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: **CHARLES V. POWNALL, and** **KOVERT SOFT TECHNOLOGIES, INC.** **Respondents.**	**S-05-0089** **FINAL ORDER TO CEASE AND DESIST, DENYING EXEMPTIONS, AND ASSESSING CIVIL PENALTIES ENTERED BY DEFAULT AGAINST CHARLES V. POWNALL and KOVERT SOFT TECHNOLOGIES, INC.**

WHEREAS, on July 3, 2006 the Director issued Administrative Order No. S-05-0089 to **CEASE AND DESIST, DENYING EXEMPTIONS, AND ASSESSING CIVIL PENALTIES AND NOTICE OF RIGHT TO CONTESTED CASE HEARING** against Respondents **CHARLES V. POWNALL and KOVERT SOFT TECHNOLOGIES, INC.**

WHEREAS, on July 21, 2006 Respondents **CHARLES V. POWNALL and KOVERT SOFT TECHNOLOGIES, INC.** were duly served with a true copy of the Order and Notice by certified United States Mail (Item #7004 1350 0000 5019 4586), postage prepaid, and addressed to Charles V. Pownall at the following last known address: 1800 Highway 50 East, #208, Carson City, Nevada 89706. This mailing was returned by the Post Office marked "Return to Sender, Not Deliverable as Addressed, Unable to Forward."

WHEREAS, on July 21, 2006 Respondents **CHARLES V. POWNALL and KOVERT SOFT TECHNOLOGIES, INC.** were duly served with a true copy of the Order and Notice by certified United States Mail (Item #7004 1350 0000 5019 4609), postage prepaid, and addressed to Charles V. Pownall at the following last known address: 4263

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

Furgerson Ranch Road, Carson City, Nevada 89701. This mailing was returned by the Post Office marked "Return to Sender, Unable to Forward."

WHEREAS, on July 21, 2006 Respondents **CHARLES V. POWNALL and KOVERT SOFT TECHNOLOGIES, INC.** were duly served with a true copy of the Order and Notice by certified United States Mail (Item #7004 1350 0000 5019 4593), postage prepaid, and addressed to Charles V. Pownall at the following last known address: P.O. Box 21109, Carson City, Nevada 89701. This mailing was returned by the Post Office marked "Box Closed, Unable to Forward, Return to Sender."

WHEREAS, on July 26, 2006 Respondents **CHARLES V. POWNALL and KOVERT SOFT TECHNOLOGIES, INC.** were duly served with a true copy of the Order and Notice by first class United States Mail, postage prepaid, and addressed to Charles V. Pownall at the following last known address: 1800 Highway 50 East, #208, Carson City, Nevada 89706. This mailing was not returned.

WHEREAS, on July 26, 2006 Respondents **CHARLES V. POWNALL and KOVERT SOFT TECHNOLOGIES, INC.** were duly served with a true copy of the Order and Notice by first class United States Mail, postage prepaid, and addressed to Charles V. Pownall at the following last known address: 4263 Furgerson Ranch Road, Carson City, Nevada 89701. This mailing was not returned.

WHEREAS, on July 26, 2006 Respondents **CHARLES V. POWNALL and KOVERT SOFT TECHNOLOGIES, INC.** were duly served with a true copy of the Order and Notice by first class United States Mail, postage prepaid, and addressed to Charles V. Pownall at the following last known address: P.O. Box 21109, Carson City, Nevada 89701. This mailing was returned by the Post Office marked "Box Closed, Unable to Forward, Return to Sender."

NOW THEREFORE, after consideration of the Investigation Report and accompanying exhibits submitted in this matter by Chris Aldrich, Enforcement Investigator,

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

the Director, aware that the period of time for these Respondents to request a hearing has passed, hereby issues the following Findings of Fact, Conclusions of Law, and Final Order, to wit:

FINDINGS OF FACT

The Director **FINDS** that:

1. Kovert Soft Technologies, hereinafter "KST," is a Nevada corporation formed on July 22, 1999 by Charles C. Pownall. KST's last known address is 4263 Furgerson Ranch Road, Carson City, Nevada 89701 and/or PO Box 21109, Carson City, Nevada 89721-1109.

2. Charles C. Pownall, hereinafter "Pownall," was, at all times pertinent to this Order, a resident of the State of Nevada and the President and CEO of KST. Pownall's last known address is 1800 Highway 50 East, #208, Carson City, Nevada 89706.

