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

In the Matter of: John Michael Grishkin, Respondent.	**MSD 17-0014** **Final Order to Cease and Desist, Barring Grishkin from Industry and Assessing Civil Penalties Entered by Default**

The Director of the Department of Consumer and Business Services for the State of Oregon (Director) conducted an investigation into the activities of John Michael Grishkin (Grishkin) and determined that Grishkin engaged in activities constituting violations of Oregon Revised Statutes ("ORS") 446.661 et seq., (Oregon Manufactured Structure Dealers and Dealerships Law). The Director properly served notice on Grishkin that the Director intended to assess civil penalties against Grishkin, and bar and disqualify him from the manufactured structure dealer industry for violations of the Oregon Dealer and Manufactured Structure Dealers and Dealerships Law.

The notice offered Grishkin the opportunity to request a hearing if requested within 20 days of date of service. The notice further informed Grishkin that if a hearing was not conducted because Grishkin did not make a timely request for a hearing or otherwise defaulted, then the designated portion of the Director's file and all materials submitted by Respondent in this case would automatically become part of the contested case record for the purpose of proving a *prima facie* case. Grishkin did not timely request a hearing and the Director did not hold a hearing. The Director finds that the record of this proceeding proves a *prima facie* case as to Grishkin.

FINDINGS OF FACTS

The Director finds that:

1. On or about September 22, 2014, the Division of Finance and Corporate Securities, now known as the Division of Financial Regulation, (Division) issued Manufactured Structure

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Dealer (MSD) license No. 661 to Green Paradise Homes LLC (GPH). Anna Foltz (Foltz) was listed on the record filed with the Oregon Secretary of State as the only member of the LLC.

2. However, as evidenced in an email from Grishkin to Foltz dated December 5, 2016, GPH was solely operated by Grishkin and Foltz was not involved in any of Grishkin's or GPH's dealings involving manufactured structures.

3. Grishkin was the only salesperson operating on behalf of GPH. Grishkin used GPH as a façade or alter ego for carrying out his manufactured structure transactions, and is solely responsible for any harm caused to consumers under the name of GPH.

RD and PD Transaction

4. On or about July 20, 2016, the Division received a complaint that John Grishkin, a salesperson for GPH, sold a manufactured structure to Oregon consumers RD and PD.

5. RD and PD paid GPH a total of $19,655 as follows: $13,655 for the manufactured structure, $3,000 for transportation costs, and $3,000 for set up costs. Grishkin directed RD and PD to make the three checks payable to GPH. The manufactured structure was never delivered to RD and PD.

6. The contract was verbal and Grishkin was the only person that RD and PD worked with in regard to the attempted purchase of the manufactured structure.

7. In October of 2016, RD and PD received the following refund checks, a check dated October 6, 2016 for $9,000 and a check dated October 12, 2016 for $6,165 with a handwritten notation on the memo line "GPH refund." While the refunds were for a debt owed by Grishkin and GPH to RD and PD, the refunds were paid by an Oregon resident RQ, who invested in Grishkin's manufactured structure business.

RS Transaction

8. In or about August of 2016, RS, a Washington resident, was contacted by Grishkin who wanted to sell RS a manufactured structure. RS did not know how Grishkin got his name but RS needed one more structure to fill his mobile home park located in Hermiston, Oregon so RS struck a deal with Grishkin to purchase a manufactured structure. RS made two payments to

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GPH as follows: Check No. 1789 dated August 26, 2016 for $7,555 was for the manufactured structure and title transfer; Check No. 1797 dated September 10, 2016 for $7,500 was for transportation and fees for moving the structure from Gervais, Oregon to RS's mobile home park in Hermiston.

9. On or about October 24, 2016, after numerous promises by Grishkin that the manufactured structure would be delivered to RS's mobile home park, RS drove to his property in Hermiston and discovered that the structure had not been delivered.

10. RS then drove to the property in Gervais, Oregon where the mobile home in question was allegedly located only to discover that the home had been removed approximately two months earlier.

11. RS never received the home nor a refund from GPH or Grishkin.

12. RS subsequently filed a claim against the bond of GPH and the insurance company paid RS the full amount of $15,055 on the claim.

CK Transaction

13. In or about June 2016, CK, a resident of New Mexico, searched online to locate a manufactured structure to place on his property in southern Oregon. CK contacted Grishkin who showed CK pictures of a manufactured structure and discussed details of the sale of the structure with CK.

