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:	**0-96-0029**
MARCUS WHITE, RUSSELL F. KENAGA, JR., RUSS KENAGA, INC. and PROPERTY ACQUISITIONS, INC.	**ORDER TO CEASE AND DESIST TO ASSESS CIVIL PENALTIES DENIAL OF EXEMPTIONS and CONSENT TO ENTRY OF ORDER**
Respondents	

WHEREAS the Director of the Department of Consumer and Business Services for the State of Oregon (hereinafter DIRECTOR) has reviewed certain business activities of Respondents MARCUS WHITE (WHITE), RUSSELL F. KENAGA, JR. (KENAGA), RUSS KENAGA, INC. (KENAGA, INC.) and PROPERTY ACQUISITIONS, INC. (PROPERTY ACQUISITIONS) and has determined that Respondents offered to sell unregistered securities in the State of Oregon in violation of the Oregon Securities Law; 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, WHITE, KENAGA, KENAGA, INC. and PROPERTY ACQUISITIONS hereby **CONSENT** to entry of this Order to Cease and Desist, to Assess Civil Penalties and to Deny Exemptions based upon the Director's Findings of Fact and Conclusions of Law as stated hereinafter:

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Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97310
Telephone: (503) 378-4387

FINDINGS OF FACT

The Director **FINDS** that:

1. At all times material herein, Respondent KENAGA was doing business as a "business opportunity broker" whose business and home address was 7850 SE 114th Avenue, Portland, Oregon 97266;

2. At all times material herein, Respondents KENAGA, INC. and PROPERTY ACQUISITIONS were Oregon corporations, with a common business address of 7850 SE 114th Avenue, Portland, Oregon 97266;

3. At all times material herein, Respondent KENAGA was the President of KENAGA, INC. and the Secretary and Treasurer of PROPERTY ACQUISITIONS;

4. At all times material herein, Respondent WHITE was the President of PROPERTY ACQUISITIONS;

5. PROPERTY ACQUISITIONS was described by KENAGA as a company formed for the purpose of purchasing real estate by using funds provided through an investment "trading program";

6. At all times material herein Joan and Jack Vogt were Nevada residents and the owners of the Lida Ranch located in Goldfield, Nevada;

7. The Lida Ranch is comprised of approximately 1,300 square miles of grazing land leased from the government, 27,000 deeded acres and a home with an estimated value of $1 million. The entire ranch has an estimated value of

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$5 million and the Vogts have at all times material hereto had the Lida Ranch up for sale. Norman Peters, a licensed Oregon Real Estate Broker, advised Respondents that the Lida property was listed for sale;

8. On or about November 1, 1995 Joan Vogt, while at the Lida Ranch, received a telephone call from Peters in which he told Joan Vogt that he had negotiated with Jack Vogt to arrange for the sale of the ranch for the $5 million asking price. Peters also told Vogt that, because of the nature of the financing, she needed to come to Portland, Oregon within two days to sign the papers in order for the sale to happen;

9. On or about November 3, 1995 Joan Vogt met with KENAGA and WHITE in Portland, Oregon where she was asked to sign documents connected with the sale of the ranch. KENAGA and WHITE as officers of PROPERTY ACQUISITIONS offered to purchase the ranch under following terms:

a) The Vogts were required to obtain a loan for the maximum amount available using the Lida Ranch as collateral for the loan. It was estimated that, after paying off an existing mortgage on the ranch and an expected 6% loan fee that would be paid from the proceeds of the trading program, the Vogts would have approximately $2 million remaining from the loan which would be used to fund a "trading account."

b) The $2 million would be placed in a joint bank account with PROPERTY ACQUISITIONS and the Vogts as signers until a trading contract was submitted by the "traders." The trading contract would outline a proposed trading plan and would also provide for a "guarantee" of the invested principle along with 8% interest issued by a "top

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European bank." The traders would also offer specific "collateral" to the Vogts to be given in exchange for the proceeds of the loan.

c) Once the Vogts approved the trading contract and the collateral, the Vogt's would receive the collateral and the traders would receive the $2 million.

d) Within 30 days the Vogts would receive one third of the $5 million purchase price of the ranch and would receive payment in full no later than 90 days from the execution of the trading contract. If full payment on the ranch was not made within 90 days the Vogts would have the option of keeping all payments actually received as liquidated damages;

e) Within 30 days of the execution of the trading contract the Vogts would transfer title to the Lida Ranch to PROPERTY ACQUISITIONS and place the deed in an escrow account where it would be turned over to PROPERTY ACQUISITIONS after the ranch was paid for in full.

f) The Vogts would be required to sign a confidentiality agreement stating that they would not reveal any details of the trading contract.

10. At all times material to the events described herein, Respondents did not provide the following information to the Vogt's:

a) That on April 21, 1995 KENAGA and KENAGA, INC consented to an Order to Cease and Desist issued by the Director for violations of the Oregon Securities Laws, including:

a. The offer and sale of an unregistered security;

b. Failure to disclose material facts in connection with the sale of a security;

c. Filing or making a false statement to the Director.

