

FINDINGS OF FACT

The Director **FINDS** that:

1. **DUNN** is a broker-dealer salesperson (CRD #1075960) licensed by the State of Oregon to engage in transactions in securities on behalf of clients. **Dunn** is affiliated with EPlanning Securities, a licensed broker-dealer (CRD #327156), and conducts business from 6248 NE Brighton Street, Hillsboro, Oregon 97124 and 63 Quail Rock Place, The Woodlands, Texas 77381.

2. **DUNN** has passed the Series 7, 24, and 63 securities examinations. He founded, owned, and managed **Dunn Securities Corporation** (CRD #10858) from June 1982 through April 1992. As a broker-dealer salesperson, **Dunn** previously affiliated with **American Interstate Financial Corporation** (CRD #10552) from February 1993 until April 1994, and with **Waveland Capital Partners, LLC** (CRD #40054) from July 2003 until April 2007.

3. **DUNN** holds bachelors and masters degrees in business administration, and was licensed as a certified public accountant by the State of Oregon on August 13, 1973 (Oregon Board of Accountancy #2292).

4. In 1997, the period of time during which the events described below transpired, **DUNN** was not employed in the securities industry, and as such did not possess an Oregon securities license or an affiliation with a broker-dealer. At the time, **Dunn** served as one of three general partners for several real estate based limited partnerships, and sole managing member of a limited liability company, **Ocean Bay Park, LLC** (hereafter "OBP").

5. In January 1997 **DUNN** deposited the sum of \$494,000 into the OBP bank account at U.S. Bank. This amount constituted the net proceeds from the sale of a parcel of real estate by a limited partnership for which **DUNN** was one of three general partners. The limited partnership invested funds in OBP, which aimed to develop and sell condominiums in Lincoln City, Oregon.

6. In April 1997 **DUNN** deposited the sum of \$443,000 into the OBP bank account at U.S. Bank. This amount constituted the net proceeds from the sale of a parcel of real estate by a

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1 limited partnership for which **DUNN** was one of three general partners. The limited partnership
2 invested funds in OBP, which aimed to develop and sell condominiums in Lincoln City, Oregon.

3 7. Between January 8, 1997 and September 10, 1997 **DUNN**, as managing member of
4 OBP, wrote checks to Frank T. Dunn, Jr. (himself) in the amount of \$700,500 on OBP's U.S.
5 Bank checking account. The dates and amounts of the negotiable instruments are listed below.

| | | |
|----|--------------------|-----------|
| 6 | January 8, 1997 | \$56,000 |
| 7 | January 10, 1997 | \$14,500 |
| 8 | January 15, 1997 | \$10,000 |
| 9 | January 17, 1997 | \$10,000 |
| 10 | January 22, 1997 | \$16,000 |
| 11 | January 29, 1997 | \$20,000 |
| 12 | February 11, 1997 | \$38,000 |
| 13 | March 17, 1997 | \$20,000 |
| 14 | April 16, 1997 | \$2,000 |
| 15 | May 1, 1997 | \$120,000 |
| 16 | May 13, 1997 | \$80,000 |
| 17 | May 27, 1997 | \$30,000 |
| 18 | June 3, 1997 | \$35,000 |
| 19 | June 6, 1997 | \$25,000 |
| 20 | June 19, 1997 | \$50,000 |
| 21 | July 2, 1997 | \$50,000 |
| 22 | July 29, 1997 | \$40,000 |
| 23 | September 10, 1997 | \$86,000 |

24 8. Of the \$700,500 in checks **DUNN** made payable to himself between January 9, 1997
25 and September 10, 1997, a portion of the amount was remuneration for his services as managing
26 member of OBP. In addition, a portion of the amount was reimbursement of funds Dunn had

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1 personally expended on behalf of OBP when it did not yet have any money. The remainder of the
2 amount, approximately \$475,000, was a personal loan Dunn took from OBP.

3 9. **DUNN** did not memorialize the loan, its interest rate, or its terms of repayment -
4 including any due date - in a promissory note, or equivalent signed written evidence of
5 obligation.

6 10. **DUNN**, who continued to act as managing member, re-paid the loan, without interest,
7 by depositing funds into the OBP bank account over an 18 month period.

8 11. The OBP operating agreement did not grant the managing member authority to use
9 LLC funds, at the managing member's discretion, for personal purposes and without interest.

10 12. **DUNN** did not inform, or otherwise seek the consent of, any of the other members of
11 OBP prior to loaning OBP funds to himself. Dunn was the only individual that knew he was
12 writing checks to himself from the OBP account. The other OBP members, who did not learn
13 about the loan from OBP to Dunn until after the loan was repaid, garnered their knowledge from
14 reading OBP's February 22, 2001 bankruptcy filing.

15 **CONCLUSIONS OF LAW**

16 The Director **CONCLUDES** that:

17 13. **DUNN** holds an Oregon securities license, and is subject to the mandates of ORS
18 59.205 (2), which permits the Director to deny, suspend, revoke, or impose conditions or
19 restrictions on a license of a broker-dealer salesperson if the director finds that the licensee has
20 engaged in "dishonest, fraudulent or illegal practices or conduct in any business or profession."

