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:

LANE FUNDING ASSOCIATION; BOBI LANE; ROBERT FOUST; their employees and agents

Respondents.

SDO -109- 01

SUMMARY ORDER TO CEASE AND DESIST

Case No. 01-10-394

THE STATE OF WASHINGTON TO:

Lane Funding Association Bobi Lane 38591 Mountain Home Dr. Lebanon, OR 97355

Lane Funding Association Bob Foust 130 Hiatt St. Lebanon, OR 97355

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents, Lane Funding Association (Lane Funding), Bobi Lane (Lane) and Robert Foust (Foust) have each 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 against each of them 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 public and that a Summary Order to Cease and Desist should be entered immediately. The Securities Administrator finds as follows:

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TENTATIVE FINDINGS OF FACT

I. Respondents

- Lane Funding Association, an Oregon corporation, has principal business addresses of PO Box 800,
 Lebanon, Oregon and 38591 Mountain Home Drive, Lebanon, Oregon.
 - 2. Bobi Lane is a principal in Lane Funding Association.
 - 3. Robert Foust is a principal in Lane Funding Association.

II. Offering

- 4. At least two Washington residents, while attending a multilevel marketing convention in Portland, Oregon in 1998, learned of an investment opportunity in Lane Funding. As a result, the two Washington residents contacted Lane Funding regarding the investment opportunity. The investors were told that the investment consisted of lending money to Lane Funding, who would in turn invest the funds in offshore banknotes and debentures.
- 5. The entire documentation required for the investment opportunity consisted of a "Private Loan Contract". According to the contract, the minimum investment was \$100 and the term on the loan was six months, with the entire principal and interest to be paid within eight months of making the investment. Additionally, the offering material stated that the interest rate was variable and averaging ten percent per month.
 - 6. In November of 1998 the investors traveled to Oregon and invested over \$55,000 in Lane Funding.
- 7. From at least November of 1999 to April of 2001 the investors received periodic account statements regarding their investments in Lane Funding. These statements were sent to the investors Washington address. On an account statement dated January 15, 2000 one of the investors, based on a \$24,000 investment made in Lane Funding in late 1998 and early 1999, purportedly had an account balance of over \$63,000.
- 8. During this same time period the investors received multiple "loan repayments" via cashiers checks mailed to their Washington address. Based, in part, on these loan repayments and the account statements that the investors received, both investors decided to make additional investments in Lane Funding totaling over \$50,000. A portion of these additional investments were mailed to Lane Funding from Washington.

9. On an account statement dated April 15, 2001 one of the investors, based on a \$50,000 investment in Lane Funding, purportedly had an account balance of over \$497,000.

III. Misrepresentations and Omissions

- 10. Respondents failed to provide offerees with a disclosure document containing material information about the investment opportunity described above, including but not limited to risk factors disclosure and financial statements of Lane Funding Association.
- 11. The offering literature sent by the Respondents did not identify the following: the experience and track record in investment programs of the principals; what basis Lane Funding had for its claim that it will be able to pay investors 120% interest per year; and what compensation Lane or Foust were to receive.

IV. Scheme to Defraud

12. Notwithstanding Respondent's representations regarding the investment opportunity, the Securities and Exchange Commission and other federal regulatory agencies such as the Federal Reserve Board, the Federal Deposit Insurance Corp., the National Credit Union Administration, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision have indicated that financial instruments of this type that bear high yields are not bona fide financial instruments and that the purported existence of such investments has been advanced for the purpose of defrauding investors.

V. Registration Status

- 13. Lane Funding Association is not currently registered to sell its securities in the state of Washington and has not previously been so registered.
- 14. Neither Bobi Lane nor Robert Foust is currently registered as a securities salesperson or broker-dealer in the state of Washington and neither has previously been so registered.

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I. Securities

15. The offer and/or sale of the investment opportunities described above constitutes the offer and/or sale of a security as defined in RCW 21.20.005 (10) and (12).

II. **Anti-Fraud Provision**

The offer and/or sale of said securities was made in violation of RCW 21.20.010 because, as set forth in 16. section II of the Tentative Findings of Fact, Respondents omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

III. Registration of Securities

17. The offer and/or sale of said securities is in violation of RCW 21.20.140, the registration section of the Securities Act, 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

18. Respondents Bobi Lane and Robert Foust have each violated RCW 21.20.040 by offering and/or selling said securities while not being registered as a broker-dealer or securities salesperson in the state of Washington

EMERGENCY

The Securities Administration 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 ORDER

Based upon the foregoing, IT IS THEREFORE HEREBY SUMMARILY ORDERED that Respondents, Lane Funding Association, Bobi Lane, Robert Foust, their agents, and employees shall each cease and desist from violating RCW 21.20.010, the anti-fraud section of the Securities Act.

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It is further SUMMARILY ORDERED that Respondent, Lane Funding Association, their agents, and employees shall each cease and desist from violating RCW 21.20.140, the securities registration section of the Securities Act.

It is further SUMMARILY ORDERED that Respondents, Bobi Lane and Robert Foust, their agents, and employees shall each cease and desist from violating RCW 21.20.040, the securities broker-dealer, securities salesperson registration section of the Securities Act.

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. The Respondents, Lane Funding Association, Bobi Lane and Robert Foust, may each make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Order. A request for a hearing should be in writing and sent to Deborah R. Bortner, Securities Administrator, Department of Financial Institutions, P.O. Box 9033, Olympia, Washington 98507-9033 to the attention of Tyler Letey.

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 the Respondent.

WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

DATED this 13th day of March, 2002

DEBORAH R. BORTNER Securities Administrator

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Approved by: Presented by:

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Michael E. Stevenson Chief of Enforcement	Tyler Letey Staff Attorney	
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