

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

7 In the Matter of:)
 8)
 9 CORPORATE EXECUTIVES, INC.) S-05-0067
 10 and LARRY M. PEMBER,)
 11) ORDER TO CEASE AND DESIST
 12) DENIAL OF EXEMPTIONS
 13 Respondents.) ORDER ASSESSING CIVIL PENALTY
 14) AND
 15) CONSENT TO ENTRY OF ORDER

16 WHEREAS the Director of the Department of Consumer and
 17 Business Services has conducted an investigation of certain
 18 business activities conducted by Corporate Executives, Inc. and
 19 Larry M. Pember, and the Director has determined that Corporate
 20 Executives, Inc. and Larry M. Pember offered and sold securities
 21 in the State of Oregon in violation of the Oregon Securities
 22 Law;

23 WHEREAS Corporate Executives, Inc. and Larry M. Pember wish
 24 to resolve and settle this matter with the DIRECTOR;

25 NOW THEREFORE, as evidenced by the authorized signatures
 26 subscribed on this Order, Corporate Executives, Inc. and Larry
 27 M. Pember hereby CONSENT to entry of this Order to Cease and
 28 Desist upon the Director's Findings of Fact and Conclusions of
 29 Law as stated hereinafter.

30 FINDINGS OF FACT

31 The Director FINDS that:
 32 / / /

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1 1. Larry M. Pember (hereinafter, "Pember") resides at 1396
2 Skye Court, West Linn, Oregon 97068.

3 2. Pember's CRD number is #848421. Pember passed the NASD
4 Series 7 exam in 1978 and the NASD Series 63 exam in 1988.
5 Pember's NASD registration terminated on June 10, 1991. Pember
6 has not been licensed as a general securities salesperson since
7 June 10, 1991.

8 3. During the 1980's, Pember was licensed to work in the
9 securities industry for several broker-dealers.

10 4. Pember has not been licensed in Oregon to work as a
11 securities salesperson or investment adviser since June 10,
12 1991.

13 5. Corporate Executives, Inc. became incorporated in Oregon
14 in 1995. Its principal place of business is Pember's residence,
15 1396 Skye Court, West Linn, Oregon 97068.

16 6. Oregon has no record of securities registration or
17 broker-dealer license for Corporate Executives, Inc.

18 7. Pember is president of Corporate Executives, Inc.
19 Pember's wife, Judith A. Pember, is corporate secretary of
20 Corporate Executives, Inc. At all times material to this order,
21 there were no other corporate officers of Corporate Executives,
22 Inc.

23 8. Between February 2001 and January 2002, Pember acted as a
24 sales agent for issuers of securities, including Health
25 Maintenance Centers, Inc.; Znetix, Inc.; and Cascade Pointe, LLC
26 (hereinafter, referred collectively as "the Companies").

CONSENT ORDER-CORPORATE EXECUTIVES, INC. AND LARRY M. PEMBER

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1 9. Between February 2001 and January 2002, Pember, while
 2 acting as a sales agent of the Companies, raised at least \$1
 3 million from approximately 70 transactions involving at least 50
 4 investors, many of whom are Oregon residents.

5 10. Pember met some of the investors through Pember's
 6 multi-level marketing business, Corporate Executives, Inc.
 7 Corporate Executives, Inc. is a catalog sales business that
 8 markets consumable goods, such as nutritional, home care and
 9 cosmetics products.

10 11. Pember represented to most of the investors that an
 11 initial public offering by the Companies was imminent, and
 12 investors would receive shares of stock in Znetix after an
 13 initial public offering occurred.

14 12. In exchange for the funds they invested with Pember,
 15 Pember gave most of the investors documents entitled "Loan and
 16 Security Agreement" signed by Pember.

17 13. At the direction of Pember, some of the investors paid
 18 for their investments in the Companies by wiring funds to the
 19 Corporate Executives, Inc. bank account at KeyBank.

20 14. Pember received commissions for the sales of
 21 investments in the Companies.

22 15. Pember paid for personal and business expenses from
 23 the Corporate Executives, Inc. bank account at KeyBank where
 24 some of the investor funds were deposited.

25 / / /

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1 16. Pember used Corporate Executives, Inc. letterhead in
2 connection with the offers and sales of investments in the
3 Companies.

4 17. Pember knew no later than August 2001 that the
5 Washington Department of Financial Institutions issued a cease
6 and desist order in May 2001 concerning violations of securities
7 laws by Health Maintenance Centers, Inc., and Pember failed to
8 disclose the cease and desist order to some of the investors.

