



DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCE AND CORPORATE SECURITIES
SECURITIES SECTION
BEFORE THE DIRECTOR OF THE DEPARTMENT OF
CONSUMER AND BUSINESS SERVICES OF THE STATE OF OREGON

4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

In the matter of:) O-95-0030
)
MARK E. STUART; and) ORDER TO CEASE AND DESIST;
6 HALSEY L. JOHNSTON,) DENYING EXEMPTIONS;
) IMPOSING CIVIL PENALTIES;
) AND
Respondents.) STUART CONSENT TO ENTRY OF ORDER

The Director of the Department of Consumer and Business Services for the State of Oregon, acting by the authority of the Securities Law, Chapter 59 of the Oregon Revised Statutes (hereinafter cited as ORS Chapter 59), hereby issues the following Findings of Fact, Conclusions of Law, Order, and Notice of Right to a Public Hearing:

FINDINGS OF FACT

The Director **FINDS** that:

1. At all times material herein, Respondent MARK E. STUART (hereinafter STUART) was an Oregon resident whose address was 17034 SE Madison, Portland, OR 97233. STUART currently may be served at 1355 SW 29th Court; Beaverton, Oregon.
2. At all times material herein, Respondent HALSEY LYNN JOHNSTON (hereinafter JOHNSTON) was a British Columbia, Canada citizen, whose address was 4650 W. 13th; Vancouver, British Columbia, Canada V6R2V7.
3. On or about November 1994, Respondent JOHNSTON,

Division of Finance and Corporate Securities
Labor and Industries Building
550 Winter Street NE, Suite 410
Salem, OR 97310
Telephone: (503) 778-4387



1 while employed by a British Columbia company, Pyng
2 Technologies Corporation (hereinafter Pyng), contacted
3 Respondent STUART to publish advertisements regarding Pyng
4 business activity and the impending effect on Pyng stock.
5 These advertisements were to be published on several
6 computer bulletin boards within the Internet system.

7 4. Internet is a world-wide computer information and
8 communication network which can be accessed by any user of a
9 computer through a subscription service. This service is
10 available to the public for input and reading.

11 5. On November 10, 1994 JOHNSTON sent STUART a Federal
12 Express package containing brochures describing Pyng and its
13 patents and licenses for medical technology. Also included
14 in the package was a check made payable to STUART for
15 \$100.00.

16 6. After receiving the Federal Express package, STUART
17 and JOHNSTON talked by telephone regarding the terms of
18 their agreement and the content of the advertisements.

19 7. The terms of the agreement between STUART and
20 JOHNSTON were that STUART was to receive the aforementioned
21 \$100.00 prior to placing the advertisement on the Internet.
22 JOHNSTON would then pay an additional \$500.00 upon
23 completion of the postings on the computer bulletin boards.

24 8. STUART and JOHNSTON discussed over the telephone
25 the content of the advertisements. They both had editorial
26 input as to the final form which was posted on the Internet.



1 9. On or about November 22, 1994, STUART purchased
2 access to the Internet for the purpose of entering the
3 advertisements regarding Pyng. On or about that same date
4 STUART, from a location in Portland, Oregon, entered the
5 information about Pyng on the Internet. Through the
6 Internet this information was made available to Oregon
7 residents.

8 10. The information entered by STUART onto the
9 Internet provided specific information concerning Pyng's
10 then-current negotiations on a contract with the United
11 States military. The intent of the information was to be an
12 advertisement to interest the reader in purchasing Pyng
13 stock. The advertisement contained the following
14 information:

- 15 (a) That Pyng was about to announce full scale
16 production of a medical device for the U.S.
Military;
- 17 (b) That the U.S. Military was set to spend
18 hundreds of millions on the new emergency
medical device starting in January 1995;
- 19 (c) That based on the information contained in
20 (a) and (b) above, Pyng stock was a "hot
investment opportunity."

21 11. The information set forth above was false in the
22 following particulars:

- 23 (a) Pyng was not about to announce full scale
24 production of a device for the U.S. Military;
and,
- 25 (b) That the U.S. Military was not set to spend
26 hundreds of millions of dollars on the device
starting in January 1995.



