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

In the Matter of:	**No. S-05-0040**
UNLIMITED CASH, INC., WAYNE FLESHER, DOUGLAS NETWORK ENTERPRISES, INC., NANCY KHALIAL, RUTTENBERG AND ASSOCIATES MVP, INC., MARK RUTTENBERG, KENNETH GEBAROWSKI, RANDALL COVELLI, and BILL BOEDEKER,	**ORDER TO CEASE AND DESIST, DENYING EXEMPTIONS, AND ASSESSING CIVIL PENALTIES ENTERED BY CONSENT AS TO BILL BOEDEKER ONLY**
Respondents.	

WHEREAS, the Director of the Department of Consumer and Business Services for the State of Oregon (hereafter the "Director"), acting pursuant to the authority granted by the Oregon Securities Law (ORS 59.005 *et seq.*), has conducted an investigation into the activities of **UNLIMITED CASH, INC.** (hereafter "**UNLIMITED CASH**"), **WAYNE FLESHER** (hereafter "**FLESHER**"), **DOUGLAS NETWORK ENTERPRISES, INC.** (hereafter "**DOUGLAS NETWORK ENTERPRISES**"), **NANCY KHALIAL** (hereafter "**KHALIAL**"), **RUTTENBERG AND ASSOCIATES MVP, INC.** (hereafter "**RUTTENBERG AND ASSOCIATES MVP**"), **MARK RUTTENBERG** (hereafter "**RUTTENBERG**"), **KENNETH GEBAROWSKI** (hereafter "**GEBAROWSKI**"), **RANDALL COVELLI** (hereafter "**COVELLI**"), and **BILL BOEDEKER** (hereafter "**BOEDEKER**");

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WHEREAS, Respondent **BOEDEKER** wishes to avoid the additional costs and expenses resulting from an action by the Director, does not desire to expend further time on this matter, and seeks to obtain finality without invoking his right to a hearing before the Director;

NOW THEREFORE, the Director hereby issues the following Findings of Fact and Conclusions of Law, which Respondent **BOEDEKER** neither admits nor denies, and issues the

following Order, to which Respondent **BOEDEKER** has consented, as evidenced by the Consent to Entry of Order attached hereto.

FINDINGS OF FACT

The Director **FINDS** that:

Part One: The Respondents

1. Respondents sold investments in the **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES** "money voucher processor" investment program from July, 2000 through March, 2001. (Unless otherwise stated, all allegations with respect to the "money voucher processor" program refer to this time frame.) The **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES** "money voucher processor" investment program had two components: first, investors purchased "money voucher processors" (a machine similar to an ATM) from **UNLIMITED CASH**; second, investors concurrently contracted with **DOUGLAS NETWORK ENTERPRISES** to operate the same machines on their behalf in exchange for a monthly payment to investors.

2. Respondents also sold investments in the **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES** "ad topper" investment program from April, 2001 through July, 2005. (Unless otherwise stated, all allegations with respect to the "ad topper" program refer to this time frame.) The **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES** "ad topper" investment program had two components: first, investors purchased "ad toppers" (commercial advertising display screens) from **UNLIMITED CASH**; second, investors concurrently contracted with **DOUGLAS NETWORK ENTERPRISES** to operate the same machines on their behalf in exchange for a monthly payment to investors.

3. **UNLIMITED CASH** is a California for profit corporation that conducts business from 130 Lombard Street, Oxnard, California 93012. **UNLIMITED CASH** manufactured equipment and sold investments in "money voucher machine" and "ad topper" machines to Oregon residents.

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4. **UNLIMITED CASH** has never been registered with the Oregon Secretary of State as an out-of-state corporation authorized to conduct business in the State of Oregon.

5. **UNLIMITED CASH** has never been licensed as a broker-dealer in this State, and was not authorized to sell securities in Oregon.

6. **FLESHER** is the Chief Executive Officer and sole shareholder of **UNLIMITED CASH. FLESHER** conducts business from 130 Lombard Street, Oxnard, California 93012.

7. **FLESHER** has never been licensed as a broker-dealer salesperson in this State, and was not authorized to sell securities in Oregon.

8. **DOUGLAS NETWORK ENTERPRISES** is a California for profit corporation that conducts business from 517 Calle San Pablo, Camarillo, California 93012. **DOUGLAS NETWORK ENTERPRISES** sold investments in "money voucher machine" and "ad topper" equipment to members of the public, and claimed to operate the machines on investors' behalf. On information and belief, **DOUGLAS NETWORK ENTERPRISES** is a corporate subsidiary of **UNLIMITED CASH** and/or is controlled by **UNLIMITED CASH**.

