DEPARTMENT OF INSURANCE AND FINANCE
DIVISION OF FINANCE AND CORPORATE SECURITIES
SECURITIES SECTION
BEFORE THE DIRECTOR OF THE DEPARTMENT OF INSURANCE AND FINANCE
STATE OF OREGON

In the Matter of:	)	0-92-0005
	)	ORDER TO CEASE AND DESIST
DELBERT LEROY STEPHENS, JR. and	)	DENIAL OF EXEMPTIONS
D. L. STEPHENS, INC.,	)	ORDER ASSESSING CIVIL PENALTIES
	)	and
Respondents.	)	CONSENT TO ENTRY OF ORDER
	)	

WHEREAS the Director of the Department of Insurance and Finance has conducted an investigation of Delbert Leroy Stephens and D.L. Stephens, Inc., Respondents herein, and has determined that Respondents engaged in activities constituting violations of the Oregon Securities Laws, Chapter 59 of the Oregon Revised Statues; and

WHEREAS Respondents wish to resolve and settle this matter with the Director;

NOW THEREFORE, as evidenced by the authorized signature(s) subscribed on this Order, Respondents hereby **CONSENT** to entry of this Order upon the Director's Findings of Facts and Conclusions of Law as stated hereinafter:

FINDINGS OF FACT

The Director **FINDS** that:

1. Respondent D. L. Stephens, Inc. (DLS) is a corporation organized under the laws of the State of Oregon, whose agent for service of process in the State of Oregon is Douglas A. Nelson, 44 Club Road, Suite 2001 Eugene, OR 97401;

2. Respondent Delbert Leroy Stephens, Jr. (STEPHENS) is President of DLS. STEPHENS may be served with process at 1600 Executive Parkway, Suite 400, Eugene, OR 97401;

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440-2087 (Rev. 2/89)

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3. STEPHENS was licensed in Oregon as a registered representative for NYLife Securities Inc. from July 3, 1986 until August 15, 1991. This license permitted STEPHENS to sell only mutual funds and variable annuities in Oregon;

4. On or about August 6, 1990 STEPHENS approached his insurance client, Mr. Clayton Austin, an Oregon resident, and advised Austin of an investment opportunity for the purchase of real estate paper. STEPHENS suggested that Austin liquidate his NYLife investment account in order to fund the investment in real estate paper. STEPHENS ordered the liquidation of Austin's NYLife investment account with Austin's authorization;

5. On or about August 13, 1990 DLS, acting by and through STEPHENS, its authorized agent, gave Austin a promissory note secured by a Deed of Trust in real property described as Lot 16, Subdivision of Lot 5, McKenzie View Estates in Lane County, Oregon, in exchange for Austin's investment of $110,000;

6. In connection with the investment described in paragraph five hereinabove, STEPHENS failed to provide Austin with a statement of the value of the real property underlying the security by providing either an independent appraisal or the tax assessed value of the property;

7. On or about October 22, 1990, STEPHENS offered and sold to Oregon resident Pamela Crown, also an insurance client, a promissory note secured by a Deed of Trust in real property described as Lot 16, Subdivision of Lot 5, McKenzie View Estates in Lane County, Oregon, in exchange for Crown's investment of $40,000;

8. In connection with the investment described in paragraph seven hereinabove, STEPHENS failed to provide the following information to the investor:

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a. the priority of the lien created by the security and the total face amount and terms of any senior lien;

b. the value of the real property underlying the security, provided by an independent appraisal or the tax assessed value;

c. the debtor's payment record on the instrument being sold, or, if none available, a current credit report on the debtor;

d. information that the real property securing the investment was owned by STEPHENS himself;

9. On or about November 1, 1991 DLS, acting by and through its authorized agent, Delbert Stephens, offered and sold to Oregon resident Randy Fisher, also an insurance client, a promissory note secured by a Deed of Trust in real property described as Lot 16, Subdivision of Lot 5, McKenzie View Estates in Lane County, Oregon, in exchange for Fisher's investment of $15,000;

10. In connection with the investment described in paragraph nine hereinabove, STEPHENS made the following misrepresentations to Fisher:

a. that a third party was offering the investment for $30,000 and that STEPHENS and Fisher purchased the real estate paper in equal shares of $15,000 each;

b. that STEPHENS gave $30,000 to Cascade Title Co. in Eugene, OR to close the investment and that the transaction was closed through Cascade Title Co.;

11. In connection with the investment described in paragraph nine hereinabove, STEPHENS failed to provide all or some of the following information to Fisher:

a. the priority of the lien created by the security and the total face amount and terms of any senior lien;

b. the value of the real property underlying the security, provided by an independent appraisal or the tax assessed value;

c. the debtor's payment record on the instrument being sold, or, if none available, a current credit report on the debtor;

d. information that the real property securing the investment was owned by STEPHENS himself, and that STEPHENS needed the

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investment funds to pay creditors;

12. The real estate paper which was offered and sold to investors Austin, Crown and Fisher is not now and has never been registered with the Division of Finance and Corporate Securities for sale in Oregon;

13. Neither STEPHENS nor DLS are now nor have they ever been licensed in Oregon either as a mortgage broker or as a mortgage broker salesperson in Oregon.

