

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

6 In the Matter of:

S-06-0028-1

7 BILLY LYNN BOEDEKER dba
8 LIFELINE INSURANCE SERVICE

9 ORDER TO CEASE AND DESIST
10 ORDER IMPOSING CIVIL PENALTY
11 AND
12 CONSENT TO ENTRY OF ORDER

13 _____
14 Respondent.

15 WHEREAS The Director of the Department of Consumer and Business Services for
16 the State of Oregon (hereinafter the "Director") acting by the authority of the Oregon
17 Securities Law, Chapter 59 of the Oregon Revised Statutes (hereinafter cited as ORS Chapter
18 59) has conducted an investigation into the business activities of Billy Lynn Boedeker
19 (hereinafter "Boedeker") and has determined that Boedeker sold securities in the State of
20 Oregon while not licensed to do so, sold securities that were not registered with the Director
21 and, in connection with the sale of securities, omitted to state material facts necessary in order
22 to make the statements made, in the light of the circumstances under which they were made,
23 not misleading;

24 WHEREAS Boedeker wishes to resolve and settle this matter with the Director;

25 NOW THEREFORE, as evidenced by the signature subscribed on this Order,
26 without admitting or denying the Findings of Fact and Conclusions of Law contained herein,
Boedeker hereby CONSENTS to entry of this Order upon the Director's Findings of Fact and
Conclusions of Law as stated hereinafter:

FINDINGS OF FACT

The Director FINDS that:





1 1. Billy Lynn Boedeker (hereinafter "Boedeker") resides at 2245 Broadway, North Bend,
2 OR 97459.

3 2. Lifeline Insurance Service (hereinafter "Lifeline") is an assumed business name for
4 Boedeker and has a principal place of business at 2235 Broadway, North Bend, Oregon
5 97459.

6 3. At all times pertinent hereto Boedeker and Lifeline were licensed to sell health and life
7 insurance in the State of Oregon.

8 4. Boedeker is not and never has been licensed to sell securities in the State of Oregon.

9 5. Lifeline is not and never has been licensed to sell securities in the State of Oregon.

10 6. Yucatan Resorts SA (hereinafter "Yucatan") is a Mexican company purportedly in the
11 business of managing vacation resorts in Mexico and elsewhere.

12 7. Resort Holdings International (hereinafter "RHI"), another Mexican Company, is
13 affiliated with Yucatan and, together with Yucatan, began marketing a product called the
14 Universal Lease (hereinafter "UL") in 1999.

15 8. In order to market the UL, Yucatan and RHI employed the services of an Illinois
16 marketing company, Ruttenberg and Associates (hereinafter "Ruttenberg").

17 9. Ruttenberg solicited independent insurance agents throughout the United States to sell
18 the UL, including Boedeker.

19 10. In December of 1999 Boedeker signed a "Managing General Agent Agreement" with
20 Yucatan wherein Boedeker agreed to solicit UL purchasers.

21 11. Ruttenberg supplied Boedeker with written offering materials that described the UL
22 program.

23 12. The offering materials described the UL as a 25-year timeshare arrangement in certain
24 Cancun, Mexico hotel properties. The minimum purchase price was \$5,000.00, which
25 purportedly would provide the purchaser with a small studio timeshare for one week every
26



1 other year for 25 years. There was no maximum purchase price; one could invest as much
2 money in the UL as one wished.

3 13. Each UL purchaser was given three options. First, the UL owner could use the
4 timeshare himself or herself every other year. Second, the UL owner could, through their own
5 efforts, rent their timeshare to third parties every other year. Third, the leaseholder could hire
6 a third party managing agent to manage and rent out their timeshare for them. If the
7 leaseholder chose the third option they were promised a nine to eleven percent per year return
8 on their investment. The offering materials even included a brochure and contract for Majesty
9 Travel, a purported third party managing agent.

10 14. The offering materials are conspicuously void of any certainty as to what exactly a
11 purchaser was getting when they bought a UL. Potential purchasers were not told where in a
12 particular hotel their timeshare would be (Ocean view or street view?), at what time of year
13 they would be able to use the timeshare, and, often, the size of the room(s) they would be
14 entitled to use or, even, in which hotel the room was located. In essence, they would be
15 purchasing a product about which they knew little.

16 15. Boedeker solicited purchasers for the Universal Lease program both in person and via
17 a newspaper advertisement. He typically solicited persons who were current or past insurance
18 clients.