9. **DOUGLAS NETWORK ENTERPRISES** has never been registered with the Oregon Secretary of State as an out-of-state corporation authorized to conduct business in the State of Oregon.

10. **DOUGLAS NETWORK ENTERPRISES** has never been licensed as a broker-dealer in this State, and was not authorized to sell securities in Oregon.

11. **KHALIAL** is the Chief Executive Officer and sole shareholder of **DOUGLAS NETWORK ENTERPRISES**. On information and belief, **KHALIAL** is also an employee of **UNLIMITED CASH**. **KHALIAL** conducts business from 517 Calle San Pablo, Camarillo, California 93012.

12. **KHALIAL** has never been licensed as a broker-dealer salesperson in this State, and was not authorized to sell securities in Oregon.

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13. **RUTTENBERG AND ASSOCIATES MVP** is an Illinois for profit corporation that conducts business from 1603 Visa Drive, Suite 4, Normal, Illinois 61761. **RUTTENBERG AND ASSOCIATES MVP** recruited and managed the sales agents that sold investments in "money voucher machine" business equipment to Oregon residents on behalf of **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES**.

14. **RUTTENBERG AND ASSOCIATES MVP** has never been registered with the Oregon Secretary of State as an out-of-state corporation authorized to conduct business in the State of Oregon.

15. **RUTTENBERG AND ASSOCIATES MVP** has never been licensed as a broker-dealer in this State, and was not authorized to sell securities in Oregon.

16. **RUTTENBERG** is the Chief Executive Officer and sole shareholder of **RUTTENBERG AND ASSOCIATES MVP**. **RUTTENBERG** conducts business from 1603 Visa Drive, Suite 4, Normal, Illinois 61761.

17. **RUTTENBERG** has never been licensed as a broker-dealer salesperson in this State, and was not authorized to sell securities in Oregon.

18. **GEBAROWSKI** sold investments in the **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES** "money voucher machine" program to Oregon residents. He conducts business from 22616 SE Morrison Street, Gresham, Oregon 97030.

19. **GEBAROWSKI** has never been licensed as a broker-dealer salesperson in this State, and was not authorized to sell securities in Oregon.

20. **COVELLI** sold investments in the **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES** "money voucher machine" program to Oregon residents. He conducts business from 7515 SW 208th Place, Aloha, Oregon 97007.

21. **COVELLI (CRD #2073441)** was licensed as a broker-dealer salesperson in this State from June, 1990 to March, 1998, but was not authorized to sell securities in Oregon from July, 2000 to March, 2001, the period of time during which he sold investments in the

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UNLIMITED CASH and **DOUGLAS NETWORK ENTERPRISES** "money voucher machine" program.

22. **BOEDEKER** sold investments in the **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES** "ad topper" machine program to Oregon residents. He conducts business from 2235 Broadway, Post Office Box 348, North Bend, Oregon 97459.

23. **BOEDEKER** has never been licensed as a broker-dealer salesperson in this State, and was not authorized to sell securities in Oregon.

Part Two: The "Money Voucher Machine" Program

24. **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES** sold investments in what Respondents called "money voucher machines", also referred to as "money voucher processors." This machine, generically known as a "scrip machine" or "script machine", has the appearance of an ATM but, instead of dispensing currency, the unit issues vouchers that may be used exclusively at a single merchant. A retail customer using the **UNLIMITED CASH** "money voucher machine" paid a flat service charge of $1.50 per transaction.

25. Prospective investors were told that **UNLIMITED CASH** manufactured and sold the "money voucher machine" while **DOUGLAS NETWORK ENTERPRISES** located, operated, and serviced the machine, and also remitted monthly payments to investors.

26. **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES** began selling investments in "money voucher machines" in July, 2000 through sales agents retained on their behalf by **RUTTENBERG AND ASSOCIATES MVP. UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES** instructed their sales agents to stop selling new investments in "money voucher machines" in March, 2001.

27. **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES** sold the **UNLIMITED CASH** "MVM-490" model "money voucher machine" to investors for four thousand dollars ($4,000.00) per unit.

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28. The **UNLIMITED CASH** "MVM-490" model "money voucher machine" was a complex machine to operate. Before garnering the ability to generate any transaction income, the owner of a "money voucher machine" would have to, among other tasks, find and lease a retail location for the unit, join – at substantial expense - an electronic banking network that would allow the machine to deduct funds from consumers' bank accounts, arrange for a financial institution to process the transactions, and keep the unit clean and in good repair.

29. **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES** presented prospective investors with two "options" for the management of their "money voucher machine." The investor was invited to either operate the machine themselves as a commercial enterprise or hire a "service provider" such as **DOUGLAS NETWORK ENTERPRISES** to do so on their behalf.

