

*Janice Binion*

1 DEPARTMENT OF CONSUMER AND BUSINESS SERVICES  
2 DIVISION OF FINANCE AND CORPORATE SECURITIES  
3 SECURITIES SECTION  
4 BEFORE THE DIRECTOR OF THE DEPARTMENT OF CONSUMER AND  
5 BUSINESS SERVICES

6 **In the Matter of:** ) A-02-0069  
7 KATHIE A. HITCHCOCK AND ) ORDER TO CEASE AND DESIST  
8 JANICE BINION ) ORDER ASSESSING CIVIL PENALTY  
9 DBA FOUR STEPS TO WEALTH, ) ORDER DENYING EXEMPTIONS  
10 ) and  
11 ) CONSENT TO ENTRY OF ORDER  
12 ) AS TO JANICE BINION  
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10 **WHEREAS** the Director of the Department of Consumer and  
11 Business Services for the State of Oregon (the Director) has  
12 conducted an investigation of certain securities activities  
13 conducted by Kathie A. Hitchcock and Janice Binion dba Four  
14 Steps to Wealth, and the Director has determined that Janice  
15 Binion offered and sold securities in the State of Oregon in  
16 violation of the Oregon Securities Law;

17 **WHEREAS** Janice Binion wishes to resolve and settle this  
18 matter with the Director:

19 **NOW THEREFORE**, as evidenced by the authorized signature  
20 subscribed on this Order, Janice Binion hereby **CONSENTS** to entry  
21 of this Order to Cease and Desist upon the Director's Findings  
22 of Fact and Conclusions of Law as stated hereinafter.

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



23 **FINDINGS OF FACT**

24 The Director **FINDS** that:

25 1. Kathie A. Hitchcock (hereinafter, "Hitchcock") resides  
26 at 4264 SE 122<sup>nd</sup> Ave #3, Portland, OR 97236.

*Janice Binion*

1           2. Janice Binion (hereinafter, "Binion") resides at 115  
2   Calle Chapultepec, Vacaville, California, 95687.

3           3. "Four Steps To Wealth" was an investment program formed  
4 and operated by Hitchcock and Binion from January 2001 to May  
5 2001.

6           4. Hitchcock and Binion raised a total of at least \$2,500  
7 from at least 100 Four Steps to Wealth investors between January  
8 2001 and May 2001.

9           5. Hitchcock and Binion created and mailed promotional  
10 materials regarding the Four Steps to Wealth program to a total  
11 of at least 1200 residents throughout the United States.

12 Hitchcock and Binion obtained the names of potential investors  
13 from a mailing list purchased by Binion and a tap file of  
14 Hitchcock's prior direct mail contacts. Binion distributed the  
15 majority of the promotional materials.

16           6. Hitchcock and Binion's promotional materials regarding  
17 the Four Steps to Wealth described the program as a "gifting  
18 plan" and included the following statements:

19                 "Step 1: You gift \$20 as a Freshman and receive  
20                 \$160 as a Senior. (You receive 1 \$20 entry into Step  
21                 1, a \$100 entry into Step 2 and \$40 cash.)

22                 Step 2: You gift \$100 and receive \$800. (You  
23                 receive another \$20 entry into Step 1, a \$100 entry  
24                 into Step 2, a \$500 entry into Step 3 and \$180 cash).

25                 Step 3: You gift \$500 and receive \$4000. (You  
26                 receive another entry into Steps 1, 2, 3, and 4 and

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*Jane Brin*

1        \$1380 cash.)

2               Step 4: You GIFT \$2000 AND RECEIVE \$16000. (You  
3        receive 1 entry into Steps 1, 2, 3, and 4, and 13,380  
4        cash.)

5               Start right now by sending \$25, includes \$5  
6        processing fee, in cash or money order to monitor:  
7        Kathie Hitchcock..."

8               "...All you need to do is join and invite two  
9        people who want to succeed and receive \$14,980 just  
10      like we all do. Inviting two people really isn't that  
11      hard. Who wouldn't join a plan for only \$25 and a  
12      100% success opportunity to make \$14,980."

