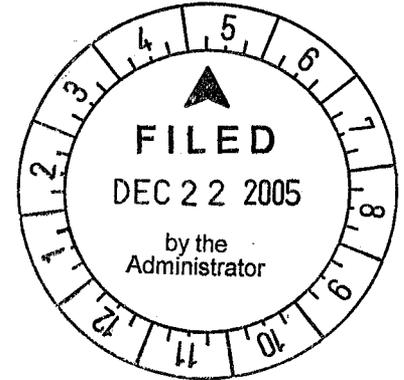


STATE OF OKLAHOMA  
DEPARTMENT OF SECURITIES  
FIRST NATIONAL CENTER, SUITE 860  
120 NORTH ROBINSON  
OKLAHOMA CITY, OKLAHOMA 73102



In the Matter of:

Perissos, Inc., David L. Martin,  
David Fowler, and Don R. Nicholson,

Respondents.

ODS File No. 05-035

**NOTICE OF SERVICE ON THE ADMINISTRATOR**  
**AND**  
**AFFIDAVIT OF COMPLIANCE**

STATE OF OKLAHOMA    )  
                                  )     SS.  
COUNTY OF OKLAHOMA )

The undersigned affiant, of lawful age, being first duly sworn upon oath deposes and states:

1. That he is the Administrator of the Oklahoma Department of Securities (Department).
2. That a copy of the Notice of Opportunity for Hearing (Notice) with Enforcement Division Recommendation (Recommendation) attached was delivered to Affiant in the office of the Administrator of the Department (Administrator) pursuant to Section 1-611 of the Oklahoma Uniform Securities Act (Securities Act), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (Supp. 2003), and Section 818.F of the Oklahoma Business Opportunity Sales Act (Business Opportunity Act), Okla. Stat. tit. 71, §§ 801-829 (2001).
3. That the Administrator has received service of process on behalf of Perissos, Inc., David L. Martin, David Fowler, and Don R. Nicholson pursuant to Section 1-611 of the Securities Act and Section 818.F of the Business Opportunity Act.
4. That a copy of the Notice, with the Recommendation attached, and a copy of this Notice of Service on the Administrator and Affidavit of Compliance are being sent this 22nd day of December, 2005, by certified mail, return receipt requested, delivery restricted to addressee, to the last known address of Respondents, in compliance with Section 1-611 of the Securities Act and Section 818.F of the Business Opportunity Act.

5. That this Affidavit of Compliance is declared filed of record as of the date set forth below in compliance with Section 1-611 of the Securities Act and Section 818.F of the Business Opportunity Act.

FURTHER AFFIANT SAYETH NOT.

Dated this 22nd day of December, 2005.

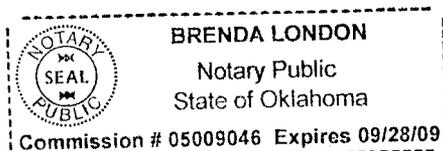
(SEAL)

  
Irving L. Faught, Administrator

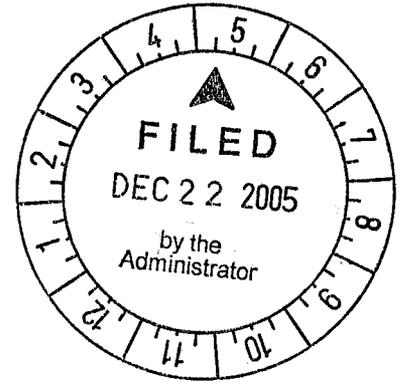
Subscribed and sworn to before me this 22nd day of December, 2005.

  
Notary Public

My Commission Expires:  
My Commission No.:  
SEAL



STATE OF OKLAHOMA  
DEPARTMENT OF SECURITIES  
FIRST NATIONAL CENTER, SUITE 860  
120 NORTH ROBINSON  
OKLAHOMA CITY, OKLAHOMA 73102



In the Matter of:

Perissos, Inc., David L. Martin,  
David Fowler, and Don R. Nicholson,

Respondents.

