

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

7 In the Matter of: ) No. S-08-0029  
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172 **QUANTUM NETWORK SERVICES,**  
173 **INC. and CLIFFORD GOEHRING,**  
174 **Respondents.**

175 **ORDER TO CEASE AND DESIST,**  
176 **DENYING EXEMPTIONS, AND**  
177 **ASSESSING CIVIL PENALTIES AND**  
178 **CONSENT TO ENTRY OF ORDER**

179 **WHEREAS,** the Director of the Department of Consumer and Business Services for the  
180 State of Oregon (hereafter the “Director”), acting pursuant to the authority granted by the Oregon  
181 Securities Law (ORS 59.005 *et seq.*), has conducted an investigation into the activities of  
182 **QUANTUM NETWORK SERVICES, INC.** (hereafter “**QUANTUM**”) and **CLIFFORD**  
183 **GOEHRING** (hereafter “**GOEHRING**”);

184 **WHEREAS,** Respondents do not wish to expend additional time in connection with this  
185 matter and seek to obtain finality with respect to the Director’s claims;

186 **NOW THEREFORE,** the Director hereby issues the following Findings of Fact and  
187 Conclusions of Law, which the Respondents neither admit nor deny, and Order, to which  
188 Respondents consent, as evidenced by the Consent to Entry of Order attached hereto.

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Labor and Industries Building  
350 Winter Street NE, Suite 410  
Salem, OR 97301-5881  
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1 **FINDINGS OF FACT**

2 The Director **FINDS** that:

3 **Part One: Parties**

4 1. **QUANTUM** was a California for profit corporation, incorporated on March 8, 1996  
5 (California Secretary of State Business No: C1963566). **QUANTUM** conducted business from  
6 1110 West Kettleman Lane Suite 48, Lodi, California 95240, and 1330 South Ham Lane, Suite  
7 102, Lodi, California 95242. **QUANTUM** represented it was in the business of manufacturing  
8 and/or operating cashless ATM machines, which dispense vouchers that may be redeemed at  
9 participating merchants.

10 2. **QUANTUM** was never licensed as a broker-dealer or issuer in Oregon, and was not  
11 authorized to sell securities in Oregon.

12 3. **QUANTUM** never registered any of its securities, in any form, with the Director for  
13 sale in Oregon.

14 4. **GOEHRING** served as Vice President of **QUANTUM** from 1999 to 2004. He  
15 conducted business from 1330 South Ham Lane, Suite 102, Lodi, California 95242.

16 5. **GOEHRING** was never licensed as a broker-dealer or issuer salesperson, and was  
17 not authorized to sell securities in Oregon.

18 **Part Two: Quantum Promissory Notes**

19 6. In 2001 an **OREGON RESIDENT** was referred to **GOEHRING** by a neighbor.  
20 **GOEHRING** told the **OREGON RESIDENT** that **QUANTUM** was offering three (3) year  
21 secured promissory notes, bearing a ten percent (10%) annual rate of return, with interest paid  
22 quarterly. **GOEHRING** told the **OREGON RESIDENT** that the investment was a safe one.

23 7. **GOEHRING** did not inform the **OREGON RESIDENT** that **QUANTUM** was in  
24 the business of manufacturing and/or operating cashless ATM machines, or otherwise make  
25 mention of the source of funds from which payment of principal and interest would be made.  
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1           8. **GOEHRING** did not send the **OREGON RESIDENT** a prospectus, or any other  
2 document containing **QUANTUM** financial statements (or any other objective information that  
3 would allow investors to independently gauge the financial health of **QUANTUM**), a description  
4 of the company’s business model, an explanation of the risks associated with the purchase of a  
5 Quantum secured promissory note, a summary of management’s background in the cashless  
6 ATM industry, and other pertinent information about **QUANTUM** prior to the **OREGON**  
7 **RESIDENT**’s investment. Furthermore, **GOEHRING** did not inform the **OREGON**  
8 **RESIDENT** of the use to which his investment proceeds would be put by **QUANTUM**, or the  
9 basis for the company’s claims that its notes were “secured.” Additionally, **GOEHRING** did not  
10 inform the **OREGON RESIDENT** that the securities were not registered for sale in Oregon, and  
11 that he was not licensed to sell securities in this state.

12           9. The **OREGON RESIDENT** purchased a \$25,000 **QUANTUM** promissory note on  
13 or about October 21, 2001.

