DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCE AND CORPORATE SECURITIES
SECURITIES SECTION
BEFORE THE DIRECTOR OF THE DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
STATE OF OREGON

In the Matter of:	)	**O-96-0005**
	)	**FINAL ORDER**
ENERGY SERVICE COMPANY, INC., a.k.a. ENSERCO; and JOHN P. BRINK,	)	**TO CEASE AND DESIST DENIAL OF EXEMPTIONS AND ASSESSMENT OF CIVIL PENALTIES**
	)	
Respondents.	)	**ENTERED BY DEFAULT**

On June 6, 1996 the Director of the Department of Consumer and Business Services for the State of Oregon (Director), acting by the authority of the Oregon Securities Law, Chapter 59 of the Oregon Revised Statutes (hereinafter cited as ORS Chapter 59), issued Administrative Order O-96-0005 to Cease and Desist, with Denial of Exemptions, Assessment of Civil Penalties and Notice of Right to Hearing.

All respondents were duly served with a certified copy of Administrative Order O-96-0005 and Notice of Right to Hearing. Service was effected by mailing the Order and Notice by certified mail and by regular mail, with proper postage affixed to each, to the last known address for each of the named respondents.

None of the respondents made written request for a hearing in this matter.

NOW THEREFORE, after consideration of the Investigation Report and accompanying exhibits submitted in this matter by

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Patricia A.Locnikar, the Director hereby issues the following Findings of Fact, Conclusions of Law and Final Order:

FINDINGS OF FACT

The Director FINDS that:

1. Energy Service Company, Inc. (ENSERCO) is purportedly a Texas corporation whose business address is 11 Greenway Plaza, Summit Tower, Suite 2218, Houston, Texas 77046; telephone number (713) 626-2030;

2. Respondent John P. Brink (Brink) is President of ENSERCO, and may be served at ENSERCO's business address at 11 Greenway Plaza, Summit Tower, Suite 2218, Houston, Texas;

3. ENSERCO is not now nor has it ever been licensed as an issuer or broker-dealer in Oregon;

4. Respondent Brink is not now nor has he ever been licensed to sell securities in Oregon as a salesperson for any broker-dealer or for ENSERCO as issuer;

5. In January, 1995, ENSERCO and Brink offered for sale, to Harry McGrath, Albany, Oregon, an investment unit in Energy Service Company, Inc. for the purchase of gas and oil pipe and tubulars;

6. Between March, 1995 and June, 1995, ENSERCO and Brink sold at least $20,000 in investment units in Energy Service Company, Inc. for the purchase of gas and oil pipe and tubulars to the following persons in Oregon:

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Curtis & LaVonne Holmstrom Hood River, OR	Frank J. Wimmers Hood River, OR
Walter & Judith Fleagle Florence, OR	Wayne & Lucille Oberding Oregon City, OR

7. The investment units described in paragraphs five (5) and six (6) of these Findings of Fact are not now and have never been registered in Oregon.

8. The investment units offered and sold to Oregon residents were described by Respondents as being "at no risk because [ENSERCO] hold[s] the inventory that is purchased." The only risks disclosed are pipe purchasers possibly reneging on contracts and possible poor management of ENSERCO, which Respondents described as "negligible." These statements failed to adequately describe the actual risks of the investment;

9. ENSERCO and Brink failed to disclose to Oregon consumers the June 10, 1994 administrative Cease and Desist Order issued by the state of Wisconsin for violations of that state's securities laws;

10. By letters dated February 2, 1995, March 8, 1995, and December 8, 1995, the Director required ENSERCO and Brink to supply information concerning their business activities in Oregon. None of those letters were returned as undeliverable, but ENSERCO and Brink failed to respond to any of said letters.

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CONCLUSIONS OF LAW

The Director **CONCLUDES** that:

1. The investment units issued by ENSERCO are "securities" as that term is defined under ORS 59.015(17)(a);

2. The offer and sale of investment units by Respondents to Oregon residents constitutes the offer and sale of unregistered securities in violation of ORS 59.055;

3. Respondents ENSERCO and Brink transacted business as an unlicensed broker-dealer or salesperson in the State of Oregon in violation of ORS 59.165, when they offered and sold investment units in Energy Service Company, Inc. to Oregon residents;

4. Respondents ENSERCO and Brink made untrue statements of material fact in violation of ORS 59.135 when making the statements described in paragraph eight (8) of Findings of Fact, in that such statements omitted to state the true risks of the investment, a material fact necessary to make said statements not misleading;

5. Respondents ENSERCO and Brink omitted to state a material fact in violation of ORS 59.135 in failing to disclose the prior administrative order described in paragraph nine (9) of Findings of Fact, in that such omission failed to make statements made not misleading in light of the circumstances under which they were made;

6. Respondents ENSERCO and Brink violated ORS 59.205 by failing to respond or produce records requested by the

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Director in connection with the investigation of Respondents' securities transactions in Oregon.

FINAL ORDER

NOW THEREFORE, THE DIRECTOR ORDERS that Energy Service Company, Inc. and John P. Brink shall CEASE AND DESIST from:

1. Offering and/or selling securities in the State of Oregon in violation of ORS Chapter 59.

2. Violating any of the provisions of ORS Chapter 59 and Oregon Administrative Rules Chapter 441.

Pursuant to the authority of ORS 59.045 Respondents Energy Service Company, Inc., a.k.a. ENSERCO and John P. Brink are DENIED the use of any exemptions authorized by ORS 59.025 and/or ORS 59.035.

Pursuant to the authority of ORS 59.995, the Director ASSESSES the following civil penalties:

1. Energy Service Company, Inc. and John P. Brink jointly and severally are ORDERED TO PAY the sum of $10,000 for violations of ORS 59.055;

2. Energy Service Company, Inc. and John P. Brink jointly and severally are ORDERED TO PAY the sum of $15,000 for violations of ORS 59.135;

3. Energy Service Company, Inc. and John P. Brink jointly and severally are ORDERED TO PAY the sum of $10,000 for violations of ORS 59.165;

4. Energy Service Company, Inc. and John P. Brink jointly and severally are ORDERED TO PAY the sum of $500 for

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violations of ORS 59.205.

The entry of this Order in no way limits further remedies which may be available to the Director under Oregon law.

Dated this 9th day of July, 1996 at Salem, Oregon, **NUNC PRO TUNC June 6, 1996.**

KERRY BARNETT, DIRECTOR
DEPARTMENT OF CONSUMER & BUSINESS SERVICES

NOTICE TO PARTIES

You are entitled to a judicial review of this Order. Judicial review may be obtained by filing a petition for review to the Oregon Court of Appeals within 60 days from the date of service of this Order pursuant to the provisions of ORS 183.482.

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