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) No. S-05-0040

) ORDER TO CEASE AND DESIST,
) DENYING EXEMPTIONS, AND
) ASSESSING CIVIL PENALTIES
) ENTERED BY CONSENT AS TO
) UNLIMITED CASH, INC., WAYNE
) FLESHER, DOUGLAS NETWORK
) ENTERPRISES, INC., AND NANCY
) KHALIAL ONLY

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

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

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

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

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

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

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

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

24 11. **KHALIAL** is the Chief Executive Officer and sole shareholder of **DOUGLAS**
25 **NETWORK ENTERPRISES**. On information and belief, **KHALIAL** is also an employee of
26



1 **UNLIMITED CASH. KHALIAL** conducts business from 517 Calle San Pablo, Camarillo,
2 California 93012.

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

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

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

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

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

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

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

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

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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 **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



1 **DOUGLAS NETWORK ENTERPRISES** instructed their sales agents to stop selling new
2 investments in "money voucher machines" in March, 2001.

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

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

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

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

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

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

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

17 34. **DOUGLAS NETWORK ENTERPRISES** garnered its own compensation and
18 paid investors from the transaction fees generated every time a consumer accessed a "money
19 voucher machine". The \$1.50 transaction fee was allocated between the investor (sixty cents),
20 **DOUGLAS NETWORK ENTERPRISES** (forty cents), and an escrow account purportedly
21 established by **DOUGLAS NETWORK ENTERPRISES** (fifty cents) for the purpose of
22 funding potential "buybacks", the term employed by sales agents to describe the repurchase
23 guarantee **DOUGLAS NETWORK ENTERPRISES** gave investors. Investors could have their
24 machines repurchased if, averaged over a calendar quarter, fewer than 89 transactions per month
25 took place on their units.
26



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

6 36. The "money voucher machine" investor had the contractual right to sell the
7 machines back to **DOUGLAS NETWORK ENTERPRISES** if *all the units owned by the*
8 *investor* did not average 89 transactions per month (if, put differently, they didn't receive an
9 average of \$53.40 per month on each \$4,000 investment). The service contract contained a
10 sliding schedule for the "buyback": if it occurred within 0-12 months of the purchase the investor
11 would receive 70% of the original purchase price; if it occurred within 13-24 months of the
12 purchase the investor would receive 80% of the original purchase price; if it occurred within 25-
13 36 months of the purchase the investor would receive 90% of the original purchase price; and if
14 it occurred within 37-39 months of the purchase the investor would receive 100% of the original
15 purchase price.

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

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

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

24 39. **RUTTENBERG AND ASSOCIATES MVP** received a commission of twenty
25 percent (20%) for each "money voucher machine" sold, from which it compensated its sales
26 agents. As sales agents received a commission of between twelve (12%) and sixteen (16%) per

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1 machine sold, **RUTTENBERG AND ASSOCIATES MVP** earned between one hundred sixty
2 dollars (\$160.00) and three hundred twenty dollars (\$320.00) per sale.

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

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

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

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

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

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

3 46. To begin the process of selling "money voucher machines" to investors,
4 **RUTTENBERG AND ASSOCIATES MVP**'s sales agents contacted individuals that they had
5 previously sold insurance to and that were in retirement - the type of client that would likely
6 have their savings in certificates of deposit or other cash equivalents - and asked them if they
7 would like to get a higher return than banks offered while maintaining the safety of their money.
8 If they received a reply in the affirmative, the sales agent asked to meet with them in their home
9 to discuss an "investment of \$4,000 that produces monthly income."

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

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

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

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

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

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

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

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

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

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

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

25 57. Respondents, as part of the process of selling the **UNLIMITED CASH** and
26 **DOUGLAS NETWORK ENTERPRISES** "money voucher machine" investment program to



1 members of the public through sales agents, represented to investors that the "money voucher
2 machine" program was a safe investment.

