

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



In the Matter of:

Jess Vanhooser and
Kenneth Sauer

Respondents.

ODS File No. ODS 01-104

AGREEMENT

An investigation into the activities of Jess Vanhooser ("Vanhooser") and Kenneth Sauer ("Sauer") (collectively, the "Respondents") was conducted by the Oklahoma Department of Securities ("Department"), pursuant to Section 405 of the Oklahoma Securities Act ("Act"), Okla. Stat. tit. 71, §§ 1-413, 501, 701-703 (1991 & Supp. 1999), concerning possible violations of Sections 101, 201 and 301 of the Act.

The Department's investigation revealed that from February 1999, through July 1999, Sauer and Vanhooser offered and sold unregistered securities to Oklahoma residents in the form of interests in a "trading program" described to investors as a one year "income enhancement program." Respondents represented that Edwin Schweizer, an individual doing business in Switzerland, would manage the "income enhancement program" by using investor funds to buy and sell medium term notes issued by "major banks rated AA or better by Standard & Poor's, Moody's or equivalent rating programs." Respondents told investors to expect profits of three hundred per cent (300%) per annum on their initial investment and any subsequent investments.

From February 1999, through July 1999, Vanhooser was registered as an agent of Lifemark Securities Corp. ("Lifemark"), a broker-dealer registered under the Act. However, the securities transactions described above were not processed through Lifemark and were effected without Lifemark's permission or knowledge. Vanhooser's agent registration under the Act was terminated on June 13, 2003. Sauer has not been registered under the Act in any capacity.

Sauer and Vanhooser made material misrepresentations and omissions of fact to investors concerning, among other things, the use of investor funds, expected returns, and investment risks. Sauer and Vanhooser falsely represented to investors: (a) that investor funds would be collateralized to insure safety of principal, (b) that investors would receive returns of three hundred per cent (300%) per annum with no risk, and (c) that investors could obtain a return of their principal prior to maturity if profits were not distributed or an accounting was not given on a monthly basis. Investors have not received monthly accountings, a return of their principal or a return on their investment.

Respondents, without admitting or denying any violation of the Act, desire to settle this matter expeditiously and in a manner consistent with the purposes fairly intended by the policies and provisions of the Act.

The undersigned parties hereto agree as follows:

1. **Permanent Order to Cease and Desist.** Respondents agree to the issuance of a Permanent Order to Cease and Desist in the form of *Exhibit A* attached hereto and made a part hereof (the "Order") and voluntarily waive their right to notice, hearing and appeal as provided by the Act, the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities ("Rules"), and the Oklahoma Administrative Procedures Act, Okla. Stat. *tit.* 75, § 250 *et. seq.*

2. **Compliance with the Act.** Respondents agree to comply with all provisions of the Act and the Rules including, but not limited to, compliance with Sections 101, 201, and 301 of the Act in connection with offers and sales of securities in and/or from the state of Oklahoma.

3. **Licensing.** Respondents agree to register as required by Section 201 of the Act prior to effecting or attempting to effect transactions in securities in or from the state of Oklahoma. Respondents further agree to register each person who represents Respondents in effecting or attempting to effect transactions in securities in or from the state of Oklahoma.

4. **Representations.** Respondents agree that no representations will be made to investors or potential investors regarding estimated, prospective, or potential earnings of Respondents in connection with the purchase or ownership of securities including, but not limited to, "income enhancement programs."

5. **Entire Agreement.** Respondents voluntarily consent to the issuance of the Order, and represent that the consent and waivers contained herein are voluntary and given without threat, offer, promise, or inducement of any kind or nature having been made or given by the Department, its staff, the Administrator, or the Oklahoma Securities Commission. Other than the Order, this writing constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes any and all prior and contemporaneous agreements, representations and understandings of the parties. No supplement, modification or amendment to this Agreement shall be binding unless executed in writing by each of the parties hereto.

6. **Limitation on Agreement.** Nothing in this Agreement shall prohibit the Administrator from furnishing information to any other properly constituted agency or authority. In the event any other agency or authority commences an action in connection with information obtained by the Administrator against any Respondent, the Administrator may assist in such actions as authorized by law. It is further agreed that the execution of this Agreement does not mean that the Administrator has passed in

any way upon the merits or qualifications of, or recommended or given approval to, the transactions to which it relates.

7. **Effective Date.** This Agreement shall be effective as of the date on which it is signed by the Administrator as set forth below his signature hereto.

8. **Consideration.** In consideration for this Agreement, the Administrator will not take further action against Respondents in connection with the offers and sales of the above described "income enhancement programs" prior to the Effective Date of this Agreement.

9. **Applicability.** This Agreement applies only to the activities of Respondents and to no others.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year set forth below their signatures hereto.

Kenneth Sauer



Date: 24 Sep '03

Jess Vanhooser



Date: 9-24-03

OKLAHOMA DEPARTMENT OF SECURITIES:

By: 

Irving L. Faught, Administrator

Date: 9-30-03

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PERMANENT ORDER TO CEASE AND DESIST

The Oklahoma Department of Securities (Department) conducted an investigation into the activities of the named Respondents pursuant to Section 405 of the Oklahoma Securities Act (Act), Okla. Stat. *tit.* 71, §§ 1-413, 501, 701-703 (1991 & Supp. 1999).

In order to resolve the issues raised in connection with the Department's investigation, Respondents voluntarily executed the Agreement that is attached hereto and incorporated herein by reference.

IT IS HEREBY ORDERED THAT Jess Vanhooser and Kenneth Sauer cease and desist from engaging in violations of Sections 101, 201 and 301 of the Act and from doing any act in furtherance thereof.

Witness my Hand and the Official Seal of the Oklahoma Department of Securities this 30 day of September 2003.

(SEAL)



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