

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**

4 **In the Matter of:**) **No. S-10-0023**
5 **INTERNATIONAL BUSINESS**)
6 **DEVELOPMENT, LTD., and YORAM**) **ORDER TO CEASE AND DESIST AND**
7 **GORDON,**) **CONSENT TO ENTRY OF ORDER**
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11 **WHEREAS**, the Director of the Department of Consumer and Business Services for the
12 State of Oregon (hereafter “the Director”), acting pursuant to the authority granted by the Oregon
13 Securities Law, ORS 59.005 *et seq.*, has conducted an investigation into the activities of
14 **INTERNATIONAL BUSINESS DEVELOPMENT, LTD.** (hereafter “**IBD**”) and **YORAM**
15 **GORDON** (hereafter “**GORDON**”);

16 **WHEREAS**, Respondents wish to avoid the additional cost and expense resulting from
17 an action by the Director, do not desire to expend further time on this matter, and seek to obtain
18 finality without conducting a hearing;

19 **NOW THEREFORE**, the Director hereby issues the following Findings of Fact and
20 Conclusions of Law, which Respondents neither admit nor deny, and issues the following Order,
21 to which Respondents have consented, as evidenced by the signature of **GORDON** on the
22 Consent to Entry of Order attached hereto.

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Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387



1 **FINDINGS OF FACT**

2 The Director **FINDS** that:

3 **Part One: Parties and Licensure**

4 1. **INTERNATIONAL BUSINESS DEVELOPMENT, LTD.** purported to be, at all
5 times material herein, a Marshall Islands company with an office located at 18335 NW West
6 Union Road, Suite C-116, Portland, Oregon 97229. **IBD** was not registered by the Oregon
7 Secretary of State to do business in Oregon as a domestic or foreign corporation.

8 2. **GORDON** purported to be, at all times material herein, the “Managing Director” of
9 **IBD**. **GORDON** conducted business from 18335 NW West Union Road, Suite C-116, Portland,
10 Oregon 97229.

11 3. **IBD** was, at all times material herein, not licensed as either a broker-dealer or issuer
12 by the Oregon Division of Finance and Corporate Securities. **IBD** was not authorized to sell
13 securities in or from the State of Oregon.

14 4. **GORDON** was, at all times material herein, not licensed as either a broker-dealer
15 salesperson or issuer salesperson by the Oregon Division of Finance and Corporate Securities.
16 **GORDON** was not authorized to sell securities in or from the State of Oregon.

17 **Part Two: IBD “Profit Participation Agreement”**

18 5. **GORDON** was introduced to Jeffrey Lavenhar (hereafter “Lavenhar”), a Colorado
19 resident, in early 2007 by an individual named Arie Szigeti. **GORDON** spoke with Lavenhar
20 by telephone from **GORDON**’s Portland office during 2007 about participating in an investment
21 opportunity.

22 6. **GORDON** sent Lavenhar an **IBD** “Profit Participation Agreement”, which served as
23 the sole document to memorialize the terms of the above mentioned investment, in February
24 2007.

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1 7. **IBD** and **GORDON** were expressly identified as parties to the “profit participation
2 agreement”, under the terms of which Lodestone, LLC and its sole member, Lavenhar, were to
3 invest two hundred fifty thousand dollars (\$250,000).

4 8. Under the terms of the “profit participation agreement”, **IBD** and **GORDON**
5 represented that they had “*access to a private investment facility based on buy-sell transactions*
6 *where profits are generated.*” They promise to “*insure that a sufficient line of credit is opened,*
7 *based on adequate bank debentures (instrument), and the value of the credit line is entered into a*
8 *Private buy-sell transaction. Proceeds from these buy-sell transactions will be distributed [to the*
9 *investors, Lodestone, LLC and Lavenhar] on a monthly basis.*”

10 9. **IBD** and **GORDON**’s “profit participation agreement” was to last “*approximately*
11 *one year but no longer than 13 months.*” In return for Lavenhar’s \$250,000 investment, the full
12 principal of which was to be refunded to him at the conclusion of the agreement’s term, his
13 “*total amount of compensation over the duration of this program is One Hundred Fifty*
14 *Thousand United States Dollars (US\$150,000) on a best effort basis.*”

15 10. The **IBD** “Profit Participation Agreement” did not enunciate any task, action, or
16 responsibility of Lavenhar other than to tender the sum of \$250,000.