30. **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES** sales agents were selling investments in "money voucher machines" to elderly investors in their seventies and eighties seeking a return on their investment, and not to those that wished to operate a business.

31. As a matter of economic reality, the **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES** "money voucher machine" was sold with the understanding that it was part of a single, unified investment program that would require the immediate assignment of the unit sold by **UNLIMITED CASH** to **DOUGLAS NETWORK ENTERPRISES** for operation.

32. None of the Oregon investors ever operated a "money voucher machine" themselves (the roughly seventy five thousand dollar ($75,000) cost of joining an electronic banking network would have been a prohibitive barrier to doing so). None of the Oregon "money voucher machine" investors has even visited the site at which their machine was allegedly located. The **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES** investors engaged in no management tasks, and relied exclusively on Respondents to garner a return on

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their investment for them. The investment in a "money voucher machine" was a completely passive one.

33. At the time of purchase, the "money voucher machine" investment program participant contracted with **DOUGLAS NETWORK ENTERPRISES** to operate the "money voucher machine" on their behalf. **DOUGLAS NETWORK ENTERPRISES** represented that it would select a retail location for the machine, install the unit, retain a processing company to effect the transactions between the merchant, consumer, and financial institution, instruct the merchant on the promotion of the money voucher machine, relocate the machine if it was not generating eighty nine (89) transactions per month, and clean and provide maintenance and repairs for the machine.

34. **DOUGLAS NETWORK ENTERPRISES** garnered its own compensation and paid investors from the transaction fees generated every time a consumer accessed a "money voucher machine". The $1.50 transaction fee was allocated between the investor (sixty cents), **DOUGLAS NETWORK ENTERPRISES** (forty cents), and an escrow account purportedly established by **DOUGLAS NETWORK ENTERPRISES** (fifty cents) for the purpose of funding potential "buybacks", the term employed by sales agents to describe the repurchase guarantee **DOUGLAS NETWORK ENTERPRISES** gave investors. Investors could have their machines repurchased if, averaged over a calendar quarter, fewer than 89 transactions per month took place on their units.

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35. **DOUGLAS NETWORK ENTERPRISES** informed prospective investors that if their money voucher machine achieved an average of 89 transactions per month, the explicit goal, they could expect a payment of $53.40 per unit per month. This translates to a sixteen percent (16%) return per annum. The investor's actual return depended on the number of transactions on their machine.

36. The "money voucher machine" investor had the contractual right to sell the machines back to **DOUGLAS NETWORK ENTERPRISES** if *all the units owned by the*

investor did not average 89 transactions per month (if, put differently, they didn't receive an average of $53.40 per month on each $4,000 investment). The service contract contained a sliding schedule for the "buyback": if it occurred within 0-12 months of the purchase the investor would receive 70% of the original purchase price; if it occurred within 13-24 months of the purchase the investor would receive 80% of the original purchase price; if it occurred within 25-36 months of the purchase the investor would receive 90% of the original purchase price; and if it occurred within 37-39 months of the purchase the investor would receive 100% of the original purchase price.

Part Three: The "Money Voucher Machine Program" Sales Process

37. **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES** sold the "money voucher machines" to members of the public through independent insurance agents recruited and managed by **RUTTENBERG AND ASSOCIATES MVP.**

38. **RUTTENBERG AND ASSOCIATES MVP**, a subsidiary of an Illinois based insurance firm, was incorporated in April, 2000 for the exclusive purpose of developing a sales force for the **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES** "money voucher machine" program.

39. **RUTTENBERG AND ASSOCIATES MVP** received a commission of twenty percent (20%) for each "money voucher machine" sold, from which it compensated its sales agents. As sales agents received a commission of between twelve (12%) and sixteen (16%) per machine sold, **RUTTENBERG AND ASSOCIATES MVP** earned between one hundred sixty dollars ($160.00) and three hundred twenty dollars ($320.00) per sale.

40. **RUTTENBERG AND ASSOCIATES MVP** recruited sales agents to sell the "money voucher machine" program by placing advertisements emphasizing its commission structure on a 3 x 5 inch "marketing card pack" sent to independent insurance agents by direct advertising companies.

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41. **RUTTENBERG AND ASSOCIATES MVP** acted as an intermediary in the sales process, processing the requisite paperwork provided by sales agents and forwarding the signed contracts and appurtenant funds to **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES.**

42. **RUTTENBERG AND ASSOCIATES MVP** did not provide sales agents with any formal training or orientation prior to having them engage in sales of the "money voucher machine" program.

43. **RUTTENBERG AND ASSOCIATES MVP** provided the sales agents with written sales materials, furnished by **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES,** to pass on to potential investors. The materials, filled with generalized sales slogans, were devoid of any substantial information relating to the operating history, management experience, financial status, or nature of competition in the industry in which **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES** operated in.

