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2 **STATE OF OREGON**
3 **DEPARTMENT OF CONSUMER AND BUSINESS SERVICES**
4 **DIVISION OF FINANCE AND CORPORATE SECURITIES**

5 **BEFORE THE DIRECTOR OF THE DEPARTMENT**
6 **OF CONSUMER AND BUSINESS SERVICES**

7 **In the Matter of:**

S-07-0022

8 **ELDER RESEARCH CORPORATION,**
9 **an Oregon corporation; RONALD R.**
10 **ELDER, an individual; and RITA M.**
11 **ELDER, an individual,**

ORDER TO CEASE AND DESIST,
ORDER ASSESSING CIVIL
PENALTY AND CONSENT TO
ENTRY OF ORDER

12 **Respondents.**

13 **WHEREAS** the Director of the Department of Consumer and Business Services for
14 the State of Oregon (hereinafter "the Director") has conducted an investigation of ELDER
15 RESEARCH CORPORATION (hereafter "ERC"), RONALD R. ELDER ("RONALD
16 ELDER") and RITA M. ELDER ("RITA ELDER"), and has determined that ERC, RONALD
17 ELDER and RITA ELDER have engaged in activities constituting violations of provisions of
18 the Oregon Securities Law, ORS 59.005 et seq. (hereinafter "the Oregon Securities Law");
19 and

20 **WHEREAS** ERC, RONALD ELDER and RITA ELDER wish to resolve and settle
21 this matter with the Director;

22 **NOW THEREFORE**, as evidenced by the authorized signatures subscribed on this
23 Order, ERC, RONALD ELDER and RITA ELDER hereby **CONSENT** to entry of this Order
24 upon the Director's Findings of Fact and Conclusions of Law as stated hereinafter.

25 **FINDINGS OF FACT**

26 The Director **FINDS** that:

1. ELDER RESEARCH CORPORATION is an Oregon corporation formed on
May 17, 1999. According to the records of the Oregon Secretary of State's Business
Registry, RONALD ELDER is the president of ERC and RITA ELDER is secretary. The





1 corporation's principal place of business is 1043 "F" Street, Springfield, Oregon 97477.

2 2. RONALD ELDER and RITA ELDER, husband and wife, are Oregon residents
3 currently residing at 1043 "F" Street, Springfield, Oregon 97477.

4 3. Beginning in 1999, RONALD ELDER promoted a plan to raise money for the
5 building of a prototype of a commercially viable rotary Stirling engine, a type of external
6 combustion engine.

7 4. In the period 1999 to 2004, RONALD ELDER solicited members of his church
8 association to make investments in ERC. At least one Oregon resident purchased ERC stock
9 from RONALD ELDER and RITA ELDER in the period 1999 through 2004.

10 5. ERC published and distributed to prospective investors a business plan dated
11 June 2003. The business plan contained a number of false statements or omissions of
12 statements that would have assisted investors in determining whether to invest money in ERC,
13 to wit: RONALD ELDER's education, background, and work experience was described only
14 in general terms and his lack of engineering experience was not disclosed; RONALD ELDER
15 brought his son David Elder on staff of ERC to act "in the capacity of Chief Engineer"
16 although David Elder was not an engineer and the business plan failed to disclose that David
17 Elder had a criminal record; the business plan characterized Michael T. Barrett as having
18 earned a J.D. from Willamette College of Law and that he filed the post of "general advisor
19 and security chief to ERC" but the business plan failed to disclose that Michael T. Barrett was
20 acting as corporate counsel after having been disbarred by the Oregon State Bar; the business
21 plan characterized Scott Dorry as a "process engineer" even though he, like David Elder, was
22 not an engineer; the business plan contained a statement that the Elder engine could replace
23 the internal combustion engine without providing any substantiation to that claim; and the
24 business plan omitted any discussion of the previous attempts to develop a Stirling engine by
25 others with the results indicating that the design was not commercially practical for
26 widespread use to power vehicles or otherwise replace the internal combustion engine. These

1 facts were material and should have been disclosed to investors in ERC before any money
2 changed hands.

