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**STATE OF OREGON  
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES  
DIVISION OF FINANCE AND CORPORATE SECURITIES**

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

6 **In the Matter of:**

**S-06-0025**

7 **LAWRENCE LEWIS BEARD, an  
8 individual,**

**ORDER TO CEASE AND DESIST,  
DENIAL OF EXEMPTIONS, ORDER  
ASSESSING CIVIL PENALTY AND  
CONSENT TO ENTRY OF ORDER**

9 **Respondent.**

10 **WHEREAS** the Director of the Department of Consumer and Business Services for  
11 the State of Oregon (hereinafter "the Director") has conducted an investigation of Lawrence  
12 Lewis Beard ("Beard" or Respondent), and has determined that Beard has engaged in activi-  
13 ties constituting violations of provisions of Oregon Revised Statutes ("ORS") 59.005 to  
14 59.451, 59.991 and 59.995 (hereinafter "the Oregon Securities Law"); and

15 **WHEREAS** Beard wishes to resolve and settle this matter with the Director;

16 **NOW THEREFORE**, as evidenced by the authorized signatures subscribed on this  
17 Order, Beard hereby **CONSENTS** to entry of this Order upon the Director's Findings of Fact  
18 and Conclusions of Law as stated hereinafter.

19 **FINDINGS OF FACT**

20 The Director **FINDS** that:

21 1. Lawrence Lewis Beard, age 58, is an Oregon resident currently residing at 597  
22 SE Knight Street, Prineville, Oregon 97754.

23 2. Trend Capital LLC ("Trend Capital") is, by information and belief, an Arizona  
24 limited liability corporation with offices located at 4025 E. Chandler Blvd. Suite 70F15,  
25 Phoenix, AZ 85048 or 9180 South Kyrene Rd., Suite 112, Tempe, AZ 85284. At the relevant  
26 times herein, the managing member of Trend Capital was Ryan James Herndon ("Herndon"),



1 who, by information and belief, was an Arizona resident during the period described herein.  
2 Herndon formed three companies: Trend Capital, Trend Management Group, Inc. and The  
3 Trend Group, Inc. (hereafter referred to as "the Trend entities"). None of the Trend entities  
4 were Oregon registered securities broker-dealers or issuers.

5 3. Between August 2001 and October 2005, the Trend entities and Herndon  
6 raised more than \$15.9 million from over 300 investors, many of whom were elderly, by sell-  
7 ing securities in the form of stock and investment contracts involving the purchase, servicing  
8 and sale of distressed consumer receivables (bad debt). These securities were unregistered  
9 and were being sold to investors by unregistered dealers and salespersons. Trend Capital  
10 guaranteed investors a return on investment variously stated to be between 8.05 and 8.15 per-  
11 cent per annum, paid quarterly. The Trend entities investment effectively operated as an in-  
12 vestment scheme and much of the money invested was "skimmed off" to pay the personal ex-  
13 penses of the owners of the companies and their family members. Herndon was convicted in  
14 Arizona of misappropriating approximately \$2.76 million of investor funds that he spent on  
15 luxury homes in Arizona and Mexico, automobiles, and an extravagant lifestyle that included  
16 traveling, drinking and gambling. On June 3, 2008, Herndon was sentenced to forty-two  
17 months in prison for his part in the scheme. He is also required to make restitution to the vic-  
18 tims.

19 4. In November 2006, at the request of the Arizona Corporation Commission, a  
20 Receiver was appointed for the Trend entities. To date, the Receiver has collected assets val-  
21 ued at approximately \$5.4 million for distribution to investors.

22 5. On or about September 2, 2004, John Wangler ("Wangler") of Prineville, Ore-  
23 gon gave Beard a check for \$10,000, made payable to Trend Capital, as an investment. Beard  
24 then sent the check to Trend Capital. In return for his check, Wangler received from Trend  
25 Capital a "certificate of participation," signed by Herndon, dated September 14, 2004. The  
26 certificate of participation specified that Wangler was to receive a return on investment of



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1 8.15 percent, paid quarterly, for 60 months. Wangler received two payments: a payment of  
2 \$37 representing his return on investment for the remainder of the third quarter of 2004, and a  
3 payment of \$205 as his return for the fourth quarter of 2004. After receiving these two pay-  
4 ments, Wangler never received any additional payments from Trend Capital on his invest-  
5 ment. Wangler has been unable to contact Trend Capital and his principal has not been re-  
6 turned.

