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

In the Matter of

Steven W. Erdmann dba Klamath Financial
Consulting,

Respondent.

Case No. S-13-0038

ORDER TO CEASE AND DESIST,
DENYING THE USE OF EXEMPTIONS
TO SECURITIES REGISTRATION
REQUIREMENTS, AND ASSESSING
CIVIL PENALTIES, AND CONSENT TO
ENTRY OF ORDER

WHEREAS, the Director of the Department of Consumer and Business Services for the State of Oregon (the "Director"), acting pursuant to the authority granted by the Oregon Securities Law, Oregon Revised Statutes ("ORS") 59.005 *et seq.*, issued an ORDER TO CEASE AND DESIST, ORDER DENYING THE USE OF EXEMPTIONS TO THE SECURITIES REGISTRATION REQUIREMENTS, PROPOSED ORDER ASSESSING CIVIL PENALTIES, AND NOTICE OF RIGHT TO AN ADMINISTRATIVE HEARING against Steven W. Erdmann dba Klamath Financial Consulting (the "Respondent") on April 8, 2013;

WHEREAS, the Respondent submitted a timely request for hearing to the Director on May 7, 2013;

WHEREAS, the Director issued a FIRST AMENDED ORDER TO CEASE AND DESIST, DENYING THE USE OF EXEMPTIONS TO SECURITIES REGISTRATION REQUIREMENTS, AND ASSESSING CIVIL PENALTIES on August 26, 2013;

WHEREAS, the Respondent does not wish to expend additional time or incur additional costs in connection with this matter, and WITHDRAWS his request for a hearing;

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 7. Erdmann told JD and JD that he was licensed to sell securities, that he would
2 make a good profit on any monies invested with him, and that their investment was “risk
3 free,” but Erdmann was not so licensed and no such profit was made.

4 8. During one of their meetings, Erdmann provided JD and JD with a business card
5 denoting that he was the president and chief executive officer of Klamath Financial
6 Consulting. Erdmann failed to inform JD and JD that Klamath Financial Consulting is
7 not, nor has it ever been, an entity registered with the Oregon Secretary of State or
8 licensed by the Director to conduct securities business in Oregon.

9 9. Erdmann told JD and JD that he previously worked at Edward Jones, currently
10 manages money for other investors (claiming to have 3.5 million dollars of investment
11 assets under his management), and was worth a lot of money. Erdmann failed to disclose
12 to JD and JD that he was terminated from Edward Jones, has never completed any formal
13 training in managing money for others, and that he filed for personal bankruptcy in 2008.

14 10. The Oregon Division of Finance and Corporate Securities (“DFCS”) has no
15 record of Erdmann ever having been licensed by any federal or state government agency
16 to offer or sell securities, or to serve as an investment adviser.

17 II.

18 CONCLUSIONS OF LAW

19 The Director CONCLUDES that:

20 11. The investment described above constitutes a “security”, as that term is defined in
21 ORS 59.015.

22 12. The Respondent offered and sold an unregistered security in violation of ORS
23 59.055.

24 13. The Respondent transacted business in Oregon as a broker-dealer and/or
25 salesperson, as those terms are defined in ORS 59.015, without being licensed, in
26 violation of ORS 59.165.



1 14. The Respondent transacted business in Oregon as a state investment adviser
2 and/or investment adviser representative, as those terms are defined in ORS 59.015,
3 without being licensed, in violation of ORS 59.165.

4 15. The Respondent made untrue statements to JD and JD, in violation of ORS
5 59.135(2), by informing them that: (1) their money would be invested in the stock
6 market; (2) he was licensed to sell securities; (3) he would make a good profit on any
7 monies invested with him; and (4) their investment was “risk free.”

8 16. The Respondent omitted to state material facts necessary in order to make the
9 statements made, in the light of the circumstances under which they were made, not
10 misleading, in violation of ORS 59.135(2), by failing to inform JD and JD that: (1)
11 Klamath Financial Consulting is not, nor has it ever been, an entity registered with the
12 Oregon Secretary of State to conduct business in Oregon; (2) he was terminated from
13 Edward Jones; (3) he has never completed any formal training in managing money for
14 others; and (4) he filed for personal bankruptcy in 2008.

15 **III.**

16 **ORDERS**

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

18 Order to Cease and Desist

19 17. Pursuant to the authority contained within ORS 59.245, the Director hereby
20 ORDERS the Respondent to CEASE AND DESIST from:

21 a. Transacting business in Oregon as a broker-dealer and/or salesperson without a
22 license in violation of ORS 59.165;

23 b. Transacting business in Oregon as a state investment adviser and/or investment
24 adviser representative without a license in violation of ORS 59.165;

25 c. Violating any provision of the Oregon Securities Law, including ORS Chapter 59
26 and OAR Chapter 441;

1 Order, at which time this sum shall be deemed to be WAIVED. (To the extent that the
2 Respondent is found to have committed any such violation, the entire sum of \$75,000,
3 minus amounts previously paid, shall become immediately due and owing.)

4 IT IS SO ORDERED.

5 Dated this 21st day of January, 2014.

6 PATRICK M. ALLEN, 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

I, Steven W. Erdmann, consent to the entry of this Order by the Director, and hereby state that:

- 1. I have read the foregoing Order and fully understand the contents thereof.
- 2. I am no longer, and will not in the future be, conducting business using the assumed business name “Klamath Financial Consulting”, or any other name that might reasonably connote financial services licensure, unless I am appropriately licensed.
- 3. I am not consenting to the entry of this Order under force or duress.
- 4. I have been represented by counsel in connection with this matter, and have had the opportunity to discuss the contents of this Order with that attorney.
- 5. I waive any right I may have to a hearing before an Administrative Law Judge.
- 6. I will fully comply with the terms of this Order, and understand that the Director reserves the right to take actions needed to enforce this Order, or take other appropriate action upon discover of other violations of the Oregon Securities Law, and accompanying rules, that have not been described in this Order.
- 7. I understand that this Order is, under the provisions of the Oregon Public Records Law, a public document.

/s/ Steven W Erdmann
Steven W. Erdmann

Dated: January 13, 2014

/s/ Michael L. Spencer
(Printed Name of Notary Public)
Notary Public
for the State of: Oregon
My commission expires: 1-27-2014

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