3 CONCLUSIONS OF LAW

4 The Director **CONCLUDES** that:

5 6. The ERC stock sold by RONALD ELDER and RITA ELDER is a security as
6 defined in ORS 59.015(19).

7 7. ERC, RONALD ELDER and RITA ELDER omitted to state material facts to
8 investors about the background of RONALD ELDER, David Elder, Michael T. Barrett and
9 Scott Dorry. These omissions were in violation of ORS 59.135.

10 8. ERC, RONALD ELDER and RITA ELDER omitted to state material facts to
11 investors about the background of prior efforts to produce a commercially viable rotary style
12 Stirling engine. These omissions were in violation of ORS 59.135.

13 ORDER

14 9. The Director, pursuant to ORS 59.245, hereby **ORDERS** that ELDER
15 RESEARCH CORPORATION ("ERC"), RONALD R. ELDER ("RONALD ELDER") and
16 RITA M. ELDER ("RITA ELDER"), and any successor business entity owned, operated or
17 under the control of RONALD ELDER or RITA ELDER, shall **CEASE and DESIST** from:

18 A. Selling securities without a license in violation of Oregon Securities Law;

19 B. Selling unregistered securities in the State of Oregon in violation of Oregon
20 Securities Law; and

21 C. Violating any provision of the Oregon Securities Law, including provisions of
22 ORS chapter 59 and OAR chapter 441.

23 The Director, pursuant to ORS 59.995, **HEREBY ORDERS** assessment of the
24 following **CIVIL PENALTIES**:

25 10. ERC, RONALD ELDER and RITA ELDER, and any successor business entity
26 owned, operated or under the control of RONALD ELDER or RITA ELDER, shall be denied





1 the use of any securities licensing or registration exemption contained in the Oregon
2 Securities Law, ORS chapter 59 and OAR chapter 441.

3 11. ERC, RONALD ELDER and RITA ELDER, jointly and severally, are
4 assessed a **CIVIL PENALTY** of ten thousand dollars (\$10,000) for violation of ORS 59.135
5 (omitting to make statements of material fact in not disclosing the backgrounds of RONALD
6 ELDER, David Elder, Michael T. Barrett and Scott Dorry and in not disclosing the failed
7 attempts of others to produce a commercially viable rotary style Stirling engine).

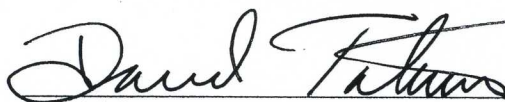
8 12. The Director **SUSPENDS** payment of the civil penalty assessed against
9 Respondents ERC, RONALD ELDER and RITA ELDER for a period of five years. If, in the
10 five-year period following the date of this Order, ERC, RONALD ELDER or RITA ELDER
11 violate this Order, any provision of the Oregon Securities Law, ORS chapter 59, OAR chapter
12 441, or any rule, order, or policy issued by the Division, the suspended portion of the assessed
13 civil penalty will become immediately due and payable. If RONALD ELDER and RITA
14 ELDER do not violate this Order, the Oregon Securities Law, ORS chapter 59, OAR chapter
15 441, or any rule, order, or policy issued by the Division within five years from the date of the
16 Order, the suspended portion of the civil penalty is waived.

17 13. Respondents RONALD ELDER and RITA ELDER agree to provide their full
18 cooperation and assistance to the Director in any further investigations of allegations of the
19 Oregon Securities Law arising from or related to this matter.

20 14. The entry of this Order in no way limits further remedies which may be
21 available to the Director under Oregon law.

22 Dated this 11th day of NOVEMBER, 2007 at Salem, Oregon.

23 CORY STREISINGER, Director
24 Department of Consumer and Business Services

25 
26 David C. Tatman, Administrator
Division of Finance and Corporate Securities



CONSENT TO ENTRY OF ORDER
(for Ronald R. Elder individually)

I, Ronald R. Elder, state that I am a resident of the State of Oregon, that I have read the foregoing Order and that I know and fully understand the contents hereof; that I execute this Consent as a settlement of the matter referred to in the Order, without admitting or denying the factual allegations stated herein; that I 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; and that I will fully comply with the terms and conditions stated herein.

