

1 STATE OF OREGON  
2 DEPARTMENT OF CONSUMER AND BUSINESS SERVICES  
3 DIVISION OF FINANCE AND CORPORATE SECURITIES

4 BEFORE THE DIRECTOR OF THE DEPARTMENT OF CONSUMER AND  
5 BUSINESS SERVICES

6 **In the Matter of:** ) **S-11-0073**  
7 )  
8 **Kristopher K. Keeney,** ) **FINAL ORDER TO CEASE AND**  
9 **Respondent.** ) **DESIST, ORDER DENYING**  
10 ) **EXEMPTIONS, AND ORDER**  
11 ) **ASSESSING CIVIL PENALTY**  
12 ) **ENTERED BY DEFAULT**  
13 )  
14 )  
15 )

16 On July 22, 2011, the Director of the Department of Consumer and Business Services for  
17 the State of Oregon (hereinafter, “the Director”), acting by the authority of the Oregon Securities  
18 Law, Oregon Revised Statutes Chapter 59, and Oregon Administrative Rules Chapter 441, issued  
19 Administrative Order No. S-11-0073, ORDER TO CEASE AND DESIST, ORDER DENYING  
20 EXEMPTIONS, PROPOSED ORDER ASSESSING CIVIL PENALTIES, AND NOTICE OF  
21 RIGHT TO HEARING (“the Proposed Order”) against Respondent Kristopher K. Keeney  
22 (“Keeney”).

23 On July 22, 2011, Keeney was duly served with true copies of the Proposed Order by  
24 certified United States Mail, postage prepaid, to the following three addresses: (1) 1921  
25 Kelkenny Rd, Lake Oswego, Oregon 97034 (item No. 7008 3230 0001 1430 5832); (2) 1552 7<sup>th</sup>  
26 St., Astoria, Oregon 97103 (item No. 7008 3230 0001 1430 5849); and (3) PO Box 68534,  
Milwaukie, Oregon 97268 (item No. 7008 3230 0001 1430 5856).

On July 23, 2011, in an email to a Financial Enforcement Officer for the Oregon  
Department of Consumer and Business Services’ Division of Finance and Corporate Securities  
 (“DFCS”), Keeney confirmed receipt of the Proposed Order.

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Labor and Industries Building  
350 Winter Street NE, Suite 410  
Salem, OR 97301-5888  
Telephone: (503) 578-4387



1 Keeney has not made a written demand for a contested case hearing in this matter and  
2 time to do so has now expired.

3 NOW THEREFORE, after consideration of the file in this matter maintained by DFCS,  
4 including any materials that Keeney may have submitted, the Director hereby issues the  
5 following Findings of Fact, Conclusions of Law, and Final Orders.

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7

**I.**

8

**FINDINGS OF FACT**

9 The Director FINDS that:

10 1. Keeney’s last known address is 1921 Kelkenny Rd., Lake Oswego, Oregon 97034.

11 2. From February 1989 to October 2003, Keeney held a limited securities license that  
12 permitted him to engage in sales of mutual funds and variable annuities (CRD #1919665).

13 3. Keeney has not been licensed by DFCS to sell any other types of securities, including  
14 investment contracts.

15 4. At all times relevant to this matter herein, Keeney was a resident of Oregon and  
16 conducted all business relevant to the matter herein while in Oregon.

17 5. DFCS has no records of any securities offering ever being registered in the name of  
18 Keeney or any of the entities with which he is affiliated, as noted in this Order in Section B.

19

20 A. Previous Enforcement Action Against Keeney

21 6. On August 5, 2003, Keeney entered into an Assurance of Voluntary Compliance  
22 (“AVC”) with the State of Oregon’s Department of Justice (“DOJ”). Without admitting a  
23 violation of law, Keeney agreed to:

24 a. Not organize, induce, attempt to induce, promote, sell, or operate any pyramid  
25 clubs as defined by ORS 646.609 and in violation of ORS 646.6089(1)(r);

26 b. Not promote, sell, or operate any marketing or sales program or other offering for

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1 participants to derive income or other benefits in which participants primarily are  
2 compensated from: i) the recruitment of additional participants or recruits by the  
3 participant or others; ii) sales made to participants or recruits; or iii) other  
4 payment made by participants or recruits; and

5 c. Not misrepresent, expressly or by implication, actual or potential earnings,  
6 income or other benefits derived from any sales or marketing program or business  
7 opportunity. In the event Respondent makes any representations concerning  
8 earning, income, or other benefits in connection with any sales or marketing  
9 program or business opportunity, Respondent will disclose the number and  
10 percentage of participants who have made the represented earnings, income, or  
11 other benefits.

12  
13 B. Keeney's Business Filings

14 7. On August 18, 2003, Keeney registered Kelly Robinson & Associates ("Kelly  
15 Robinson") as an assumed business name with the State of Oregon's Secretary of State. Keeney  
16 is listed as the owner of Kelly Robinson. Kelly Robinson's principal place of business is listed  
17 as 10305 SE Bell, Milwaukie, OR 97222. The listed business description for Kelly Robinson is  
18 "Internet Marketing."

