

STATE OF MAINE  
OFFICE OF SECURITIES  
121 STATE HOUSE STATION  
AUGUSTA, ME 04333

IN RE:

CPFS, Inc., Pinnacle Support Systems Inc.,  
Larry C. Nelson, Donna T. Nelson, Craig N.  
Salomon and Thomas Greene

CONSENT ORDER TO CEASE  
AND DESIST AND IMPOSING  
A CIVIL PENALTY  
04-017

1. CPFS, Inc. ("CPFS") was incorporated pursuant to the laws of New Hampshire in March 1999, with a principal place of business at 32 Concord Place, Cape Elizabeth, Maine. According to records obtained from the New Hampshire Secretary of State, CPFS is now dissolved.
2. Pinnacle Support Systems, Inc. ("Pinnacle") was incorporated in September 2000 pursuant to the laws of Nevada. According to Pinnacle's Certificate of Registration, its incorporation was part of the "reorganization of CPFS, Inc. / now known as Pinnacle Support Systems, Inc." According to records obtained from the Nevada Secretary of State, Pinnacle's status as a corporation has been revoked.
3. Larry C. Nelson ("L. Nelson") has been at all relevant times an officer and director of CPFS and the president of Pinnacle. His last known address is 33 Swanton Drive, Hollis, Maine 04042-3150.
4. Thomas Greene ("Greene") has been at all relevant times a director of CPFS and Pinnacle. His last known address is 72 Gorham Road, Apartment 305, Scarborough, Maine 04074.
5. Donna T. Nelson ("D. Nelson") has been at all relevant times an officer of CPFS and the treasurer of Pinnacle. Her last known address is 33 Swanton Drive, Hollis, Maine 04042-3150.
6. Craig N. Saloman ("Saloman") has been at all relevant times an officer and the registered agent of CPFS, as well as the secretary of Pinnacle. His last known business address is P.O. Box 427, North Hampton, New Hampshire 03862.

*Sales of unregistered securities by unlicensed entities*

7. CPFS marketed itself as a personal development company which, through its representatives, would provide ongoing support to individuals to enhance their personal and professional lives. According to CPFS's literature, on-going support would be provided through on-line chat rooms, teleconferencing and interaction with authors, coaches and company leaders, and multi-media seminars.
8. In or about July 1999, L. Nelson and Greene hosted a seminar at the Embassy Suites Hotel in South Portland, Maine. L. Nelson and Greene solicited attendees at the seminar to purchase "support units" in CPFS for which purchasers would receive a return in the form of fees for each product sold by CPFS.
9. According to CPFS's Agreement and Deposit Receipt, proceeds from the sales of these support units would be used as "working capital in connection with the establishment of a company providing personal development training." If CPFS were to commence business on or before December 1, 1999, then each investor would be entitled to receive a payment from sales of CPFS products as follows:
  - (a) Home study course: \$10 each;
  - (b) Three day seminar: \$20 each;
  - (c) Seven day seminar \$100 each.
10. According to records obtained by the Maine Office of Securities (the "Office") from L. Nelson and Greene, 24 individuals invested in CPFS support units in 1999 and 2000.
11. According to records that the Office obtained from L. Nelson and Greene, after these investors invested in CPFS, at least some received "Support Unit Holder Monthly Reports" through June 2000 indicating that CPFS had paid them small "royalties" for sales of Pinnacle products. However, to the extent that any such "royalties" were paid, the amounts that investors received were less than the amounts indicated in the monthly reports. In any event, the royalties that CPFS claims to have paid investors are a very small fraction of the overall investments.
12. In or about late 2000, investors received a Subscription Agreement and Letter of Investment Intent (the "Subscription Agreement") from Saloman. The Subscription Agreement gave investors the option to exchange their positions as unit holders in CPFS for the purchase of Pinnacle shares of restricted common stock at the price of \$.50 per share. The Subscription Agreement referred to the shares as "securities" and represented that Pinnacle had complied with "applicable securities laws" and did not need to register these securities based on unstated "exemptions."
13. According to the documents received from L. Nelson and Greene, all but one of the investors exercised the option to purchase Pinnacle shares.

14. The Agreement and Deposit Receipts and the CPFS support units are investment contracts and/or “evidence of indebtedness” and are thus securities under § 10501(18) of the Revised Maine Securities Act, 32 M.S.R.A, §§ 10101 – 10713 (the “Act”).
15. Pursuant to § 10401 of the Act, a person may not offer or sell a security in Maine unless the security is registered under the Act.
16. According to the Office’s records, CPFS support units, Pinnacle shares, and other investments offered by these companies were not registered under the Act for offer and sale in Maine.
17. Pursuant to § 10301 of the Act, it is unlawful for any person to transact business in this State as a broker-dealer or a sales representative unless licensed to do so under the Act.
18. The Office has no record that CPFS or Pinnacle has been licensed as a broker-dealer in Maine. Further, the Office has no record that Greene, L. Nelson, D. Nelson or Salomon has been licensed as a broker-dealer or sales representative in Maine.
19. Pursuant to § 10602(3) of the Act, as control persons of both CPFS and Pinnacle, the individual respondents are equally liable for the securities law violations of CPFS and Pinnacle.

