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

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

<b>In the Matter Of:</b>	)	<b>S-12-0079</b>
<b>Dennis J. Martinez and Janice L. Martinez</b>	)	
<b>Respondents.</b>	)	<b>ORDER TO CEASE AND DESIST,</b>
	)	<b>ORDER DENYING EXEMPTIONS,</b>
	)	<b>PROPOSED ORDER ASSESSING</b>
	)	<b>CIVIL PENALTY, AND CONSENT TO</b>
	)	<b>ENTRY OF ORDER</b>
	)	
	)	

WHEREAS, the Director of the Department of Consumer and Business Services for the State of Oregon (hereinafter “the Director”), acting by the authority of the Oregon Securities Law, Oregon Revised Statutes Chapter 59, has conducted an investigation of Dennis J. Martinez and Janice L. Martinez (hereinafter “Respondents”) and concluded that violations of Oregon law had been committed; and

WHEREAS the Respondents, without admitting or denying the Findings of Fact and Conclusions of Law stated hereinafter, wish to resolve this matter with the Director;

NOW THEREFORE, as evidenced by the signature(s) subscribed on this Order, the Respondents hereby CONSENT to entry of this Order upon the Director’s Findings of Fact and Conclusions of Law as stated hereinafter.

**I.**

**FINDINGS OF FACT**

The Director FINDS that:

1. Dennis J. Martinez’s (“Dennis Martinez”) address is 2570 Samoan Way, Medford, Oregon 97504. At all times relevant to this matter herein, Dennis Martinez was a resident of

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1 Oregon and conducted all business relevant to the matter herein while in Oregon.

2 2. Janice L. Martinez’s (“Janice Martinez”) address is 2570 Samoan Way, Medford, Oregon  
3 97504. At all times relevant to this matter herein, Janice Martinez was a resident of Oregon and  
4 conducted all business relevant to the matter herein while in Oregon.

5 3. The individual identified herein as BP is an Oregon resident and was so at all times  
6 relevant to this matter.

7 4. On or about July 9, 2007, BP invested \$50,000 with the Respondents. BP was provided a  
8 “Note” signed by the Respondents that states BP was to receive ten percent interest per year on  
9 the \$50,000. The Note provides a maturity date of April 1, 2010, at which time the Respondents  
10 were to pay BP all amounts still owed under the Note, including BP’s \$50,000 principal.

11 5. BP also received a Deed of Trust from the Respondents. The Deed of Trust provides BP  
12 with a security interest in property located at 424 S Oakdale Ave, Medford, Oregon 97501. The  
13 Deed of Trust allowed BP to request the property be sold and to retain the proceeds from the sale  
14 if the Respondents fail to comply with the terms of the Note.

15 6. From approximately July 20, 2007 to September 30, 2008, the Respondents made  
16 monthly interest payments of approximately \$417.00 to BP in accordance with the Note.

17 7. In or about January 2008, Respondents asked BP to sign a “Request for Full  
18 Reconveyance” (the “Request”). The Request which was signed by BP on or about January 21,  
19 2008, informs First American Title Company that all sums due and other obligations secured by  
20 the trust deed granted to BP by the Respondents “have been fully paid and satisfied,” and directs  
21 First American Title Company to “cancel all evidence of indebtedness secured by said trust  
22 deed.”

23 8. Prior to signing the Request, BP was informed by the Respondents that if the Request  
24 was signed, they would provide BP with a lien on another property to secure BP’s investment.  
25 BP never received a lien on another property as promised by the Respondents.

26 9. Since September 30, 2008, BP has not received interest payments from the Respondents

1 and has not received a return of the \$50,000.

2 10. No document provided to BP by the Respondents disclosed the risks of investing with the  
3 Respondents.

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

8 **II.**

9 **CONCLUSIONS OF LAW**

10 The Director CONCLUDES that:

11 12. The investment offered and sold by Respondents, as described herein, meets the  
12 definition of an investment contract in Oregon and is a note, and as such, is considered a  
13 “security” under ORS 59.015(19)(a).

14 13. Respondents sold an unregistered security in Oregon in violation of ORS 59.055.

15 14. Respondents sold a security in Oregon without being licensed in violation of ORS  
16 59.165.

17 15. Respondents omitted to state material facts in connection with the sale of securities in  
18 violation of ORS 59.135(2) by failing to disclose to BP: (1) the risk of investing with the  
19 Respondents; (2) that the Respondents were not licensed by any federal or state government  
20 agency to sell securities; and (3) that the securities being offered were not registered with DFCS.

21 16. Respondents made an untrue statement of material fact in connection with the sale of  
22 securities in violation of ORS 59.135(2) by representing that they would provide BP a lien on a  
23 subsequent property as collateral for BP’s Note if BP signed the Request.

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**III.**  
**ORDERS**

NOW, THEREFORE, THE DIRECTOR ISSUES THE FOLLOWING ORDERS:

Order to Cease and Desist

17. Pursuant to the authority of ORS 59.245, the Director hereby ORDERS Respondents to CEASE AND DESIST from:

- a. Selling securities without a license in violation of ORS 59.165;
- b. Selling unregistered securities in the State of Oregon in violation ORS 59.055;
- c. Violating any provision of the Oregon Securities Law, including ORS Chapter 59 and OAR Chapter 441;

Order Denying Exemptions

18. Pursuant to the authority of ORS 59.045, the Director ORDERS Respondents and any entities owned or affiliated with Respondents to be DENIED THE USE OF ANY EXEMPTIONS that would otherwise be available to them under ORS 59.025 and ORS 59.035.

