

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

In the Matter of:)
)
 Skylink Communications)
 Corporation, an Oregon Corporation)
 (fka Nendels Corporation and)
 Skylink Telecommunications)
 Corporation); and Northwest)
 Communications, Inc., an Oregon)
 Corporation)
 Respondents.)

A-01-0045

FINAL ORDER
TO CEASE AND DESIST
DENIAL OF EXEMPTIONS
AND
ASSESSMENT OF CIVIL PENALTIES
ENTERED BY DEFAULT
AGAINST ALL RESPONDENTS

On October 10, 2001, the Director of the Department of Consumer and Business Services for the State of Oregon, acting by the authority of the Oregon Securities Law, Chapter 59 of the Oregon Revised Statutes (hereinafter ORS Chapter 59), issued Administrative Order No. A-01-0045 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 No. A-01-0045 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 and to the registered agent for the corporation. Green cards were returned by the registered agent for Skylink Communications Corporation and Skylink Telecommunications Corporation. All other correspondence was returned to the Division stamped "Not Deliverable as Addressed, Unable to Forward," despite the fact that, in another matter, Respondents had received mail at the same addresses only several months prior to the date this correspondence was mailed.

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



1 NOW THEREFORE, after consideration of the Investigative Report and
2 accompanying exhibits submitted in this matter by Lisa M. Udland, the Director
3 hereby issues the following Findings of Fact, Conclusions of Law, and Final Order
4 with respect to Nendels Corporation, nka Skylink Communications Corporation:
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6 **FINDINGS OF FACT**

7 The Director **FINDS** that:

8 1. Skylink Communications Corporation ("Skylink"), formerly known as
9 Nendels Corporation and Skylink Telecommunications Corporation, is an Oregon
10 corporation, which was administratively dissolved by the Oregon Secretary of State
11 on May 18, 2001. Skylink's principal place of business is 8600 SW St. Helens Drive,
12 Wilsonville, Oregon 97070, and documents on file with the Oregon Secretary of State
13 list James Toma, an Oregon resident, as the president of Skylink.

14 2. Northwest Communications Corporation ("NWC") is a Nevada
15 corporation, whose foreign business corporation registry was administratively
16 revoked by the Oregon Secretary of State on June 22, 2001. NWC's principal place
17 of business is 8600 SW St. Helens Drive, Wilsonville, Oregon 97070, and documents
18 on file with the Oregon Secretary of State list Lon V. Leneve, an Oregon resident, as
19 the president of NWC. In approximately 1997, Skylink purchased a majority of the
20 outstanding stock of NWC, making NWC a subsidiary of Skylink.

21 3. At various times material to this Order, Skylink was in the business of
22 offering free-to-guest and pay-per-view movie services to the hotel industry, as well
23 as providing telecommunications services to the hotel industry. At all times material
24 to this Order, NWC was in the business of selling wireless phone services, including
25 cellular phone services, prepaid cellular, paging and PCS services.
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1 4. At various times material to this Order, Andover Securities, Inc.
2 ("Andover") (Oregon BD No. 2127 and CRD No. 16903) and United Pacific Securities
3 (Oregon BD No. 2362 and CRD No. 21986) acted as agents of Skylink for the
4 offering and sale of securities. Both of these firms have filed a withdrawal from
5 business in Oregon and are no longer licensed to act as broker-dealers in Oregon. In
6 1998, as a result of unrelated litigation, the National Association of Securities Dealers
7 ("NASD") revoked Andover's license to act as a broker-dealer.

8 5. From June 1994 to December 1997, Skylink sold common stock and
9 two classes of preferred stock to more than 500 investors, at least eleven of whom
10 were Oregon residents.

11 6. Skylink did not register any of the classes of stock sold between June
12 1994 and December 1997 for sale as securities under the Oregon Securities Laws.

13 7. From January 1995 to December 1996, NWC sold common stock and
14 one class of preferred stock to more than 200 investors, at least eleven of whom
15 were Oregon residents.

