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

**In the Matter of
True North Productions, LLC and Cecil F.
Smith, Jr.**

Case No. S-12-0076

**FINAL ORDER TO CEASE AND
DESIST, FINAL ORDER DENYING
EXEMPTIONS, AND FINAL ORDER
ASSESSING CIVIL PENALTIES
ENTERED BY DEFAULT**

Respondents.

On August 10, 2012, the Director of the Department of Consumer and Business Services for the State of Oregon (hereinafter, the “Director”), acting pursuant to the authority granted by the Oregon Securities Law, Chapter 59, issued Administrative Order No. S-12-0076, ORDER TO CEASE AND DESIST, ORDER DENYING EXEMPTIONS, PROPOSED ORDER ASSESSING CIVIL PENALTIES, AND NOTICE OF OPPORTUNITY FOR AN ADMINISTRATIVE HEARING (the “Proposed Order”) against True North Productions, LLC (“TN”) and Cecil F. Smith, Jr. (“Smith”).

On August 10, 2012, TN was duly served with a true copy of the Proposed Order by certified United States Mail, postage prepaid, at 13300 Bothell-Everett Highway PMB 6120, Mill Creek, WA 98012 (Article Number 7011 2000 0000 7333 0133).

On August 10, 2012, Smith was duly served with a true copy of the Proposed Order by certified United States Mail, postage prepaid, at 13300 Bothell-Everett Highway PMB 6120, Mill Creek, WA 98012 (Article Number 7011 2000 0000 7333 0119).

According to the return receipt, Brian Na signed for the Proposed Orders on August 13, 2012 as the agent for TN and Smith.

Neither TN nor Smith have made a written request for a contested case hearing in this

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 matter and time to do so has now expired.

2 NOW THEREFORE, after consideration of the file in this matter maintained by the
3 Oregon Department of Consumer and Business Services, including any materials that the
4 Respondents may have submitted, the Director hereby issues the following Findings of Fact,
5 Conclusions of Law, and Final Orders.

6 **I.**

7 **FINDINGS OF FACT**

8 The Director FINDS that:

9 1. TN was an Oregon company with its principal place of business at 406 E. 2nd Street,
10 The Dalles, Oregon 97058. TN was formed in Oregon on January 2, 2007, and was
11 administratively dissolved on February 29, 2008. Documents filed with the Oregon Secretary of
12 State list Smith as the Organizer of TN.

13 2. Smith's last known address is 13300 Bothell-Everett Highway PMB 6120, Mill
14 Creek, WA 98012. At all times relevant to this matter herein, Smith was a resident of Oregon
15 and conducted all business relevant to the matter herein while in Oregon.

16 3. TN and Smith are herein together referred to as the ("Respondents").

17 4. Between approximately June 2007 and May 2009, the Respondents received at least
18 \$205,000 from at least 10 investors, all of whom are Oregon residents. The investors were told
19 that the funds were to be used by the Respondents to establish a tourism business intending to
20 provide multi-day bus tours of the Oregon Columbia River Gorge to senior citizens. The
21 Respondents promised investors between 8-20 percent returns on their investments. None of the
22 investors were involved in the management of and had no control over Respondents.

23 5. While some of the investors received documentation pertaining to their investment,
24 including a subscription agreement and a business plan, these documents failed to adequately
25 disclose the risks associated with investing with the Respondents. Additionally, these documents
26 failed to disclose that: (1) Smith had filed for bankruptcy in 1998; (2) between January 2003 and





1 October 2004, Smith had violated numerous Oregon securities laws, including fraud, in
2 obtaining \$264,833.22 from 22 Oregon investors for Church Ministries Distribution, Inc.
3 (“CMD”)¹; and (3) investor funds would be used by Smith for personal purposes, including, but
4 not limited to gym membership fees, rent for his personal residence, payments directly to his
5 wife, and the purchase of the P90X workout program.

6 6. In the documents presented to investors, the Respondents stated that Smith had “spent
7 the past fifteen years successfully managing people and business,” when in fact within the last
8 fifteen years Mr. Smith had had at least two failed business ventures, Buz Smith Entertainment
9 and CMD.

10 7. To date, no investor has received the promised return on their investment or a return
11 of their principal investment.

12 8. The Oregon Division of Finance and Corporate Securities (“DFCS”) has no records
13 of any securities offering ever being registered in the name of the Respondents. Additionally,
14 DFCS has no record of either of the Respondents ever having been licensed by any federal or
15 state government agency to offer or sell securities.

