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**STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCIAL REGULATION**

In the Matter of:

Case No. S-16-0189

Bio Logic Aqua Research Technologies
International, Incorporated; Rogue
Valley Natural Springs, Incorporated,

**ORDER DENYING RESPONDENT
THE USE OF EXEMPTIONS FROM
THE SECURITIES REGISTRATION
REQUIREMENTS; AND CONSENT
TO ENTRY OF ORDER.**

Respondents.

THIS IS A FINAL ORDER

The Director of the Department of Consumer and Business Services for the State of Oregon (the “Director”) has determined that Respondents’ capital raising activities pose an unfair risk of imposition on purchasers. Therefore, and pursuant to ORS 59.045(a)(1), the Director DENIES Respondents the use of the exemptions to the securities registration requirements contained at ORS 59.025 and ORS 59.035.

Respondents submit to the Director’s jurisdiction and agree to waive their right to notice and an administrative hearing under ORS 59.295, and without admitting or denying the factual allegations herein, wish to resolve this matter by consenting to entry of this Final Order.

Now, therefore, as evidenced by the authorized signatures subscribed on this document, the Director issues the following Final Order:

I. FINDINGS OF FACT

The Director FINDS that at all times relevant to this Final Order:

a. Respondents

1. Bio Logic Aqua Research Technologies, Inc. (“Bio Logic”) is a water research and hydrotherapy company based in Grants Pass, Oregon. The company was formed on April 11, 2008 (Secretary of State, Register Number 512574-92). Bio Logic’s place of business is 5001 Lower River Road, Grants Pass, Oregon, 97526. Sharon Kleyne is the company’s President. There are 40 shareholders in Bio Logic, including Rogue Valley Natural Springs, Inc., which

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





1 owns sixty (60%) of the outstanding shares in Bio Logic.

2 2. Rogue Valley Natural Springs Inc. (“Rogue Valley”) produces and sells a
3 handheld, portable water-spray device that is used to moisturize the human eye. Rogue Valley
4 was formed on May 31, 1994 (Secretary of State, Register Number 403094-86). Rogue Valley’s
5 place of business is 5001 Lower River Road, Grants Pass, Oregon, 97546. Willem Kleyne is the
6 President; Sharon Kleyne is the Secretary. Rogue Valley has 380 shareholders.

7 **b. 2015 shareholder complaints to the Director**

8 3. Between June 11, 2015 and December 1, 2015, the Director received five
9 shareholder complaints that Rogue Valley, doing business as Bio Logic, refused to buy-back the
10 investors respective shares, despite written assurances from Rogue Valley that it was company
11 policy to do so. Two complaining shareholders are located in Oregon, one is located in Missouri,
12 and two are located in Kansas.

13 4. By way of example, an accredited investor in Kansas, CM, purchased 7,857
14 shares for \$50,000 on July 24, 2007, and an additional 7,857 shares for \$50,000 on October 20,
15 2007. The purchased shares were made through CM’s investment retirement account (IRA),
16 held at Charles Schwab. Contemporaneous with CM’s purchase of the shares, Rogue Valley
17 sent a letter to CM dated September 4, 2007, that stated in relevant part:

- 18
- 19 ▪ “If an investor in Rogue Valley Springs/Bio-Logic Aqua Research desires to liquidate or
20 sell back their investment, it is the company policy and past practice to permit this. Sixty
21 days prior written notice is required. Shares will be repurchased by the company at the
22 original purchase priced and offered first to current shareholders, then to potential new
investors. Shareholders should bear in mind that investment in a private offering is not
intended for short term speculation and that the repurchase option is to be used only in an
emergency.”

23 The letter was signed by Sharon Kleyne as “President and Founder [of] Rogue Valley Natural
24 springs and Bio-Logic Aqua Technologies.” CM believed the Rogue Valley’s buy-back option
25 provided an exit strategy to sell CM’s private shares.

26 5. On or about August 8, 2008, CM’s spouse purchased an additional 10,000 shares

1 of Rogue Valley for \$50,000; the purchase was effected through an IRA held at Charles Schwab.