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

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

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

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

22 62. Respondents, as part of the process of selling the **UNLIMITED CASH** and
23 **DOUGLAS NETWORK ENTERPRISES** "money voucher machine" investment program to
24 members of the public through sales agents, failed to inform investors that in the event that the
25 money voucher machines failed in the marketplace for lack of public appeal or because of newer,
26 less expensive technologies and there were, as a result, an insufficient number of transactions for

1 money voucher machines to produce the revenue to make monthly payments, all investors might
2 attempt to sell their "money voucher machines" back at the same time. In that event, there
3 would be insufficient funds to engage in the guaranteed "buybacks."

4 63. Respondents, as part of the process of selling the **UNLIMITED CASH** and
5 **DOUGLAS NETWORK ENTERPRISES** "money voucher machine" investment program to
6 members of the public through sales agents, failed to inform investors that **DOUGLAS**
7 **NETWORK ENTERPRISES**, an allegedly independent entity, was controlled by and/or was a
8 subsidiary of **UNLIMITED CASH**, and that the CEO of **DOUGLAS NETWORK**
9 **ENTERPRISES** was an employee of **UNLIMITED CASH**.

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

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

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

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1 **Part Five: The "Ad Topper" Program**

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

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

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

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

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

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

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

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

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

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

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

25 78. **DOUGLAS NETWORK ENTERPRISES** assured "ad topper" investors of a
26 minimum return of \$54.00 per month per unit, and held out the possibility of a much higher



1 amount: for every additional ad "placed" on that particular investor's "ad topper" machine the
2 investor would be paid an extra five dollars (\$5.00). **DOUGLAS NETWORK ENTERPRISES**
3 and **UNLIMITED CASH** heavily touted the minimum sixteen percent (16%) return per annum.

4 79. The "ad topper" investor could, at the sole option of **DOUGLAS NETWORK**
5 **ENTERPRISES**, sell their machine back to **DOUGLAS NETWORK ENTERPRISES**. The
6 service contract contained a sliding schedule for the "buyback": if it occurred within 6-12
7 months of the purchase the investor would receive 50% of the original purchase price; if it
8 occurred within 13-24 months of the purchase the investor would receive 60% of the original
9 purchase price; if it occurred within 25-36 months of the purchase the investor would receive
10 75% of the original purchase price; and if it occurred within 37-39 months of the purchase the
11 investor would receive 100% of the original purchase price.

12 **Part Six: The "Ad Topper" Program Sales Process**

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

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

24 82. **BOEDEKER** received a commission of twenty percent (20%) from **UNLIMITED**
25 **CASH** for each "ad topper" machine he sold, which amounted to eight hundred dollars (\$800.00)



1 per unit. In addition, **DOUGLAS NETWORK ENTERPRISES** paid **BOEDEKER** five dollars
2 (\$5.00) per month for every "ad topper" he had ever sold that it operated on investors' behalf.

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

5 84. **UNLIMITED CASH** provided **BOEDEKER** with written sales materials to pass on
6 to potential investors. The materials, filled with generalized sales slogans, were devoid of any
7 substantial information relating to the operating history, management experience, financial
8 status, or nature of competition in the industry in which **UNLIMITED CASH** and **DOUGLAS**
9 **NETWORK ENTERPRISES** operated in.

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

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

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

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

21 89. Once he was face to face with prospective investors, **BOEDEKER** made sunny
22 comments about the "ad topper" machine investment. **BOEDEKER** noted the cost of each unit
23 and heavily emphasized the sixteen percent (16%) return **UNLIMITED CASH** and **DOUGLAS**
24 **NETWORK ENTERPRISES** offered investors. He asserted that there was a thirty day period
25 after the purchase for the investor to change their mind, and stated that the investment was for a
26



1 three year period, after which the investor had the right to sell the "ad topper" machine back to
2 **UNLIMITED CASH** (in point of fact, no such right was contained in the applicable contract).

3 90. **UNLIMITED CASH** instructed **BOEDEKER** to tell prospective investors that the
4 "ad topper" machine investment program was a "business opportunity" and not an investment.
5 He did not heed their instructions.

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

9 92. At the conclusion of his presentation, **BOEDEKER** gave investors an **UNLIMITED**
10 **CASH** "Ad Topper Information Sheet" which noted that "[t]he income potential is very
11 lucrative today! With just one ad you receive \$54.00 per month, \$648 each year. Your yearly
12 return base is 16% and your income potential (sic) can even go higher over the next three to
13 five years. As new ads are sold and placed on the unit you receive \$5.00 a month more. Your
14 monthly return rate may go up and down over the next three to five years as advertisers may
15 come and go, but your base return rate will not be less than (sic) 16% return."