16 8. NWC did not register any of stock sold between January 1995 and
17 December 1996 for sale as securities under the Oregon Securities Laws.

18 9. In June 1998, the Director held a fairness hearing regarding Skylink's
19 proposed plan of reorganization. The plan of reorganization was approved by Order
20 of the Director dated June 30, 1998.

21 10. As part of the fairness hearing, Skylink filed various documents with the
22 Director, including a proxy statement containing unaudited financial data for the year
23 ending December 31, 1997. Subsequent to the fairness hearing, auditors for Skylink
24 released their Independent Auditor's Report containing the audited financial
25 statements for the same time period. The auditor's report contained information
26 demonstrating misstatements made by Skylink in the unaudited financial documents

1 filed in the fairness hearing. Specifically, the financial documents filed in the fairness
2 hearing understated the poor financial condition of Skylink and failed to disclose the
3 related party nature of certain major business transactions and write-offs.

4
5 **CONCLUSIONS OF LAW**

6 The Director **CONCLUDES** that:

7 1. The common stock and various classes of preferred stock sold by Skylink
8 Communications Corporation (fka Nendels Corporation) constitute securities as
9 defined in ORS 59.015.

10 2. The common stock and various classes of preferred stock sold by
11 Northwest Communications, Inc., constitute securities as defined in ORS 59.015.

12 3. The common stock and various classes of preferred stock sold by Skylink
13 Communications Corporation were not registered for sale as securities in the State of
14 Oregon in violation of ORS 59.055.

15 4. The common stock and various classes of preferred stock sold by
16 Northwest Communications Corporation were not registered for sale as securities in
17 the State of Oregon in violation of ORS 59.055.

18 5. The documents filed by Respondent Skylink at the Fairness Hearing
19 contained material misrepresentations and omissions. By filing these documents
20 with the Director, Respondent Skylink made false filings in violation of ORS
21 59.135(4).

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23 **ORDER**

24 The Director, pursuant to ORS 59.245, hereby **ORDERS** that Respondents
25 Skylink Communications Corporation (fka Nendels Corporation and Skylink
26



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1 Telecommunications Corporation), Northwest Communications, Inc., and any
2 successor business or corporation, shall **CEASE and DESIST** from:

- 3 1. Selling unregistered securities in the State of Oregon in violation of Oregon
4 Securities Laws;
- 5 2. Making false statements to the Director; and
- 6 3. Violating any provision of the Oregon Securities Laws, including ORS
7 Chapter 59 and OAR Chapter 441.

8 The Director, pursuant to ORS 59.995, **HEREBY ORDERS** the following **CIVIL**
9 **PENALTIES:**

10 1. Respondent Skylink Communications Corporation (fka Nendels
11 Corporation and Skylink Telecommunications Corporation) and any successor
12 business or corporation shall be denied the use of any securities licensing or
13 registration exemptions contained in the Oregon Securities Laws, including ORS
14 Chapter 59 and OAR Chapter 441; and

15 2. Respondent Skylink Communications Corporation (fka Nendels
16 Corporation and Skylink Telecommunications Corporation) shall pay the amount of
17 \$50,000 for violating ORS 59.055 (sale of unregistered securities).

18 3. Respondent Skylink Communications Corporation (fka Nendels
19 Corporation and Skylink Telecommunications Corporation) shall pay the amount of
20 \$25,000 for violation of ORS 59.135(4) (filing false statements with the Director).

21 4. Respondent Northwest Communications, Inc., and any successor business
22 or corporation shall be denied the use of any securities licensing or registration
23 exemptions contained in the Oregon Securities Laws, including ORS Chapter 59 and
24 OAR Chapter 441; and

25 5. Respondent Northwest Communications, Inc., shall pay the amount of
26 \$50,000 for violating ORS 59.055 (sale of unregistered securities).

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

3 Dated this 6th day of November 2001 at Salem, Oregon, NUNC
4 PRO TUNC June 1, 2001.

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6 **MARY NEIDIG, DIRECTOR**
7 **DEPARTMENT OF CONSUMER & BUSINESS**
8 **SERVICES**

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