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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING
Whether there has been a violation
of the Securities Act of Washington by:

AUCTION NETWORK, LLP; AUCTION
MANAGEMENT LTD; RUSSELL W. QUICK; BILL
PORTER; their agents and employees,

Respondents.

SDO - 97 - 00

SUMMARY ORDER TO CEASE AND DESIST

Case No. 00-06-0251

THE STATE OF WASHINGTON TO:

Russell W. Quick and Bill Porter
Auction Management Ltd. and
Auction Network, LLP
4933 W. Craig, Suite 163
Las Vegas, NV 89130

Russell W. Quick and Bill Porter
Auction Network, LLP
CT Corporation System
320 Pike St.
Seattle, WA 98101

Russell W. Quick and Bill Porter
Auction Management Ltd.
Box 642, Charlestown
Nevis, West Indies

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents, Auction Network, LLP, Auction Management LTD, Russell W. Quick, and Bill Porter have violated the Securities Act of Washington and that their violations justify the entry of an order of the Securities Administrator under RCW 21.20.390 to cease and desist from such violations. The Securities Administrator finds that delay in ordering the Respondents to cease and desist from such violations would be hazardous to the investors and to the

SUMMARY ORDER TO CEASE AND
DESIST

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DEPARTMENT OF FINANCIAL INSTITUTIONS
Securities Division
PO Box 9033
Olympia, WA 98507-9033
360-902-8760

1 public and that a Summary Order to Cease and Desist should be entered immediately. The Securities Administrator
2 finds as follows:

3
4 **TENTATIVE FINDINGS OF FACT**

5 **I. Respondents**

6 1.1 **AUCTION NETWORK LLP** (“Auction Network”) is a Washington limited liability partnership with a
7 business address at Box 642, Charlestown, Nevis, West Indies. Auction Network purportedly intends on
8 financing and developing an internet auction site gateway web page for the purposes of online consumer
9 auctioning.

10 1.2 **AUCTION MANAGEMENT LTD** (“Auction Management”) is a Nevis, West Indies corporation and
11 professional auction site management company. Auction Management is purportedly the Auction Site Manager
12 for Auction Network, and assists in obtaining financing for that company. Auction Management has business
13 addresses at Box 642, Charlestown, Nevis, West Indies and 4933 W. Craig, Suite 163, Las Vegas, NV.

14 1.3 **RUSSELL W. QUICK** (“Quick”) was purportedly the president of Auction Management and the
15 managing partner of Auction Network at all times relevant to the matters set forth herein.

16 1.4 **BILL PORTER** (“Porter”) represented himself as a sales agent for Auction Management and Auction
17 Network at all times relevant to the matters set forth herein.

18 **II. Nature of the Offering**

19 2.1 In approximately March of 2000, Respondents acting in concert, on behalf of one another, and acting through
20 their agent Bill Porter, solicited at least one Washington resident to invest in limited liability partnership (“LLP”)
21 units of Auction Network. Porter made oral representations to the resident over the telephone that Auction
22 Network was planning on doing an initial public offering on the NASDAQ stock market in September of 2000, and
23 that it was a “no lose” investment.

1 2.2 In offering literature mailed to the resident by Respondents, it is represented that Auction Network is making a
2 \$1,000,000 offering of 200 LLP units for \$5,000 per unit. The literature also describes an investor's projected
3 return on investment. For every \$100,000 invested, the estimated return is listed as \$418,150, or 418.5%.

4 2.3 In connection with this investment offering, at least one Washington resident invested in Auction Network
5 by entering into a subscription agreement with Auction Network and purchasing LLP units. In March of 2000, the
6 Washington resident invested \$40,000 in Auction Network to acquire 8 LLP units.

7 2.4 Respondents subsequently mailed the Washington resident two certificates of ownership. These certificates
8 evidence the resident's ownership of the Auction Network LLP units. The resident also received a letter in the
9 mail, signed by Russell W. Quick, whereby Quick acknowledges the receipt of the resident's investment funds and
10 subscription agreement.

11 2.5 Through at least July of 2000, Bill Porter, acting in concert and on behalf of the other Respondents, continued
12 to offer LLP units in Auction Network to at least one Washington resident over the telephone.

13 **III. Misrepresentations and Omissions**

14 Respondents failed to provide the offeree with a disclosure document containing complete material
15 information about the investment opportunity described above, including but not limited to financial statements of
16 Auction Network and Auction Management.

17 **IV. Registration Status**

18 Auction Network and Auction Management are not currently registered to sell its securities in the state of
19 Washington and have not previously been so registered.

20 Bill Porter is not currently registered as a securities salesperson or broker-dealer in the state of Washington
21 and has not previously been so registered.

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VI. Lack of Compliance with the Administrator's Investigation

The Securities Administrator lawfully issued Subpoena Duces Tecum, SDS-143-00, which was served via certified mail on Respondent Auction Management on July 31, 2000. SDS-143-00 advised Auction Management that it had until August 16, 2000 to respond. As of the date this order was entered, Auction Management has failed to respond to this subpoena.

Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:

CONCLUSIONS OF LAW

I. Securities

The offer and/or sale of the investment with described above constitutes the offer and/or sale of a security as defined in RCW 21.20.005(10) and (12), to wit: evidence of indebtedness; certificates of interest; an investment contract; or risk capital.

II. Anti-Fraud Provision

The offer of said securities was made in violation of RCW 21.20.010 because, as set forth in paragraph III of the Tentative Findings of Fact, 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.

III. Registration of Securities

The offer of said securities is in violation of RCW 21.20.140 because no registration for such offer and/or sale is on file with the Securities Administrator of the state of Washington.

IV. Registration of Broker-Dealer and Salespersons

Respondent Bill Porter has violated RCW 21.20.040 by offering said securities while not being registered as a securities salesperson, broker-dealer, or investment adviser in the state of Washington.

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V. Emergency

The Securities Administrator finds that an emergency exists and that the continued violations of RCW 21.20.010, RCW 21.20.140, and RCW 21.20.040, constitute a threat to the investing public. Accordingly, a Summary Order to Cease and Desist from those violations is in the public interest and necessary for the protection of the investing public.

SUMMARY

Based upon the foregoing, NOW, THEREFORE, IT IS HEREBY SUMMARILY ORDERED that Respondents Auction Network, LLP, Auction Management LTD, Russell W. Quick, Bill Porter, and their agents and employees, each cease and desist from violating RCW 21.20.010, the anti-fraud section of the Securities Act.

It is further SUMMARILY ORDERED that Respondents Auction Network, LLP, Auction Management LTD, Russell W. Quick, Bill Porter, and their agents and employees, each cease and desist from violating RCW 21.20.140 by offering and/or selling unregistered securities.

It is further SUMMARILY ORDERED that Respondent Bill Porter cease and desist from violating RCW 21.20.040 by acting as a securities broker-dealer or securities salesperson without being so registered.

AUTHORITY AND PROCEDURE

This Order is entered pursuant to the provisions of RCW 21.20.390, and is subject to the provisions of Chapter 34.05 RCW. Each of the Respondents may make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Order.

If a Respondent does not request a hearing, the Securities Administrator intends to adopt the above Tentative Findings of Fact and Conclusions of Law as final and make the Summary Order to Cease and Desist permanent as to that Respondent.

WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

DATED this 29th day of September, 2000.

Deborah R Bortner

DEBORAH R. BORTNER
Securities Administrator

Approved by:

Presented by:

Michael E. Stevenson
Chief of Compliance

Chad Standifer
Staff Attorney

SUMMARY ORDER TO CEASE AND
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6

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