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

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

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

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



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

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

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

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

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



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

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

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

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

23 111. Respondents failed to inform investors that **DOUGLAS NETWORK**
24 **ENTERPRISES**, an allegedly independent entity, was controlled by and/or was a subsidiary of
25 **UNLIMITED CASH**, and that the CEO of **DOUGLAS NETWORK ENTERPRISES** was an
26 employee of **UNLIMITED CASH**, which was an untrue statement of a material fact and/or an



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

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

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

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

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

22 116. Respondents failed to provide investors with a detailed description of the
23 management background and "ad topper" industry operating experience of executives of
24 **UNLIMITED CASH** and **DOUGLAS NETWORK ENTERPRISES**, which was an untrue
25 statement of a material fact and/or an omission to state a material fact necessary in order to make
26



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

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

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

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

18 ORDER

19 Therefore, the Director **ORDERS**

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

23 121. That Respondent **UNLIMITED CASH** is ordered to pay the sum of **ONE**
24 **HUNDRED THOUSAND DOLLARS** (\$100,000.00) as a civil penalty for violations of ORS
25 59.055, ORS 59.135, and ORS 59.165 described herein.



1 122. That Respondent **FLESHER** is ordered to pay the sum of **FIFTY THOUSAND**
2 **DOLLARS** (\$50,000.00) as a civil penalty for violations of ORS 59.055, ORS 59.135, and ORS
3 59.165 described herein.

4 123. That Respondent **DOUGLAS NETWORK ENTERPRISES** is ordered to pay
5 the sum of **ONE HUNDRED THOUSAND DOLLARS** (\$100,000.00) as a civil penalty for
6 violations of ORS 59.055, ORS 59.135, and ORS 59.165 described herein.

7 124. That Respondent **KHALIAL** is ordered to pay the sum of **FIFTY THOUSAND**
8 **DOLLARS** (\$50,000.00) as a civil penalty for violations of ORS 59.055, ORS 59.135, and ORS
9 59.165 described herein.

10 125. That Respondent **RUTTENBERG AND ASSOCIATES, MVP** is ordered to pay
11 the sum of **SEVENTY FIVE THOUSAND DOLLARS** (\$75,000.00) as a civil penalty for
12 violations of ORS 59.055, ORS 59.135, and ORS 59.165 described herein.

13 126. That Respondent **RUTTENBERG** is ordered to pay the sum of **FIFTY**
14 **THOUSAND DOLLARS** (\$50,000.00) as a civil penalty for violations of ORS 59.055, ORS
15 59.135, and ORS 59.165 described herein.

16 127. That Respondent **GEBAROWSKI** is ordered to pay the sum of **TWENTY FIVE**
17 **THOUSAND DOLLARS** (\$25,000.00) as a civil penalty for violations of ORS 59.055, ORS
18 59.135, and ORS 59.165 described herein.

19 128. That Respondent **COVELLI** is ordered to pay the sum of **TWENTY FIVE**
20 **THOUSAND DOLLARS** (\$25,000.00) as a civil penalty for violations of ORS 59.055, ORS
21 59.135, and ORS 59.165 described herein.

22 129. That Respondent **BOEDEKER** is ordered to pay the sum of **FIFTY**
23 **THOUSAND DOLLARS** (\$50,000.00) as a civil penalty for violations of ORS 59.055, ORS
24 59.135, and ORS 59.165 described herein.

25 130. That Respondents are hereby prohibited from applying for an Oregon securities
26 license for a period of ten (10) years.

1 131. That Respondents are hereby denied the use of any exemptions contained in ORS
2 59.025 and ORS 59.035, until further order of the Director.

3
4 Dated this 16th day of March, 2006 NUNC PRO TUNC August 8, 2005 at Salem, Oregon.