14. Although CK only dealt with Grishkin, CK sent GPH a check for $26,000 for the manufactured structure.

15. When it came time for the manufactured structure to be delivered, Grishkin told CK that the structure had been sold out from under Grishkin.

16. Grishkin told CK that he had arranged for CK to purchase another manufactured structure. This structure was located in Boring, Oregon.

17. CK made arrangements to pick up the substitute manufactured structure. However, when the transporters arrived to move the structure, CK discovered that it had not been paid for

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and CK was unable to obtain the home as promised by Grishkin. CK did not receive a refund of the $26,000.

18. CK eventually obtained a home through his own efforts and filed a claim against GPH's bond for the $26,000 loss. CK received $24,945 on the claim, the amount remaining on the $40,000 bond after the payment to RS.

Prior Administrative Orders

19. On December 12, 2011, the Division issued a Final Order by Consent against Grishkin for violation of Oregon Securities Law as related to the sale of unlicensed security activity and securities fraud. See Case No. S-11-0107.

20. The Director assessed $40,000 in civil penalties but suspended the civil penalties so long as Grishkin paid $20,000 to the victim, AFE. When Grishkin failed to honor the Consent Order and pay the victim, the Director issued Final Order S-12-0021 imposing the full amount of the assessed civil penalties.

21. To date, Grishkin has not paid AFE or the Director the sums owing under the prior orders.

22. On January 5, 2017, the Division issued a Final Order by Consent against GPH, wherein GPH, through Foltz agreed to a voluntary surrender of its MSD license, cooperated with the Division during the investigation and agreed to surrender the MSD license for GPH.

CONCLUSIONS OF LAW

The Director concludes that:

1. By selling a manufactured structure without delivering the structure to purchasers RD and PD, purchaser RS, and purchaser CK, Grishkin engaged in three separate transactions in which he employed a device, scheme or artifice to defraud or engage in an act, practice or course of business that operates or would operate as a fraud or deceit in violation of ORS 446.741(1)(i).

2. By telling RD and PD, RS, and CK that Grishkin possessed a manufactured structure for them to purchase when he did not, Grishkin knowingly made three untrue statements of a material fact or omitted from a statement a material fact that would make the statement not

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misleading in light of the circumstances under which the statement was made in violation of ORS 446.741(1)(j).

3. By engaging in multiple acts of fraud or deceit in violation of ORS 446.741(1)(j) and ORS 446.741(1)(j), Grishkin should be disqualified from obtaining a manufactured structure dealer license or working in an administrative or managerial capacity for a manufactured structure dealer pursuant to ORS 446.741(5)(a)(A) and (a)(B) for a period of 7 years from the date of this Order.

ORDER

NOW, THEREFORE, the director issues the following orders:

1. Pursuant to ORS 446.748, the Director hereby orders Grishkin to cease and desist from violating the Oregon Manufactured Structure Dealers and Dealership Law.

2. Pursuant to ORS 446.995, the Director may assess a civil penalty of up to $5,000 for each violation of the Oregon Manufactured Structure Dealers and Dealership Law.

3. Pursuant to ORS 446.995, the Director hereby orders Grishkin pay a civil penalty of $30,000 as follows:

a. $15,000 ($5,000 per violation) for three violations of ORS 446.741(1)(i) and

b. $15,000 ($5,000 per violation) for three violations of ORS 446.741(1)(j).

4. The Director, pursuant to ORS 446.741(5)(a)(A) and (a)(B) hereby bars and disqualifies Grishkin from obtaining an MSD license or acting in an administrative or managerial capacity for a manufactured structure dealer for a period of 7 years from the date of this order.

Dated this 10th day of April, 2019 at Salem, Oregon.

CAMERON C. SMITH, Director
Department of Consumer and Business Services

/S/ Dorothy Bean
Dorothy Bean, Chief of Enforcement
Division of Financial Regulation

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NOTICE: You may be entitled to judicial review of this Order. Judicial review may be obtained by filing a petition with the Court of Appeals in Salem, Oregon within 60 days from the service of this Order. Judicial review is pursuant to the provisions of ORS 183.482 to the Oregon Court of Appeals.

[The rest of this section intentionally left blank.]

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