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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 the State
of Washington by:

BMD ENTERPRISES, LTD.
NORTHWEST EAGLE, INC.
RELIANT OF AMERICA, INC.
NORTHWEST RELIANT, INC.
ROGER A. CHINN
E. ARLENE CHINN
DONALD M. VORIES,

Respondents.

SDO 16 – 00

ENTRY OF FINDINGS OF FACT AND
CONCLUSIONS OF LAW AND FINAL ORDER
TO CEASE AND DESIST AS TO DONALD M.
VORIES

Case No. 97-07-368

THE STATE OF WASHINGTON TO: DONALD VORIES

On June 28, 1999, the Securities Administrator of the State of Washington issued STATEMENT OF CHARGES AND NOTICE OF INTENTION TO ENTER ORDER TO CEASE AND DESIST SDO 42 – 99, hereinafter referred to as STATEMENT OF CHARGES against the above-named Respondent.

The STATEMENT OF CHARGES, together with a NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING (SDO 42(B)(8) – 99, hereinafter referred to as "NOTICE OF OPPORTUNITY FOR HEARING") and an APPLICATION FOR ADJUDICATIVE HEARING (SDO 42(C)(8) – 99, hereinafter referred to as "APPLICATION FOR HEARING") thereon, were personally served on Donald M. Vories on July 27, 1999. The NOTICE OF OPPORTUNITY FOR HEARING advised Donald M. Vories that he had twenty days from the date he received the notice to file a written application for an administrative hearing on the STATEMENT OF CHARGES.

ENTRY OF FINDINGS OF FACT AND CONCLUSIONS 1
OF LAW AND FINAL ORDER CEASE AND DESIST
AS TO DONALD M. VORIES

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

1 Donald M. Vories failed to request an administrative hearing within twenty days of his receipt of the
2 STATEMENT OF CHARGES and NOTICE OF OPPORTUNITY FOR HEARING, either on the
3 APPLICATION FOR HEARING provided or otherwise.

4 The Securities Administrator therefore adopts as final the Findings of Fact and Conclusions of Law as
5 set forth in the STATEMENT OF CHARGES.

6 The Securities Administrator makes the following Findings of Fact and Conclusions of Law:

7 **FINDINGS OF FACT**

8 **I.**

9 **RESPONDENTS**

10 1. **BMD ENTERPRISES, LTD.** (“BMD Enterprises”) is a Canadian corporation whose stock is traded on
11 the Vancouver Stock Exchange. BMD Enterprises’ principal place of business is 405 – 889 West Pender Street,
12 Vancouver, BC V6C 3B2. BMD Enterprises purports to invest in businesses that develop new products and concepts.

13 BMD Enterprises’ subsidiaries are, among others, Good Pace, Inc. (“Good Pace”) and BMD Motors, Ltd.
14 (formerly BMD Reliant Motors, Ltd.). BMD Motors, Ltd. has two subsidiaries known as BMD Technology, Ltd.
15 (formerly BMD Good Pace Technology, Ltd., formerly BMD Communications, Ltd.) and Mini Motors, Inc. (also
16 formerly BMD Reliant Motors, Ltd.).

17 Good Pace purports to develop, manufacture, and market a variety of electric vehicles. BMD Motors, Ltd. is a
18 private British Columbia corporation purportedly engaged in the design, development, and commercialization of
19 automotive technologies. BMD Technology, Ltd. is a British Columbia corporation, which purportedly conducts research
20 and development for the fuel cell drive system and owns some of the technology for the electric vehicles. Mini Motors,
21 Inc. (“Mini Motors”) is a Washington corporation purportedly engaged in developing, producing, and commercializing
22 specialty automobiles.

23 2. **RONALD M. TOPPING** (“Topping”) was the president of BMD Enterprises, Ltd. at all times relevant
24 to the matters set forth herein. Topping resides in British Columbia, Canada.

1 3. **NORTHWEST EAGLE, INC.** (“Northwest Eagle”) is a Washington corporation that purports to have
2 the “exclusive” right in the United States to market, sell, and distribute electric vehicles produced by Good Pace.
3 Northwest Eagle obtains investor funds for BMD Enterprises and its subsidiaries, including Good Pace and Mini Motors.
4 Northwest Eagle’s principal place of business was at 1513 Central Ave., College Place, WA at all times relevant herein.

