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WHEREAS, Respondent has been notified and understands that a violation of this Order will potentially subject Respondent to the assessment of a further civil penalty or other action against Respondent by the Director;

WHEREAS, this Amended Order hereby amends and clarifies the Order issued on November 18, 1998 described in paragraph four of the Findings of Fact set forth below;

NOW, THEREFORE, the Director hereby makes the following Findings of Fact and Conclusions of Law, which Respondent neither admits nor denies, and issues the following Order, to which Respondent has consented, as is evidenced by the signature of Respondent in the Stipulation and Consent to Entry of Amended Order attached hereto.

FINDINGS OF FACT

The Director **FINDS** that:

1. Respondent Craig Berkman (hereafter "Respondent") was, at all times material herein, an individual and a resident of the State of Oregon. Respondent's business address is: 806 SW Broadway Ste. 900, Portland OR 97205.
2. Beginning in August, 1983, and continuing until September, 1997, Respondent, directly or indirectly, offered and sold in or from Oregon or to Oregon residents investments in the form of convertible promissory notes (hereafter referred to as "Convertible Notes").
3. At all times material herein, the Convertible Notes were not registered as securities in Oregon.
4. On November 18, 1998 the Oregon Division of Finance and Corporate Securities issued an Order to Cease and Desist, Denying Exemptions, and Assessing Civil Penalties against Respondent Craig Berkman in Case Number 0-98-0024 [the 1998 Order]. The 1998 Order provided, inter alia, 1. Respondent Craig Berkman shall

1 CEASE AND DESIST from offering, selling, and transferring, directly or indirectly, any
2 of the above described securities, or any other security which is issued by Respondent
3 or any other company in which Respondent owns all or a majority ownership interest,
4 including but not limited to Craig Berkman & Associates, Inc., in or from the State of
5 Oregon or to Oregon residents, in violation of ORS Chapter 59, Oregon Administrative
6 Rules Chapter 441, or Oregon Securities Law. 2. Respondent Craig Berkman, and any
7 company in which Respondent owns all or a majority ownership interest, including but
8 not limited to Craig Berkman & Associates, Inc. are hereby DENIED the use of any
9 exemptions authorized by ORS 59.025 and ORS 59.035, until further order of the
10 Director.

11 5. On January 9, 1998 "CB (Berkman) Capital LLC" was formed as an
12 Oregon Limited Liability Company (Craig Berkman & Associates, Inc. was the initial
13 "managing member"), with the express purpose of investing funds raised through the
14 efforts of Craig Berkman from accredited investors in securities. (Three additional
15 limited liability companies have been formed since that date.) These activities
16 continued after November 18, 1998 to the present.

17 6. "Craig Berkman & Associates, Inc.," an entity in which Craig Berkman
18 is the sole principal, provides investment management services to each LLC for a fee
19 pursuant to contract.

20 7. Respondent was not licensed to effect securities transactions in or from
21 Oregon as a salesperson or broker-dealer.

22 CONCLUSIONS OF LAW

23 The Director, based upon the findings of fact above, **CONCLUDES** that:

24 1. The Convertible Notes which were offered and sold in or from Oregon
25 or to Oregon residents by Respondent, as described herein above, are "securities"
26 under ORS 59.015(19)(a) and other applicable authority.