ODS File No. 05-035

**NOTICE OF OPPORTUNITY FOR HEARING**

1. Pursuant to his authority under Section 813 of the Oklahoma Business Opportunity Sales Act (Business Opportunity Act), Okla. Stat. tit. 71, §§ 801-829 (2001), Section 405 of the Oklahoma Securities Act, Okla. Stat. tit. 71, §§ 1-413, 501, 701-703 (2001 & Supp. 2003), and Section 1-602 of the Oklahoma Uniform Securities Act of 2004 (Securities Act), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (Supp. 2003), the Administrator of the Oklahoma Department of Securities (Department) authorized an investigation into the activities of Perissos, Inc., David L. Martin, David Fowler, and Don R. Nicholson, in connection with the offer and/or sale of securities and business opportunities in and/or from the state of Oklahoma.

2. On the 29th day of November, 2005, the attached Enforcement Division Recommendation (Recommendation) was left in the office of the Administrator.

3. Pursuant to Section 1-604 of the Securities Act and Section 818.B of the Business Opportunity Act, the Administrator hereby gives notice to Respondents of their right to request a hearing to show why an order based on the Recommendation should not be issued.

4. The request for a hearing on the Recommendation must be received by the Administrator within twenty (20) days after service of this Notice. Pursuant to Section 1-604 of the Securities Act and Section 814.B of the Business Opportunity Act, failure to request a hearing as provided for herein shall result in the issuance of an order against Respondents to cease and desist from engaging in violations of the Securities Act or doing any act in furtherance thereof; an order against Perissos and Martin to cease and desist from engaging in violations of the Business Opportunity Act or doing any act in furtherance thereof; and an order imposing civil penalties as follows: Martin, as an individual, the sum of Fifty Thousand Dollars (\$50,000); Nicholson, as an individual, the sum of Six Hundred Dollars (\$600); and Fowler, as an individual, the sum of Three Hundred Dollars (\$300).

5. The request for hearing shall be in writing and Respondents shall specifically admit or deny each allegation in said request as required by 660:2-9-1 of the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities (Rules).

6. Upon receipt of a written request, pursuant to 660:2-9-2 of the Rules, a hearing on this Notice shall be set within ninety (90) days or a written order denying hearing shall be issued.

7. Notice of the date, time and location of the hearing shall be given to Respondents not less than forty-five (45) days in advance thereof pursuant to 660:2-9-2 of the Rules. Additionally, the notice may contain matters to supplement this Notice and the Recommendation attached hereto.

Witness my Hand and the Official Seal of the Oklahoma Department of Securities this 22nd day of December, 2005.

(SEAL)

  
\_\_\_\_\_  
IRVING L. FAUGHT, ADMINISTRATOR OF THE  
OKLAHOMA DEPARTMENT OF SECURITIES

CERTIFICATE OF MAILING

The undersigned hereby certifies that on the 22nd day of December, 2005, a true and correct copy of the above and foregoing Notice of Opportunity for Hearing and attached Enforcement Division Recommendation was mailed by certified mail, return receipt requested, delivery restricted, with postage prepaid thereon, addressed to:

P. David Newsome, Jr.  
Day, Edwards, Propester & Christensen, PC  
320 S. Boston Avenue, Suite 805  
Tulsa, OK 74103

Perissos, Inc.  
527 W. Washington  
Broken Arrow, OK 74012

Don R. Nicholson  
11508 S. 5th Place  
Jenks, OK 74037

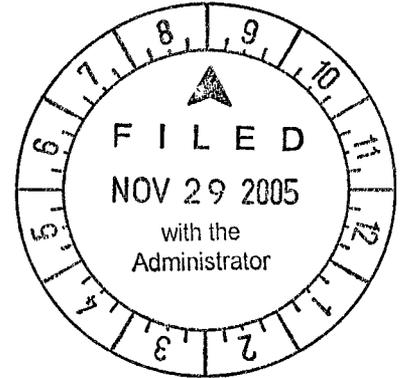
David L. Martin  
26005 E. 107th Street  
Broken Arrow, OK 74014

David Fowler  
7030 C S. Lewis Avenue, Suite 437  
Tulsa, OK 74136

David Fowler  
8538 Gary Drive  
Tulsa, OK 74131-3817

  
Brenda London  
Paralegal

**STATE OF OKLAHOMA  
DEPARTMENT OF SECURITIES  
FIRST NATIONAL CENTER  
120 N. ROBINSON, SUITE 860  
OKLAHOMA CITY, OKLAHOMA 73102**



In the Matter of:

Perissos, Inc., David L. Martin,  
David Fowler, and Don R. Nicholson,

Respondents.