5
6 CORY STREISINGER, Director
7 Department of Consumer and Business Services

8 

9 David C. Tatman, Acting Administrator
10 Division Of Finance And Corporate Securities
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18
19
20

21 Division of Finance and Corporate Securities
22 Labor and Industries Building
23 350 Winter Street NE, Suite 410
24 Salem, OR 97301-3881
25 Telephone: (503) 378-4387
26



**Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387**

2 Respondents **UNLIMITED CASH, INC.** and **WAYNE FLESHER** state that they have
3 read the foregoing Order and fully understand the contents thereof; that they have been advised
4 of their right to a hearing and of their right to be represented by counsel at any such hearing; that
5 they, voluntarily, and without any force or duress, consent to the entry of this Order, expressly
6 waiving any right to a hearing in this matter; that they understand that the Director reserves the
7 right to take further actions to enforce this Order or to take appropriate action upon discovery of
8 other violations of the Oregon Securities Laws; and that they will fully comply with the terms
9 and conditions stated herein.

10 Respondents further assure the Director that **UNLIMITED CASH, INC., WAYNE**
11 **FLESHER**, and its employees or independent contractors, if any, will not engage in securities
12 transactions in Oregon unless such activities are in full compliance with Chapter 59 of the
13 Oregon Revised Statutes.

14 Respondents understand that this Consent Order is a public document.

15 Dated this 8 day of March, 2006.

17 For **UNLIMITED CASH, INC.:**

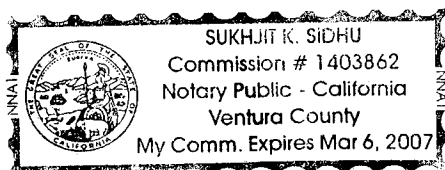
18 I, **WAYNE FLESHER**, represent that I have been authorized by **UNLIMITED CASH, INC.** to
enter into this Order for and on behalf of **UNLIMITED CASH, INC.**

Dated this 8 day of March, 2006.

UNLIMITED CASH/INC.

By William F. H.

Title: FRENCH



SUKHJIT K. SIDHU
(Printed Name of Notary Public)
Notary Public Sukhjit K. Sidhu
for the State of: CA
My commission expires: 3-6-07

1 **CONSENT TO ENTRY OF ORDER**

2 Respondents **DOUGLAS NETWORK ENTERPRISES, INC.** and **NANCY**
3 **KHALIAL** state that they have read the foregoing Order and fully understand the contents
4 thereof; that they have been advised of their right to a hearing and of their right to be represented
5 by counsel at any such hearing; that they, voluntarily, and without any force or duress, consent to
6 the entry of this Order, expressly waiving any right to a hearing in this matter; that they
7 understand that the Director reserves the right to take further actions to enforce this Order or to
8 take appropriate action upon discovery of other violations of the Oregon Securities Laws; and
9 that they will fully comply with the terms and conditions stated herein.

10 Respondents further assure the Director that **DOUGLAS NETWORK ENTERPRISES,**
11 **INC., NANCY KHALIAL,** and its employees or independent contractors, if any, will not
12 engage in securities transactions in Oregon unless such activities are in full compliance with
13 Chapter 59 of the Oregon Revised Statutes.

14 Respondents understand that this Consent Order is a public document.

15 Dated this 8th day of March, 2006.

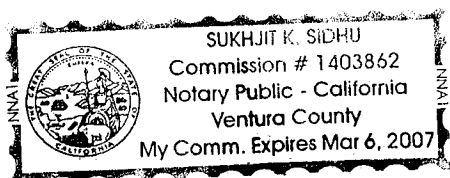
16
17 For **DOUGLAS NETWORK ENTERPRISES, INC.:**

18 I, **NANCY KHALIAL**, represent that I have been authorized by **DOUGLAS NETWORK**
19 **ENTERPRISES, INC.** to enter into this Order for and on behalf of **DOUGLAS NETWORK**
20 **ENTERPRISES, INC.**

21 Dated this 8th day of March, 2006.

22 **DOUGLAS NETWORK ENTERPRISES, INC.**

23 By: Nancy Khalial
24 Title: President



SUKHJIT K. SIDHU
(Printed Name of Notary Public)
Notary Public Sukhjit K. Sidhu
for the State of: CA
My commission expires: 3-6-07