9 18. Pember failed to provide a prospectus or any
10 disclosure documents to some of the investors.

11 19. Pember failed to disclose to some investors that the
12 securities issued by the Companies were not registered
13 securities in Oregon.

14 20. Pember failed to disclose to some investors that the
15 loan and security agreements between Pember and the investors
16 were not registered securities in Oregon.

17 21. Pember failed to disclose to some investors that
18 Pember had not been licensed in Oregon to sell securities since
19 1991.

20 22. Pember failed to adequately disclose to the investors
21 the risks of investment in the Companies, such as the highly-
22 speculative nature of the investment; the lack of liquidity of
23 the investment; the lack of operational history of the
24 Companies; the lack of securities licensing/registration by the
25 promoters and issuers; the fact that the cease and desist order
26 issued by Washington State in May 2001 barred further offers and

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1 sales of HMC stock; and the fact that an initial public offering
2 by the Companies might never occur.

3 23. Pember failed to adequately disclose the actual use of
4 investor funds.

5 24. Pember failed to disclose to some of the investors the
6 commissions Pember received for selling investments in the
7 Companies.

8 25. After the Companies collapsed, Pember failed to repay
9 most of the investors. Instead, Pember filed for Chapter 13
10 bankruptcy, and the bankruptcy case was dismissed without
11 resulting in a discharge of debts.

12 **CONCLUSIONS OF LAW**

13 The Director **CONCLUDES** that:

14 1. Each "Loan and Security Agreement" issued by
15 Respondent Larry M. Pember meets the definition of an investment
16 contract in Oregon, and is a "security" under ORS
17 59.015(19)(a)(2003).

18 2. Each investment in the Companies sold by Respondent
19 Larry M. Pember is a "security" under ORS 59.015(19)(a).

20 3. The securities that Respondent Larry M. Pember sold were
21 not registered securities under ORS Chapter 59 and OAR Chapter
22 441.

23 4. Respondent Larry M. Pember sold unregistered securities
24 to Oregon investors, in violation of ORS 59.055.

25 / / /

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1 5. Respondent Larry M. Pember acted as a securities
2 "salesperson" as defined in ORS 59.015(18)(a), by representing
3 an issuer of a security in effecting transactions in securities.

4 6. Respondent Larry M. Pember transacted business in Oregon
5 as a securities salesperson without a license, in violation of
6 ORS 59.165.

7 7. In violation of ORS 59.055, 59.165, 59.135(2) and
8 59.995(1), by using its bank account for deposits of investor
9 funds and forwarding some of the investor funds to the
10 Companies, and by using its letterhead to correspond with
11 investors regarding the transactions, Corporate Executives, Inc.
12 aided and abetted Larry M. Pember in selling unregistered
13 securities; in transacting business in Oregon as a securities
14 salesperson without a license; and in making untrue statements
15 of a material fact or omitting to state a material fact
16 necessary in order to make the statements made, in light of the
17 circumstances under which they are made, not misleading.

18 8. In connection with the offer and sale of securities to
19 investors, Respondent Larry M. Pember omitted to state a
20 material fact, in violation of ORS 59.135(2), by failing to
21 disclose that: (1) Pember had not been licensed in Oregon to
22 sell securities since 1991; (2) each "Loan and Security
23 Agreement" sold by Pember was an unregistered security in
24 Oregon; (3) each investment in the Companies sold by Pember was
25 an unregistered security; (4) the amount of commissions Pember
26 received from the sales of the securities; (5) the risks of the

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1 investment; (6) the actual use of investor funds; (7) and the
 2 cease and desist order issued by the State of Washington in
 3 April 2001, barring further sales of stock in HMC.

4 9. In connection with the offer and sale of securities to
 5 investors, Respondent Larry M. Pember made an untrue statement
 6 of material fact, in violation of ORS 59.135(2), by representing
 7 that an initial public offering by the Companies was imminent.