Order Assessing Civil Penalty

19. The Director, pursuant to ORS 59.995, may assess a CIVIL PENALTY in an amount of not more than \$20,000 for each violation of the Oregon Securities Law.

20. Pursuant to ORS 59.995, the Director hereby assesses the Respondents, jointly and severally, a CIVIL PENALTY in the amount of \$80,000 for the following violations:

- a. A CIVIL PENALTY of \$20,000 for selling an unregistered security in Oregon in violation of ORS 59.055.
- b. A CIVIL PENALTY of \$20,000 for selling a security in Oregon without a license in violation of ORS 59.165(1).
- c. A CIVIL PENALTY of \$20,000 for the omissions of material facts in connection with the sale of securities in violation of ORS 59.135(2).
- d. A CIVIL PENALTY of \$20,000 for the untrue statement of material fact made in

1 connection with the sale of securities in violation of ORS 59.135(2).

2 Suspension of Civil Penalty

3 21. The Director agrees to SUSPEND the collection of the \$80,000 CIVIL PENALTY  
4 assessed herein provided that the Respondents comply with all of the following terms and  
5 conditions:

6 A. Respondents shall refund a total of \$50,000 to BP. \$5,000 of the refund shall be paid  
7 to BP within 30 days from the effective date of this Order. The remaining \$45,000 shall be paid  
8 to BP in consecutive monthly payments of no less than \$500, starting 60 days from the effective  
9 date of this Order, until the entire \$50,000 refund is paid in full. Respondents shall provide  
10 written proof to DFCS annually, or at such other times as DFCS may request, that payment of  
11 the refund is being made as outlined above. Failure to timely make payments as outlined above  
12 will be considered a violation of this Order.

13 B. Within 30 days from the effective date of this Order, Respondents shall pay \$5,000 to  
14 the Department of Consumer and Business Services (DCBS) for the Consumer Financial  
15 Education Account.

16 C. Respondents shall comply with all terms and conditions set out in this Order and  
17 commit no new violations of the Oregon statutes regulating securities, Oregon Revised Statutes  
18 Chapter 59, and Oregon Administrative Rules Chapter 441.

19 22. If the Respondents comply with all of the terms and conditions set out in this Order  
20 and commit no new violations of the Oregon statutes regulating securities during the ten-year  
21 period from the effective date of this Order, the Director WAIVES the collection of the  
22 suspended CIVIL PENALTY assessed herein.

23 23. The Director reserves the right to immediately impose the suspended CIVIL  
24 PENALTY upon a determination that the Respondents have violated any term of this Order;  
25 provided, however, Respondents shall be allowed a credit for payments made to BP and DCBS  
26 in accordance with paragraphs 21.A. and 21.B. above.

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1 24. The entry of this Order in no way limits further remedies which may be available to  
2 the Director under Oregon law against the Respondents for conduct other than the specific  
3 conduct set forth in the Findings of Fact section above.

4 IT IS SO ORDERED.

5 Dated this 22nd day of March, 2013, at Salem, Oregon.

6 PATRICK ALLEN, 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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1 **CONSENT TO ENTRY OF ORDER**

2 I, Dennis J. Martinez, state that I have read the foregoing Order and that I know and fully  
3 understand the contents hereof; that I have been advised of the right to a hearing and of the right  
4 to be represented by counsel in this matter; and that I desire to resolve and settle this matter with  
5 the Director without admitting or denying the findings or conclusions set for herein, that I  
6 voluntarily and without any force or duress, consent to the entry of this Order, expressly waiving  
7 any right to a hearing in this matter; that I understand that the Director reserves the right to take  
8 further actions to enforce this Order or to take appropriate action upon discovery of other  
9 violations of the Oregon Securities Law; and that I will fully comply with the terms and  
10 conditions stated herein.

11 I understand that this Order is a public document.

12  
13 By: /s/ Dennis J Martinez  
14 Dennis J. Martinez

15 State of Oregon

16 County of Jackson

17 Signed or attested before me on 3-11 2013 by Dennis J Martinez.

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19 /s/ Dona N Mitrany  
20 Signature of Notary Public

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1 **CONSENT TO ENTRY OF ORDER**

2 I, Janice L. Martinez, state that I have read the foregoing Order and that I know and fully  
3 understand the contents hereof; that I have been advised of the right to a hearing and of the right  
4 to be represented by counsel in this matter; and that I desire to resolve and settle this matter with  
5 the Director without admitting or denying the findings or conclusions set for herein, that I  
6 voluntarily and without any force or duress, consent to the entry of this Order, expressly waiving  
7 any right to a hearing in this matter; that I understand that the Director reserves the right to take  
8 further actions to enforce this Order or to take appropriate action upon discovery of other  
9 violations of the Oregon Securities Law; and that I will fully comply with the terms and  
10 conditions stated herein.

11 I understand that this Order is a public document.

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14 By: /s/ Janice L Martinez  
Janice L. Martinez

15 State of Oregon

16 County of Jackson

17 Signed or attested before me on 3-11 2013 by Janice L Martinez.

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19 /s/ Dona N Mitrany  
20 Signature of Notary Public

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