ODS File No. 05-035

**ENFORCEMENT DIVISION RECOMMENDATION**

Pursuant to the Oklahoma Business Opportunity Sales Act (Business Opportunity Act), Okla. Stat. tit. 71, §§ 801-829 (2001), Section 405 of the Oklahoma Securities Act (Predecessor Securities Act), Okla. Stat. tit. 71, §§ 1-413, 501, 701-703 (2001 & Supp. 2003), and Section 1-602 of the Oklahoma Uniform Securities Act of 2004 (Securities Act), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (Supp. 2003), an investigation was conducted by the Enforcement Division of the Oklahoma Department of Securities (Department) into the activities of Perissos, Inc. (Perissos), David L. Martin (Martin), David Fowler (Fowler), and Don R. Nicholson (Nicholson) (collectively, the "Respondents"), in connection with the offer and/or sale of securities and business opportunities in and/or from the state of Oklahoma.

Based thereon, the following Findings of Fact, Authorities, and Conclusions of Law are submitted to the Administrator of the Department (Administrator), or his designee, in support of the issuance of an order to cease and desist.

**Findings of Fact**

1. Perissos is a corporation organized under the laws of the state of Oklahoma in September 2000. Perissos' principal place of business is in Broken Arrow, Oklahoma.
2. Perissos develops and markets religious software and internet learning tools (Program). The Programs are currently marketed under the name "Mind Renewing Media" (MRM).
3. Martin was founder and, at all times material hereto, president and sole shareholder of Perissos. Martin was also founder, and at all times material hereto, president of David Martin Ministries, an international evangelistic organization.
4. From about March 2001 until May 2002, Fowler was employed by Perissos.

5. From about April 2001 until August 2004, Nicholson was employed by Perissos.

6. At all times material hereto, Respondents were not registered in any capacity under the Predecessor Securities Act or the Securities Act.

## INVESTMENT UNITS

7. Beginning in October 2000, Perissos and Martin offered and sold investment units (Units), evidenced by subscription agreements, to multiple Oklahoma residents (Investors). While employed by Perissos, Fowler and Nicholson offered and sold Units to Investors. The Units do not represent equity interests in Perissos.

8. Respondents offered and/or sold Units to Investors at \$5,000 per Unit. The Units were offered to Investors in phases. The investment terms varied both within and among the phases. In October 2001, Perissos represented to Investors that it had two private offering plans or phases in effect and the use and funding of the third and fourth phases was contingent on need. Perissos represented the terms of the four phases as follows:

- a. Phase One: Per Unit, Investors would be entitled to twenty-five cents (\$0.25) for each of the first 100,000 Programs sold by Perissos for a four-hundred percent (400%) return. A maximum of 100 Units would be sold.
- b. Phase Two: Per Unit, Investors would be entitled to twelve cents (\$0.12) for each of the first 208,333 Programs sold by Perissos for a four-hundred percent (400%) return.
- c. Phase Three: Per Unit, Investors would be entitled to six cents (\$0.06) for each of the first 416,667 Programs sold by Perissos for a four-hundred percent (400%) return.
- d. Phase Four: Per Unit, Investors would be entitled to three cents (\$0.03) return on the first 833,333 Programs sold by Perissos for a four-hundred percent (400%) return.