8 **ORDER**

9 **NOW, THEREFORE, THE DIRECTOR ISSUES THE FOLLOWING ORDERS:**

10 1. Pursuant to ORS 59.245, Respondents Corporate
 11 Executives, Inc. and Larry M. Pember, and any successor business
 12 entity or any business entity owned, operated or controlled by
 13 Larry M. Pember, are **ORDERED TO CEASE AND DESIST** from:

14 a. Offering or selling unregistered securities in
 15 the State of Oregon, in violation of ORS 59.055;

16 b. Transacting business in Oregon as a securities
 17 salesperson without a license, in violation of ORS 59.165;

18 c. Making any untrue statement of a material fact
 19 or omitting to state a material fact necessary in order to make
 20 the statements made, in light of the circumstances under which
 21 they are made, not misleading, in violation of ORS 59.135(2);

22 and

23 d. Violating any provision of ORS Chapter 59 and
 24 Oregon Administrative Rules Chapter 441.

25 2. Pursuant to ORS 59.045, Respondents Corporate
 26 Executives, Inc. and Larry M. Pember, and any successor business

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CONSENT ORDER-CORPORATE EXECUTIVES, INC. AND LARRY M. PEMBER

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1 entity or any business entity owned, operated or controlled by
2 Larry M. Pember, are **DENIED** the use of any exemptions that would
3 otherwise be available to them under ORS 59.025 and 59.035,
4 concerning securities and transactions exempt from the
5 registration requirements of the Oregon Securities Law.

6 3. Respondents Corporate Executives, Inc. and Larry M.
7 Pember, and any successor business entity or any business entity
8 owned, operated or controlled by Larry M. Pember, are
9 permanently **BARRED** from applying for or obtaining any securities
10 license or registration in Oregon. Furthermore, Respondents
11 Corporate Executives, Inc. and Larry M. Pember, and any
12 successor business entity or any business entity owned, operated
13 or controlled by Larry M. Pember, are permanently **BARRED** from
14 applying for or obtaining any mortgage lending, consumer
15 finance, or manufactured home dealer license or registration in
16 Oregon.

17 4. Pursuant to the authority of ORS 59.995, the DIRECTOR
18 hereby **ASSESSES a CIVIL PENALTY** in the amount of \$270,000 (two
19 hundred seventy thousand dollars) against Respondents Corporate
20 Executives, Inc. and Larry M. Pember, jointly and severally, the
21 payment of \$170,000 (one hundred seventy thousand dollars) of
22 which is suspended so long as Respondents comply with all terms
23 of this Order; **PROVIDED HOWEVER**, that the suspended portion of
24 the this penalty and statutory interest accruing from the date
25 the Director signs this Order, will be immediately due and
26 payable upon a determination by the Director that any Respondent

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CONSENT ORDER-CORPORATE EXECUTIVES, INC. AND LARRY M. PEMBER

1 has violated any term of this Order, or any provision of ORS
2 Chapter 59 and Oregon Administrative Rules Chapter 441.

3 5. Respondents Corporate Executives, Inc. and Larry M.
4 Pember will pay \$80,000 (eighty thousand dollars) to the Oregon
5 Department of Consumer and Business Services for restitution for
6 investors.

7 6. Respondents Corporate Executives, Inc. and Larry M.
8 Pember will pay \$10,000 (ten thousand dollars) to the Oregon
9 Department of Consumer and Business Services to be used for
10 consumer education purposes.

11 7. Respondents Corporate Executives, Inc. and Larry M.
12 Pember will pay \$10,000 (ten thousand dollars) to the Oregon
13 Department of Consumer and Business Services for investigation
14 costs.

15 8. Respondents Corporate Executives, Inc. and Larry M.
16 Pember will pay a down payment of \$1,000 (one thousand dollars)
17 to the Oregon Department of Consumer and Business Services no
18 later than November 15, 2006, and will pay the remaining \$90,000
19 (ninety thousand dollars) balance for restitution, consumer
20 education and investigation costs, in monthly payments of no
21 less than \$1,000 (one thousand dollars) per month, due no later
22 than the tenth day of each month, beginning June 1, 2007. The
23 Oregon Department of Consumer and Business Services will apply
24 each payment as follows: 80% (eighty percent) for restitution;
25 10% (ten percent) for consumer education; and 10% (ten percent)
26 for investigation costs. There is no prepayment penalty. There

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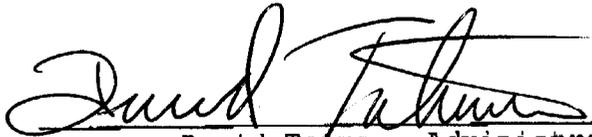


1 is no interest for the restitution, consumer education, or
 2 investigation costs, so long as payments are timely made.
 3 9. If Respondents Corporate Executives, Inc. and Larry M.
 4 Pember fail to comply with the payment schedule, are late with a
 5 monthly payment, or do not make a monthly payment, then the
 6 entire unpaid portion of the civil penalty, including but not
 7 limited to, the \$170,000 (one hundred seventy thousand dollars)
 8 suspended portion of the civil penalty and statutory interest
 9 accruing from the date the Director signs this Order, will
 10 become immediately due and payable, less any amount Respondents
 11 Corporate Executives, Inc. and Larry M. Pember have paid to the
 12 Oregon Department of Consumer and Business Services for
 13 restitution, consumer education and investigation costs.