16 II.

17 CONCLUSIONS OF LAW

18 The Director CONCLUDES that:

19 9. The investments offered and sold by the Respondents, as described in the Findings of
20 Fact, meet the definition of an investment contract in Oregon, and as such, are considered a
21 “security” under ORS 59.015(19)(a).

22 10. Respondents sold unregistered securities in Oregon in violation of ORS 59.055.

23 11. Respondents sold securities in Oregon without being licensed in violation of ORS
24 59.165.

25 _____
26 ¹ On August 3, 2011, the Oregon Department of Business and Consumer Services issued an Order to Cease and Desist, Order Assessing Civil Penalties, Order Denying Exemptions, and Consent to Entry of Order (the “Consent Order”) against Smith and CMD. The Consent Order required Mr. Smith and CMD to repay all 22 investors.



1 12. Respondents omitted to state material facts in connection with the sale of securities,
2 in violation of ORS 59.135(2), by failing to adequately disclose the risks associated with
3 investing with the Respondents.

4 13. Respondents omitted to state material facts in connection with the sale of securities in
5 violation of ORS 59.135(2), by failing to disclose that: (1) Smith had filed for bankruptcy in
6 1998; (2) between January 2003 and October 2004, Smith had violated numerous Oregon
7 securities laws, including fraud, in obtaining \$264,833.22 from 22 Oregon investors for CMD;
8 and (3) investor funds would be used by Smith for personal purposes, including, but not limited
9 to gym membership fees, rent for his personal residence, payments directly to his wife, and the
10 purchase of the P90X workout program.

11 14. Respondents made an untrue statement of material fact in connection with the sale of
12 securities in violation of ORS 59.135(2) by informing investors that Smith had “spent the past
13 fifteen years successfully managing people and business,” when in fact within the last fifteen
14 years Smith had had at least two failed business ventures, Buz Smith Entertainment and CMD.

15 **III.**

16 **FINAL ORDERS**

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

18 Final Order to Cease and Desist

19 15. Pursuant to ORS 59.245, the Respondents, and any successor business entity or any
20 business entity owned, operated or controlled by the Respondents, are ORDERED TO CEASE

21 AND DESIST from:

22 A. Offering or selling unregistered securities in the State of Oregon, in violation of ORS
23 59.055;

24 B. Offering or selling securities without a license in violation of ORS 59.165;

25 C. Making any untrue statement of a material fact or omitting to state a material fact
26 necessary in order to make the statements made, in light of the circumstances under which they

1 are made, not misleading, in the sale of any security or the conduct of a securities business in
2 violation of ORS 59.135(2); and

3 D. Violating any provision of ORS Chapter 59 and Oregon Administrative Rules
4 Chapter 441.

5 Final Order Denying Exemptions

6 16. Pursuant to ORS 59.045, the Respondents, and any successor business entity or any
7 business entity owned, operated or controlled by the Respondents, are DENIED the use of any
8 exemptions that would otherwise be available to them under ORS 59.025 and 59.035.

9 Final Order Assessing Civil Penalties

10 17. Pursuant to the authority of ORS 59.995, the Director may assess a CIVIL
11 PENALTY in an amount of not more than \$20,000 per violation against any person who violates
12 ORS 59.005 to 59.451 or 59.710 to 59.830.

13 18. Pursuant to ORS 59.995, the Director hereby assesses the Respondents, jointly and
14 severally, a CIVIL PENALTY in the amount of \$400,000 as follows:

15 A. A CIVIL PENALTY of \$100,000 for ten violations of ORS 59.055 by offering or
16 selling unregistered securities in the state of Oregon.

17 B. A CIVIL PENALTY of \$100,000 for ten violations of ORS 59.165 by transacting
18 business in Oregon as a securities salesperson without a license;

19 C. A CIVIL PENALTY of \$100,000 for ten violations of ORS 59.135(2) by omitting to
20 state material facts in connection with the sale of securities in violation of ORS 59.135(2).

21 D. A CIVIL PENALTY of \$100,000 for ten violations of ORS 59.135(2) by making an
22 untrue statement of material fact in connection with the sale of securities in violation of ORS
23 59.135(2).

24 19. The entry of this Order in no way limits further remedies which may be available to
25 the Director under Oregon law.

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IT IS SO ORDERED.

Dated this 6th day of September, 2012 at Salem, Oregon, NUNC PRO
TUNC August 10, 2012.

PATRICK M. ALLEN, Director
Department of Consumer and Business Services

/s/ David Tatman
David C. Tatman, Administrator
Division of Finance and Corporate Securities

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