Subsequently, Perissos made numerous changes to the terms of the second and third phases. In December 2002, for example, Perissos offered Units in Phase Two under the following terms: Per Unit, Investors would be entitled to twelve cents (\$0.12) on the first 100,000 Programs sold (priced at \$139 or greater) and thirty-seven cents (\$.37) for the next 35,135 Programs sold, plus an additional five cents on the last sale. In March 2003, Perissos offered Units in Phase Three under the following terms: Per Unit, Investors would be entitled to six cents (\$.06) for each of the first 135,135 Programs sold by Perissos and forty-three cents (\$.43) on the next 27,655 sold, plus an additional thirty-five cents (\$0.35) on the last sale. Such modifications changed the risks assumed by the earlier Investors.

9. From October 18, 2000 until November 6, 2002, Perissos sold 100 Units under Phase One and received \$500,000 in proceeds. From November 9, 2001 until June 4, 2004,

Perissos sold 82 Units under Phase Two and received \$439,500 in cash plus \$30,500 in services and debt repayment. From January 1, 2003 until October 27, 2004, Perissos sold 55 Units under Phase Three and received \$180,000 in cash and \$95,000 in services.

10. In addition to the four phases described above, Perissos began, in October 2004, offering and/or selling Units to investors at \$2,000 per Unit under a "Fall 2004 Short Term Investor Plan." Under this Program, each such Unit holder is entitled to receive one-tenth of one percent (0.1%) on all the gross Program sales of Perissos, beginning in November 2004, until a total amount of \$4,000 is received by the investor.

11. From October 2004 through November 2004, Perissos sold four Units under the "Fall 2004 Short Term Investor Plan" and received \$8,000 in proceeds.

12. In total, Perissos received \$1,253,000 from the sale of the Units.

13. In November 2002, Martin sold ten Units owned by him and his wife to Investor A for \$50,000. On November 6, 2002, Investor A wired \$50,000 to Perissos, instead of directly to Martin. On November 7, 2002, Perissos paid \$15,000 to David Martin Ministries. On November 8, 2002, Perissos paid \$30,000 to David Martin Ministries. On the same date, David Martin Ministries paid Martin the following amounts: (1) \$30,000, via a check that indicated it was for "Housing;" and (2) \$1,600, via a check that indicated it was for "Payroll" from October 15, 2002, until October 22, 2002.

14. The Units were not registered pursuant to Section 301 of the Predecessor Securities Act or Section 1-301 of the Securities Act.

15. Respondents engaged in general solicitation of the Units.

a. Perissos's website, [www.mindrenewingmedia.org](http://www.mindrenewingmedia.org), contains a link titled "Investment" that states, "Perissos, Inc. has two different Private Offering Memorandums available for qualified investors."

b. Respondents also held meetings for current and prospective investors.

(1) At a meeting at a hotel in Tulsa, Oklahoma, in March 2001, Martin made a sales presentation in which he offered the Units.

(2) Fowler held a sales presentation on April 5, 2001, at the same hotel. Fowler promoted the April 5<sup>th</sup> meeting with a document titled: "THE STOCK MARKET IS WAY DOWN BUT JESUS IS STILL LORD!!!!!!" The document stated, in part: "DON'T MISS THIS OPPORTUNITY[.] Perissos is currently finishing an investment portfolio offering that will pay the subscribed investors a 400% return."

(3) Nicholson promoted a sales presentation held on April 29, 2003, at the same Tulsa hotel. The document used by Nicholson to promote the presentation

stated: "We hope you can come to a meeting for current and prospective investors[.] If you know anyone who might be interested in learning more about the Perissos opportunity, please bring them along to the meeting."

16. In June 2001, Martin, Fowler, and Nicholson offered Units to Investor B, an Oklahoma resident. Respondents initially represented to Investor B that, assuming that a maximum of 75 Units of Phase One were sold, approximately \$115,000 of the \$375,000 in investment proceeds would be used to reimburse David Martin Ministries for the time spent by Martin in developing and marketing the Program and the use of office space, support equipment, and other personnel. On June 5, 2001, Investor B purchased four units for \$20,000.

17. In October 2001, Respondents represented to Investors that, assuming 100 Units of Phase One were sold, approximately \$130,000 of the \$500,000 in investment proceeds would be used to reimburse David Martin Ministries.