17 11. Lavenhar signed the **IBD** “Profit Participation Agreement” on March 13, 2007. On
18 March 15, 2007, following **GORDON**’s instructions, Lavenhar wired \$250,000. (The funds were
19 wired to an intermediary, and not to **GORDON**.)

20 12. Lavenhar did not receive the \$250,000 he invested, or any part thereof, within the
21 above described 13 month period. He also never received any portion of the \$150,000
22 “compensation.” Lavenhar subsequently instituted litigation against a third party to obtain his
23 \$250,000 investment, and has recovered \$200,000 to date.

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1 **Part Three: Material Omissions**

2 13. In connection with the sale of the **IBD** "Profit Participation Agreement" investment
3 to Lavenhar in March 2007, **GORDON** failed to tender a written prospectus or offering circular
4 objectively disclosing the risks associated with this investment.

5 14. In connection with the sale of the **IBD** "Profit Participation Agreement" investment to
6 Lavenhar in March 2007, **GORDON** failed to tender any written document objectively
7 disclosing the nature of, and methodology associated with, the "private buy-sell transactions"
8 that would serve as the basis for the \$150,000 "compensation" promised to Lavenhar.

9 15. In connection with the sale of the **IBD** "Profit Participation Agreement" investment to
10 Lavenhar in March 2007, **GORDON** failed to disclose that he was the subject of a June 20,
11 2006 Cease and Desist Order issued by the Director.

12 16. In connection with the sale of the **IBD** "Profit Participation Agreement" investment to
13 Lavenhar in March 2007, **GORDON** failed to disclose that the investment was not registered, as
14 required by law, with the Oregon Division of Finance and Corporate Securities. Furthermore,
15 **GORDON** did not indicate that he was not, as required by law, either a broker-dealer
16 salesperson or an issuer salesperson.

17 **CONCLUSIONS OF LAW**

18 The Director **CONCLUDES** that:

19 17. The **IBD** "Profit Participation Agreement" sold by Respondents is a "security", as
20 defined in ORS 59.015 (19) (a).

21 18. Respondents sold an unregistered security in the State of Oregon, in violation of ORS
22 59.055.

23 19. Respondents sold a security in the State of Oregon without being licensed to do so, in
24 violation of ORS 59.165 (1).

25 20. In connection with the sale of the **IBD** "Profit Participation Agreement" investment



1 to Lavenhar in March 2007, **GORDON** omitted to state a material fact necessary in order to
2 make all statements made in connection with the sale of the investment, in light of the
3 circumstances under which they were made, not misleading, in violation of ORS 59.135 (2), by
4 failing to tender a written prospectus or offering circular objectively disclosing the risks
5 associated with this investment.

6 21. In connection with the sale of the **IBD** “Profit Participation Agreement” investment to
7 Lavenhar in March 2007, **GORDON** omitted to state a material fact necessary in order to make
8 all statements made in connection with the sale of the investment, in light of the circumstances
9 under which they were made, not misleading, in violation of ORS 59.135 (2), by failing to tender
10 a written document objectively disclosing the nature of, and methodology associated with, the
11 “private buy-sell transactions” that would serve as the basis for the \$150,000 compensation
12 promised to Lavenhar.

13 22. In connection with the sale of the **IBD** “Profit Participation Agreement” investment to
14 Jeffrey Lavenhar in March 2007, **GORDON** omitted to state a material fact necessary in order to
15 make all statements made in connection with the sale of the investment, in light of the
16 circumstances under which they were made, not misleading, in violation of ORS 59.135 (2), by
17 failing to disclose that he was the subject of a June 20, 2006 Cease and Desist Order issued by
18 the Director.

