

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: )  
7 )  
7 RONALD L. MCLAIN, ) No.S-05-0011  
8 CONSTANCE MCLAIN AND )  
8 IQ TRAVEL & ENTERTAINMENT, INC. ) ORDER TO CEASE AND DESIST  
9 Respondents. ) ORDER ASSESSING CIVIL  
10 ) PENALTIES AND CONSENT  
11 ) TO ENTRY OF ORDER  
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12 WHEREAS The Director of the Department of Consumer and Business  
13 Services (hereinafter the "Director") has conducted an  
14 investigation of certain business activities of Ronald L. McLain,  
15 Constance McLain (hereinafter the "McLains") and IQ Travel &  
16 Entertainment, Inc. (hereinafter "IQ Travel") and has determined  
17 that: (1) The McLains and IQ Travel, in connection with the sale of  
18 securities, engaged in an act, practice or course of business  
19 which would operate as a fraud or deceit upon any person, in  
20 violation of ORS 59.135(3); and, (2), in connection with the sale  
21 of securities, made an untrue statement of material fact or  
22 omitted to state a material fact necessary in order to make the  
23 statements made, in light of the circumstances under which they  
24 were made, not misleading, in violation of ORS 59.135(2);  
25 WHEREAS The McLains and IQ Travel wish to resolve and settle this  
26 matter with the Director;



1 NOW THEREFORE, as evidenced by the authorized signature subscribed  
2 on this Order, Ronald L. McLain, Constance McLain and IQ Travel &  
3 Entertainment, Inc. hereby CONSENT to entry of this Order to Cease  
4 and Desist upon the Director's Findings of Fact and Conclusions of  
5 Law as stated hereinafter:

6 FINDINGS OF FACT

7 The Director FINDS that:

8 1. Ronald L. McLain and Constance McLain are husband and wife  
9 and reside in Las Vegas, Nevada.

10 2. At all times relevant hereto, Ronald McLain was an officer,  
11 director, owner and control person of IQ Travel & Entertainment.

12 3. At all times relevant hereto, Constance McLain was an  
13 officer, director, owner and control person of IQ Travel &  
14 Entertainment.

15 4. IQ Travel & Entertainment is a corporation organized under  
16 the laws of Delaware and incorporated in October of 2002. It's  
17 principal place of business was purportedly 3960 Howard Hughes  
18 Parkway, #500, Las Vegas, Nevada 89109.

19 5. According to statements made to investors and promotional  
20 material provided to investors, the business of IQ Travel was to  
21 sell prepaid travel cards. The travel cards were to be  
22 manufactured by IQ Travel and sold through major retailers using  
23 the retailers' websites to market the travel cards throughout the  
24 United States. The travel cards would purportedly entitle  
25 customers to discounts on a wide variety of travel and  
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1 entertainment services such as air travel, lodging, rental cars,  
2 movies and more.

3 6. IQ Travel and the McLains represented to Oregon investors,  
4 among other things, that IQ Travel had vendor contracts with large  
5 retailers such as Wal-Mart and Sam's Club and that the McLains had  
6 personally invested from \$1,000,000.00 to \$25,000,000.00 cash into  
7 IQ Travel. Neither of these representations were true.

8 7. In order to sell the stock of IQ Travel, Ron McLain prepared,  
9 or caused to be prepared, an Executive Summary and Outline and a  
10 Private Placement Memorandum. These documents, as well as other  
11 promotional materials prepared by IQ Travel and the McLains, were  
12 provided to prospective Oregon investors for the purpose of  
13 selling the securities of IQ Travel.

14 8. In connection with the sale of stock in IQ Travel, the  
15 McLains failed to reveal material facts to Oregon investors,  
16 including, but not limited to, the following:

- 17 a. That investor funds would be used for the personal  
18 expenses of the McLains;  
19 b. The true financial condition of IQ Travel.

