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3 **STATE OF OREGON**
4 **DEPARTMENT OF CONSUMER AND BUSINESS SERVICES**
5 **DIVISION OF FINANCE AND CORPORATE SECURITIES**
6 **ENFORCEMENT SECTION**

7 **BEFORE THE DIRECTOR OF THE DEPARTMENT**
8 **OF CONSUMER AND BUSINESS SERVICES**

9 **In the Matter of:**

S-05-0054

10 **CHRISTOPHER JOHN TENTO and**
11 **JAMES JOSEPH HONSE,**

FINAL ORDER TO CEASE AND
DESIST AGAINST JAMES
JOSEPH HONSE ENTERED BY
DEFAULT

12 **Respondents.**

13 On July 14, 2005, the Director of the Department of Consumer and Business
14 Services for the State of Oregon (hereafter "the Director"), acting by and pursuant to the
15 authority of the Oregon Securities Law, Oregon Revised Statutes ("ORS") Chapter 59,
16 and other applicable authority (hereinafter cited as "the Oregon Securities Law"), issued
17 Administrative Order No. S-05-0054 **ORDER TO CEASE AND DESIST, ORDER**
18 **IMPOSING A CIVIL PENALTY AND NOTICE OF RIGHT TO HEARING** ("the Proposed
19 Order") against Respondent James Joseph Honse.

20 On or about July 15, 2005, a true copy of the Proposed Order was served on
21 Respondent James Joseph Honse by Certified United States Mail, postage prepaid,
22 addressed to 5385 SW 87th Avenue, Portland, Oregon 97225.

23 NOW THEREFORE, after consideration of the Investigation Report and
24 accompanying exhibits submitted in this matter by William H. Hansen, the Director
25 hereby issues the following Findings of Fact, Conclusions of Law, and Final Order.

26 **////**



FINDINGS OF FACT

The Director makes the following Findings of Fact:

1. Christopher John Tento (hereinafter "Tento"), age 55, is, by information and belief, an Oregon resident with an address of 14256 SW Tewkesbury Drive, Tigard, Oregon 97224.

2. James Joseph Honse (hereinafter "Respondent" or "Honse"), age 57, is, by information and belief, an Oregon resident with an address of 5385 SW 87th Avenue, Portland, Oregon 97225.

3. On or before December 2002, Honse recruited Tento to sell interests in the Federal Reserve Note scheme described in Paragraph 4 below. Tento acted as an agent for Honse. The funds collected by Tento in the Federal Reserve Note scheme were paid in whole or in part to Honse.

4. On or about December 24, 2002, Robert A. Sellheim ("Sellheim") gave \$20,000 to Tento to obtain a sealed container purportedly holding a share of \$125 billion dollars in Federal Reserve Notes (hereinafter described as "FRN" or "FRN scheme"). Tento and Sellheim memorialized this arrangement in a document entitled "Confidential Irrevocable Consultant/Facilitator Fee Agreement" (hereinafter "the Agreement"). The Agreement is a typewritten document bearing Tento's full name in printing or type with only a few blank spaces to be completed in cursive. These blanks include spaces for inserting the amount of money paid for the container and the name of the person providing the funds. The Agreement acknowledges Tento's receipt of \$20,000 from Sellheim as payment for "Container deposit and transportation." The Agreement indicates the contents of the sealed contained as "\$125B Container 05123310, PD 12-82, Sec. Code: 22110-11-F9, Ser. No.: F1927892-A." The body of the Agreement provides that the container is "one of a series of 12 such containers" and that the entire series "has recently been authenticated in the United States by government





1 authenticators for redemption." Sellheim believed that he would receive \$140,000 for his
2 participation in the FRN scheme. Tendo gave Honse the \$20,000 he collected from
3 Sellheim.

4 5. The FRN scheme was fraudulent, a fact that Tendo and Honse knew or
5 should have known in December 2002 when Tendo solicited money from Sellheim.

6 6. On December 24, 2002, Tendo and Sellheim also signed a document
7 entitled "Promissory Note" (hereinafter "the Note"). The Note was created ostensibly as
8 security for the \$20,000 given to Tendo for the fraudulent FRN scheme described in
9 Paragraph 4 above. The Note purported to give Sellheim a security interest in an
10 apartment building owned by Tendo located in Oregon City, Oregon. Subsequent to the
11 drafting of the Note, Tendo experienced financial distress as to make default on the
12 mortgage loan for the property a likely possibility. The Note had no value as security for
13 the transaction between Tendo and Sellheim because Sellheim would have been
14 required to obtain a loan to assume ownership of the property, and Sellheim was unable
15 or unwilling to obtain such a loan.

16 7. Tendo and Sellheim were acquainted prior to their involvement in the
17 fraudulent FRN scheme. For the period February 2003 through October 2003, Tendo
18 provided Sellheim a place to live, rent-free, with an estimated rental value of \$575 per
19 month. In addition to providing Sellheim a place to live, Tendo made payments of
20 principal totaling approximately \$7,935 to Sellheim during the period May 2003 to
21 October 2003.

22 8. At no time relevant to this matter was the FRN scheme registered with the
23 Director as a security for sale in Oregon.

24 9. At all relevant times herein, Tendo held no securities license in Oregon or
25 in any other state authorizing him to sell securities.

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1 10. At all relevant times herein, Honse held no securities license in Oregon or
2 in any other state authorizing him to sell securities.

3 **CONCLUSIONS OF LAW**

4 The Director **CONCLUDES** that:

5 11. The sale of an interest in the fraudulent FRN scheme described in
6 Paragraph 4 above by Honse constitutes a security as defined in ORS 59.015.

7 12. Honse sold a security in Oregon without a valid securities license in
8 violation of ORS 59.165.

9 13. Honse sold an unregistered security in Oregon in violation of ORS 59.055.

10 14. Honse engaged in fraud in connection with the sale of a security in
11 Oregon in violation of ORS 59.135.

12 **ORDER**

13 The Director, pursuant to ORS 59.995, **HEREBY ORDERS** assessment of the
14 following **CIVIL PENALTIES**:

15 15. Respondent James Joseph Honse, and any successor business entity
16 owned, operated or under their control, shall be denied the use of any securities
17 licensing or registration exemptions contained in the Oregon Securities Laws, including
18 ORS Chapter 59 and OAR Chapter 441.

19 16. Respondent James Joseph Honse shall pay civil penalties in the following
20 amounts, due upon execution of this Order:

21 A. \$5,000 for violation of ORS 59.055 (sale of unregistered securities);

22 B. \$5,000 for violation of ORS 59.165 (sale of securities by unlicensed

23 person); and

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

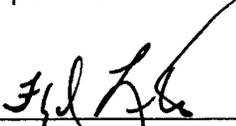


1 C. \$5,000 for violation of ORS 59.135 (fraud) for a total civil penalty assessed
2 of \$15,000.

3 **IT IS SO ORDERED.**

4 Dated this 15th day of August, 2005 at Salem, Oregon, NUNC PRO TUNC
5 July 14, 2005.

6 CORY STREISINGER, Director
7 Department of Consumer and Business Services

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9 _____
10 Floyd Lanter, Administrator
11 Division of Finance and Corporate Securities

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