14           10. On two subsequent occasions, **GOEHRING** contacted the **OREGON**  
15 **RESIDENT** by telephone and successfully solicited additional investments in **QUANTUM**  
16 promissory notes. The **OREGON RESIDENT** invested \$25,000 on or about January 21, 2002  
17 and \$30,000 on or about April 1, 2002, bringing his total investment to \$80,000.

18           11. In connection with the January 21, 2002 and April 1, 2002 transactions,  
19 **GOEHRING** did not send the **OREGON RESIDENT** a prospectus, or any other document  
20 containing **QUANTUM** financial statements (or any other objective information that would  
21 allow investors to independently gauge the financial health of **QUANTUM**), a description of the  
22 company’s business model, an explanation of the risks associated with the purchase of a  
23 Quantum secured promissory note, a summary of management’s background in the cashless  
24 ATM industry, and other pertinent information about **QUANTUM** prior to the **OREGON**  
25 **RESIDENT**’s investment. Furthermore, **GOEHRING** did not inform the **OREGON**  
26 **RESIDENT** of the use to which his investment proceeds would be put by **QUANTUM**, or the

1 basis for the company’s claims that its notes were “secured.” Additionally, **GOEHRING** did not  
2 inform the **OREGON RESIDENT** that the securities were not registered for sale in Oregon, and  
3 that he was not licensed to sell securities in this state.

4 12. **QUANTUM** made its first two quarterly interest payments to the **OREGON**  
5 **RESIDENT** in a timely fashion. It never made any additional payments of interest or principal.

6 **CONCLUSIONS OF LAW**

7 The Director **CONCLUDES** that:

8 13. The **QUANTUM** promissory notes sold by Respondents are “securities”, as defined  
9 by ORS 59.015 (19) (a).

10 14. Respondents offered and sold unregistered securities in the State of Oregon, in  
11 violation of ORS 59.055.

12 15. Respondents offered and sold securities in the State of Oregon without being licensed  
13 to do so, in violation of ORS 59.165.

14 16. In connection with the sale of **QUANTUM** notes to an Oregon resident on October  
15 21, 2001, January 21, 2002, and April 1, 2002, **QUANTUM** and **GOEHRING** did not send the  
16 **OREGON RESIDENT** a prospectus, or any other document containing **QUANTUM**’s  
17 financial statements (or any other objective information that would allow investors to  
18 independently gauge the financial health of **QUANTUM**), a description of the company’s  
19 business model, an explanation of the risks associated with the purchase of a Quantum secured  
20 promissory note, a summary of management’s background in the cashless ATM industry, and  
21 other pertinent information necessary for an investor to make an objective decision about  
22 whether or not to invest in **QUANTUM**, prior to the **OREGON RESIDENT**’s investment,  
23 which constitutes the failure to state a material fact necessary in order to make the statements  
24 made, in the light of the circumstances in which they are made, not misleading, in violation of  
25 ORS 59.135 (2).

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**CONSENT TO ENTRY OF ORDER**

Respondent **CLIFFORD GOEHRING** states: that he has read the foregoing Order and fully understands the contents thereof; that he has been represented by counsel in connection with this matter; that he, voluntarily, and without any force or duress, consents to the entry of this Order, expressly withdrawing any written request for a hearing he has filed in connection with this matter; that the Order contains the complete agreement of the parties, and that no additional promises or assurances have been made to him by the Director with respect to matters covered by the Order; that he has been, to the best of his knowledge, truthful in connection with representations he has made to the Director about his financial circumstances; that he understands that the Director reserves the right to take further actions to enforce this Order or to take appropriate action upon discovery of other violations of the Oregon Securities Laws; that he understands that this Order is a public document; and that he will fully comply with the terms and conditions stated herein.

/s/ Clifford Goehring  
Clifford Goehring

Dated: 5-16-11

/s/ Gregory P. Goehring  
(Printed Name of Notary Public)  
Notary Public  
for the State of: CA  
My commission expires: 8/16/14

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1 For Quantum Network Services, Inc.:

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3 I, Clifford Goehring, hereby represent that I am authorized to enter into this Order for and on behalf  
4 of Quantum Network Services, Inc.

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/s/ Clifford Goehring  
Clifford Goehring

6

Dated: 5-16-11

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Gregory P. Goehring  
(Printed Name of Notary Public)

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Notary Public

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for the State of: CA

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My commission expires: 8-16-14

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