7 6. Beard, as an agent of or for Trend, was paid a sales commission of eight per-  
8 cent on investments he facilitated or forwarded to Trend Capital from Oregon investors.

9 7. An investment contract is defined as: (i) an investment of money (or money's  
10 worth); (ii) in a common enterprise, (iii) with the expectations of a profit, (iv) to be made  
11 through the management and control of others.

12 8. The sale to Wangler was an investment contract as defined by the Oregon Se-  
13 curities Law and relevant court decisions.

14 9. Wangler gave money to Beard that was placed in the Trend Capital certificates  
15 of participation as an investment with the expectation that Wangler would earn a profit.

16 10. Wangler had no role in the essential managerial efforts of Trend Capital.

17 11. The success of Wangler's investment in Trend Capital was interwoven with  
18 and dependent upon the efforts and success of Beard and Trend Capital.

19 12. At no time relevant to this matter was the interest in the Trend Capital certifi-  
20 cate of participation sold to Wangler by Beard registered with the Director for offer or sale in  
21 Oregon.

22 13. At no time relevant to this matter was Beard ever licensed to sell securities in  
23 Oregon.

24 **CONCLUSIONS OF LAW**

25 The Director **CONCLUDES** that:

26 14. The Trend Capital certificate of participation sold by Beard to Wangler was an

1 investment contract.

2 15. Investment contracts are securities as defined in ORS 59.015(19)(a).

3 16. Beard violated ORS 59.165(1) by selling a security in the form of a Trend  
4 Capital certificate of participation to Wangler without holding a license from the Director to  
5 sell securities in Oregon.

6 17. Beard violated ORS 59.055 by selling a security that was not registered for  
7 sale in Oregon in the form of the Trend Capital certificate of participation to Wangler.

8 18. Beard violated ORS 59.135 by making untrue material representations to  
9 Wangler concerning the guaranteed rate of return for the Trend Capital certificate of participa-  
10 tion.

11 **ORDER**

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

13 19. Pursuant to ORS 59.245, Respondent Lawrence Lewis Beard is **ORDERED** to  
14 **CEASE AND DESIST** from:

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

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

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

22 D. Violating any provision of ORS chapter 59 or Oregon Administrative Rules  
23 chapter 441.

24 20. Pursuant to ORS 59.045(2), Beard is **DENIED** the use of any exemptions that  
25 would otherwise be available to him under ORS 59.025 and 59.035, concerning securities and  
26 transactions exempt from the registration requirements of the Oregon Securities Law.



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1           21. Pursuant to the authority of ORS 59.995, the DIRECTOR hereby **ASSESSES**  
2 Beard a **CIVIL PENALTY** in the amount of \$15,000 (fifteen thousand dollars) as follows:

3           A. \$5,000 (five thousand dollars) for violation of ORS 59.055 (sale of unregis-  
4 tered securities in selling the Trend Capital certificate of participation to at least one Oregon  
5 resident);

6           B. \$5,000 (five thousand dollars) for violation of ORS 59.165 (sale of securities  
7 by unlicensed person in selling the Trend Capital certificate of participation to at least one  
8 Oregon resident); and

9           C. \$5,000 (five thousand dollars) for violation of ORS 59.135 (making an untrue  
10 statement of a material fact when guaranteeing at least one Oregon resident a return of 8.15  
11 percent on the investment in the Trend Capital certificate of participation).

12           22. The Director hereby **SUSPENDS** the penalty assessed against Beard so long as  
13 he fully complies with all terms of this Order; **PROVIDED HOWEVER**, that the suspended  
14 portion of the civil penalty and statutory interest accruing from the date of this Order will be  
15 immediately due and payable upon a determination by the Director that Beard has violated  
16 any term of this Order, or any provision of ORS chapter 59 or Oregon Administrative Rules  
17 chapter 441.

