

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:) O-93-0021
 7)
 8 DIVERSIFIED RESOURCES GROUP;)
 9 LARRY MALBRUE, SR.;RON PRICE;) FINAL ORDER
 10 JIM JACKSON,) BY DEFAULT
 11) AS TO
 12 Respondents.) DIVERSIFIED RESOURCES GROUP
 13 AND LARRY MALBRUE, SR.

14 PREAMBLE

15 On the 13th day of October 1993, the Director of the Department of Consumer
 16 and Business Services for the State of Oregon, acting by the authority of the
 17 Securities Law, Chapter 59 of the Oregon Revised Statutes (hereinafter cited as
 18 ORS Chapter 59), issued an Order naming DIVERSIFIED RESOURCES GROUP (hereinafter
 19 "DIVERSIFIED"), LARRY MALBRUE, SR. (hereinafter "MALBRUE"), RON PRICE
 20 (hereinafter "PRICE"), and JIM JACKSON (hereinafter "JACKSON") as Respondents,
 21 and containing Findings of Fact, Conclusions of Law, Order, and Notice of Right
 22 to a Public Hearing.

23 Respondents DIVERSIFIED, MALBRUE, PRICE, and JACKSON were duly served with
 24 the Order on October 15, 1993 by mailing a copy of said Order by both certified
 25 and regular mail to Respondents' last known place of employment. Respondents
 26 PRICE and JACKSON did not respond, and a Final Order by Default was issued
 against them on December 15, 1993.

Respondents DIVERSIFIED and MALBRUE responded through legal counsel and
 requested a contested case hearing. Respondents DIVERSIFIED and MALBRUE were
 notified that James G. Harlan had been appointed as the hearings officer in the
 matter, and that a contested case hearing (the "hearing") on the matters

FINAL ORDER AGAINST DIVERSIFIED AND MALBRUE BY DEFAULT ENF-6348 PAGE - 1

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

1 asserted in the Order was set for 9:30 a.m. on the 7th day of March 1994, at the
2 offices of the State of Oregon Department of Consumer and Business Services,
3 Corporate Securities Section (hereinafter the "Securities Section"), located at
4 355 Winter St. NE, Rm. 410, Salem, Oregon. Respondents DIVERSIFIED and MALBRUE
5 elected to not appear at the hearing, but provided a written statement through
6 legal counsel dated March 2, 1994, which they indicated was "in lieu and in
7 place of an appearance".

8 The hearing was convened on March 7, 1994 at 9:30 a.m. at the Securities
9 Section offices. Present were the hearings officer, James G. Harlan, and James
10 M. Hanson, Jr., Special Assistant Attorney General, who appeared on behalf of
11 the State. The hearings officer received into evidence an investigation report
12 and accompanying documents regarding Respondents, prepared by Securities
13 Investigator Patricia Russell, and the written statement on behalf of
14 Respondents DIVERSIFIED and MALBRUE dated March 2, 1994.

15 After consideration of the evidence received during the hearing, the
16 hearings officer found that the Order issued against Respondents on October 13,
17 1993, was supported by a preponderance of the evidence, that Respondents had
18 requested a hearing but failed to appear, and recommended that a Final Order by
19 Default containing the same provisions be issued. Based on the above the
20 Director hereby issues a Final Order by Default against Respondents DIVERSIFIED
21 and MALBRUE, as follows:

22 FINDINGS OF FACT

23 The Director **FINDS** that:

24 The Respondents

25 1. At all times material herein, Respondent DIVERSIFIED RESOURCES GROUP
26 ("DIVERSIFIED") was a California Corporation located at 5933 West Century Blvd.,

1 Suite 1106, Los Angeles, California, 90045 (800) 959-7209.

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

8 3. At all times material herein, Respondents RON PRICE ("PRICE") and JIM
9 JACKSON ("JACKSON") were salespersons of Respondent DIVERSIFIED, and were
10 employed at the DIVERSIFIED offices 5933 West Century Blvd., Suite 1106, Los
11 Angeles, California, 90045 (800) 959-7209.

12 The Program

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

20 5. On or about April 9, 1993, William J. Bolt and Linda M. Bolt of
21 Portland, Oregon received an unsolicited telephone call from Respondent
22 JACKSON. JACKSON identified himself as a "senior account executive" with
23 Respondent DIVERSIFIED, and offered the Bolts the opportunity to invest in oil
24 and gas wells located in Oklahoma. JACKSON also sent the Bolts offering
25 materials which described the investment, called Diversified Resources Group
26 Income Program II. As a result of JACKSON's call and the materials they

1 received, the Bolts invested \$5,000 in Diversified Resources Group Income
2 Program II.

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

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

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

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

22 10. On April 20, 1993, Patricia Russell, an investigator with the Oregon
23 Department of Consumer and Business Services, Division of Finance and Corporate
24 Securities, Corporate Securities Section ("Securities Section"), wrote a letter
25 to Respondent MALBRUE, requesting certain information about offers and sales to
26 Oregon residents. In a May 3, 1993, letter written in response to Russell's

