STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCE AND CORPORATE SECURITIES

BEFORE THE DIRECTOR OF THE DEPARTMENT
OF CONSUMER AND BUSINESS SERVICES

In the Matter of:	Case No. S-11-0107
JOHN MICHAEL GRISHKIN, Respondent.	ORDER TO CEASE AND DESIST, ORDER DENYING SECURITIES EXEMPTIONS, AGREEMENT NOT TO APPLY FOR FINANCE INDUSTRY RELATED LICENSE OR REGISTRATION, ORDER ASSESSING CIVIL PENALTIES AND CONSENT TO ENTRY OF ORDERS

WHEREAS the Director of the Department of Consumer and Business Services (hereinafter, the "Director") has conducted an investigation into certain business activities of JOHN MICHAEL GRISHKIN ("Respondent" or "Grishkin"); and

WHEREAS the Director has determined that Respondent engaged in activities constituting violations of provisions of ORS 59.005 to 59.451, 59.991 and 59.995 (hereinafter referred to as "the Oregon Securities Law"); and

WHEREAS Respondent neither admits nor denies the Findings of Fact or Conclusions of Law contained herein, but wishes to resolve and settle this matter with the Director by entering into this Order to Cease and Desist and Consent to Entry of Orders ("Consent Order"), which is evidenced by the authorized signatures subscribed below;

NOW THEREFORE, the Director enters the following Findings of Fact, Conclusions of Law and Orders.

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350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

FINDINGS OF FACT

The Director FINDS that:

1. Grishkin is an Oregon resident and was so at all times relevant to this Consent Order.

2. The individual identified herein with the initials "AFE" was, at all times relevant to this matter, an Oregon resident.

3. SJS Development, LLC ("SJS") is an Oregon limited liability company formed in March 2006. Grishkin is the managing member and control person of the company. The business purpose of the company is to purchase and develop real property.

4. On or about March 2008, AFE invested $20,000 with SJS in a purported real property development in Columbia County, Oregon. Grishkin and SJS promised AFE an annual return of 15 percent and the return of her initial investment in 30 days. In exchange for her funds, AFE received a promissory note and security agreement. AFE's initial investment was not returned in 30 days and she was paid only token amounts for interest.

5. After the initial 30 days had lapsed, Grishkin did not pay AFE's principal or interest. Grishkin continued to roll over AFE's investment, telling her that her initial $20,000 investment continued to grow in value. Grishkin would meet periodically with AFE. He either gave AFE the impression that her investment was continuing to grow in value or he did nothing to provide AFE with a more realistic appraisal of the value of her investment.

6. In June 2008, after complaining to Grishkin about the loss of her investment and threatening to take legal action, Grishkin provided AFE with a check for $3,000 purporting to be an interest payment from SJS. The check, drawn on a bank account for another limited liability company run by Grishkin, BJT Developments, LLC, was

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dishonored by the bank when AFE deposited it.

7. AFE was not required to engage in any activities for SJS, business or operational, in conjunction with her investment in SJS. The return on AFE's investment was to be realized solely through the managerial efforts of Grishkin and other members or employees of SJS in purchasing and reselling real property.

8. At one point, Grishkin provided AFE with a form entitled "Claim of Construction Lien" in which it appeared that Grishkin was acknowledging that AFE had a lien on an SJS-owned property in Columbia County, Oregon. In actuality, AFE had no such interest in the Columbia County property and the "Claim of Construction Lien" had no monetary value for AFE.

9. In offering the "Claim of Construction Lien" to AFE as valuable consideration or as collateral for her continued investment in SJS when the claim was worthless, Grishkin made an untrue statement concerning a material fact or omitted to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

10. AFE's investment of $20,000 has never been returned to her by Grishkin or SJS.

11. At no time relevant to this matter was Grishkin licensed to sell securities in Oregon pursuant to ORS chapter 59.

12. At no time relevant to this matter did Grishkin or SJS register any securities for sale in Oregon pursuant to ORS chapter 59.

CONCLUSIONS OF LAW

The Director CONCLUDES that:

13. The interest in SJS described in this Order that was offered and sold by Respondent to AFE meets the definition of an "investment contract" in Oregon and therefore is a "security" as defined under ORS 59.015(19)(a).

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14. At all times material herein, Respondent "controlled" SJS as that term is defined under ORS 59.015(2) because he possessed, directly or indirectly, the power to direct or cause the direction of the management and policies of SJS.

15. The security offered and sold by Respondent to AFE was not registered with the Director for offer or sale in Oregon in violation of ORS 59.055.

16. Respondent acted as a securities "salesperson" as defined in ORS 59.015(18)(a), by representing or purporting to represent an issuer or owner of securities in effecting or attempting to effect in any manner transactions in securities.

17. Respondent transacted business in Oregon as a securities salesperson without a license under the securities laws in violation of ORS 59.165(1).

18. Respondent, directly or indirectly in connection with the purchase or sale of securities, made untrue statements of a material fact or omitted to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, in violation of ORS 59.135(2) including, but not limited to, the material misstatements and omissions Respondent made to AFE regarding the "Claim of Construction Lien."