13               "...All 'Gifts' and processing fee are cash only.  
14       Wrap the cash in newspaper (classified or funnies) or  
15       dark construction paper...'Gifts' are sent directly to  
16       Kathie Hitchcock, along with the signed 'Gifting  
17       Statement' by regular mail..."

18               "Here is what your future holds with just a \$25  
19       Investment. There is a \$5 non-refundable processing  
20       fee. Join now! Watch your \$20 grow & grow...You can  
21       receive \$14,980 over and over again."

22       7. The Four Steps to Wealth was a centrally-managed  
23       investment program. Investors were charged a non-refundable,  
24       "processing fee" of five dollars. Hitchcock was the Four Steps  
25       to Wealth "monitor" who maintained the lists of program  
26       participants and managed the mailing and distribution of

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*Janice Bonin*

1 "gifts."

2       8. The Four Steps to Wealth investment program was never  
3 registered with the Oregon Division of Finance and Corporate  
4 Securities.

5       9. Hitchcock and Binion failed to disclose to investors  
6 that the Four Steps to Wealth program has never been registered  
7 with the Oregon Division of Finance and Corporate Securities.

8       10. Hitchcock and Binion were never licensed to sell  
9 securities in Oregon.

10       11. Hitchcock and Binion failed to disclose to investors  
11 that Hitchcock and Binion have never been licensed to sell  
12 securities.

13       12. Hitchcock and Binion each filed for bankruptcy  
14 resulting in a discharge of debt within seven years prior to the  
15 formation and operation of the Four Steps to Wealth investment  
16 program.

17       13. Hitchcock and Binion failed to disclose to investors  
18 that Hitchcock and Binion each filed for bankruptcy within seven  
19 years prior to the formation and operation of the Four Steps to  
20 Wealth program.

21       14. Hitchcock and Binion's promotional materials regarding  
22 the Four Steps to Wealth represented that investors would  
23 receive specific returns for specific sums of money invested in  
24 the program.

25       15. In fact, some of the later investors received no  
26 returns on their investment, and they were not refunded their

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1 investment principal.

2 16. The Four Steps to Wealth program was doomed to failure  
3 from the beginning because Hitchcock, Binion, and the investors  
4 would eventually run out of people to recruit.

5 17. Hitchcock and Binion failed to adequately disclose to  
6 investors the risks of investment in the Four Steps to Wealth  
7 program.

8 **CONCLUSIONS OF LAW**

9 The Director **CONCLUDES** that:

10 1. The Four Steps to Wealth investment program meets the  
11 definition of an investment contract in Oregon, and is a  
12 "security" under ORS 59.015(19) (a) (2001).

13 2. The security that Respondents Kathie A. Hitchcock and  
14 Janice Binion sold was not a registered security under ORS  
15 Chapter 59 and OAR Chapter 441.

16 3. Respondents Kathie A. Hitchcock and Janice Binion sold  
17 an unregistered security to Oregon investors, in violation of  
18 ORS 59.055.

19 4. Respondents Kathie A. Hitchcock and Janice Binion each  
20 acted as a securities "salesperson" as defined in ORS  
21 59.015(18) (a), by representing an issuer of a security in  
22 effecting transactions in securities.

23 5. Respondents Kathie A. Hitchcock and Janice Binion each  
24 transacted business in Oregon as a securities salesperson  
25 without a license, in violation of ORS 59.165.

26 6. In connection with the offer and sale of securities

*Joyce Binion*

1 to Oregon investors, Respondents Kathie A. Hitchcock and Janice  
2 Binion omitted to state a material fact, in violation of ORS  
3 59.135(2), by failing to disclose that Respondents Kathie A.  
4 Hitchcock and Janice Binion have never been licensed to sell  
5 securities.

6 7. In connection with the offer and sale of securities to  
7 Oregon investors, Respondents Kathie A. Hitchcock and Janice  
8 Binion omitted to state a material fact, in violation of ORS  
9 59.135(2), by failing to disclose that the Four Steps To Wealth  
10 investment program was an unregistered security.

11 8. In connection with the offer and sale of securities to  
12 Oregon investors, Respondents Kathie A. Hitchcock and Janice  
13 Binion omitted to state a material fact, in violation of ORS  
14 59.135(2), by failing to disclose that Respondents Kathie A.  
15 Hitchcock and Janice Binion have each filed for bankruptcy  
16 within seven years prior to the formation and operation of the  
17 Four Steps to Wealth investment program.