44. **RUTTENBERG AND ASSOCIATES MVP** maintained no compliance function to ensure that the representations its sales agents made about the "money voucher machine" investment were truthful.

45. **RUTTENBERG AND ASSOCIATES MVP** instructed its sales agents in writing to tell prospective investors that the "money voucher machine" program was a "business opportunity" and not an "investment." However, legitimate entrepreneurs rarely purchase a business from an independent insurance agent, especially without financial statements and substantial information about the entity's operating history.

46. To begin the process of selling "money voucher machines" to investors, **RUTTENBERG AND ASSOCIATES MVP**'s sales agents contacted individuals that they had previously sold insurance to and that were in retirement - the type of client that would likely have their savings in certificates of deposit or other cash equivalents - and asked them if they would like to get a higher return than banks offered while maintaining the safety of their money.

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If they received a reply in the affirmative, the sales agent asked to meet with them in their home to discuss an "investment of $4,000 that produces monthly income."

47. During their in-home sales presentation, **RUTTENBERG AND ASSOCIATES MVP** sales agents made sunny comments about the promise of the "money voucher machine", heavily emphasizing the sixteen percent (16%) return **DOUGLAS NETWORK ENTERPRISES** offered investors at a time when bank returns were one to four percent (1-4%). The sales agents made no mention of the substantial risks of the "money voucher machine" program including, specifically, the investor's complete dependence on the success of **DOUGLAS NETWORK ENTERPRISES** in placing and operating the machines in the marketplace in a fashion successful enough to garner the revenue to pay investors promised sums.

48. The three Oregon based sales agents for the "money voucher machine" program were Jim Georgen, **KENNETH GEBAROWSKI**, and **RANDALL COVELLI**.

49. Georgen sold nine "money voucher machines" to an Oregon couple. Pursuant to a Cease and Desist Order entered on December 18, 2003 (S-03-0044), Georgen's securities license was revoked by the Oregon Division of Finance and Corporate Securities for, *inter alia*, activities relating to sales of the **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES** "money voucher machine" program. As such, he is not a named Respondent in this Order.

50. **GEBAROWSKI** has been a licensed Oregon insurance agent since 1970. **GEBAROWSKI**, who is not a licensed attorney, engaged in the unlawful sale of "trust" documents to members of the public, conduct for which he entered into an "Assurance of Voluntary Compliance" with the Oregon Department of Justice on April 23, 2002. Many of the individuals **GEBAROWSKI** sold "money voucher machine" investments to were clients of his trust selling business.

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51. **GEBAROWSKI** sold money voucher machines to approximately thirty Oregon residents, nearly half in conjunction with **COVELLI**, with the pair splitting commissions on joint sales.

52. **COVELLI** was a licensed Oregon insurance agent with an emphasis on long term care insurance. Nearly all of the individuals **COVELLI** sold "money voucher machine" investments to were clients of his insurance practice.

53. The Oregon Division of Finance and Corporate Securities issued a Cease and Desist Order against **COVELLI** in 1999 for his role in an unlawful investment contract scheme (In Re Paytele Communications, Order No. O-98-0003).

54. **COVELLI** sold money voucher machines to approximately thirty Oregon residents, nearly half in conjunction with Kenneth **GEBAROWSKI**, with the pair splitting commissions on joint sales.

55. **UNLIMITED CASH** and **RUTTENBERG AND ASSOCIATES MVP** terminated their business relationship in March, 2001.

56. In April, 2001 **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES** abruptly ceased new sales of their "money voucher machine" program, switching all of their efforts to the "ad topper" concept" described below.

Part Four: Misrepresentations in the "Money Voucher Machine" Sales Process

57. Respondents, as part of the process of selling the **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES** "money voucher machine" investment program to members of the public through sales agents, represented to investors that the "money voucher machine" program was a safe investment.

58. Respondents, as part of the process of selling the **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES** "money voucher machine" investment program to members of the public through sales agents, represented to investors that the "money voucher machine" program was appropriate for an investor in retirement.

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59. Respondents, as part of the process of selling the **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES** "money voucher machine" investment program to members of the public through sales agents, failed to provide investors with a detailed description of the management background and operating experience of executives of **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES**.

60. Respondents, as part of the process of selling the **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES** "money voucher machine" investment program to members of the public through sales agents, failed to provide investors with financial statements or any other data that would allow investors to independently gauge the financial health of **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES**.

61. Respondents, as part of the process of selling the **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES** "money voucher machine" investment program to members of the public through sales agents, failed to provide investors with any description of the factors and methods used by **DOUGLAS NETWORK ENTERPRISES** to determine where to locate the "money voucher machines" in the retail marketplace.