21 14. **DUNN**, engaged in a dishonest, fraudulent, or illegal practice in a business or
22 profession, in violation of ORS 59.205 (2), by borrowing approximately \$475,000 from an LLC
23 he was the sole managing member of - without possessing specific authority to do so or
24 notifying other LLC members of his actions - in increments over a nine (9) month period,
25 without creating any signed writing memorializing the loan, its interest rate, or its due date.

26



ORDER

Therefore, the Director **ORDERS:**

15. **DUNN's** broker-dealer salesperson license shall be **CONDITIONED FOR A PERIOD OF FIVE YEARS** to prohibit him from engaging in a transaction in securities involving a security that is not on the list of securities approved for sale by broker-dealer salespersons maintained by the broker-dealer he affiliates with.

16. **DUNN's** broker-dealer salesperson license shall be further **CONDITIONED FOR A PERIOD OF FIVE YEARS** from the date of entry of this Order to prohibit him from engaging in any "outside business activity" of the type required to be reported to the broker-dealer he affiliates with, including the formation of, sale of interests in, and management or operation of a corporation, general partnership, limited partnership, limited liability company, limited liability partnership, sole proprietorship, or any other business, whether formally registered as such with a governmental authority or otherwise, in this or any other jurisdiction. However, nothing in this paragraph shall prohibit **DUNN** from engaging in:

- the activities of a certified public accountant, provided that he is properly licensed to do so by the appropriate jurisdiction in which he engages in said activities, and that he is not allowed or required to maintain custody or control of money or property of others in the course of performing his accounting related activities;
- the activities of a real estate agent, provided that he is properly licensed to do so by the appropriate jurisdiction in which he engages in said activities, and that he is not allowed or required to maintain custody or control of money or property of others in the course of performing his duties;
- the activities of a facilitator, intermediary, accommodator, or agent in connection with a 1031 exchange, provided that said transaction has been deemed, by written opinion of the Director, to not constitute a security under Oregon law;

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- 1 • service with or on behalf of non-profit entities, so long as he is not allowed or required to
- 2 maintain custody or control of money or property of others in the course of performing his
- 3 activities;
- 4 • management of an entity created and operated for personal financial or tax purposes that does
- 5 not hold funds contributed by unrelated third parties.

6 17. **DUNN** shall be the subject of heightened supervision by any broker-dealer he
7 affiliates with **FOR A PERIOD OF FIVE YEARS** from the date of entry of this Order, to
8 ensure that he complies with the terms of his conditioned broker-dealer salesperson license. Said
9 heightened supervision shall include, at a minimum, an examination of his books and records by
10 his broker-dealer at least once every six (6) month period.

11 18. **DUNN** shall be denied the use of exemptions authorized by ORS 59.025 and ORS
12 59.035, **FOR A PERIOD OF FIVE YEARS** from the date of entry of this Order, pursuant to
13 ORS 59.045.

14 19. **DUNN** shall pay the Division **SEVEN THOUSAND FIVE HUNDRED DOLLARS**
15 (\$7,500) as reimbursement for the costs of the Division's investigation into his activities. Of this
16 amount, **TWO THOUSAND DOLLARS** (\$2,000) shall be tendered concurrent with the entry
17 of this Order; **TWO THOUSAND DOLLARS** (\$2,000) shall be tendered within sixty (60) days
18 of the entry of this Order; and **THREE THOUSAND FIVE HUNDRED DOLLARS** shall be
19 tendered within ninety (90) days of the entry of this Order. Time shall be considered to be of the
20 essence for purposes of this clause.

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21 **IT IS SO ORDERED.**

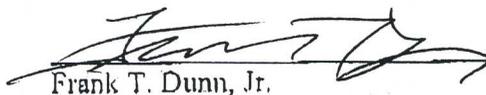
22 Dated this 5th day of December ~~November~~ 2007 at Salem, Oregon.

23 **CORY STREISINGER, DIRECTOR**
24 **DEPARTMENT OF CONSUMER & BUSINESS SERVICES**
25 
26 **DAVID C. TATMAN, ADMINISTRATOR**
DIVISION OF FINANCE AND CORPORATE SECURITIES

1 **CONSENT TO ENTRY OF ORDER**

2 Frank T. DUNN states: that he has read the foregoing Order and fully understands the
3 contents thereof; that he has been advised of the right to a hearing and of the right to be
4 represented by counsel in this matter; that he, voluntarily, and without any force or duress,
5 consents to the entry of this Order, expressly waiving any right to a hearing in this matter; that
6 the Order contains the complete agreement of the parties, and that no additional promises or
7 assurances have been made to DUNN by the Division with respect to matters covered by the
8 Order; that DUNN understands that the Director reserves the right to take further actions to
9 enforce this Order or to take appropriate action upon discovery of other violations of the Oregon
10 Securities Laws; that DUNN voluntarily waives his right to appeal and/or to contest the terms of
11 this Order, and that he will fully comply with the terms and conditions stated herein.

12
13 Dated this 20 day of November, 2007.

14
15 
16 Frank T. Dunn, Jr.

17 Erica L Sapienza
18 (Printed Name of Notary Public)
19 Notary Public
20 for the State of: Texas
21 My commission expires: 04-09-11

22 



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