18. Respondents represented to some Investors that the reimbursement due David Martin Ministries was \$115,000 or approximately 26% of the investment proceeds, while representing to other Investors that the reimbursement due David Martin Ministries was \$130,000 or 30.6% of the investment proceeds.

19. In February 2002, Respondents represented to investors that, assuming 100 Units of Phase Two were sold, approximately \$130,000 of the \$500,000 in investment proceeds would be used to reimburse David Martin Ministries. Respondents represented that approximately 26% of the investment proceeds of Phase Two would be paid to David Martin Ministries.

20. In March 2003, Perissos represented to investors that, assuming 100 Units of Phase Three were sold, approximately \$130,000 of the \$500,000 in investment proceeds would be used to reimburse David Martin Ministries. Respondents represented that about 26% of the investments proceeds of Phase Three would be paid to David Martin Ministries.

21. For the period beginning September 1, 2000, and ending December 31, 2003, David Martin Ministries received, in cash, 49% of the total investment proceeds.

22. From November 10, 2003 until February 18, 2005, Perissos had eighteen wage claims filed against it with the Oklahoma Department of Labor. The total amount of the eighteen filed claims exceeds \$370,000, exclusive of liquidated damages. Seventeen of the claims have resulted in judgments against Perissos. A claim for \$90,000 was withdrawn on February 3, 2005, for reasons other than having been paid. Thirteen of the claims that were filed before June 18, 2004, totaled over \$176,638, exclusive of liquidated damages.

23. In or around June 2004, Martin and Nicholson offered Units to Investor C, an Oklahoma, non-profit corporation. Martin and Nicholson did not disclose to Investor C that Perissos was subject to pending wage claims. On June 18, 2004, Investor C purchased one Unit for \$5,000.

24. Perissos did not pay Investors the represented returns. For example, in May 2004, Perissos sold three of the "MRM-Complete Programs" priced at \$149.95, three of the "MRM-Deluxe Bibles" priced at \$49.95, fourteen "MRM-Sales Kits" at prices ranging from \$174.95 to \$249.95, and seven "MRM-Starter CDs" at prices ranging from \$20 to \$25. In May 2004, Perissos paid Investors for the sale of only one Program.

25. Respondents, directly and indirectly, made untrue statements of material fact in connection with the offer, sale, and/or purchase of the Units including, but not limited to, the following:

- a. that Investors in Phase One would receive twenty-five cents (\$0.25) for each of the first 100,000 Programs sold by Perissos; and
- b. that less than or approximately 30.6% of the investment proceeds would be used to reimburse David Martin Ministries.

26. Respondents omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading to investors in connection with the offer, sale, and/or purchase of the Units, including, but not limited to, the following:

- a. that the investment terms within a particular phase would vary from one investor to another;
- b. that the risks associated with a particular phase would change for an individual investor when the investment terms within that phase were changed for later investors;
- c. that the Units were not exempt from registration under the Predecessor Securities Act and/or the Securities Act;
- d. that Martin, Fowler, and Nicholson were not registered as issuer agents under the Predecessor Securities Act and/or the Securities Act; and
- e. that David Martin Ministries would receive, in cash, 49% of the total investment proceeds, from September 1, 2000 through December 31, 2003.

27. Perissos, Martin, and Nicholson also omitted to state the following material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading to Investor C in connection with the offer, sale, and/or purchase of the Units: that on June 18, 2004, thirteen wage claims totaling over \$176,638, exclusive of liquidated damages, were pending against Perissos.

28. Perissos and Martin omitted to state the following material facts necessary in order to make the statements made, in light of the circumstances under which they were made,

not misleading to Investors in connection with the offer, sale, and/or purchase of the Units: that David Martin Ministries would use funds received from Perissos to pay payroll and housing expenses for Martin; or that Martin would direct investment proceeds, from the sale of Units he personally owned, through Perissos and David Martin Ministries, thereby avoiding potential adverse tax consequences.