62. Respondents, as part of the process of selling the **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES** "money voucher machine" investment program to members of the public through sales agents, failed to inform investors that in the event that the money voucher machines failed in the marketplace for lack of public appeal or because of newer, less expensive technologies and there were, as a result, an insufficient number of transactions for money voucher machines to produce the revenue to make monthly payments, all investors might attempt to sell their "money voucher machines" back at the same time. In that event, there would be insufficient funds to engage in the guaranteed "buybacks."

63. Respondents, as part of the process of selling the **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES** "money voucher machine" investment program to members of the public through sales agents, failed to inform investors that **DOUGLAS**

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NETWORK ENTERPRISES, an allegedly independent entity, was controlled by and/or was a subsidiary of **UNLIMITED CASH,** and that the CEO of **DOUGLAS NETWORK ENTERPRISES** was an employee of **UNLIMITED CASH.**

64. Respondents, as part of the process of selling the **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES** "money voucher machine" investment program to members of the public through sales agents, failed to inform investors that the "money voucher machine" program was required to be registered with the Oregon Division of Finance and Corporate Securities, and was not.

65. Respondents, as part of the process of selling the **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES** "money voucher machine" investment program to members of the public through sales agents, failed to inform investors that the "money voucher machine" program's sales agents were not, as was required by law, licensed by the Oregon Division of Finance and Corporate Securities.

66. Respondents, as part of the process of selling the **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES** "money voucher machine" investment program to members of the public through sales agents, failed to inform investors that sales agent **COVELLI** had been ordered by the Oregon Division of Finance and Corporate Securities to cease and desist from the sale of securities.

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Part Five: The "Ad Topper" Program

67. **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES** sold investments in machines that Respondents called "ad toppers." The "ad topper" was represented to be seventy feet high and twenty-four inches wide with a fifteen-inch, high resolution flat screen, stereo sound, and full motion video. The "ad topper" is essentially a television set placed in a retail environment that purportedly runs a repeating loop of commercials on behalf of subscribing advertisers.

68. Prospective investors were told that **UNLIMITED CASH** (or its subsidiary, Xstream Advertising, Inc.) manufactured and sold the "ad topper" machine, solicited advertising contracts for the machine from large corporate accounts, and produced commercials and videos to run on the machine. **DOUGLAS NETWORK ENTERPRISES** was to place the machine in a retail location, operate and service the units, and remit monthly payments to investors.

69. **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES** began selling the "ad topper" investment program in April, 2001.

70. **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES** sold each "XU-1 Universal Ad Topper" to investors for four thousand dollars ($4,000.00) per unit.

71. The **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES** "ad topper" investment program differed from the "money voucher machine" program's business model. Unlike the "money voucher machine", which relied on transaction fees from consumers, the "ad topper" derived revenue from businesses that purportedly paid to have advertising run on the machine.

72. The **UNLIMITED CASH** "XU-1 Universal Ad Topper" was a complex machine to operate. Before garnering the ability to generate revenue, the operator of an "ad topper" machine would have to, among other tasks, find and lease a retail location for the machine, solicit advertising for the machine from businesses at profitable rates, design and produce the advertising, program the machine to properly run commercials and videos, and keep the unit clean and in good repair.

73. **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES** presented prospective investors with two "options" for the management of their "ad topper" machine. The investor was invited to either operate the machine themselves or hire a "service provider" such as **DOUGLAS NETWORK ENTERPRISES** to do so on their behalf.

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74. **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES** sold investments in "ad topper" machines to Oregon investors seeking a return on their investment and not to those that wished to operate a business.

75. As a matter of economic reality, the **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES** "ad topper" machine was sold with the understanding that it was part of a single, unified investment program that would require the immediate assignment of the unit sold by **UNLIMITED CASH** to **DOUGLAS NETWORK ENTERPRISES** for operation.

76. None of the Oregon investors ever operated an "ad topper" themselves. None of the Oregon "ad topper" investors has even visited the site at which their machine was allegedly located. The **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES** investors engaged in no management tasks, and relied exclusively on Respondents to garner a return on their investment for them. The investment in an "ad topper" was a completely passive one.

77. At the time of purchase, the "ad topper" investment program participant contracted with **DOUGLAS NETWORK ENTERPRISES** to operate the "ad topper" machine on their behalf. **DOUGLAS NETWORK ENTERPRISES** represented that it would select a retail location for the machine, install the unit, program the machine to run the advertising **UNLIMITED CASH**'s subsidiary had solicited from advertisers, and provide maintenance and repairs for the machine. In exchange, the investor was guaranteed a monthly payment.