19 8. The address and business description for Kelly Robinson was amended on August 11,  
20 2005. The new address was listed as 3614 SE Westview Ave., Milwaukie, OR 97267. The  
21 description of business was listed as "Internet Currency Exchange."

22 9. In addition to Kelly Robinson, Keeney used the following assumed business names,  
23 which were not registered with the State of Oregon, in transactions with consumers: 1) InC; 2) I  
24 Need Cash; 3) *Illegitimi non Carborundum*; and 4) My Financial Miracle.

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1 C. Investments

2 **InC**

3 10. Starting on or about April 25, 2007, Keeney managed and promoted “InC” aka “*Illegitimi*  
4 *non Carborundum*” aka “I Need Cash” (hereinafter “InC”). InC, a centrally managed investment  
5 program, is described in advertisements as a “2X2 Forced Matrix.” This program required  
6 investors to invest \$275 for one position on a matrix or \$875 for three positions on a matrix. To  
7 receive a return on his or her investment, the investor was required to fill seven positions on his  
8 or her matrix. This was usually accomplished by the purchase of one position for \$275 by the  
9 investor. The investor would then usually attempt to recruit two other investors, each of whom  
10 would also recruit two investors. Once all seven positions on the investor’s matrix were filled,  
11 the matrix would “cycle” and the investor would receive an \$825 return on his or her investment.  
12 Of the total \$825 return on the investment, \$275 was automatically reinvested into a new matrix  
13 for the investor. The investor’s recruits would fill the first two positions in the investor’s new  
14 matrix once they filled the seven positions in their matrix. This process would continue until no  
15 new investors could be recruited.

16 11. Many of the advertisements for InC stated that “EVERONE Earns \$\$\$ - NOBODY  
17 LOSES!!!!” and that the prospective investor could expect to invest \$275 and receive “\$550  
18 Over & Over again.” One advertisement even described the program as “A-DO-NOTHING NO  
19 BRAINER INCOME PROGRAM.”

20 12. On or about May 21, 2007, Keeney aligned InC with David Sherman (“Sherman”) and  
21 Abundant Gold Club (“AGC”), an entity that provided InC investors with a lifetime membership  
22 to AGC, which included access to an online database of how-to books and information. Many of  
23 the advertisements for InC did not mention the membership to AGC, highlighting only the  
24 investment opportunity and the possible return on investment for recruiting other investors.

25 13. On or about May 21, 2007, Sherman took over the management of InC. However,  
26 Keeney continued to receive funds from investors until or about July 7, 2007.

1 14. On or about September 10, 2007, Sherman sent an email to InC investors informing the  
2 investors that InC has ceased operating at the direction of the Michigan Attorney General’s  
3 office. This email informed investors that commissions would no longer be paid through any  
4 type of matrix and that the only reason anyone should still join AGC is for the products offered  
5 by AGC.

6 15. According to bank records received by DFCS, InC raised a total of at least \$95,000 from  
7 at least 221 investors throughout the United States between May 2007 and August 2007, with  
8 most of the funds being received between May 2007 and June 2007.

9 16. Many of the investors sent investment funds directly to Keeney at his address; PO BOX  
10 68534 Milwaukie, OR 97268. This address was listed in many advertisements for InC.

### 12 **My Financial Miracle**

13 17. On or about December 22, 2008, a DFCS Investigator contacted Keeney by email  
14 requesting information about the investment opportunities with InC. Keeney responded to the  
15 DFCS Investigator by stating that he is “able to offer 10% per month to those looking for steady  
16 growth of funds.” When further information was requested by the DFCS Investigator, Keeney  
17 provided information on My Financial Miracle (“MFM”). In information provided to the DFCS  
18 Investigator, Keeney stated that MFM can, “with 100% certainty,” provide an investor \$1,000 a  
19 month for 12 months, two years after the investor provides him with \$200.

20 18. Information received by the DFCS Investigator from Keeney stated that MFM also offers  
21 a “Lump Sum Option” where investors can pay Keeney a lump sum payment and then receive a  
22 payment of 10% of that lump sum every month for 24 months. Keeney advertised that this  
23 option is a “great answer for high gas costs, Mortgage payments (get twenty-four mortgage  
24 payments for the cost of ten), emergency expenses, etc.” Additionally, Keeney advertised that  
25 one of MFM’s members “bought a new car and set it up on \$700 per month payments for two  
26 years. He sent us \$7,000 and is getting \$700 per month for twenty-four months. He’s paying

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1 \$7,000 for a \$17,000 automobile.”

2 19. The DCBS Investigator asked Keeney for references for the advertised lump sum  
3 program and Keeney stated that the “car person” mentioned in the advertisement was a former  
4 financial services client named Kelly Robinson and can be contacted at wildfireco-  
5 op@juno.com.