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

16 Dated this 17th day of JANUARY, 2007, at Salem,
 17 Oregon.

18 CORY STREISINGER, Director
 19 Department of Consumer and Business Services

20 

21 David Tatman, Administrator
 22 Division of Finance and Corporate Securities

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23 APPROVED AS TO FORM:

24 
 25 _____
 26 JAMES W. HENDRY, OSB#83235
 Of Attorneys for Respondents

Dated: 11/29/06

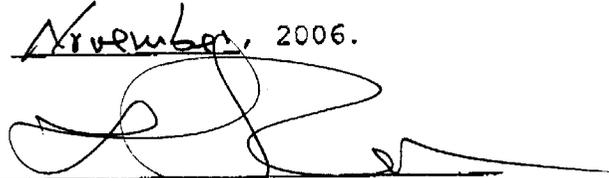
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CONSENT OF LARRY M. PEMBER TO ENTRY OF ORDER

I, Larry M. Pember, state 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 hereof; that the factual allegations stated herein are true and correct; that I have been advised of my right to a hearing, and that I have been represented by counsel in this matter; that I voluntarily consent 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.

I understand that this Consent Order is a public document.

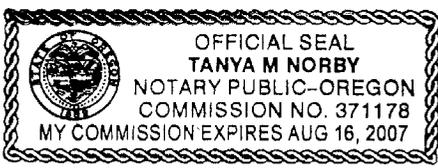
Dated this 29 day of November, 2006.


LARRY M. PEMBER

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Salem, OR 97331-3281
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SUBSCRIBED AND SWORN to before me this 29th day of November, 2006.



Tanya M. Norby
Notary Public for the State of Oregon

TANYA M. NORBY
(Printed Name of Notary Public)

My commission expires: 8/16/07

1 **CORPORATE CONSENT TO ENTRY OF ORDER**

2 for Larry M. Pember on behalf of Corporate Executives, Inc.

3 I, Larry M. Pember, state that I am an officer of Corporate
 4 Executives, Inc., and I am authorized to act on its behalf; that
 5 I have read the foregoing Order and that I know and fully
 6 understand the contents hereof; that Corporate Executives, Inc.
 7 has been advised of its right to a hearing and is represented by
 8 counsel in this matter; that Corporate Executives, Inc.,
 9 voluntarily and without any force or duress, consents to the
 10 entry of this Order, expressly waiving any right to a hearing in
 11 this matter; that Corporate Executives, Inc. understands that
 12 the Director reserves the right to take further actions to
 13 enforce this Order or to take appropriate action upon discovery
 14 of other violations of the Oregon Securities Law; and that
 15 Corporate Executives, Inc. will fully comply with the terms and
 16 conditions stated herein.

17 Corporate Executives, Inc. understands that this Consent
 18 Order is a public document.

19 Dated this 29 day of November, 2006.

20
 21 
 22 By _____
 23 LARRY M. PEMBER, President
 24 Corporate Executives, Inc.

24 **CORPORATE ACKNOWLEDGMENT**

25 There appeared before me this 29th day of November,
 26 2006, Larry M. Pember, who was first duly sworn on oath, and

CONSENT ORDER-CORPORATE EXECUTIVES, INC. AND LARRY M. PEMBER

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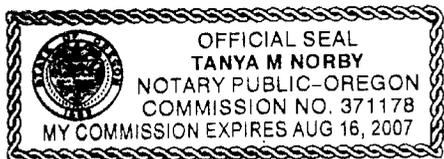
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1 stated that he was and is president of Corporate Executives,
 2 Inc. and that he is authorized and empowered to sign this
 3 Consent to Entry of Order on behalf of Corporate Executives,
 4 Inc., and to bind Corporate Executives, Inc. to the terms
 5 hereof.

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Tanya M Norby
 Notary Public for the State of Oregon



Tanya M Norby
 (Printed Name of Notary Public)

My commission expires: 8-16-07

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