78. **DOUGLAS NETWORK ENTERPRISES** assured "ad topper" investors of a minimum return of $54.00 per month per unit, and held out the possibility of a much higher amount: for every additional ad "placed" on that particular investor's "ad topper" machine the investor would be paid an extra five dollars ($5.00). **DOUGLAS NETWORK ENTERPRISES** and **UNLIMITED CASH** heavily touted the minimum sixteen percent (16%) return per annum.

79. The "ad topper" investor could, at the sole option of **DOUGLAS NETWORK ENTERPRISES**, sell their machine back to **DOUGLAS NETWORK ENTERPRISES.** The service contract contained a sliding schedule for the "buyback": if it occurred within 6-12

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months of the purchase the investor would receive 50% of the original purchase price; if it occurred within 13-24 months of the purchase the investor would receive 60% of the original purchase price; if it occurred within 25-36 months of the purchase the investor would receive 75% of the original purchase price; and if it occurred within 37-39 months of the purchase the investor would receive 100% of the original purchase price.

Part Six: The "Ad Topper" Program Sales Process

80. **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES** sold the "ad topper" machines to members of the public through Respondent **BOEDEKER**, an independent insurance agent in North Bend, Oregon. This sales agent was managed by **UNLIMITED CASH** but compensated by both **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES**.

81. **BOEDEKER** was originally recruited to sell investments in the "money voucher machine" program by **RUTTENBERG AND ASSOCIATES MVP**. However, before he could make any "money voucher machine" sales **UNLIMITED CASH** CEO **FLESHER** advised **BOEDEKER** in April, 2001 that **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES** were transferring their efforts to the "ad topper" program, whose sales force was to be managed directly by **UNLIMITED CASH**.

82. **BOEDEKER** received a commission of twenty percent (20%) from **UNLIMITED CASH** for each "ad topper" machine he sold, which amounted to eight hundred dollars ($800.00) per unit. In addition, **DOUGLAS NETWORK ENTERPRISES** paid **BOEDEKER** five dollars ($5.00) per month for every "ad topper" he had ever sold that it operated on investors' behalf.

83. **UNLIMITED CASH** did not provide **BOEDEKER** with any formal training or orientation prior to having him engage in sales of investments in "ad topper" machines.

84. **UNLIMITED CASH** provided **BOEDEKER** with written sales materials to pass on to potential investors. The materials, filled with generalized sales slogans, were devoid of any substantial information relating to the operating history, management experience, financial

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status, or nature of competition in the industry in which **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES** operated in.

85. **UNLIMITED CASH** maintained no compliance function to ensure that the representations **BOEDEKER** made about the "ad topper" machine investment were truthful.

86. **BOEDEKER** contacted clients of his insurance firm to attempt to sell them investments in the "ad topper" program.

87. **BOEDEKER** also placed an advertisement in a Coos Bay, Oregon newspaper, the text of which read *"Are you earning 9 to 16% on your money? Call Bill or Rita to learn how you can earn 9% to 16% return on your money."* **BOEDEKER** solicited investments in the "ad topper" program from members of the public that contacted his office in response to the advertisement.

88. **BOEDEKER** invited interested persons to make an appointment to discuss the "ad topper" program at his North Bend, Oregon office.

89. Once he was face to face with prospective investors, **BOEDEKER** made sunny comments about the "ad topper" machine investment. **BOEDEKER** noted the cost of each unit and heavily emphasized the sixteen percent (16%) return **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES** offered investors. He asserted that there was a thirty day period after the purchase for the investor to change their mind, and stated that the investment was for a three year period, after which the investor had the right to sell the "ad topper" machine back to **UNLIMITED CASH** (in point of fact, no such right was contained in the applicable contract).

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90. **BOEDEKER** made no mention of the risks of the "ad topper" machine program or, specifically, of the investor's complete dependence on the success of **UNLIMITED CASH** to garner a sufficient amount of advertising to pay investors such a generous return.

91. At the conclusion of his presentation, **BOEDEKER** gave investors an **UNLIMITED CASH** "Ad Topper Information Sheet" which noted that *"[t]he income potential is very lucrative today! With just one ad you receive $54.00 per month, $648 each year. Your yearly*

return base is 16% and your income potentional (sic) can even go higher over the next three to five years. As new ads are sold and placed on the unit you receive $5.00 a month more. Your monthly return rate may go up and down over the next three to five years as advertisers may come and go, but your base return rate will not be less then (sic) 16% return."

92. **BOEDEKER** sold investments in "ad topper" machines to at least twenty Oregon residents.

Part Seven: Misrepresentations in the "Ad Topper" Sales Process

93. Respondents, as part of the process of selling the **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES** "ad topper" machine investment program to members of the public through a sales agent, represented to investors that the "ad topper" program was a safe investment.