20 9. IQ Travel and the McLains sold stock in IQ Travel to the  
21 following Oregon investors:

- 22 a. Carol Eddy: 61,000 shares for \$28,000.00 and labor;  
23 b. Steven Settlemeier: 10,000 shares for \$10,000.00;  
24 c. Kenneth and Regina Volesky: 10,000 shares for \$10,000.00;  
25 d. Robert and Julie Colburn: 3,500 shares for \$3500.00;  
26 e. Robert and Linda Barnett: 5,100 shares for \$5,100.00.



1 10. In connection with the above stock sales, IQ Travel and the  
2 McLains executed documents wherein it is represented that, on or  
3 before one year after the date of stock purchase, IQ would repay  
4 the investor the amount of investment plus interest, typically 16  
5 or 18%. This document also represented that the investor would  
6 retain all stock shares after repayment of the principal and  
7 interest. No principal or interest payments were ever made.  
8

9 CONCLUSIONS OF LAW

- 10 1. The stocks sold to the above noted Oregon investors are  
11 securities under ORS 59.015(19) (a).
- 12 2. The documents noted in paragraph 10 of the findings of fact  
13 are notes and are, therefore, securities under ORS 59.015(19) (a).
- 14 3. In connection with the sale of the above mentioned stocks and  
15 notes, the McLains made untrue statements of material fact or  
16 omitted to state material facts necessary in order to make the  
17 statements made, in light of the circumstances under which they  
18 were made, not misleading in violation of ORS 59.135(2).
- 19 4. In connection with the sale of the above mentioned stocks and  
20 notes, the McLains engaged in an act, practice or course of  
21 business which operated as a fraud or deceit upon another person,  
22 in violation of ORS 59.135(3).

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ORDER

NOW, THEREFORE, THE DIRECTOR ISSUES THE FOLLOWING ORDERS:

1. Pursuant to ORS 59.245, Respondents IQ Travel and Ronald and Constance McLain are ORDERED TO CEASE AND DESIST from:

- a. Selling, or offering to sell, securities in the State of Oregon;
- b. In connection with the sale or purchase of securities, making untrue statements of material fact or omitting to state material facts necessary in order to make statements made in the light of the circumstances under which they are made, not misleading in violation of ORS 59.165(2);
- c. Engaging in acts, practices or courses of business which would operate as a fraud or deceit upon any person in violation of ORS 59.135(3);
- d. Violating any provision of ORS Chapter 59 and Oregon Administrative Rules Chapter 441.

2. Pursuant to the authority of ORS 59.995, the DIRECTOR hereby

**ASSESSES CIVIL PENALTIES** in the following amounts, jointly and severally, against Respondents Ronald and Constance McLain:

- a. \$20,000.00 for violation of ORS 59.135 in connection with the sale of securities to Carol Eddy.
- b. \$20,000.00 for violation of ORS 59.135 in connection with the sale of securities to Steven Settlemeier.

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- 1 c. \$20,000.00 for violation of ORS 59.135 in connection with
- 2 the sale of securities to Robert and Julie Colburn.
- 3 d. \$20,000.00 for violation of ORS 59.135 in connection with
- 4 the sale of securities to Kenneth and Regina Volesky.
- 5 e. \$20,000.00 for violation of ORS 59.135 in connection with
- 6 the sale of securities to Robert and Linda Barnett.

7 3. Ninety Five Thousand Dollars (\$95,000.00) of said penalty is  
8 suspended provided Ron and Constance McLain pay complete  
9 restitution to investors in the following amounts:

- 10 a. Carol Eddy: \$28,000.00;
- 11 b. Steve Settlemeier: \$10,000.00;
- 12 c. Robert and Julie Colburn: \$3,500.00;
- 13 d. Kenneth and Regina Volesky: \$5,000.00;
- 14 e. Robert and Linda Barnett: \$5,100.00.

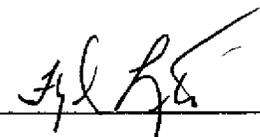
15 4. Said restitution is to be paid in full by September 16, 2005.  
16 Respondents Ronald and Constance McLain agree to provide the  
17 Director with proof of payment to each individual listed above.  
18 Failure to pay restitution in full as required above shall make  
19 the entire civil penalty of \$100,000.00 immediately due and owing.