19 23. In connection with the sale of the **IBD** “Profit Participation Agreement” investment to
20 Jeffrey Lavenhar in March 2007, **GORDON** omitted to state a material fact necessary in order
21 to make all statements made in connection with the sale of the investment, in light of the
22 circumstances under which they were made, not misleading, in violation of ORS 59.135 (2), by
23 failing to disclose that the security was not registered, as required by law, with the Oregon
24 Division of Finance and Corporate Securities. Furthermore, **GORDON** failed to indicate that he
25 was not, as required by law, either a broker-dealer salesperson or an issuer salesperson.

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ORDER

Therefore, the Director **ORDERS** that:

24. Respondents shall, pursuant to the authority contained in ORS 59.245, **CEASE AND DESIST** from offering and selling securities to persons in or from the State of Oregon in violation of the Oregon Securities Law, its accompanying administrative rules, or the terms of this Order.

25. Respondents are, pursuant to the authority contained in ORS 59.995, ordered to pay the sum of **TWENTY THOUSAND DOLLARS** (\$20,000) as a civil penalty for violation of ORS 59.055, **ONE HUNDRED EIGHTY-FIVE THOUSAND DOLLARS** (\$185,000) as a civil penalty for violations of ORS 59.135, and **TWENTY THOUSAND DOLLARS** (\$20,000) as a civil penalty for violation of ORS 59.165 described herein; for a total civil penalty of **TWO HUNDRED TWENTY-FIVE THOUSAND DOLLARS** (\$225,000). A portion of this penalty, the sum of **TWO HUNDRED THOUSAND DOLLARS** (\$200,000) is **PERMANENTLY SUSPENDED**, as the result of the monetary recovery of the same amount by Lavenhar from a third party. The remaining portion of this penalty, the amount of **TWENTY-FIVE THOUSAND DOLLARS** (\$25,000) is **SUSPENDED**, pending no violation of the Oregon Securities Law, its accompanying administrative rules, or the terms of this Order for a period of nine (9) years from the date of this Order.

26. Respondents, their successors, and those acting directly on their behalf, are hereby **DENIED**, pursuant to the authority contained in ORS 59.045, the use of exemptions [ORS 59.025, ORS 59.035] to the requirement under Oregon law [ORS 59.055] that securities sold in or from Oregon must be registered with the Director in advance of their offer or sale, until further Order of the Director.

27. Respondents, their successors, and those acting directly on their behalf, are **STRICTLY PROHIBITED** from raising capital, formally or informally, from other individuals

1 or business entities, in whatever form, for use or investment on their behalf, without the
2 Director's prior express written consent.

3 **IT IS SO ORDERED.**

4 Dated this 30th day of June, 2011 at Salem, Oregon NUNC PRO TUNC November 29, 2010.

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6 SCOTT L. HARRA, Acting Director

7 Department of Consumer and Business Services

8 /s/ David Tatman

9 David C. Tatman, Administrator

10 Division Of Finance And Corporate Securities

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CONSENT TO ENTRY OF ORDER

Respondent **GORDON** states: that he has read the foregoing Order and fully understands the contents thereof; that he has been advised of the right to a hearing and of the right to be represented by counsel in this matter; that he, voluntarily, and without any force or duress, consents to the entry of this Order, expressly withdrawing his request for a hearing and waiving any right to a hearing in this matter; 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; and that he will fully comply with the terms and conditions stated herein.

Respondent **GORDON** further states that he is authorized to act on behalf of Respondent **INTERNATIONAL BUSINESS DEVELOPMENT, LTD**, a now-defunct entity he formed in the Marshall Islands to act as a corporate alter-ego.

Respondent **GORDON** further understands that this Consent Order is a public document.

Dated this 17 day of June, 2011.

/s/ Yoram Gordon

YORAM GORDON, individually and on behalf of
INTERNATIONAL BUSINESS DEVELOPMENT, LTD.

SUBSCRIBED AND SWORN to before me this 17th day of June, 2011.

/s/ Cynthia L Shipp

Notary Public
for the State of: Oregon

My commission expires: 8-30-13

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