94. Respondents, as part of the process of selling the **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES** "ad topper" machine investment program to members of the public through a sales agent, represented to investors that the "ad topper" machine investment program was appropriate for an investor in retirement.

95. Respondents, as part of the process of selling the **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES** "ad topper" machine investment program to members of the public through a sales agent, failed to provide investors with a detailed description of the management background and operating experience of executives of **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES**.

96. Respondents, as part of the process of selling the **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES** "ad topper" machine investment program to members of the public through a sales agent, failed to provide investors with financial statements or any other specific information that would allow investors to independently gauge the financial health of **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES**.

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97. Respondents, as part of the process of selling the **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES** "ad topper" machine investment program to members of the public through a sales agent, failed to provide investors with any description of the factors and methods used by **UNLIMITED CASH** to garner advertising for the "ad topper" machines.

98. Respondents, as part of the process of selling the **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES** "ad topper" machine investment program to members of the public through a sales agent, failed to inform investors that **DOUGLAS NETWORK ENTERPRISES**, an allegedly independent entity, was controlled by and/or was a subsidiary of **UNLIMITED CASH,** and that the CEO of **DOUGLAS NETWORK ENTERPRISES** was an employee of **UNLIMITED CASH.**

99. Respondents, as part of the process of selling the **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES** "ad topper" machine investment program to members of the public through a sales agent, failed to inform investors that the "ad topper" machine investment program was required to be registered with the Oregon Division of Finance and Corporate Securities and was not.

100. Respondents, as part of the process of selling the **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES** "ad topper" machine investment program to members of the public through a sales agent, failed to inform investors that the "ad topper" machine investment program's sales agent was not, as was required by law, licensed by the Oregon Division of Finance and Corporate Securities.

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CONCLUSIONS OF LAW

The Director **CONCLUDES** that

101. Respondents offered securities, as defined by ORS 59.015 (19) (a), for sale in the State of Oregon.

102. Respondents offered unregistered securities for sale in the State of Oregon, in violation of ORS 59.055.

103. Respondents offered securities for sale in the State of Oregon without being licensed to do so, in violation of ORS 59.165.

104. Respondents represented to investors that the "money voucher machine" program was a safe investment, which was an untrue statement of a material fact and/or an omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, in violation of ORS 59.135 (2).

105. Respondents represented to investors that the "money voucher machine" program was appropriate for an investor in retirement, which was an untrue statement of a material fact and/or an omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, in violation of ORS 59.135 (2).

106. Respondents failed to provide investors with a detailed description of the management background and "money voucher machine" operating experience of executives of **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES,** which was an untrue statement of a material fact and/or an omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, in violation of ORS 59.135 (2).

107. Respondents failed to provide investors with financial statements or any other specific information that would allow investors to independently gauge the financial health of **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES**, which was an untrue statement of a material fact and/or an omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, in violation of ORS 59.135 (2).

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108. Respondents failed to provide investors with any description of the factors and methods used by **DOUGLAS NETWORK ENTERPRISES** to determine where to locate the "money voucher machines" in the retail marketplace so as to maximize the number of transactions effected on the units, which was an untrue statement of a material fact and/or an omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, in violation of ORS 59.135 (2).

109. Respondents failed to inform investors that in the event that the money voucher machines failed in the marketplace most investors would attempt to sell their "money voucher machines" back to **DOUGLAS NETWORK ENTERPRISES** at the same time, and that there would be insufficient funds to effectuate the guaranteed "buybacks", which was an untrue statement of a material fact and/or an omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, in violation of ORS 59.135 (2).

110. Respondents failed to inform investors that **DOUGLAS NETWORK ENTERPRISES**, an allegedly independent entity, was controlled by and/or was a subsidiary of **UNLIMITED CASH,** and that the CEO of **DOUGLAS NETWORK ENTERPRISES** was an employee of **UNLIMITED CASH**, which was an untrue statement of a material fact and/or an omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, in violation of ORS 59.135 (2).

111. Respondents failed to inform investors that the "money voucher machine" program was required to be registered with the Oregon Division of Finance and Corporate Securities and was not, which was an untrue statement of a material fact and/or an omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, in violation of ORS 59.135 (2).

112. Respondents failed to inform investors that the "money voucher machine" investment program's sales agents were not, as required by law, licensed by the Oregon Division

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of Finance and Corporate Securities, which was an untrue statement of a material fact and/or an omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, in violation of ORS 59.135 (2).

113. Respondents represented to investors that the "ad topper" machine investment program was a safe investment, which was an untrue statement of a material fact and/or an omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, in violation of ORS 59.135 (2).