### **REVENUE SHARING AFFILIATE INVESTOR PROGRAM**

29. Beginning as early as August 2004, Perissos offered and/or sold "Revenue Sharing Affiliate Investor Units" (RSA Units), evidenced by subscription agreements, to Investors. Perissos offered and/or sold RSA Units to Investors at \$5,000 per Unit. The RSA Units do not represent equity interests in Perissos. Instead, each RSA Unit entitles the holder to receive a percentage of the proceeds from the sale of the RSA identified MRM Starter Programs plus add-ons, upgrades, and related referral sales. The Starter Program is priced at \$19.95 and is intended to be an introductory product of MRM.

30. The RSA Units are not registered pursuant to Section 1-301 of the Securities Act.

### **BUSINESS OPPORTUNITIES**

31. Between at least June 1, 2005 and August 22, 2005, Perissos's website, [www.mindrenewingmedia.org](http://www.mindrenewingmedia.org), contained a page titled "Business Opportunity" in which Perissos offered to sell a "Broker Program" and a "Directors Program." The web page titled "Business Opportunity," which originated from the state of Oklahoma, contained a link to a video in which Martin gave a sales presentation on the Broker Program. Martin's presentation also described the Directors Program.

32. Under the Broker Program, brokers act as independent agents to sell Programs to retail outlets or to retail the products themselves. Brokers purchase "Starter Programs" and "Deluxe Bible Programs" for 75% off of the retail price. Brokers start with an initial inventory of 150 Starter Programs and 150 Deluxe Bible Programs for a total cost of \$3,000. The Broker Program also has an initial setup fee of \$1,500 for training, web page set-up, and co-branding. The website contained an illustration showing how the broker would derive income from the business that exceeded the price paid to Perissos as the seller.

33. Under the Directors Program, directors act as independent agents to "setup Affiliate Program web sites, retail outlets, organizations for Raising Programs, Bible Software Parties, Conferences, Conventions, Internet Affiliate Program, Ministry sales and more." Directors can purchase inventory at specified discounts. The Directors Program has an initial setup fee of \$1,028 for inventory, training, and web page set-up.

34. The Broker Program and Directors Program are not registered pursuant to Section 806 of the Business Opportunity Act.

To the extent any of these Findings of Fact are more properly characterized as Conclusions of Law, they should be so considered.

## Authorities

1. Section 1-701(A) of the Securities Act provides:

The predecessor act exclusively governs all actions or proceedings that are pending on the effective date of this act or may be instituted on the basis of conduct occurring before the effective date of this act, but a civil action may not be maintained to enforce any liability under the predecessor act unless instituted within any period of limitation that applied when the cause of action accrued or within five (5) years after the effective date of this act, whichever is earlier.

2. Section 2 of the Predecessor Securities Act provides in pertinent part:

(v) “Security” means any:

\* \* \*

(11) investment contract[.]

3. Section 1-102 of the Securities Act provides in pertinent part:

(32) “Security” means a[n] . . . investment contract[.]

4. Section 101 of the Predecessor Securities Act provides:

It is unlawful for any person, in connection with the offer, sale or purchase of any security, directly or indirectly[:]

(1) to employ any device, scheme, or artifice to defraud,

(2) to make any untrue statement of material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, [or]

(3) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

5. Section 1-501 of the Securities Act provides in pertinent part:

It is unlawful for a person, in connection with the offer, sale, or purchase of a security, directly or indirectly:

1. To employ a device, scheme, or artifice to defraud;

2. To make an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statement made, in the light of the circumstances under which it is made, not misleading; or
3. To engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

6. Section 201 of the Predecessor Securities Act provides:

(a)(1) It is unlawful for any person to transact business in this state as a broker-dealer or agent unless the person is so registered under this act or unless the person is exempt from registration[.]

\* \* \*

(b) It is unlawful for any broker-dealer or issuer to employ an agent unless the agent is registered or is exempt from registration.

7. Section 1-402 of the Securities Act provides in pertinent part:

A. It is unlawful for an individual to transact business in this state as an agent unless the individual is registered under this act as an agent or is exempt from registration as an agent under subsection B of this section.

\* \* \*

D. It is unlawful for a broker-dealer, or an issuer engaged in offering, selling, or purchasing securities in this state, to employ or associate with an agent who transacts business in this state on behalf of broker-dealers or issuers unless the agent is registered under subsection A of this section or exempt from registration under subsection B of this section.

