertinent to the facts involving him in this  
19 Order, an employee of FLF.

20 9. Rayburn is not, and never has been licensed to sell securities in the State of Oregon.

21 10. Michael Donaldson (hereinafter "Donaldson"), 2111 Business Center Drive, Suite 210,  
22 Irvine, CA 92612, is not, and never has been licensed to sell securities in the State of Oregon

23 11. Joshua Craig (hereinafter "Craig"), address unknown, was, at all times pertinent to the  
24 facts involving him in this Order, an employee of FLF.

25 12. Craig is not, and never has been licensed to sell securities in the State of Oregon.

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1 13. On or about January 2001, Dalbert called Oregon resident Richard Wielde, with whom  
2 he had no prior relationship, and offered to sell Wielde securities, to wit: units in an investment  
3 trust named Healthscan of Los Angeles, LLC. Dalbert sent Wielde promotional materials related  
4 to the investment trust.

5 14. Wielde did not purchase units in the investment trust.

6 15. In 2001, Michael Donaldson called Oregon resident H. Ross McDowell and offered to  
7 sell him securities, to wit: units in an investment trust called Vital Imaging, LLC. Donaldson had  
8 no prior relationship with Mr. McDowell.

9 16. On June 28, 2001, Mr. McDowell purchased 3 units from Donaldson for \$15,000.00 and  
10 on October 2, 2001, Mr. McDowell purchased 1 unit from Donaldson for \$5,000.00.

11 17. Between November 1, 2000 and April 1, 2001, Parrino called Oregon resident Sandra  
12 Vischer, with whom he had no prior relationship, and offered to sell her securities, to wit: units  
13 in an investment trust called Healthscan of Los Angeles, LLC.

14 18. On March 1, 2001, Ms. Vischer bought 5 units in the trust from Mr. Parrino for  
15 \$25,000.00.

16 19. In April 2000, Rayburn called Oregon resident John Barnes, with whom he had no prior  
17 relationship, and offered to sell him securities, to wit: units in Health Imaging Investment Trust,  
18 units in Healthscan of Seattle, an investment trust and units in Healthscan Metabolic Imaging, an  
19 investment trust.

20 20. In April 2000, Rayburn sold Barnes 5 units in Health Imaging, LLC for \$25,000.00.

21 21. In July 2000, Rayburn sold Barnes 3 units in Healthscan Metabolic Imaging, LLC for  
22 \$15,000.00.

23 22. In October 2000, Rayburn sold Barnes 3 units in Healthscan of Seattle, LLC for  
24 \$15,000.00.

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1 23. Between January 1, 2000 and April 1, 2000, Joshua Craig called Oregon resident Mike  
2 Peterson and offered to sell him securities, to wit: units in Health Imaging Investment Trust. Mr.  
3 Peterson had no prior relationship with Craig.

4 24. During the course of the above phone call(s), Craig represented that he worked for FLF.

5 25. On March 31, 2000, Craig sold Mr. Peterson 2 units in Health Imaging Unit Investment  
6 Trust for \$10,000.00.

7 **CONCLUSIONS OF LAW**

8 The Director **CONCLUDES** that:

9 1. The investment trust units described in the findings of fact are securities under ORS  
10 59.015(19)(a).

11 2. Respondent First Liberty Financial, through Dalbert, Parrino, Rayburn and Craig, was  
12 engaged in the business of offering and selling securities in the State of Oregon and was,  
13 therefore, a broker dealer under ORS 59.015(1).

14 3. Respondent First Liberty Financial offered and sold Securities in the State of Oregon  
15 without being licensed as a broker dealer in violation of ORS 59.165(1).

16 4. In January 2001, Dalbert offered and attempted to sell a security to Richard Wiede in the  
17 State of Oregon without being licensed to do so in violation of ORS 59.165(1).

18 5. Between November 1, 200 and April 1, 2001, Parrino offered and sold a security to  
19 Sandra Vischer in the State of Oregon without being licensed to do so in violation of ORS  
20 59.165(1).

21 6. Between April 1, 2000 and July 31, 2000, Rayburn offered and sold a security to John  
22 Barnes in the State of Oregon without being licensed to do so in violation of ORS 59.165(1).

23 7. Between June 27, 2001 and October 3, 2001 Donaldson offered and sold a security to H.  
24 Ross McDowell in the State of Oregon without being licensed to do so in violation of ORS  
25 59.165(1).

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1 8. Between January 1, 2000 and April 2, 2000 Craig offered and sold a security to Mike  
2 Peterson in the State of Oregon without being licensed to do so in violation of ORS 59.165(1)

3 9. FLF and Ryan employed Dalbert, Parrino, Rayburn and Craig as salespersons in Oregon  
4 while they were not licensed as a salespersons in Oregon, in violation of 59.165(3).

5 **ORDER**

6 The Director, pursuant to ORS 59.245 hereby **ORDERS** that Respondents First Liberty  
7 Financial, Kerry Dalbert, Stephen M. Parrino, Danny M. Rayburn, Michael Donaldson and  
8 Joshua Craig, their agents and employees and any successor business or corporation, shall  
9 **CEASE and DESIST** from:

10 1. Violating any provision of the Oregon Securities Laws, including ORS Chapter 59 and  
11 OAR Chapter 441, including ORS 59.165 and ORS 59.205.

12 The Director, pursuant to ORS 59.995, hereby **ORDERS** the following **CIVIL**  
13 **PENALTIES:**

14 1. Respondent Kerry Dalbert shall pay the following civil penalty: **\$5000.00** for offering to  
15 sell a security in the State of Oregon while not licensed to do so.

16 2. Respondent Stephen Parrino shall pay the following civil penalty: **\$5000.00** for offering  
17 to sell a security in the State of Oregon while not licensed to do so.

18 3. Respondent Danny Rayburn shall pay the following civil penalty: **\$5000.00** for offering  
19 to sell a security in the State of Oregon while not licensed to do so.

20 4. Respondent Michael Donaldson shall pay the following civil penalty: **\$5000.00** for  
21 offering to sell a security in the State of Oregon while not licensed to do so.

22 5. Respondent Joshua Craig shall pay the following civil penalty: **\$5000.00** for offering to  
23 sell a security in the State of Oregon while not licensed to do so.

24 6. Respondent First Liberty Financial shall pay the following civil penalty:  
25 **\$5000.00** for conducting business as a broker dealer in the State of Oregon without being  
26 licensed to do so.

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1 7. Pursuant to ORS 59.045(2) respondents First Liberty Financial, Kerry Dalbert, Stephen  
2 M. Parrino, Danny M. Rayburn, Michael Donaldson and Josh Craig are **DENIED** the use of any  
3 exemptions that would otherwise be available to them under ORS 59.025 and ORS 59.035  
4 regarding securities and transactions exempt from the registration requirements of the Oregon  
5 Securities Law.

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

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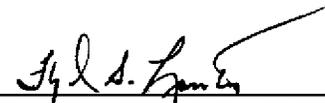
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Dated this 10th day of FEBRUARY, 2005 at Salem, Oregon.

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**STREISINGER, DIRECTOR** **CORY**  
**DEPARTMENT OF CONSUMER & BUSINESS**  
**SERVICES**

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