5 4. **RELIANT OF AMERICA, INC.** (“Reliant of America”) is a Washington corporation that also purports
6 to have the “exclusive” right in the United States to market, sell, and distribute electric vehicles produced by Good Pace.
7 Reliant of America also obtains investor funds for BMD Enterprises and its subsidiaries, including Good Pace and Mini
8 Motors. Reliant of America’s principal place of business was at 1513 Central Ave., College Place, WA at all times
9 relevant herein.

10 5. **NORTHWEST RELIANT, INC.** (“Northwest Reliant”) is a Washington corporation that purports to be
11 a wholly-owned subsidiary company of Northwest Eagle and Reliant of America. Northwest Reliant was purportedly
12 formed to finance Mini Motors. Northwest Reliant’s principal place of business was at 1513 Central Ave., College Place,
13 WA at all times relevant herein.

14 6. **ROGER A. CHINN** (“R. Chinn”) has been the president and chairman of the board of Northwest Eagle,
15 the president of Reliant of America, and the president of Northwest Reliant. R. Chinn was also a director of BMD Reliant
16 Motors, Ltd., currently known as BMD Motors, Ltd. R. Chinn resides at 1513 Central Ave., College Place, WA, which is
17 the principal place of business of Northwest Eagle, Reliant of America, and Northwest Reliant.

18 7. **E. ARLENE CHINN** (“A. Chinn”) has been the secretary and treasurer of Northwest Eagle, the
19 secretary, treasurer, and president of Reliant of America, and the secretary for Northwest Reliant. A. Chinn also resides at
20 1513 Central Ave., College Place, WA, which is the principal place of business of Northwest Eagle, Reliant of America,
21 and Northwest Reliant.

22 8. **DONALD M. VORIES** (“Vories”) was an agent of Northwest Eagle with respect to the matters set forth
23 herein. Vories resides at 1435 Central St., College Place, WA.

1 **II.**

2 **INTRODUCTION**

3 Beginning in March 1994 and continuing through July 1998, Northwest Eagle, Reliant of America, Northwest
4 Reliant, and BMD Enterprises, through their agents, including R. Chinn, A. Chinn, and Vories, obtained more than
5 \$3,000,000 from more than 300 investors, at least 100 of whom were Washington residents. These funds were raised
6 by selling Northwest Eagle stock, Reliant of America stock, BMD Enterprises stock and warrants, and Northwest
7 Reliant promissory notes.

8 **III.**

9 **THE OFFERING BY NORTHWEST EAGLE, RELIANT OF AMERICA, AND BMD ENTERPRISES**

10 **A. SALES OF UNREGISTERED SECURITIES**

11 **1. Sales of Unregistered Northwest Eagle Securities**

12 Between March 1994 and July 1998, Northwest Eagle, R. Chinn, A. Chinn, and Vories collectively sold more
13 than \$2,000,000 in Northwest Eagle stock and BMD Enterprises stock and warrants to more than 250 investors, at
14 least 100 of whom are Washington residents. In addition, Northwest Eagle and R. Chinn also sold royalty interests to
15 at least eight Washington investors as part of the investment between at least March 1995 and March 1996. At all
16 times relevant herein, the offers and sales of all securities by Northwest Eagle were not registered with the Securities
17 Division. Although Northwest Eagle filed two claims of exemption from securities registration with the Securities
18 Division, Northwest Eagle did not comply with all conditions of those exemptions, and therefore, the securities
19 offered and sold in this offering were not exempt from securities registration.

20 **a. Rule 504 Claim of Exemption from Securities Registration**

21 During February 1994, Northwest Eagle filed a claim of exemption from securities registration to sell its
22 stock pursuant to WAC 460-44A-504 ("Rule 504") with the Securities Division. This claim of exemption became
23 effective February 18, 1994. The claim of exemption filed by Northwest Eagle stated that Northwest Eagle was
24 conducting a \$250,000 offering and would sell 2,500,000 shares of its stock for ten cents per share. This claim of

1 exemption did not include offers and sales of Northwest Eagle royalty interests or BMD Enterprises stock and
2 warrants.