2 6. On or about February 23, 2009, CM made written demand on Rogue Valley to
3 buy-back the shares CM and his spouse had purchased. CM's demand letter specifically
4 referenced Rogue Valley's September 14, 2007, buy-back offer. To date, CM's shares have not
5 been repurchased by Rogue Valley or another shareholder.

6 **c. Capital raising activities**

7 7. On September 24, 2015, Sharon Kleyne agreed to a voluntary, recorded interview
8 with a Financial Enforcement Officer and an Investigator for the Director. Ms. Kleyne appeared
9 as a company officer for Rogue Valley and Bio Logic. The companies and Ms. Kleyne were
10 represented by an Oregon licensed attorney. Willem Kleyne was also present.

11 8. Based on the September 24, 2015 interview, the Director learned the following:

- 12 ■ Since its inception to the present, Rogue Valley has raised approximately \$7 Million;
- 13 ■ Since its inception to the present, Bio Logic has raised approximately \$5 Million;
- 14 ■ Respondents have not returned annual profit in the past four years;
- 15 ■ In 2012, Respondents combined annual sales totaled \$10 Million;
- 16 ■ In a December 27, 2012 annual shareholder letter, Bio Logic estimated projected earnings
17 of: 2013 - \$40 Million; 2014 - \$100 Million; 2015 - \$200 Million. In this same letter, Bio
18 Logic's book value was estimated at \$400 Million, including \$250 Million in intellectual
19 property. The letter referred to a "current offering" of shares that was priced "at a
20 substantial discount to book value." The book value was an estimate provided to Bio
21 Logic informally by a retired stock analyst.

22 **II. CONCLUSIONS OF LAW**

23 The Director CONCLUDES that:

- 24 1. Paragraphs 1-8 are incorporated and re-alleged.
- 25 2. The Director has jurisdiction over the Respondents. ORS 59.235.
- 26 3. Respondents are "issuers." ORS 59.015(9).



1 4. Shares in Rogue Valley and Bio Logic are “securities.” ORS 59.015(19)(a).

2 5. The Director has reason to believe that Respondents’ use of exemptions would
3 work an imposition on purchasers of Respondents’ securities; therefore, pursuant to ORS
4 59.045(a)(1), the Director has a reasonable basis to deny the Respondents the use of the
5 exemptions to the securities registration requirements contained at ORS 59.025 and ORS 59.035.

6 **III. FINAL ORDER**

7 The Director ORDERS that:

8 1. Pursuant to ORS 59.245(a)(1), the Director DENIES the Respondents and any
9 successors or assigns, their ability to rely on the exemptions to the securities registration
10 requirements allowed by ORS 59.025 and ORS 59.035.

11 2. This Order is a “Final Order” under ORS 183.310(6)(b). It is not subject to
12 judicial review under ORS Chapter 183. Subject to ORS 183.310(6)(b), the entry of this Order
13 does not limit other remedies that are available to the Director under Oregon law.

14 IT IS SO ORDERED.

15 Dated this 13th day of April, 2016.

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

18 /s/ David Tatman
19 David C. Tatman, Chief of Enforcement
20 Division of Financial Regulation

21 Division of Financial Regulation
22 Labor and Industries Building
23 350 Winter Street NE, Suite 410
24 Salem, OR 97301-3881
25 Telephone: (503) 378-4387



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CONSENT TO ENTRY OF ORDER

I, Sharon Kleyne, state that I am and was at all relevant times to this Final Order, the President or Secretary of each of the entities identified in Paragraphs 1-2 of this Final Order and below, and I am authorized to act in their behalf. I have reviewed the foregoing Final Order. Both I and the entities so identified have been represented or have had the right to be represented by counsel in this matter and voluntarily consent to enter into this Final Order. I understand that this Final Order is a public document.

By: /s/ Sharon Kleyne Date: 4-6-, 2016.
Sharon Kleyne, for:
Bio Logic Aqua Research Technologies
International, Inc., and; Rogue Valley
Natural Springs, Inc.

State of Oregon
County of Josephine

Subscribed and sworn before me, /s/ Michael J Bird,
April 6, 2016.

Notary Public

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

