

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 CONSUMER AND BUSINESS SERVICES
5 STATE OF OREGON

6 In the Matter of:)
7 DIVERSIFIED RESOURCES GROUP;)
8 LARRY MALBRUE, SR.; RON PRICE;)
9 JIM JACKSON,)
10 Respondents.)
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O-93-0021
FINAL ORDER AGAINST
JIM JACKSON
AND RON PRICE
ENTERED BY DEFAULT

8 PREAMBLE

9 On the 13th day of October, 1993, the Director of the Department of
10 Consumer and Business Services for the State of Oregon issued an Order
11 containing Findings of Fact, Conclusions of Law and an Order to Cease and Desist
12 and Assessing Civil Penalties. In the Order, Respondents Diversified Resources
13 Group, Inc., Larry Malbrue, Sr., Jim Jackson, and Ron Price were advised of
14 their right to a hearing, and that such hearing would be held if written demand
15 for such hearing was filed within 20 days after service of the Order.
16 Respondents were duly served on October 15, 1993. Service was effected by
17 mailing a copy of the Order by both certified and regular mail to Respondents
18 Diversified Resources Group, Inc., Larry Malbrue, Sr., Jim Jackson, and Ron
19 Price's last known addresses. Respondents Diversified Resources Group and
20 Malbrue responded through legal counsel and requested a hearing. No request for
21 a hearing has ever been received from Respondent Jackson or Respondent Price.

22 NOW THEREFORE, after consideration of the Investigation Report and
23 accompanying exhibits prepared by Patricia E. Russell and James M. Hanson, Jr.
24 in this matter, the Director hereby issues the following Final Order, Findings
25 of Fact and Conclusions of Law as to Respondents Jim Jackson and Ron Price:

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1 **FINDINGS OF FACT**

2 The Director **FINDS** that:

3 The Respondents

4 1. At all times material herein, Respondent DIVERSIFIED RESOURCES GROUP
5 ("DIVERSIFIED") was a California Corporation located at 5933 West Century Blvd.,
6 Suite 1106, Los Angeles CA, 90045 (800) 959-7209.

7 2. At all times material herein, Respondent LARRY MALBRUE, SR.
8 ("MALBRUE") was the president of Respondent DIVERSIFIED, and was employed at the
9 DIVERSIFIED offices 5933 West Century Blvd., Suite 1106, Los Angeles CA, 90045
10 (800) 959-7209. Respondent MALBRUE, in his capacity as president of
11 DIVERSIFIED, signed the offering and sale documents received by Oregonians as
12 set forth herein.

13 3. At all times material herein, Respondents RON PRICE ("PRICE") and JIM
14 JACKSON ("JACKSON") were salespersons of Respondent DIVERSIFIED, and were
15 employed at the DIVERSIFIED offices 5933 West Century Blvd., Suite 1106, Los
16 Angeles CA, 90045 (800) 959-7209.

17 The Program

18 4. On or about March 29, 1993, Charles M. Parmenter of Portland, OR
19 received an unsolicited telephone call from Respondent PRICE. PRICE identified
20 himself as a "senior account executive" with Respondent DIVERSIFIED, and offered
21 Parmenter the opportunity to invest in oil and gas wells located in Oklahoma.
22 As a part of that offer, PRICE told Parmenter that for a \$5,000 investment,
23 Parmenter would earn 16 1/2% per annum interest. Parmenter was also mailed
24 documents relating to the offer, but did not invest.

25 5. On or about April 9, 1993, William J. Bolt and Linda M. Bolt of
26 Portland, OR received an unsolicited telephone call from Respondent JACKSON.

1 JACKSON identified himself as a "senior account executive" with Respondent
2 DIVERSIFIED, and offered the Bolts the opportunity to invest in oil and gas
3 wells located in Oklahoma. JACKSON also sent the Bolts offering materials which
4 described the investment, called Diversified Resources Group Income Program II.
5 As a result of JACKSON's call and the materials they received, the Bolts
6 invested \$5,000 in Diversified Resources Group Income Program II.

7 6. The investment opportunities offered to Parmenter and the Bolts as set
8 forth in Findings of Fact # 4 and 5 above, were not registered for sale as
9 securities in the State of Oregon by the Securities Section at the time they
10 were offered or sold, or ever.

11 7. At all times material herein, the Respondents were not licensed by the
12 Securities Section to offer or sell securities in the State of Oregon.

13 8. In connection with the offer and sale of the investments as set forth
14 in Findings of Fact #5 above, Respondent JACKSON represented that the Bolts were
15 investing in Diversified Resources Group Income Program II, when in truth and in
16 fact the Bolts were placed in another investment called Diversified Resources
17 Group Income Program I.

18 9. At no time during the offer and sale of the investment opportunity to
19 the Bolts did any of the Respondents provide any information that the Bolts were
20 investing in Diversified Resources Group Income Program I; nor did Respondents
21 provide the Bolts any information about the following regarding Diversified
22 Resources Group Income Program I: the location of the property, the nature of
23 the investment, the risks of the investment, the names of the promoters or
24 principals, financial information about the entity, or the total number of
25 interests in the investment.

26 10. On April 20, 1993, Patricia Russell, an investigator with the Oregon

1 Department of Consumer and Business Services, Division of Finance and Corporate
2 Securities, Corporate Securities Section ("Securities Section"), wrote a letter
3 to Respondent MALBRUE, requesting certain information about offers and sales to
4 Oregon residents. In a May 3, 1993, letter written in response to Russell's
5 letter, Respondent MALBRUE stated that there had been no sales to Oregon
6 residents of Diversified Resources Group investments. In truth and in fact, the
7 sale to the Bolts had already occurred when Respondent MALBRUE made the
8 statement to Russell, and the statement was untrue.

9 **CONCLUSIONS OF LAW**

10 The Director **CONCLUDES** that:

11 1. The investment opportunities offered and sold by Respondents JACKSON
12 and PRICE as set forth above were investment contracts, and certificates of
13 interest, and participations in an oil and gas title or lease, and, as such were
14 securities under ORS 59.015(17).

15 2. Respondents JACKSON and PRICE, by offering and selling the investment
16 opportunities as set forth above, offered and sold unregistered securities in
17 Oregon, in violation of ORS 59.055.

18 3. Respondents JACKSON and PRICE, by offering and selling the investment
19 opportunities as set forth above, sold securities in Oregon while unlicensed, in
20 violation of ORS 59.165.

21 4. Respondents JACKSON and PRICE, by making the misrepresentations and
22 omissions described in Finding of Fact #9, violated ORS 59.135(2).

23 **ORDER**

24 The Director, pursuant to ORS 59.245 hereby **ORDERS** that Respondents JACKSON
25 and PRICE shall **CEASE AND DESIST** from:

26 1. Transacting business in the State of Oregon in violation of ORS 59.055.

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