

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

<p>5 In the Matter of:)</p> <p>6 EDWARD MICHAEL JOHNSON,)</p> <p>7)</p> <p>8)</p> <p>9 Respondent.)</p> <hr style="width: 80%; margin-left: 0;"/>	<p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p>	<p>CR-07-0054-1</p> <p>ORDER TO CEASE AND DESIST</p> <p>ORDER DENYING EXEMPTIONS</p> <p>AND</p> <p>CONSENT TO ENTRY OF ORDER</p>
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10 **WHEREAS** the Director of the Department of Consumer and Business Services
11 (hereinafter, "Director") has conducted an investigation of certain business activities
12 conducted by Edward Michael Johnson and has determined that Edward Michael Johnson
13 offered and sold securities in violation of the Oregon Securities Law; and

14 **WHEREAS** Edward Michael Johnson wishes to resolve and settle this matter with the
15 **DIRECTOR;**

16 **NOW THEREFORE**, as evidenced by the authorized signature subscribed on this
17 Order, Edward Michael Johnson hereby **CONSENTS** to entry of this Order to Cease and
18 Desist upon the Director's Findings of Fact and Conclusions of Law as stated hereafter.

FINDINGS OF FACT

- 20 1. Edward Michael Johnson (hereinafter, "Mr. Johnson") resides at 5917 SE McNary
21 Road, Milwaukie, Oregon 97267.
- 22 2. Mr. Johnson has never been licensed as a securities salesperson, broker-dealer or
23 investment adviser.
- 24 3. Mr. Johnson participated in or was affiliated with three companies: (1) JBS
25 Management Group Inc., an Oregon corporation; (2) Johnson Moore Development Inc., a
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Division of Finance and Corporate Securities
 Labor and Industries Building
 350 Winter Street NE, Suite 410
 Salem, OR 97301-3881
 Telephone: (503) 378-4387



1 Nevada corporation, registered in the state of Oregon; and (3) Universal Proton Energy
2 Corporation, a Nevada corporation.

3 4. In early 2000, Mr. Johnson met two Oregon residents (hereafter, Oregon residents 1
4 and 2) at an investment club.

5 5. On August 28, 2001, Mr. Johnson signed a Cease and Desist Order of the Director no.
6 0-01-0006, issued by the Oregon Division of Finance and Corporate Securities (hereafter,
7 2001 Order of the Director). This order specifically prohibited Mr. Johnson from offering or
8 selling securities in Oregon and denied Mr. Johnson the use of any exemption allowed under
9 ORS 59.025 or ORS 59.035.

10 6. In December of 2001, Mr. Johnson asked Oregon residents 1 and 2 to invest a total of
11 \$200,000 in Universal Proton Energy Corporation, a Nevada corporation. Mr. Johnson told
12 Oregon residents 1 and 2 that Universal Proton would use the money to develop a machine
13 that purportedly produced energy.

14 7. On December 17, 2001, Oregon residents 1 and 2 wire transferred \$200,000 to Mr.
15 Johnson's personal bank account located at the Bank of the West in Milwaukie, Oregon. In
16 exchange, Mr. Johnson provided Oregon residents 1 and 2 with a promissory note purporting
17 to pay six percent interest per month.

18 8. The Division of Finance and Corporate Securities has no record of securities
19 registration for Mr. Johnson, JBS Management Group Inc., Johnson Moore Development Inc.,
20 Universal Proton Energy Corporation, Life after Fifty, or Wealth and Success.

21 9. Mr. Johnson converted at least \$50,000 of Oregon residents 1 and 2's money to his
22 own personal use, including paying at least \$10,000 toward the purchase of a Lexus
23 automobile.

24 10. Mr. Johnson failed to disclose to Oregon residents 1 and 2 that: (1) Mr. Johnson was
25 the subject of a 2001 Order of the Director prohibiting him from offering or selling securities
26 in the state of Oregon; (2) Mr. Johnson was not licensed to sell securities in the state of



1 Oregon; (3) the promissory note sold by Mr. Johnson was not registered as a security and not
2 exempt from registration in the state of Oregon; (4) Mr. Johnson would convert at least
3 \$50,000 of Oregon resident 1 and 2's money to his own personal use.

4 **CONCLUSIONS OF LAW**

5 The Director **CONCLUDES** that:

6 1. Mr. Johnson willfully violated the 2001 Order of the Director by continuing to offer
7 and sell securities in the state of Oregon

8 2. The note offered and sold in Oregon by Mr. Johnson meets the definition of a
9 "security" under ORS 59.015(19)(a).

10 3. The note sold by Mr. Johnson was not registered as a security under ORS Chapter 59
11 and OAR Chapter 441.

12 4. Mr. Johnson offered and sold an unregistered security in Oregon, in violation of ORS
13 59.055.

14 5. Mr. Johnson acted as a securities "salesperson" as defined by ORS 59.015(18)(a), by
15 offering and selling securities in the state of Oregon.

16 6. Mr. Johnson acted as an unlicensed securities salesperson in Oregon, in violation of
17 ORS 59.165.

18 7. In connection with the offer and sale of a security to investors, Mr. Johnson omitted to
19 state material facts, in violation of ORS 59.135(2), by failing to disclose that: (1) Mr. Johnson
20 was the subject of a 2001 Order of the Director prohibiting him from offering or selling
21 securities in the state of Oregon; (2) Mr. Johnson was not licensed to sell securities in the state
22 of Oregon; (3) the promissory note sold by Mr. Johnson was not registered as a security and
23 not exempt from registration in the state of Oregon; (4) Mr. Johnson would convert at least
24 \$50,000 of Oregon resident 1 and 2's money to his own personal use.

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1 **ORDER**

2 **NOW THEREFORE, THE DIRECTOR ISSUES THE FOLLOWING ORDERS:**

3 1. The Director, pursuant to ORS 59.245 hereby **ORDERS** Respondent Edward Michael
4 Johnson to **CEASE and DESIST** from:

5 A. Willfully or repeatedly violating or failing to comply with an Order of the
6 Director;

7 B. Offering or selling unregistered securities in Oregon, in violation of ORS
8 59.055;

9 C. Transacting business in Oregon as a securities salesperson without a license,
10 in violation of ORS 59.165;

11 D. Making any untrue statement of material fact or omitting to state a material
12 fact necessary in order to make the statements made, in the light of the
13 circumstances under which they are made, not misleading, in connection
14 with the purchase or sale of a security or the conduct of a securities business,
15 pursuant to ORS 59.135(2);

16 E. Violating any provision of the Oregon Securities Law, including ORS
17 Chapter 59 and OAR Chapter 441;

18 2. Respondent Edward Michael Johnson is permanently **BARRED** from applying for or
19 renewing any investment adviser, broker-dealer or securities salesperson license in the State
20 of Oregon;

21 3. Respondent Edward Michael Johnson is permanently **BARRED** from applying to
22 register or renew any securities registration in the State of Oregon;

23 4. Pursuant to ORS 59.045(2), Respondent Edward Michael Johnson is permanently
24 **DENIED** the use of securities registration and transaction exemptions that would otherwise
25 be available to him under ORS 59.025 and ORS 59.035, respectively;

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