18           23. Respondent Lawrence Lewis Beard must pay \$3,500 (three thousand five hun-  
19 dred dollars) in restitution to John Wangler no later than August 31, 2008.

20           24. Respondent Beard must provide a report addressed to the Division of Finance  
21 and Corporate Securities, Enforcement Section, P.O. Box 14480, Salem, OR 97309-0405,  
22 Attn: P. Fitzgerald, no later than October 15, 2008 listing the date and the amount of restitu-  
23 tion Respondent Beard paid to John Wangler. The report must also include a copy of the  
24 front and back of the canceled restitution check paid to John Wangler showing that Respon-  
25 dent Beard is in compliance with the restitution terms of this Order.

26           25. In the event of a violation of this Order, the entire civil penalty of \$15,000 (fif-

1 teen thousand dollars) will become immediately due and payable.

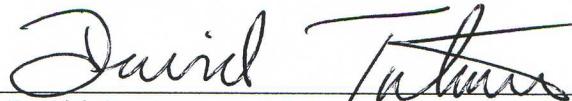
2 26. Beard agrees to provide his full cooperation and assistance to the Director in  
3 any further investigations of allegations of the Oregon Securities Law arising from or related  
4 to this matter.

5 27. The date of this Order is the day the Director signs the Order.

6 28. The entry of this Order in no way limits further remedies which may be avail-  
7 able to the Director under Oregon law.

8 Dated this 16<sup>th</sup> day of July, 2008 at Salem, Oregon.

9 CORY STREISINGER, Director  
10 Department of Consumer and Business Services

11   
12 David C. Tatman, Administrator  
13 Division of Finance and Corporate Securities

14 **CONSENT TO ENTRY OF ORDER**

15 I, Lawrence Lewis Beard, state that I am a resident of the State of Oregon, that I have  
16 read the foregoing Order and that I know and fully understand the contents hereof; that I ex-  
17 cute this Consent as a settlement of the matter referred to in the Order; that I have been ad-  
18 vised of my right to a hearing, and that I have the right to be represented by counsel in this  
19 matter; that I voluntarily consent to the entry of this Order without any force or duress, ex-  
20 pressly waiving any right to a hearing in this matter; that I understand that the Director re-  
21 serves the right to take further actions against me to enforce this Order or to take appropriate  
22 action upon discovery of other violations of the Oregon Securities Law by me; and that I will  
23 fully comply with the terms and conditions stated herein.

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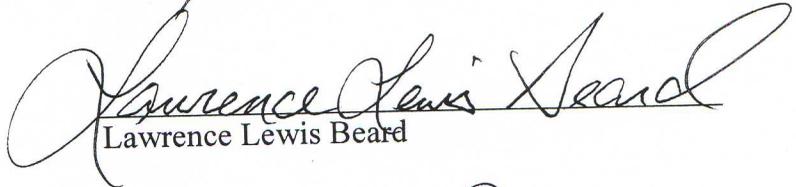
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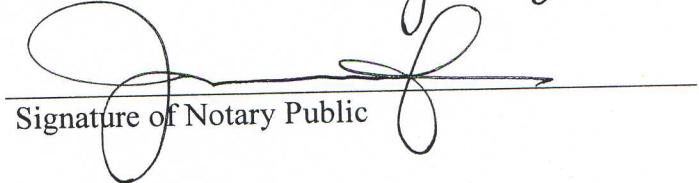
1 I further assure the Director that I will not engage in the activities of a securities bro-  
2 ker-dealer or investment adviser, or act as a salesperson for any of these unless such activities  
3 are in full compliance with chapter 59 of the Oregon Revised Statutes.

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

5 Dated this 11<sup>th</sup> day of July, 2008.

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7   
8 Lawrence Lewis Beard

9 SUBSCRIBED AND SWORN to before me this 11 day of July, 2008.

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12 Signature of Notary Public

13 My commission expires: Oct. 7, 2009

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