

1 DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
2 DIVISION OF FINANCE AND CORPORATE SECURITIES
3 SECURITIES SECTION
4 BEFORE THE DIRECTOR OF THE DEPARTMENT OF INSURANCE AND FINANCE
5 STATE OF OREGON

6 In the Matter of:) 0-93-0017
7)
8 STEVEN G. KENDALL;) ORDER TO CEASE AND DESIST,
9 CONTINENTAL ACCEPTANCE CORPORATION,) DENYING EXEMPTIONS,
10) ASSESSING CIVIL PENALTIES,
11) AND
12 Respondents.) CONSENT OF CONTINENTAL ACCEPTANCE
13 CORPORATION TO ENTRY OF ORDER

14 WHEREAS the Director of the Department of Consumer and Business Services
15 has conducted an investigation of STEVEN G. KENDALL (hereinafter "KENDALL") and
16 CONTINENTAL ACCEPTANCE CORPORATION (hereinafter "CONTINENTAL"), and has
17 determined that KENDALL and CONTINENTAL transacted securities business in the
18 State of Oregon in violation of ORS Chapter 59, The Oregon Securities Law; and

19 WHEREAS KENDALL wishes to resolve and settle this matter, and agrees to
20 conduct all future business in compliance with the statutory requirements of ORS
21 Chapter 59, The Oregon Securities Law;

22 NOW THEREFORE, as evidenced by the authorized signature subscribed on this
23 Order, KENDALL hereby consents to the entry of this Order:

24 FINDINGS OF FACT

25 The Director FINDS that:

26 1. At all times material herein, Respondent KENDALL was an Oregon
resident, whose address was 548 North 4th Street, Apt. A, Athena, Oregon.

2. At all times material herein, Respondent CONTINENTAL ACCEPTANCE
CORPORATION was an Oregon corporation, whose president and registered agent was
Respondent KENDALL and whose address was P.O. Box 716, Athena, Oregon.

KENDALL ORDER TO CEASE AND DESIST, DENYING EXEMPTIONS, ASSESSING CIVIL
PENALTIES, CONSENT OF CONTINENTAL ACCEPTANCE CORPORATION TO ENTRY OF ORDER
5588-ENF

PAGE 1

1 3. During October 1989, Oregon resident Linda Baird met with Respondent
2 KENDALL at Baird's home at 2212 Demaray Dr., Grants Pass, OR 97527. During that
3 meeting, Respondent KENDALL offered to Baird the opportunity to invest in
4 Respondent CONTINENTAL. In making the offer, KENDALL told Baird that there was
5 a 100% guarantee that Baird would receive the return of the principal of the
6 investment, and that Baird would receive 15% per annum interest on the
7 principal. As a result of Respondent KENDALL's offer, Baird invested \$30,000 in
8 Respondent CONTINENTAL.

9 4. The investment which Respondent KENDALL offered and sold to Baird as
10 set forth above was not at any time registered with the Securities Section for
11 sale in Oregon as a security.

12 5. In connection with Baird's investment of \$30,000 in Respondent
13 CONTINENTAL, Respondent KENDALL failed to tell Baird: (1) how the principal
14 would be guaranteed, (2) about the risk of loss of Baird's principal, (3)
15 information about Respondent CONTINENTAL, (4) that the money was going to be
16 placed in a general business account, and, (5) how the money was actually going
17 to be spent.

18 6. In connection with Baird's investment of \$30,000 in Respondent
19 CONTINENTAL, Respondent KENDALL made the following misstatements or
20 misrepresentations to Baird: (1) that the \$30,000 was being placed in an escrow
21 account, when in truth and in fact said account did not exist, and the money was
22 not placed into such an account; (2) that the money was going to be used to fund
23 student loans, when in truth and in fact it was not used to fund student loans;
24 and, (3) that CONTINENTAL or KENDALL had the ability to repay Baird's investment
25 pursuant to the guarantee.

26 7. On or before May 31, 1989, Respondent KENDALL contacted William and

**KENDALL ORDER TO CEASE AND DESIST, DENYING EXEMPTIONS, ASSESSING CIVIL
PENALTIES, CONSENT OF CONTINENTAL ACCEPTANCE CORPORATION TO ENTRY OF ORDER
5588-ENF**

PAGE 2

1 Donna Street of 46005 S.E. Wildcat Mtn. Dr., Sandy, OR 97055. During his
2 contacts with the Streets, KENDALL offered them an investment in Respondent
3 CONTINENTAL. KENDALL told the Streets that their investment would yield 15%
4 interest per annum, through reinvestment in securities. On May 31, 1989, the
5 Streets invested \$5,000 with Respondent CONTINENTAL.

6 8. In connection with the Streets' investment of \$5,000 in Respondent
7 CONTINENTAL, Respondent KENDALL failed to tell the Streets: (1) how the money
8 would be reinvested, (2) about the risk of loss of the Streets' principal, and,
9 (3) information about Respondent CONTINENTAL.