3. Between 2000 and 2003, at least three Oregon residents invested money in KST. The amounts invested and the names of the known investors are as follows:

a) Eugene C. Prehoda, Jr.	$30,000.00
b) James Prehoda	$20,000.00
c) Gordon Shadoan	$30,000.00

4. Pownall told James Prehoda and the other two Oregon investors that their money would be invested in a foreign exchange trading program, hereinafter "Forex." According to James Prehoda, Pownall told him that the Oregon investors, as individuals, did not have sufficient funds to invest directly in the Forex program, but that if they invested their money with KST, KST would pool their money with other investors and then invest in the Forex program(s) on their behalf. Pownall represented that KST's efforts to invest in the Forex program would result in profits for the investors.

5. In numerous correspondence between Pownall and Eugene Prehoda's attorney, Pownall refers to the money given to KST by the above individuals as going into an "investment

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account" or "investment program." These letters and faxes also refer to the money being placed in KST's "Banking" or "Trading" groups. An account statement provided by Pownall to Eugene Pownall's attorney, dated October 4, 2002, refers to a "trading period" ending February 1, 2002 ; describes the "trade group" as BNP Paribas, Credit Suisse and Loyd's Bank B-M and characterizes KST as the "trading agent."

6. A letter from Pownall to Eugene Prehoda's attorney accompanied the "account statement" mentioned in paragraph 5. In this letter, Pownall characterizes the money KST received from Eugene Pownall as "principal invested with Kovert Soft Technologies," and notes that the account statement shows "earnings on the invested principal."

7. Investors expected to make a profit through Pownall's and KST's Forex investments.

8. The investors played a passive role in the generation of profits. They relied entirely on the efforts of Pownall and KST to generate profits.

9. Investigator Chris Aldrich, hereinafter "Aldrich," with the Division of Finance and Corporate Securities discussed this matter with Pownall several times, both telephonically and via e-mail.

10. In the communications noted in paragraph 9, Pownall confirmed the investments made by the Prehodas and Shadoan. He also noted, correctly, that he had made periodic payments to Oregon investors, but that he still owed each Oregon investor thousands of dollars.

11. Pownall told Aldrich several times that he or KST would be returning the principal amounts invested to the Oregon investors, beginning with periodic payments that were to start in August 2005 and be completed by December 31, 2005. No payments were ever made.

12. DFCS efforts to contact Pownall and KST since August 2005 have not been successful. Neither Pownall nor KST has responded to phone messages or e-mails.

13. The investments offered by Pownall and KST were not registered with the Director of the Department of Consumer and Business Services.

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14. Neither Pownall nor KST is or ever has been licensed to sell securities in the State of Oregon.

CONCLUSIONS OF LAW

The Director **CONCLUDES** that:

1. The investments offered and sold by Pownall and KST are investment contracts and are therefore securities under ORS 59.015 (19)(a).

2. Pownall and KST sold securities in the State of Oregon without being licensed to do so, in violation of ORS 59.165(1).

3. Pownall and KST sold unregistered securities in the State of Oregon in violation of ORS 59.055.

ORDER

The Director, pursuant to ORS 59.245 hereby **ORDERS** that Respondents Charles Pownall and KST, their agents and employees and any successor business or corporation, shall **CEASE and DESIST** from violating any provision of the Oregon Securities Laws, ORS Chapter 59 and OAR Chapter 441.

2. The Director, pursuant to ORS 59.995, hereby **ORDERS** that Respondent Charles V. Pownall shall pay **CIVIL PENALTIES** as follows:

a) **$20,000.00** for violating ORS 59.165 (1) and ORS 59.055 in connection with the sale of securities to Eugene C. Prehoda, Jr.

b) **$20,000.00** for violating ORS 59.165 (1) and ORS 59.055 in connection with the sale of securities to James Prehoda.

c) **$20,000.00** for violating ORS 59.165 (1) and 59.055 in connection with the sale of securities to Gordon Shadoan.

Total Civil Penalty: $60,000.00

3. Pursuant to ORS 59.045 (2) respondents Charles V. Pownall and Kovert Soft Technologies are **DENIED** the use of any exemptions that would otherwise be available to

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them under ORS 59.025 and ORS 59.035 regarding securities and transactions exempt from the registration requirements of the Oregon Securities Law.

Dated this 12th day of October, NUNC PRO TUNC July 3, 2006 at Salem, Oregon.

CORY STREISINGER, DIRECTOR
DEPARTMENT OF CONSUMER & BUSINESS SERVICES

David Tatman, Administrator
Division of Finance and Corporate Securities

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
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