6 20. In an interview with the DCBS Investigator, Keeney admitted that he never received any  
7 money from investors for MFM and that no one named Kelly Robinson used his services to  
8 purchase a car.

9

10 D. Disclosure of Information

11 21. Keeney failed to disclose to investors that the securities being offered by InC and MFM  
12 were not registered with DFCS.

13 22. Keeney did not disclose to investors that he was the subject of an AVC with the Oregon  
14 DOJ and that the AVC prohibited him from promoting, selling, or operating any marketing or  
15 sales program or other offering for participants to derive income or other benefits in which  
16 participants primarily are compensated from: i) the recruitment of additional participants or  
17 recruits by the participant or others; ii) sales made to participants or recruits; or iii) other  
18 payment made by participants or recruits.

19 23. InC’s promotional materials represented that no investor would lose money. In fact,  
20 many investors failed to receive a return on their investment in InC.

21 24. Keeney failed to adequately disclose to investors the risks of investing in InC and MFM.

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**II.**

24

**CONCLUSIONS OF LAW**

25 The Director CONCLUDES that:

26 25. The investments offered and sold by Keeney, as described in the Findings of Fact, meet





1 the definition of an investment contract in Oregon, and as such, are considered a “security” under  
2 ORS 59.015(19)(a).

3 26. Keeney sold unregistered securities in Oregon in violation of ORS 59.055.

4 27. Keeney offered to sell unregistered securities in Oregon in violation of ORS 59.055.

5 28. Keeney sold securities in Oregon without a license in violation of ORS 59.165(1).

6 29. Keeney made untrue statements of material fact in connection with the sale of securities  
7 in violation of ORS 59.135(2) by representing that no investor would lose money, when in fact  
8 many investors lost money.

9 30. Keeney omitted to state material facts in connection with the sale of securities in  
10 violation of ORS 59.135(2) by failing: (1) to disclose that he was the subject of an AVC with the  
11 Oregon DOJ and that he was prohibited from promoting, selling, or operating any marketing or  
12 sales program or other offering for participants to derive income or other benefits in which  
13 participants primarily are compensated from: i) the recruitment of additional participants or  
14 recruits by the participant or others; ii) sales made to participants or recruits; or iii) other  
15 payment made by participants or recruits; (2) to inform investors that the securities being offered  
16 by InC and MFM were not registered with DFCS; and (3) to adequately disclose to investors the  
17 risks of investing in InC and MFM.

### 18 III.

### 19 FINAL ORDERS

20 NOW, THEREFORE, THE DIRECTOR ISSUES THE FOLLOWING ORDERS:

#### 21 Cease and Desist Order

22 31. Pursuant to the authority of ORS 59.245, the Director hereby ORDERS Keeney to  
23 CEASE AND DESIST from:

- 24 a. Selling securities without a license in violation of ORS 59.165;
- 25 b. Selling unregistered securities in the State of Oregon in violation ORS 59.055;
- 26

1 c. Violating any provision of the Oregon Securities Laws, including ORS Chapter  
2 59 and OAR Chapter 441.

3

4

Order Denied the Use of Any Exemptions

5 32. Pursuant to the authority of ORS 59.045, the Director ORDERS that Keeney and any  
6 entities owned or affiliated with Keeney or otherwise utilize his services be DENIED THE USE  
7 OF ANY EXEMPTIONS that would otherwise be available to them under ORS 59.025 and ORS  
8 59.035.

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Order Assessing Civil Penalty

11 33. Pursuant to the authority of ORS 59.995, the Director may assess a CIVIL PENALTY in  
12 any amount determined by the Director of not more than \$20,000 for each violation. Pursuant to  
13 this provision, the Director hereby assesses Keeney a CIVIL PENALTY in the amount of  
14 \$345,000 (three-hundred forty-five thousand dollars) for the following violations:

15

a. A CIVIL PENALTY of \$100,000 (one-hundred thousand dollars) for 221  
16 violations of ORS 59.055 for selling unregistered securities.

16

b. A CIVIL PENALTY of \$15,000 (fifteen thousand dollars) for 1 violation of ORS  
17 59.055 for offering to sell unregistered securities in Oregon.

17

c. A CIVIL PENALTY of \$100,000 (one-hundred thousand dollars) for 221  
18 violations of ORS 59.165(1) for selling securities without a license.

18

d. A CIVIL PENALTY of \$30,000 (thirty thousand dollars) for the untrue  
19 statements of material facts made in connection with the sale of securities in  
20 violation of ORS 59.135(2).

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e. A CIVIL PENALTY of \$100,000 (one-hundred and thousand dollars) for the  
22 omissions of material facts in connection with the sale of securities in violation of  
23 ORS 59.135(2).

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1 34. The entry of this Order in no way limits further remedies which may be available to the  
2 Director under the Oregon Law.

3 IT IS SO ORDERED.

4 Dated this 18th day of August, 2011, at Salem, Oregon, NUNC PRO TUNC July 22,  
5 2011.

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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