19 16. Boedeker placed an advertisement in a Coos County, Oregon newspaper, The Coos
20 World, which said: "You Could Be Earning 9% Interest! No Market Risk, Secure, Immediate
21 Interest Income. Excellent Alternative for CD's, Money Markets, IRA's etc. Ask Us How.
22 Lifeline Insurance." No mention whatsoever was made of timeshares in Mexico. Boedeker
23 admitted during a deposition that this advertisement was for the UL.

24 17. Between February 2000 and April 2003, 12 Oregon residents purchased UL's from
25 Boedeker worth a total of \$290,740.77. Each purchaser chose option # 3, a third party
26 managing agent, to manage their timeshare.

1 18. Per his agreement with Yucatan, Boedeker received a 15 percent commission on
2 every UL that he sold. He received at least \$43,611.11 in commissions. He did not inform his
3 prospective clients of this fact, nor did the offering materials for the UL mention the
4 commissions that Boedeker would earn.

5 19. Boedeker did not tell prospective UL purchasers that the UL was a security that
6 should have been but was not registered with Director.

7 20. Boedeker did not tell prospective UL purchasers that he was not licensed to sell
8 securities in the State of Oregon.

9

10 CONCLUSIONS OF LAW

11 The Director **CONCLUDES** that:

12 1. Because investors expected a return of nine to eleven percent, the Universal Leases
13 offered and sold by Boedeker are investment contracts and are, therefore, securities under
14 ORS 59.015(19)(a).

15 2. Boedeker did not tell potential investors that the securities should have been
16 registered and that he was not licensed to sell securities and by failing to do so omitted to state
17 material facts necessary in order to make the statements made, in light of the circumstances
18 under which they were made, not misleading, in violation of ORS 59.135(2).

19 3. Boedeker offered and sold securities in the State of Oregon without being licensed to
20 do so in violation of ORS 59.165(1).

21 4. Boedeker offered and sold securities in the State of Oregon, which were not
22 registered with the Director of the Department of Consumer and Business Services in
23 violation of ORS 59.055.

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1 **ORDER**

2 The Director, pursuant to ORS 59.245 hereby **ORDERS** that Respondents Billy Lynn
3 Boedeker and Lifeline Insurance Service, its agents and employees and any successor
4 business or corporation, shall **CEASE and DESIST** from:

5 1. Violating any provision of the Oregon Securities Laws, including ORS Chapter 59
6 and OAR Chapter 441, including ORS 59.055, 59.135, 59.165 and ORS 59.205.

7 2. The Director, pursuant to ORS 59.995, hereby **ORDERS** that Respondent Billy Lynn
8 Boedeker shall pay a **CIVIL PENALTY** of **\$25,000.00**. Of this amount, the sum of
9 **\$12,500.00** shall be **SUSPENDED** pending compliance with all terms of this Order. The
10 remaining **\$12,500.00** shall be paid in the following fashion: **\$1750.00** shall be paid
11 concurrent with the entry of this Order on or about July 20, 2006 and on August 20, 2006,
12 September 20, 2006, and October 20, 2006; **\$125.00** shall be paid on November 20, 2006 and
13 on the 20th of each month thereafter until the total amount of **\$12,500.00** has been paid. Time
14 shall be deemed to be of the essence for the purposes of the civil penalty and any single
15 scheduled payment that is more than **Ten** days late shall cause the entire **\$25,000.00** civil
16 penalty, minus amounts that have already been paid, to become immediately due and owing.
17 Acceptance by the Director of a late payment shall constitute waiver of any objection
18 involving the timeliness of said payment only. Should Respondent satisfy all obligations
19 under this clause in a timely manner, the **SUSPENDED** portion of this civil penalty shall be
20 deemed to be waived.

21 3. Respondent Boedeker is hereby prohibited from applying for an Oregon securities
22 license for a period of ten years.

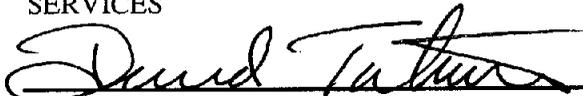
23 4. Pursuant to ORS 59.045 (2) respondent Billy Lynn Boedeker is **DENIED** the use of
24 any exemptions that would otherwise be available to him under ORS 59.025 and ORS 59.035
25 regarding securities and transactions exempt from the registration requirements of the Oregon
26 Securities Law.

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 110
Salem, OR 97301-3881
Telephone: (503) 378-4387



1 Dated this 27th day of July, 2006 at Salem, Oregon.
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4 CORY STREISINGER, DIRECTOR
5 DEPARTMENT OF CONSUMER & BUSINESS
6 SERVICES

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8 David C. Tatman, Administrator
9 Division of Finance and Corporate Securities
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