11. The Cease and Desist Order signed on behalf of the

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Director on May 1, 1995 ordered KENAGA and KENAGA, INC. to Cease and Desist from:

a. Violating any provisions of ORS Chapter 59 and the Oregon Administrative Rules, Chapter 441; and

b. Denied the use of the any exemptions allowed under ORS 59.025 or 59.035.

12. Respondents state that they did not complete any transactions with Oregon residents through the investment "trading program" described in this order.

CONCLUSIONS OF LAW

The Director CONCLUDES that:

1. The program by which Respondents WHITE, KENAGA, KENAGA, INC., and PROPERTY ACQUISITIONS offered to purchase the Lida ranch using money obtained by means of a "trading program" to fund the purchase of said ranch, constitute an investment contract and is therefore a security under ORS 59.015(17)(a);

2. Respondents WHITE, KENAGA, KENAGA, INC. and PROPERTY ACQUISITIONS offered to sell unregistered securities in the State of Oregon in violation of ORS 59.055 when Respondents offered to purchase the Lida Ranch under the terms described in paragraph 9 in the Findings of Facts herein;

3. The information which Respondents WHITE, KENAGA, KENAGA, INC. and PROPERTY ACQUISITIONS failed to disclose to the Vogts as set forth above in paragraph 10 in the Findings of Fact are material facts;

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4. By failing to disclose facts described in paragraph 10 of the Findings of Fact herein, Respondents WHITE, KENAGA, KENAGA, INC. and PROPERTY ACQUISITIONS omitted to state material facts necessary in order to make the statements made in light of the circumstances under which they were made, not misleading, in connection with the offer or sale of securities in violation of ORS 59.135(2).

5. Respondent KENAGA violated the Cease and Desist Order issued by this Department and signed by the Director on May 1, 1996 when he:

a. Offered to sell an unregistered security in the State of Oregon in violation of ORS 59.055,

b. Failed to state a material fact in connection with the offer or sale of a security in the State of Oregon in violation of ORS 59.135.

ORDER

NOW THEREFORE, The Director **ORDERS** that Respondents shall **CEASE AND DESIST** from:

1. Offering and/or selling unregistered securities in the State of Oregon in violation of ORS 59.055;

2. Offering and/or selling securities in the State of Oregon in violation of ORS 59.135;

3. Operating any business or participating in any transaction which:

a. Uses the names of large, well-known domestic and foreign banks, the World Bank, or central banks in connection with a transaction unless said institutions are bona fide participants;

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b. Involves any "prime" bank note, guarantee, letter of credit, debenture, or any financial instrument described as being issued by a "prime bank";

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

Pursuant to the authority of ORS 59.045, Respondents Russell F. Kenaga, Jr., Russ Kenaga, Inc., and Property Acquisition, Inc. are **DENIED THE USE OF ANY EXEMPTIONS** allowed under ORS 59.025 and ORS 59.035.

Pursuant to the authority of ORS 59.995, the Director **ASSESSES** the following **CIVIL PENALTIES:**

1. Respondents RUSSELL F. KENAGA, JR., RUSS KENAGA, INC., MARCUS WHITE and PROPERTY ACQUISITIONS, INC. are ordered to pay, jointly and severally, the sum of $750.00 for violations as stated herein:

a) the sum of $250.00 for violation of ORS 59.055;

b) the sum of $500.00 for violations of ORS 59.135(2);

2. In addition to the civil penalties listed above Respondents RUSSELL F. KENAGA and RUSS KENAGA, INC. are ordered to pay, jointly and severally, the sum of $500.00 for violation of the prior Cease and Desist Order dated May 1, 1995 and signed by Respondent RUSSELL F. KENAGA on April 21, 1995.

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

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Dated this 7th day of February, 1997 at Salem, Oregon.

KERRY BARNETT, DIRECTOR
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES

CONSENT TO ENTRY OF ORDER

RUSSELL F. KENAGA, JR.

I, Russell F. Kenaga, Jr., Respondent herein, state that I am represented by James R. Vestigo, Attorney at Law, and that I have read the foregoing Consent Order; that I know and fully understand the contents thereof; that I consent to the entry of this Order admitting the allegations contained therein; that I have been advised of my right to a hearing and that I consent to entry of this Order without further hearing on this matter; that I consent to entry of this Order voluntarily without force or duress; that I understand that the Director reserves the right to take further actions against me to enforce this Order upon discovery of other conduct in violation of Oregon law; and that I will fully comply with the terms and conditions stated therein.

I understand that this Consent Order is a public document.

Dated this 17th day of January, 1997.

By Russell F. Kenaga, Jr.
Russell F. Kenaga, Jr.

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350 Winter Street NE, Suite 410
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Telephone: (503) 378-4387

OFFICIAL SEAL
RENATA VE[illegible]JGO
NOTARY PUBLIC-OREGON
COMMISSION NO. 060154
MY COMMISSION EXPIRES DEC. 11, 2000

SUBSCRIBED AND SWORN before me this 17th day of Jan, 1998 RW

Notary Public for Oregon Renata Verdugo

My Commission expires: Dec 11, 2000

Approved as to form and content:

James Vestigo, Attorney at Law

CORPORATE CONSENT TO ENTRY OF ORDER

RUSS KENAGA, INC.