114. Respondents represented to investors that the "ad topper" machine investment program was appropriate for an investor in or nearing retirement, which was an untrue statement of a material fact and/or an omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, in violation of ORS 59.135 (2).

115. Respondents failed to provide investors with a detailed description of the management background and "ad topper" industry operating experience of executives of **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES**, which was an untrue statement of a material fact and/or an omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, in violation of ORS 59.135 (2).

116. Respondents failed to provide investors with any description of the factors and methods used by **UNLIMITED CASH** to garner advertising for the "ad topper" machines, which was an untrue statement of a material fact and/or an omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, in violation of ORS 59.135 (2) .

117. Respondents failed to inform investors that the "ad topper" machine program was required to be registered with the Oregon Division of Finance and Corporate Securities and was not, which was an untrue statement of a material fact and/or an omission to state a material fact

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necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, in violation of ORS 59.135 (2).

118. Respondents failed to inform investors that the "ad topper" machine program's sales agents were not, as required by law, licensed by the Oregon Division of Finance and Corporate Securities, which was an untrue statement of a material fact and/or an omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, in violation of ORS 59.135 (2).

ORDER

Therefore, the Director **ORDERS**

119. That Respondents shall cease and desist from offering or selling securities to persons in the State of Oregon in violation of ORS Chapter 59, OAR Chapter 441, or the Oregon securities law.

120. That Respondent **BOEDEKER** is ordered to pay the sum of **FIFTY THOUSAND DOLLARS** ($50,000.00) as a civil penalty for violations of ORS 59.055, ORS 59.135, and ORS 59.165 described herein. Of this amount, the sum of **TWENTY SEVEN THOUSAND FIVE HUNDRED DOLLARS** ($27,500.00) shall be **SUSPENDED** pending compliance with all terms of this Order. The remaining **TWENTY TWO THOUSAND FIVE HUNDRED DOLLARS** ($22,500.00) shall be tendered in the following fashion: **THREE THOUSAND TWO HUNDRED FIFTY DOLLARS** ($3,250.00) shall be paid concurrent with the entry of this Order on or about July 20, 2006 and on August 20, 2006, September 20, 2006, and October 20, 2006; **THREE HUNDRED SEVENTY FIVE DOLLARS** ($375.00) shall be paid on November 20, 2006, and on the 20th of each month thereafter, until the total amount of **TWENTY TWO THOUSAND FIVE HUNDRED DOLLARS** ($22,500.00) has been paid. Time shall be deemed to be of the essence for the purposes of the civil penalty, and any single scheduled payment that is more than **TEN** (10) days late shall cause the entire **FIFTY THOUSAND DOLLAR** ($50,000.00) civil penalty, minus amounts that have already been paid,

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to become immediately due and owing. Acceptance by the Director of a late payment shall constitute waiver of any objection involving the timeliness of said payment only. Should Respondent satisfy all obligations under this clause in a timely manner, the **SUSPENDED** portion of this civil penalty shall be deemed to be waived.

121. That Respondent **BOEDEKER** is hereby prohibited from applying for an Oregon securities license for a period of ten (10) years.

122. That Respondent **BOEDEKER** is hereby denied the use of any exemptions contained in ORS 59.025 and ORS 59.035, until further order of the Director.

Dated this 27th day of July, 2006 NUNC PRO TUNC August 8, 2005 at Salem, Oregon.

CORY STREISINGER, Director
Department of Consumer and Business Services

David C. Tatman, Administrator
Division Of Finance And Corporate Securities

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CONSENT TO ENTRY OF ORDER

I, Bill Boedeker, state that I am a resident of the State of Oregon; that I have read the foregoing Order and have discussed the contents thereof with my attorney Robert McGaughey; that I know and fully understand the contents of the Order; that I have been advised of my right to a hearing; that I do not admit or deny the findings of fact or conclusions of law contained in the order but voluntarily consent to the entry of this order without any force or duress, expressly waiving any right to a hearing in this matter; that I understand that the Director reserves the right to take further actions against me to enforce this Order or to take appropriate action upon discovery of other violations of the Oregon Securities Law by me relating to a matter other than the events involving Unlimited Cash, Inc. and Douglas Network Enterprises, Inc.; and that I will fully comply with the terms and conditions stated herein. I understand that this consent Order is a public document.

Dated this 18 day of July, 2006.

Bill Boedeker

Amy Caffey
(Printed Name of Notary Public)
Notary Public
for the State of: Oregon
My commission expires: April 12, 2008

OFFICIAL SEAL
AMY CAFFEY
NOTARY PUBLIC - OREGON
COMMISSION NO. 379526
MY COMMISSION EXPIRES APRIL 12, 2008

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