20 5. Pursuant to ORS 59.045(2) respondents Ron and Constance  
21 McLain and IQ Travel are **DENIED** the use of any exemptions that  
22 would otherwise be available to them under ORS 59.025 and 59.035  
23 regarding securities and transactions exempt from the registration  
24 requirements of the Oregon Securities Law.  
25 The entry of this order in no way limits further remedies which  
26 may be available to the Director under Oregon law.

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Dated this 14th day of July, 2005, at Salem, Oregon

CORY STREISINGER, Director  
Department of Consumer and Business Services

  
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Floyd Lanter, Administrator  
Division of Finance and Corporate Securities

CONSENT OF RONALD L. MCLAIN TO ENTRY OF ORDER

I, Ronald L. McLain, state that I am a resident of the State of Nevada; that I have read the foregoing Order and that I know and fully understand the contents thereof; that I have been advised of my right to a hearing; that I voluntarily consent, without admitting or denying the facts contained herein, to the entry of this order without any force or duress, expressly waiving any right to a hearing in this matter; that I understand that the Director reserves the right to take further actions against me to enforce this Order or to take appropriate action upon discovery of other violations of the Oregon Securities Law by me; and that I will fully comply with the terms and conditions stated herein.

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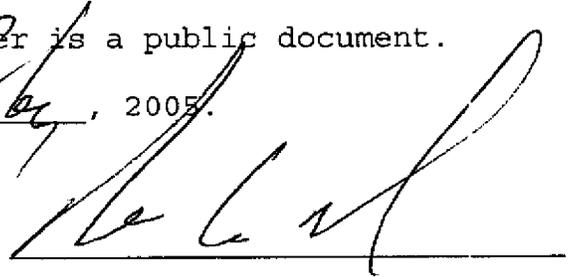
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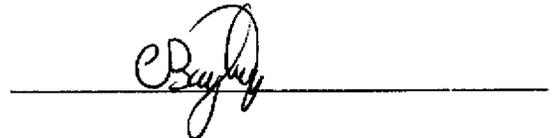
I understand that this Consent Order is a public document.

Dated this 8 day of July, 2005.



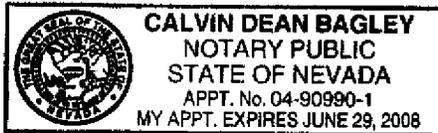
RONALD L. MCLAIN

SUBSCRIBED AND SWORN BEFORE ME THIS 8<sup>th</sup> DAY OF July, 2005.



CALVIN DEAN BAGLEY

Printed Name of Notary Public



NOTARY PUBLIC for State of: NEVADA

My commission expires: 6-29-2008

CONSENT OF CONSTANCE MCLAIN TO ENTRY OF ORDER

I, Constance McLain, state that I am a resident of the State of Nevada; that I have read the foregoing Order and that I know and fully understand the contents thereof; that I have been advised of my right to a hearing; that I voluntarily consent, without admitting or denying the facts contained herein, to the entry of this order without any force or duress, expressly waiving any right to a hearing in this matter; that I understand that the

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

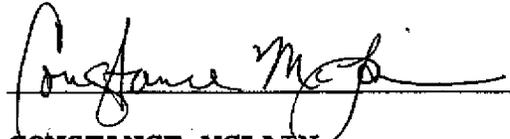
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7 I understand that this Consent Order is a public document.

8 Dated this 8<sup>th</sup> day of July, 2005.

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CONSTANCE MCLAIN

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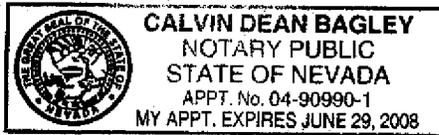
13 SUBSCRIBED AND SWORN BEFORE ME THIS 8<sup>th</sup> DAY OF July, 2005.

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CALVIN BAGLEY  
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Printed Name of Notary Public

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20 NOTARY PUBLIC for State of: NEVADA

21 My commission expires: 6-29-08

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