I, RUSSELL F. KENAGA, JR., state that I am an officer of RUSS KENAGA, INC., 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 the factual allegations stated herein are true and correct; that RUSS KENAGA, INC. has been advised of its right to a hearing and of its right to be represented by counsel in this matter; that RUSS KENAGA, INC. voluntarily and without any force or duress, consents to the entry of this Order without further hearing, expressly waiving any right to a hearing in this matter; that RUSS KENAGA, 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 RUSS KENAGA, INC. will fully comply with the terms and conditions stated herein.

RUSS KENAGA, INC. further assures the Director that neither RUSS KENAGA, INC. nor its officers, directors,

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employees or agents will effect securities transactions in Oregon unless such activities are in full compliance with Chapter 59 of the Oregon Securities Revised Statutes.

I understand that this Consent Order is a public document.

Dated this 17th day of January, 1996.

By Russell F. Kenaga Jr.
Russell F. Kenaga Jr.

President
(Office Held)

CORPORATE ACKNOWLEDGMENT

There appeared before me this 17th day of Jan, 1996 RW RUSSELL F. KENAGA, JR. who was first duly sworn on oath, and stated that he was and is an officer of RUSS KENAGA, INC. and that he is authorized and empowered to sign this Consent to Entry of Order on behalf of RUSS KENAGA, INC., and to bind RUSS KENAGA, INC. to the terms hereof.

Renata Verdugo
Notary Public for the State of Oregon

Renata Verdugo
(Printed Name of Notary Public)

My commission expires: Dec 11, 2000

OFFICIAL SEAL
RENATA VERDUGO
NOTARY PUBLIC-OREGON
COMMISSION NO. 060154
MY COMMISSION EXPIRES DEC 11, 2000

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CONSENT TO ENTRY OF ORDER

MARCUS WHITE

I, Marcus White, Respondent herein, state that I am represented by James R. Vestigo, Attorney at Law, and that I have read the foregoing Consent Order; that I know and fully understand the contents thereof; that I consent to the entry of this Order admitting the allegations contained therein; that I have been advised of my right to a hearing and that I consent to entry of this Order without further hearing on this matter; that I consent to entry of this Order voluntarily without force or duress; that I understand that the Director reserves the right to take further actions against me to enforce this Order upon discovery of other conduct in violation of Oregon law; and that I will fully comply with the terms and conditions stated therein.

I understand that this Consent Order is a public document.

Dated this 24 day of January, 1997 ~~1996~~.

By Marcus White
Marcus White

SUBSCRIBED AND SWORN before me this 24 day of January 1997 ~~1996~~.

Notary Public for Oregon: J Salvatore

Commission expires: 2-16-99

Approved as to form and content: James R. Vestigo
James Vestigo
Attorney at Law

OFFICIAL SEAL
J. SALVATORE
NOTARY PUBLIC - OREGON
COMMISSION NO.041657
MY COMMISSION EXPIRES FEB. 16, 1999

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CORPORATE CONSENT TO ENTRY OF ORDER

PROPERTY ACQUISITIONS, INC.

I, MARCUS WHITE , state that I am an officer of PROPERTY ACQUISITIONS, INC. 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 the factual allegations stated herein are true and correct; that PROPERTY ACQUISITIONS, INC. has been advised of its right to a hearing and of its right to be represented by counsel in this matter; that PROPERTY ACQUISITIONS, INC. voluntarily and without any force or duress, consents to the entry of this Order without further hearing, expressly waiving any right to a hearing in this matter; that PROPERTY ACQUISITIONS, 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 PROPERTY ACQUISITIONS, INC. will fully comply with the terms and conditions stated herein.

PROPERTY ACQUISITIONS, INC. further assures the Director that neither PROPERTY ACQUISITIONS, INC. nor its officers, directors, employees or agents will effect securities transactions in Oregon unless such activities are in full compliance with Chapter 59 of the Oregon Securities Revised Statutes.

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I understand that this Consent Order is a public document.

Dated this 1 day of February, 1996.

By Marcus White
(Signature of Officer)

President
(Office Held)

CORPORATE ACKNOWLEDGMENT

There appeared before me this ____ day of_____, 1996, MARCUS WHITE who was first duly sworn on oath, and stated that he was and is an officer of PROPERTY ACQUISITIONS, INC. and that he is authorized and empowered to sign this Consent to Entry of Order on behalf of PROPERTY ACQUISITIONS, INC., and to bind PROPERTY ACQUISITIONS, INC. to the terms hereof.

OFFICIAL SEAL
JAMES R. VESTIGO
NOTARY PUBLIC-OREGON
COMMISSION NO. 054327
MY COMMISSION EXPIRES MAY 30, 2000

James R. Vestigo
Notary Public for the State of Oregon

JAMES R. VESTIGO
(Printed Name of Notary Public)

My commission expires: 5/30/2000

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