3 Rule 504 permits an offering of securities if certain conditions are satisfied. Northwest Eagle did not comply
4 with the conditions of the exemption. First, Rule 504 prohibits payment of commissions, fees, or other remuneration,
5 directly or indirectly, to any person for soliciting prospective Washington purchasers. Northwest Eagle compensated
6 individuals for soliciting prospective Washington purchasers of its stock during the offering. Second, with respect to
7 all sales to Washington non-accredited investors one of the following conditions must be satisfied: (a) the investment
8 be suitable; (b) the purchasers have such knowledge and experience in financial and business matters that the
9 purchaser is capable of evaluating the merits and risks of the investment; or (c) Northwest Eagle and its agents have
10 reasonable grounds to believe and after making reasonable inquiry shall believe that, as to each purchaser, (a) or (b) is
11 satisfied. Northwest Eagle failed to satisfy any of these conditions with respect to some non-accredited Washington
12 investors. Third, Northwest Eagle failed to restrict its stock. Finally, Rule 504 limits the aggregate offering price to
13 \$500,000 within a twelve-month period. Northwest Eagle exceeded this \$500,000 limit. Because Northwest Eagle
14 did not comply with all conditions of Rule 504, the securities offered and sold in this offering were not exempt from
15 registration.

16 **b. Rule 506 Claim of Exemption from Securities Registration**

17 In March 1996, Northwest Eagle filed a claim of exemption from securities registration pursuant to WAC
18 460-44A-506 ("Rule 506") with the Securities Division. The exemption filing did not state any offering amount in
19 which Northwest Eagle intended to sell its securities under the Rule 506 exemption. The filing only stated dollar
20 amounts for securities that had already been sold and that those proceeds were used to purchase BMD Enterprises
21 stock and warrants.

22 Notwithstanding the filing of a Rule 506 claim of exemption, Northwest Eagle did not comply with the
23 conditions of the Rule 506 exemption. First, at the time of the Rule 506 filing, Northwest Eagle was required to file
24 the Rule 506 notice no later than ten business days prior to receipt of consideration or delivery of a signed

1 subscription agreement by a Washington investor. Northwest Eagle did not comply with this requirement. Second,
2 the Rule 506 exemption restricts sales of securities to no more than 35 non-accredited investors who must be
3 sophisticated in that they must have such knowledge and experience in financial and business matters that they are
4 capable of evaluating the merits and risks of the investment. Northwest Eagle, R. Chinn, and A. Chinn sold securities
5 to some non-accredited investors who were not sophisticated and Northwest Eagle, R. Chinn, and A. Chinn had no
6 basis to reasonably believe that they were sophisticated. Third, Northwest Eagle, R. Chinn, and A. Chinn did not
7 provide non-accredited investors financial statements for Northwest Eagle, including audited balance sheets, or other
8 offering materials as required by the Rule 506 exemption. Because Northwest Eagle did not comply with all
9 conditions of Rule 506, the securities offered and sold in this offering were not exempt from registration.

10 **2. Sales of Unregistered Reliant of America Securities**

11 Between October 1995 and June 1997, Reliant of America, R. Chinn, and A. Chinn sold more than \$900,000
12 in Reliant of America stock and BMD Enterprises stock and warrants to more than 60 investors, at least 5 of whom
13 are Washington residents. At all times relevant herein, the offer and sale of all securities by Reliant of America was
14 not registered with the Securities Division. Although Reliant of America filed a claim of exemption from securities
15 registration with the Securities Division, Reliant of America did not comply with all conditions of the exemption it
16 claimed, and therefore, the securities offered and sold in this offering were not exempt from securities registration.

17 **Rule 504 Claim of Exemption from Securities Registration**

18 During June 1994, Electric Vehicles, Inc., currently Reliant of America, filed a claim of exemption from
19 securities registration pursuant to WAC 460-44A-504 ("Rule 504") with the Securities Division. The claimed Rule
20 504 exemption filed by Electric Vehicles, Inc. stated that it was conducting a \$250,000 offering and would sell
21 2,500,000 shares of its stock for ten cents per share. Although this claim of exemption became effective on or about
22 June 28, 1994, Reliant of America did not begin selling its stock until October 1995. This claim of exemption did not
23 include sales of BMD Enterprises stock and warrants.