CONCLUSIONS OF LAW

The Director **CONCLUDES** that:

1. The real estate paper offered and sold by Respondents STEPHENS and DLS are "securities" under ORS 59.015(17)(a);

2. Respondents STEPHENS and DLS offered and/or sold unregistered securities in the State of Oregon in violation of ORS 59.055;

3. Respondents STEPHENS and DLS transacted business in the State of Oregon as a mortgage broker and/or salespersons in the State of Oregon in violation of ORS 59.165;

4. Respondents STEPHENS and DLS made, in connection with the purchase or sale of any security, untrue statements of a material fact and/or omitted to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading as described in paragraphs 6, 8, 10 and 11 of the Findings of Fact herein, all in violation of ORS 59.135.

ORDER

NOW THEREFORE, THE DIRECTOR **ORDERS** that:

1. DELBERT LEROY STEPHENS, JR. and D. L. STEPHENS, INC. shall **CEASE AND DESIST** from violating any of the provisions of Chapter 59 of the Oregon Revised Statutes and/or Chapter 441 of the Oregon Administrative Rules;

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2. Pursuant to ORS 59.045(2) DELBERT LEROY STEPHENS, JR. and D. L. STEPHENS, INC. are **DENIED** the use of any statutory exemptions provided in ORS 59.025 and ORS 59.035;

3. Pursuant to the authority of ORS 59.995 Respondents DELBERT LEROY STEPHENS, JR. and D. L. STEPHENS, INC. are **HEREBY ORDERED** to pay and shall be jointly and severally liable for the following civil penalties totalling $1,500.00 for violations of ORS Chapter 59:

a. $500.00 for violations of ORS 59.165 described herein;

b. $500.00 for violations of ORS 59.055 described herein;

c. $500.00 for violations of ORS 59.135 described herein.

Dated this 9th day of April, 1992 at Salem, Oregon.

Gary Weeks (LS)

GARY WEEKS, DIRECTOR
DEPARTMENT OF INSURANCE AND FINANCE

CONSENT TO ENTRY OF ORDER
ADMISSION OF FACTS

I, Delbert L. Stephens, Jr., state that I am a resident of the State of Oregon, that I have read the foregoing Order and that I know and fully understand the contents hereof; that I consent to entry of this order without admitting or denying the factual allegations stated herein; that I have been advised of my right to a hearing, and that I have been represented by counsel in this matter; that I voluntarily consent to the entry of this Order without further hearing on this matter and without any force or duress, expressly waiving any right to a hearing in this matter; that I understand that the Director reserves the right to take further actions against me to enforce this Order or to take appropriate action upon discovery of other violations of the Oregon Securities Law by me; and that I will fully comply with the terms and conditions stated herein.

I further assure the Director that I will not engage in the activities of a broker-dealer, investment adviser or mortgage broker unless such activities are

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in full compliance with Chapter 59 of the Oregon Revised Statutes.

I understand that this Consent Order is a public document.

DATED this 6th day of April, 1992.

Delbert Leroy Stephens, Jr.

DELBERT LEROY STEPHENS, JR.

SUBSCRIBED AND SWORN to before me this 6th day of April. 1992

Lynn E Grace

NOTARY PUBLIC for Oregon

Lynn E. Grace

Printed name of Notary Public

My commission expires: 6-15-94

CONSENT TO ENTRY OF ORDER

I, Delbert Leroy Stephens Jr. state that I am an officer of D.L. Stephens, Inc. (DLS), and I am authorized to act on its behalf; that I have read the foregoing Order and that I know and fully understand the contents hereof; that D. L. Stephens, Inc. consents to entry of this order without admitting or denying the factual allegations stated herein; that D.L. Stephens, Inc. has been advised of its right to a hearing, and has been represented by counsel in this matter; that D.L. Stephens, Inc. voluntarily consents to the entry of this Order without further hearing and without any force or duress, expressly waiving any right to a hearing in this matter; that D.L. Stephens, Inc. understands that the Director reserves the right to take further actions to enforce this Order or to take appropriate action upon discovery of other violations of the Oregon Securities Law; and that D.L. Stephens, Inc. will fully comply with the terms and conditions stated herein.

D.L. Stephens, Inc. further assures the Director that D.L. Stephens, Inc. will not transact business as a broker-dealer, investment adviser or mortgage broker unless such activities are in full compliance with Chapter 59 of the

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Oregon Securities Revised Statutes.

I understand that this Consent Order is a public document.

Dated this 6 day of April, 1992.

By Delbert Leroy Stephens, Jr. - President
DELBERT LEROY STEPHENS, JR., President

CORPORATE ACKNOWLEDGMENT

There appeared before me this 6th day of April, 1992, Delbert Leroy Stephens, Jr. (name of affiant), who was first duly sworn on oath, and who was and is the President (name of office held) of D.L. Stephens, Inc. and that he is authorized and empowered to sign this Consent to Entry of Order on behalf of D.L. Stephens, Inc. and to bind D.L. Stephens, Inc. to the terms hereof.

Lynn E Grice
NOTARY PUBLIC for Oregon
Lynn E. Grice
Printed name of Notary Public

My commission expires: 6-15 94

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