ORDERS

Order to Cease and Desist

19. The Director, pursuant to his authority under ORS 59.245, hereby ORDERS Respondent to CEASE and DESIST from violating any provision of the Oregon Securities Law.

Order Denying Securities Exemptions

20. The Director, pursuant to his authority under ORS 59.045, hereby ORDERS that the use by Respondent personally, and/or any current or successor business, its subsidiaries or assigns, in which he would be deemed an owner, director, managing member or control person, of any exemptions to Oregon securities registration

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requirements authorized by ORS 59.025 and ORS 59.035 are hereby DENIED until further order of the Director, except that any party that is or may be subject to the denial of exemptions may request a "no-action" letter pursuant to ORS 59.285, ORS 183.310, and OAR 441-001-0040 promulgated thereunder.

Agreement Not to Apply for Finance Industry Related License or Registration

21. Respondent hereby agrees that he will not apply for, hold, or renew any license or registration required by the Director in Oregon, including, but not limited to, securities, mortgage lending and mortgage banking, insurance, or consumer finance licenses without the prior approval of the Director. The Director will review and act upon any future application or request for licensing or registration by Respondent according to the then-current law. The Director's approval of any such license or registration application or request shall not be unreasonably withheld.

22. Any denial by the Director of a "no-action" letter or a license or registration application is subject to a contested case hearing pursuant to ORS 59.295 and ORS chapter 183.

Order Assessing Civil Penalties

23. The Director, pursuant to his authority under ORS 59.995, may assess a CIVIL PENALTY of up to $20,000 for each violation of the Oregon Securities Law.

24. Pursuant to ORS 59.995, the Director hereby assesses Respondent CIVIL PENALTIES totaling $40,000 (forty thousand dollars) as follows:

A. Respondent is ordered to pay a CIVIL PENALTY of $10,000 (ten thousand dollars) for violation of ORS 59.055 as described herein;

B. Respondent is ordered to pay a CIVIL PENALTY of $10,000 (ten thousand dollars) for violation of ORS 59.165(1) as described herein; and

C. Respondent is ordered to pay a CIVIL PENALTY of $20,000 (twenty

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thousand dollars) for violation of ORS 59.135(2) as described herein.

Suspension and Waiver of the Civil Penalty

25. The Director agrees to SUSPEND the collection of the CIVIL PENALTY assessed herein providing that Respondent complies with all of the following terms and conditions:

A. Within 60 days of the date of this Order, Respondent will pay to AFE $20,000 in full restitution of the principal paid by her to Grishkin and SJS. Payment shall be made by certified check or money order and will be paid directly to AFE at an address to be provided to Respondent by the Division of Finance and Corporate Securities ("the Division").

B. Within 10 days of the date of mailing of the payment to AFE, Respondent shall provide the Division with proof satisfactory to the Division that the payment to AFE was timely made.

C. Comply with all terms and conditions set out in this Consent Order and commit no new violations of the Oregon Securities Law.

26. If Respondent complies with all of the terms and conditions set out in this order and commits no new violations of the Oregon Securities Law during the three-year period from the effective date of this Consent Order, the Director WAIVES the collection of the suspended CIVIL PENALTY assessed herein.

27. The Director reserves the right to immediately impose the suspended CIVIL PENALTY upon a determination that Respondent has violated any term of this Consent Order.

28. The Director reserves the right to take further action to enforce this Order or to take appropriate action upon discovery of new violations of the Oregon Securities

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Law that arise from facts and circumstances outside the scope of this Order.

IT IS SO ORDERED.

Dated this 12th day of December, 2011, at Salem, Oregon.

SCOTT L. HARRA, Acting Director
Department of Consumer and Business Services

/s/ David Tatman
David C. Tatman, Administrator
Division of Finance and Corporate Securities

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CONSENT TO ENTRY OF ORDER

I, John Michael Grishkin, state that I have read the foregoing Order and fully understand the contents thereof; that I have been advised of the right to a hearing and of the right to be represented by counsel at any such hearing; that I voluntarily and without any force or duress, consent to the entry of this Order, without admitting or denying the factual allegations and conclusions of law stated herein, expressly waiving any right to a hearing in this matter; that I understand the Director reserves the right to take further actions to enforce this Order or to take appropriate action upon discovery of other violations of the Oregon Securities Law that are outside the scope of this Order; and that I will fully comply with the terms and conditions stated herein.

I further assure the Director that I will not effect securities transactions in Oregon unless such activities are in full compliance with the terms of this Order and with the Oregon Securities Law and chapter 441 of the Oregon Administrative Rules promulgated thereunder.

I understand that this Consent Order is a public document.

/s/ John M Grishkin
John M. Grishkin

ACKNOWLEDGMENT

State of Oregon

County of Marion

Signed or attested before me on this 6th day of December, 2011 by John M. Grishkin.

/s/ Kenneth E Power
Signature of Notary Public

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