8. Section 301 of the Predecessor Securities Act provides:

It is unlawful for any person to offer or sell any security in this state unless:

- (1) it is registered under this act or the security or transaction is exempted under Section 401 of this title; or
- (2) it is a federal covered security.

9. Section 1-301 of the Securities Act provides:

It is unlawful for a person to offer or sell a security in this state unless:

1. The security is a federal covered security;
  2. The security, transaction, or offer is exempted from registration under Sections 6 through 8 of this act [Sections 1-201 through 1-203 of this title]; or
  3. The security is registered under this act.
10. Section 405 of the Predecessor Securities Act provides in part:
- (a) The Administrator in his discretion:
    - (1) may make such public or private investigations within or outside of this state as he deems necessary to determine whether any person has violated or is about to violate any provision of this act or any rule or order hereunder, or to aid in the enforcement of this act or in the prescribing of rules and forms hereunder[.]
11. Section 1-602 of the Securities Act provides in part:
- A. The Administrator may:
    1. Conduct public or private investigations within or outside of this state which the Administrator considers necessary or appropriate to determine whether a person has violated, is violating, or is about to violate this act or a rule adopted or order issued under this act, or to aid in the enforcement of this act or in the adoption of rules and forms under this act[.]
12. Section 406 of the Predecessor Securities Act provides in pertinent part:
- (a) If the Administrator reasonably believes, whether or not based upon an investigation conducted under Section 405 of this title, that a person has violated the Oklahoma Securities Act, except under the provisions of Section 202.1 or 305.2 of this title, or a rule or order of the Administrator under the Oklahoma Securities Act or has engaged in dishonest or unethical practices in the securities business, the Administrator, in addition to any specific power granted by any other section of the Oklahoma Securities Act, may impose one or more of the following sanctions:

(1) issue an order against the person to cease and desist from engaging in such violation or dishonest or unethical practices or doing any act in furtherance thereof;

\* \* \*

(5) issue an order against a person who willfully violates the Oklahoma Securities Act or a rule or order of the Administrator under the Oklahoma Securities Act, imposing a civil penalty up to a maximum of Five Thousand Dollars (\$5,000.00) for a single violation or transaction or of Fifty Thousand Dollars (\$50,000.00) for multiples violations or transactions in a single proceeding or a series of related proceedings.

13. Section 1-604 of the Securities Act provides in pertinent part:

A. If the Administrator determines that a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of this act or a rule adopted or order issued under this act or constituting a dishonest or unethical practice or that a person has materially aided, is materially aiding, or is about to materially aid an act, practice, or course of business constituting a violation of the act or a rule adopted or order issued under this act or constituting a dishonest or unethical practice, the Administrator may:

1. Issue an order directing the person to cease and desist from engaging in the act, practice, or course of business or to take other action necessary or appropriate to comply with this act[.]

\* \* \*

D. In a final order under subsection C of this section, the Administrator may impose a civil penalty up to a maximum of Five Thousand Dollars (\$5,000.00) for a single violation or up to Two Hundred Fifty Thousand Dollars (\$250,000.00) for multiple violations in a single proceeding or a series of related proceedings.

14. Section 813 of the Business Opportunity Act provides in pertinent part:

A. The Administrator:

1. May make such public or private investigations within or outside of this state as the Administrator deems necessary to determine whether any person has violated or is about to violate any provision of the Oklahoma Business Opportunity Sales Act or any rule or order hereunder, or to aid in the enforcement of the act or in the prescribing of rules and forms hereunder[.]

15. Section 802 of the Business Opportunity Act provides in pertinent part:

3. a. "Business opportunity" means a contract or agreement, between a seller and purchaser, express or implied, orally or in writing, wherein it is agreed that the seller or a person recommended by the seller shall provide to the purchaser any products, equipment, supplies or services enabling the purchaser to start a business and the seller represents directly or indirectly, orally or in writing, that:

\* \* \*

(4) The seller guarantees that the purchaser will derive income from the business which exceeds the price paid to the seller; [or]

\* \* \*

(6) The seller will provide a marketing plan.