1 Rule 504 permits an offering of securities if certain conditions are satisfied. However, Reliant of America did
2 not comply with these conditions. First, with respect to all sales to Washington non-accredited investors one of the
3 following conditions must be satisfied: (a) the investment is suitable, (b) the purchaser has such knowledge and
4 experience in financial and business matters that the purchaser is capable of evaluating the merits and risks of the
5 investment, or (c) Northwest Eagle and its agents have reasonable grounds to believe and after making reasonable
6 inquiry shall believe that, as to each purchaser, (a) or (b) is satisfied. Reliant of America failed to satisfy any of these
7 conditions with respect to some non-accredited Washington investors. Second, Reliant of America failed to restrict its
8 stock. Third, Rule 504 limits the aggregate offering price to \$500,000 within a twelve-month period. Reliant of
9 America exceeded this \$500,000 limit. Because Reliant of America did not comply with all conditions of Rule 504,
10 the securities offered and sold in this offering were not exempt from registration.

11 **4. Sales of Unregistered BMD Enterprises Securities**

12 BMD offered and sold its stock and warrants to Washington investors through its agents, Northwest Eagle
13 and Reliant of America, under the auspices of "Private Placement" transactions whereby shares of BMD Enterprises
14 stock and warrants were parked for about one year with Northwest Eagle and Reliant of America and thereafter
15 distributed to investors. As Northwest Eagle and Reliant of America received funds from investors, Northwest Eagle
16 and Reliant of America transferred most of the investor funds to BMD Enterprises or Good Pace. With each infusion
17 of investor funds between March 1994 and July 1998, Good Pace generally paid commissions to Northwest Eagle and
18 Reliant of America equal to 30% to 40% of the funds invested. In exchange for investor funds, Northwest Eagle and
19 Reliant of America received shares of BMD Enterprises stock and warrants. Northwest Eagle and Reliant of America
20 generally received units consisting of one share of the BMD Enterprises stock and one non-transferable warrant in
21 "Private Placement" transactions between Northwest Eagle or Reliant of America and BMD Enterprises. According
22 to the terms of the "Private Placement" transaction, Northwest Eagle and Reliant of America could not transfer or
23 trade the BMD Enterprises stock for one year. Northwest Eagle and Reliant of America were supposed to distribute
24 the BMD Enterprises stock to Washington investors about one year after each "Private Placement" transaction.

1 Between August 1994 and December 1998, BMD Enterprises issued more than 21,150,000 units (one share of
2 BMD Enterprises stock and one non-transferable warrant) to Northwest Eagle and Reliant of America through
3 approximately eleven of these "Private Placement" transactions, which was more than 40% of BMD Enterprises' total
4 issued and outstanding common shares as of March 31, 1999.

5 At all times relevant herein, the offers and sales of all BMD Enterprises securities were not registered with the
6 Securities Division and no exemption from securities registration was filed with the Securities Division.

7 **B. REPRESENTATIONS DURING THE OFFERING**

8 Donald Vories began selling Northwest Eagle stock to Washington investors at least in May 1998. R. Chinn
9 continued to sell Northwest Eagle stock. Northwest Eagle and Vories represented to Washington investors that for a
10 \$10,000 investment, investors would receive 100,000 shares of Northwest Eagle stock, 46,000 shares of BMD
11 Enterprises stock deliverable in one year and 46,000 BMD Enterprises warrants. Northwest Eagle and R. Chinn
12 represented to Washington investors that in order to exercise the warrants, the investor had to notify W.O. Sullivan
13 and write a check to Northwest Eagle. Northwest Eagle would then authorize BMD Enterprises to issue a certificate
14 in the investor's name. Northwest Eagle and Vories gave investors receipts or stock allocation forms reflecting their
15 investment transactions. Northwest Eagle and Vories represented to Washington investors that investor funds would
16 be used for research and development and manufacturing of a fuel cell for automobiles.

17 **C. MISREPRESENTATIONS AND OMISSIONS DURING THE OFFERING**

18 Northwest Eagle, Reliant of America, R. Chinn, A. Chinn, and Vories failed to provide a number of Washington
19 investors with any offering materials, including financial statements for Northwest Eagle and Reliant of America.

20 In connection with this offering, Northwest Eagle, Reliant of America, R. Chinn, A. Chinn, and Vories failed
21 to disclose to Washington investors the risk of inadequate capitalization of Northwest Eagle and the risk of
22 shareholder dilution in Northwest Eagle.

23 In connection with this offering, Northwest Eagle, R. Chinn, A. Chinn, and Vories failed to disclose to
24 Washington investors the risk that because Northwest Eagle could only sell Good Pace products, Northwest Eagle

1 might be limited in its sales and products and that Northwest Eagle might not have a product to market, if for
2 example, Good Pace does not produce a marketable product or cannot finance its operations.