18 9. In connection with the offer and sale of securities to  
19 Oregon investors, Respondents Kathie A. Hitchcock and Janice  
20 Binion made an untrue statement of material fact, in violation  
21 of ORS 59.135(2), by representing that investors in the Four  
22 Steps to Wealth program would receive specific returns for  
23 specific sums of money invested.

24 10. In connection with the offer and sale of securities to  
25 Oregon investors, Respondents Kathie A. Hitchcock and Janice  
26 Binion omitted to state a material fact, in violation of ORS

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*Janice Binion*

1 59.135(2), by failing to adequately disclose the risks of  
2 investment in the Four Steps to Wealth program.

3 **ORDER**

4 **NOW, THEREFORE, THE DIRECTOR ISSUES THE FOLLOWING ORDERS:**

5 1. Pursuant to ORS 59.245, Respondent Janice Binion is

6 **ORDERED TO CEASE AND DESIST** from:

7 a. Offering or selling unregistered securities in  
8 the State of Oregon, in violation of ORS 59.055;

9 b. Transacting business in Oregon as a securities  
10 salesperson without a license, in violation of ORS 59.165;

11 c. Making any untrue statements of a material fact  
12 or omitting to state a material fact necessary in order to make  
13 the statements made, in light of the circumstances under which  
14 they are made, not misleading, pursuant to ORS 59.135(2); and

15 d. Violating any provision of ORS Chapter 59  
16 and Oregon Administrative Rules Chapter 441.

17 2. Pursuant to ORS 59.045(2), Respondent Janice Binion  
18 is **DENIED** the use of any exemptions that would otherwise be  
19 available to her under ORS 59.025 and 59.035, concerning  
20 securities and transactions exempt from the registration  
21 requirements of the Oregon Securities Law.

22 3. Pursuant to the authority of ORS 59.995, the DIRECTOR  
23 hereby **ASSESSES** a **CIVIL PENALTY** in the amount of \$5,000 (five  
24 thousand dollars) against Respondent Janice Binion, payment of  
25 \$4,500 of the civil penalty (four thousand, five hundred  
26 dollars) of which is suspended so long as Respondent Janice

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*Janice Binion*

1 Binion fully complies with all terms of this Order; **PROVIDED**  
2 **HOWEVER**, that the suspended portion of this penalty will be  
3 immediately due and payable upon a determination by the Director  
4 that Respondent Janice Binion has violated any term of this  
5 Order, or any provision of ORS Chapter 59 or Oregon  
6 Administrative Rules Chapter 441. Respondent Janice Binion will  
7 pay \$500 (five hundred dollars) of the civil penalty at the time  
8 of execution of this Order

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

11 Dated this 4<sup>th</sup> day of February, 2003, at  
12 Salem, Oregon.

*David Tatum for*  
13 *Greg A. Malakson* ~~MARY C. NEEDLE, DIRECTOR, Deputy~~  
14 DEPARTMENT OF CONSUMER & BUSINESS SERVICES  
15 STATE OF OREGON

16 CONSENT OF JANICE BINION TO ENTRY OF ORDER

17 I, Janice Binion, state that I am a resident of the state  
18 of Oregon; that I have read the foregoing Order and that I know  
19 and fully understand the contents hereof; that I have been  
20 advised of my right to a hearing; that I voluntarily consent to  
21 the entry of this Order without any force or duress, expressly  
22 waiving any right to a hearing in this matter; that I understand  
23 that the Director reserves the right to take further actions  
24 against me to enforce this Order or to take appropriate action  
25 upon discovery of other violations of the Oregon Securities Law  
26 by me; and that I will fully comply with the terms and

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1 conditions stated herein.

2 I understand that this Consent Order is a public document.

3 Dated this 6<sup>th</sup> day of January, 2002.2003

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9 2002-2003

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12 (Printed name of Notary Public)

Milva A. Lapitan  
Janice Binton OS

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15 NOTARY PUBLIC for State of: California

16 My commission expires: May 25, 2004

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**RECEIVED**

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*Janice Binton*

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**FISCAL SEC'D**

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