\* \* \*

6. "Marketing plan" means advice or training, provided to the purchaser by the seller to a person recommended by the seller, pertaining to the sale of any products, equipment, supplies, or services and the advice or training includes, but is not limited to, preparing or providing:

- a. Promotional literature, brochures, pamphlets, or advertising materials;
- b. Training regarding the promotion, operation, or management of the business opportunity; or
- c. Operational, managerial, technical, or financial guidelines or assistance.

16. Section 806 of the Business Opportunity Act provides:

It is unlawful for any person to offer or sell any business opportunity, as defined in Section 802 of this title, in this state unless the

business opportunity is registered under the provisions of the Oklahoma Business Opportunity Sales Act or is exempt under Section 803 of this title.

17. Section 814 of the Business Opportunity Act provides in pertinent part:

A. Whenever it appears to the Administrator that any person has engaged in or is about to engage in any act or practice constituting a violation of any provision of the Oklahoma Business Opportunity Sales Act or any rule or order hereunder, the Administrator may:

1. Issue an order directing each person to cease and desist from continuing the act or practice and/or issue an order imposing a civil penalty up to a maximum of Five Thousand Dollars (\$5,000) for a single violation or transaction or of Fifty Thousand Dollars (\$50,000.00) for multiple violations or transactions in a single proceeding or a series of related proceedings[.]

#### **Conclusions of Law**

1. The Units and RSA Units are securities as defined by Section 2 of the Predecessor Securities Act and Section 1-102 of the Securities Act.

2. Respondents offered and sold unregistered securities in and/or from the state of Oklahoma in violation of Section 301 of the Predecessor Securities Act and Section 1-301 of the Securities Act.

3. Martin, Fowler, and Nicholson transacted business in this state as issuer agents without the benefit of registration in violation of Section 201 of the Predecessor Securities Act and Section 1-402 of the Securities Act.

4. Perissos employed unregistered issuer agents in violation of Section 201 of the Predecessor Securities Act and Section 1-402 of the Securities Act.

5. Respondents made untrue statements of material fact, in connection with the offer and/or sale of securities in and/or from the state of Oklahoma, in violation of Section 101 of the Predecessor Securities Act and Section 1-501 of the Securities Act.

6. Respondents omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, in connection with the offer and/or sale of securities in and/or from the state of Oklahoma, in violation of Section 101 of the Predecessor Securities Act and Section 1-501 of the Securities Act.

7. The Broker Program and Directors Program are business opportunities as defined by Section 802 of the Business Opportunity Act.

8. Perissos and Martin offered and/or sold unregistered business opportunities in and/or from the state of Oklahoma in violation of Section 806 of the Business Opportunity Act.

9. The Administrator has the authority to order Respondents to cease and desist from engaging in an act, practice, or course of business constituting a violation of the Securities Act and/or the Business Opportunity Act.

10. It is in the public interest to order Respondents to cease and desist from engaging in an act, practice, or course of business constituting a violation of the Securities Act.

11. It is in the public interest to order Perissos and Martin to cease and desist from engaging in an act, practice, or course of business constituting a violation of the Business Opportunity Act.

To the extent any of these Conclusions of Law are more properly characterized as Findings of Fact, they should be so considered.

WHEREFORE, it is recommended that the Administrator order Respondents to cease and desist from engaging in violations of the Securities Act or doing any act in furtherance thereof; order Perissos and Martin to cease and desist from engaging in violations of the Business Opportunity Act or doing any act in furtherance thereof; and order the payment of civil penalties as follows: Martin, as an individual, the sum of Fifty Thousand Dollars (\$50,000); Nicholson, as an individual, the sum of Six Hundred Dollars (\$600); and Fowler, as an individual, the sum of Three Hundred Dollars (\$300).

Dated this 29<sup>th</sup> day of November, 2005.

Respectfully submitted,



Terra Shamas, Enforcement Attorney  
Oklahoma Department of Securities  
120 North Robinson Avenue, Suite 860  
Oklahoma City, OK 73102  
(405) 280-7700