

Janice Binion

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:) A-02-0069
) ORDER TO CEASE AND DESIST
KATHIE A. HITCHCOCK AND) ORDER ASSESSING CIVIL PENALTY
JANICE BINION) ORDER DENYING EXEMPTIONS
DBA FOUR STEPS TO WEALTH,) and
) CONSENT TO ENTRY OF ORDER
Respondents.) AS TO JANICE BINION
)
)
)

WHEREAS the Director of the Department of Consumer and
Business Services for the State of Oregon (the Director) has
conducted an investigation of certain securities activities
conducted by Kathie A. Hitchcock and Janice Binion dba Four
Steps to Wealth, and the Director has determined that Janice
Binion offered and sold securities in the State of Oregon in
violation of the Oregon Securities Law;

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

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

FINDINGS OF FACT

The Director **FINDS** that:

1. Kathie A. Hitchcock (hereinafter, "Hitchcock") resides
at 4264 SE 122nd Ave #3, Portland, OR 97236.

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



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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*James
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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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James Binion

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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Janice Binion

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



Janice 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 4th day of February, 2003, at
12 Salem, Oregon.

13 *Greg A. Malkasian*
14 *California*
15 *for*
16 ~~MARY G. NEEDLE~~, DIRECTOR, Deputy
17 DEPARTMENT OF CONSUMER & BUSINESS SERVICES
18 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.

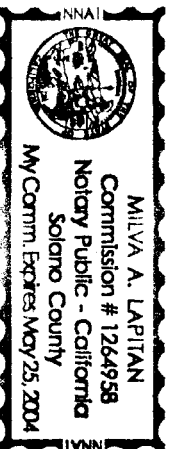
3 Dated this 6th day of January, 2002. 2003

4
5
6 *Janice Binion*
7 JANICE BINION

8 SUBSCRIBED AND SWORN before me this 6th day of January

9 ~~2002.~~ 2003

10
11 *Milva A. Lapitan* as



12 MILVA A. LAPITAN
13 (Printed name of Notary Public)

14
15 NOTARY PUBLIC for State of:

California

16 My commission expires:

May 25, 2004

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21
22 RECEIVED

23
24 FISCAL SECTION