3 In connection with this offering, Northwest Eagle, R. Chinn, A. Chinn, and Vories represented to Washington
4 investors that there was little or no risk in the investment because investors would receive BMD Enterprises stock.
5 Northwest Eagle, R. Chinn, and Vories represented to other Washington investors that investors would realize a return
6 on their investment because the BMD Enterprises stock would increase substantially, comparable to Microsoft stock
7 or Ballard Power Systems, Inc. stock, which is a Canadian company that develops and sells fuel cell products.
8 However, Northwest Eagle, R. Chinn, and Vories failed to disclose risks that might prevent BMD Enterprises stock
9 from increasing substantially such as developmental and production risks, intellectual property protection risks, and
10 competition risk.

11 In connection with this offering, Northwest Eagle and Vories represented to Washington investors that BMD
12 Motors, a subsidiary of BMD Enterprises, developed “breakthrough” technology, called the “BMD Electro-Cell
13 Motor Drive”, in the area of fuel cells which would advance commercialization of consumer automobiles with fuel
14 cell drive systems. However, Northwest Eagle and Vories failed to disclose to Washington investors that BMD
15 Enterprises lacked funds to develop a prototype and to commercially produce the “BMD Electro-Cell Motor Drive”.

16 IV.

17 **REGISTRATION STATUS OF BROKER-DEALERS AND SALESPERSONS**

18 Northwest Eagle, Reliant of America, Northwest Reliant, Roger Chinn, Arlene Chinn, and Donald Vories, are
19 not currently registered as securities broker-dealers or salespersons in the state of Washington and have not previously
20 been so registered.

21
22 Based upon the above Findings of Fact, the following Conclusions of Law are made:

1 **CONCLUSIONS OF LAW**

2 **I.**

3 **SECURITIES**

4 The offers and sales Northwest Eagle stock, royalty interests, receipts, and subscription agreements, Reliant of
5 America stock, receipts, and subscriptions agreements, and BMD Enterprises stock and warrants, described in paragraphs
6 I through V of the Tentative Findings of Fact constitute the offer and sale of a security as defined in RCW 21.20.005(10)
7 and (12): stock, notes, warrants, receipts for stocks and warrants, rights to purchase stock, subscription agreements, or
8 investment contracts.

9 **II.**

10 **REGISTRATION OF SECURITIES**

11 Respondent Donald Vories violated RCW 21.20.140 because no registration for the offers and sales of the
12 securities described in paragraphs I through V of the Tentative Findings of Fact was on file with the Administrator of
13 Securities, state of Washington and no exemptions appear to have been available.

14 **III.**

15 **REGISTRATION OF BROKER-DEALERS AND SALESPERSONS**

16 Respondent Donald Vories violated RCW 21.20.040 by offering and selling said securities while not registered as
17 a securities broker-dealer or salesperson in the state of Washington.

18 **V.**

19 **ANTI-FRAUD PROVISION**

20 The offer and sale of the securities described in paragraphs I through V of the Tentative Findings of Fact were
21 made in violation of RCW 21.20.010 because as described in paragraphs I through V of the Tentative Findings of Fact,
22 Respondent Donald Vories either made untrue statements of material fact or omitted to state material facts necessary in
23 order to make the statements made, in light of the circumstances under which they were made, not misleading.

24
25 ENTRY OF FINDINGS OF FACT AND CONCLUSIONS 1
26 OF LAW AND FINAL ORDER CEASE AND DESIST 0
27 AS TO DONALD M. VORIES

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

ORDER

Based upon the above Findings of Fact and Conclusions of Law, IT IS HEREBY ORDERED that Donald M. Vories shall cease and desist from offering or selling securities in any manner in violation of RCW 21.20.140, the section of the Securities Act of Washington requiring registration.

IT IS FURTHER ORDERED that Donald M. Vories shall cease and desist from violation of RCW 21.20.040, the securities broker-dealer and salesperson registration section of the Securities Act of Washington.

IT IS FURTHER ORDERED that Donald M. Vories shall cease and desist from violation of RCW 21.20.010, the anti-fraud section of the Securities Act of Washington.

This Order is entered pursuant to RCW 21.20.390 and is subject to the provisions of ch. 34.05 RCW.

WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

DATED this _____ day of February, 2000.

DEBORAH R. BORTNER
Securities Administrator

Presented by:

Marlo DeLange
Securities Examiner

Approved by:

Michael E. Stevenson
Chief of Compliance

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