I further assure the Director that I will not engage in the activities of a securities broker dealer or investment adviser, or act as a salesperson for either of these unless such activities are in full compliance with chapter 59 of the Oregon Revised Statutes and chapter 441 of the Oregon Administrative Rules.

I understand that this Consent Order is a public document.

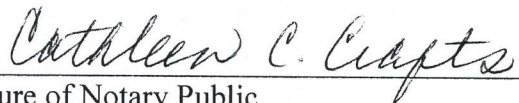
Dated this 8 day of November, 2007.



Ronald R. Elder

SUBSCRIBED AND SWORN to before me this 8 day of November, 2007.





Signature of Notary Public

My commission expires: 1-20-2009

CONSENT TO ENTRY OF ORDER
(for Rita M. Elder individually)

I, Rita M. Elder, state that I am a resident of the State of Oregon, that I have read the foregoing Order and that I know and fully understand the contents hereof; that I execute this Consent as a settlement of the matter referred to in the Order, without admitting or denying the factual allegations stated herein; that I voluntarily consent to the entry of this Order

1 without any force or duress, expressly waiving any right to a hearing in this matter; that I
2 understand that the Director reserves the right to take further actions against me to enforce
3 this Order or to take appropriate action upon discovery of other violations of the Oregon
4 Securities Law by me; and that I will fully comply with the terms and conditions stated
5 herein.

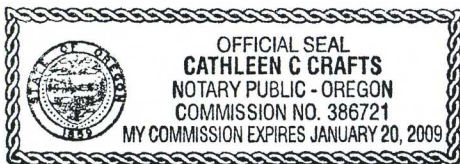
6 I further assure the Director that I will not engage in the activities of a securities
7 broker dealer or investment adviser, or act as a salesperson for either of these unless such
8 activities are in full compliance with chapter 59 of the Oregon Revised Statutes and chapter
9 441 of the Oregon administrative Rules.

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

11 Dated this 8 day of November, 2007.

12 Rita M. Elder
Rita M. Elder

13 SUBSCRIBED AND SWORN to before me this 8 day of November, 2007.



16 Cathleen C. Crafts
Signature of Notary Public

17 My commission expires: 1-20-2009

18 **CORPORATE STIPULATION TO ENTRY OF ORDER**
(for Elder Research Corporation)

19 I, Ronald R. Elder, state that I am an officer of Elder Research Corporation ("ERC");
20 that I am authorized to act on its behalf; that I have read the foregoing Order and that I know
21 and fully understand the contents hereof; that ERC and I have been advised of the right to a
22 hearing; that ERC has been represented by counsel in this matter; that ERC, voluntarily and
23 without any force or duress, consents to the entry of this Order, without admitting or denying
24 the factual allegations stated herein, expressly waiving any right to a hearing in this matter;
25 that ERC understands that the Director reserves the right to take further actions to enforce this
26 Order or to take appropriate action upon discovery of other violations of the Oregon laws

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1 governing debt consolidating agencies; and that ERC will fully comply with the terms and
2 conditions stated herein.

3 ERC further assures the Director that neither ERC nor its officers, directors,
4 employees or agents will effect securities transactions in Oregon unless such activities are in
5 full compliance with the terms of this Order and with chapter 59 of the Oregon Revised
6 Statutes and chapter 441 of the Oregon Administrative Rules.

7 ERC understands that this Consent Order is a public document.

8 Dated this 8 day of November, 2007.

9 ELDER RESEARCH CORPORATION

10 By: Ronald R. Elder
11 Ronald R. Elder

12 President
Office Held

13 **CORPORATE ACKNOWLEDGMENT**

14 There appeared before me this 8 day of November, 2007, Ronald
15 R. Elder, who was first duly sworn on oath, and stated that he was and is an officer of Elder
16 Research Corporation ("ERC"), and that he is authorized and empowered to sign this Order
17 on behalf of ERC, and to bind ERC to the terms hereof.



21 Cathleen C. Crafts
Signature of Notary

22 My commission expires: 1-20-2009

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25 ///

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