10 9. In connection with the Streets' investment of \$5,000 in Respondent
11 CONTINENTAL, Respondent KENDALL made the following misstatements or
12 misrepresentations to the Streets:

13 (1) that the money was being placed in a special thrift fund account, when in
14 truth and in fact it was not; (2) that the thrift fund account was an escrow
15 type saving account, when in truth and in fact the account did not exist; and,
16 (3) that the money would be available to them upon demand.

17 **CONCLUSIONS OF LAW**

18 The Director **CONCLUDES** that:

19 1. The investments sold by KENDALL to Linda Baird and to William and Donna
20 Street, as set forth in the Findings of Fact above, are securities under the
21 definition in ORS 59.015(17)(a).

22 2. Respondents KENDALL and CONTINENTAL, by making the statements and
23 omissions to Linda Baird as set forth in Findings of Fact # 5 and 6 above, and
24 to William and Donna Street as set forth in Findings of Fact #8 and 9 above,
25 violated ORS 59.135(2).

26 //

1 ORDER

2 The Director, pursuant to ORS 59.245 hereby **ORDERS** that Respondents shall
3 **CEASE AND DESIST** from:

- 4 1. Transacting business in the State of Oregon in violation of ORS 59.135.
- 5 2. Violating any of the provisions of ORS Chapter 59.

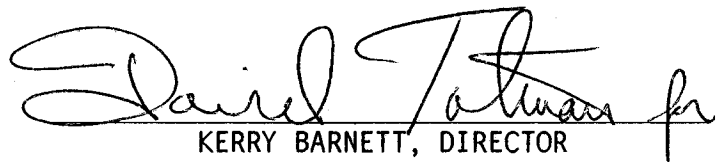
6 The Director, pursuant to ORS 59.045, hereby **DENIES THE USE OF ANY EXEMPTIONS** to
7 Respondents which would otherwise be available under ORS Chapter 59, except that
8 Respondent KENDALL may buy and sell securities under the exemption contained in
9 ORS 59.025(4) or (5) for his own account.

10 The Director, pursuant to ORS 59.995, hereby imposes **CIVIL PENALTIES** against
11 Respondents as follows:

12 Respondent KENDALL is hereby ordered to pay a civil penalty of \$1000 for
13 violations of ORS 59.135.

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

16 Dated this 22nd day of December, 1993, at Salem, Oregon.

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18 

KERRY BARNETT, DIRECTOR
DEPARTMENT OF CONSUMER
AND BUSINESS SERVICES

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22 **CONSENT TO ENTRY OF ORDER**

23 I, Steven G. Kendall, state that I am president of Continental Acceptance
24 Corporation and I am authorized to act on its behalf; that I have read the
25 foregoing Order and that I know and fully understand that contents hereof; that
26 I am entering into this Order without admitting or denying any of the fractual

**KENDALL ORDER TO CEASE AND DESIST, DENYING EXEMPTIONS, ASSESSING CIVIL
PENALTIES, CONSENT OF CONTINENTAL ACCEPTANCE CORPORATION TO ENTRY OF ORDER**

5588-ENF

PAGE 4

OREGON DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
Corporate Securities Section
21 Labor and Industries Building
Salem, OR 97310
(503) 378-4387

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Corporate Securities Section
21 Labor and Industries Building
Salem, OR 97310
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1 allegations therein; that Continental Acceptance Corporation has been advised of
2 its right to a hearing, and has been represented by counsel in this matter; that
3 Continental Acceptance Corporation consents to the entry of this Order without
4 further hearing voluntarily and without any force or duress, expressly waiving
5 any right to a hearing in this matter; that Continental Acceptance Corporation
6 understand that the Director reserves the right to take further actions to
7 enforce this Order or to take appropriate action upon discovery of other
8 violations of the Oregon Securities Law; and that Continental Acceptance
9 Corporation will fully comply with the terms and conditions stated herein.

10 Continental Acceptance Corporation further assures the Director that
11 Continental Acceptance Corporation will not transact business as a broker-dealer
12 unless such activities are in full compliance with Chapter 59 of the Oregon
13 Revised Statutes.

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

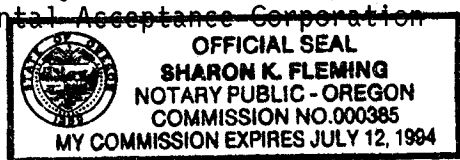
15 Dated this 08 day of December, 1993.

16
17 By Steven G Kendall
(Printed Name)

18 CORPORATE ACKNOWLEDGMENT

19 There appeared before me this 08 day of December, 1993,
20 Steven G Kendall, who was first duly sworn on oath, and states that
(name of affiant)
21 he was and is the President of Continental Acceptance Corporation, and that he
22 is authorized and empowered to sign this Consent to Entry of Order on behalf of
23 Continental Acceptance Corporation, and bind Continental Acceptance Corporation
to the terms hereof.

24 Sharon K Fleming
Notary Public in and for the State of: oregon



25 Sharon K. Fleming My commission expires: 7/12/94
26 Print name of Notary Public