*Offers and sales of unregistered business opportunities*

20. In or about late 1999 and 2000, CPFS began soliciting and selling a business opportunity. According to CPFS’s “Pre-pre Launch Information Package”:

CPFS, Inc. will also offer an opportunity for carefully selected, responsible individuals to confidently and profitably market its products with a minimum overhead by phone, fax and internet. Targeted professionals and entrepreneurs will view it as a bona fide chance to ‘regain’ passion for their life’s work, balance their family and recreational lives, while being remunerated commensurate with their talents and contribution.

21. In or about 2000 and 2001, CPFS placed advertisements in publications such as *The Libertarian Party News*, *Life Insurance Selling*, *The American Spectator*, and *The Advocate*. The advertisements included the following:

Pinnacle Support Systems, the world’s first third generation personal empowerment program, offers you the chance to change minds, lives and the world we live in for a profit! If this appeals to you: earning a potential six to seven figure annual income from home connecting people to a perpetual support system that empowers them through acceptance of responsibility and that

explicitly explains to them the connection of political freedom to their empowerment on a global level, read further...

You may enjoy...profits up to \$17,500 and more per sale from your first sale.

Before you spend up to \$60-100K or more on a franchise, check this: you can have a six/seven figure first year income potential from home working from phone, fax and internet!

Six/Seven figure annual potential in libertarian home-based business. \$10K start-up. Optional lead generation. Not MLM.

22. According to records obtained by the Office from L. Nelson and Greene, 48 individuals and the Libertarian Party of Minnesota signed Independent Distributor Applications, agreeing to become distributors of Pinnacle products.
23. According to information that the Office received from L. Nelson and Greene, Pinnacle, through its distributors, sold various types of business opportunity products to individuals. These products included the "Living Learning System" (a book and CDs), a "2-Day Seminar," a "3-Day Seminar Ascension," the "Summit 7-Day Seminar," and an "Ad-Coop Unit (100 leads/100 days)." These products ranged in price from \$475 to \$18,500. In addition, L. Nelson and Greene offered annual and lifetime subscription renewals for \$99 and \$500, respectively.
24. According to records that the Office received from L. Nelson and Greene, 49 individuals purchased products offered as part of Pinnacle's business opportunity from December 1999 through 2001.
25. CPFS and Pinnacle have offered and sold a business opportunity in the State of Maine in violation of the provisions of the Regulations of the Sale of Business Opportunities, 32 M.R.S.A §§ 4691 – 4700-B (the "Regulations"). Specifically, CPFS and Pinnacle did not register as sellers of business opportunities in the State of Maine pursuant to § 4696 of the Regulations. CPFS and Pinnacle did not provide a disclosure statement to Maine purchasers or potential purchasers in accordance with §§ 4692, 4693 and 4694 of the Regulations. Furthermore, CPFS and Pinnacle did not obtain a surety bond, or establish an escrow account, in accordance with § 4695 of the Regulations.

*Statutory authority, understandings, and agreements*

26. With respect to alleged violations of the Act, the Securities Administrator may, after notice and opportunity for a hearing, issue a cease and desist order if the Securities Administrator determines that the public interest or the protection of investors so requires, pursuant to § 10602(1)(A) of the Act.

27. Pursuant to § 10602(1) of the Act, the administrator may issue an order imposing a civil penalty that may not exceed \$1,500 for a single violation if he reasonably believes that any person has engaged, is engaging or is about to engage in any act or practice constituting a violation of any provision of the Act.
28. Effective December 31, 2005, the Maine Uniform Securities Act, Title 32, Chapter 135 superseded the Act and governs conduct occurring after December 31, 2005.
28. Pursuant to § 4700(5) of the Regulations, the Securities Administrator may issue an order directing a person to cease and desist whenever it appears to the Securities Administrator that the person has engaged in or is about to engage in any act or practice constituting a violation of the Regulations.
29. The Office has agreed to enter into this Consent Order based upon information provided by the respondents in response to an investigation by the Office regarding their conduct and financial condition. If this information is later determined to have been materially inaccurate, the Securities Administrator, at his sole and unreviewable discretion, may declare this Consent Order to be null and void.
30. All parties desire an expeditious resolution to this matter.
31. Without trial or adjudication of any issue of fact or law, and without admitting or denying the allegations herein or that their conduct violated the Act or the Regulations, the respondents waive their right to a hearing and consent to the entry of this order.

#### FINAL ORDER

NOW, THEREFORE, it is ORDERED that:

1. The respondents permanently CEASE AND DESIST from violating any provisions of the Maine Uniform Securities Act, including the prohibitions against offering and selling securities that are neither registered nor exempt from registration, and against transacting business in Maine as broker-dealers and sales representatives unless licensed or exempt from licensing.
2. The respondents permanently CEASE AND DESIST from violating any provisions of the Business Opportunity Regulations, including failing to conduct business without first becoming registered, failing to provide a disclosure statement to Maine purchasers, and failing to obtain a surety bond or establish an escrow account.
3. The respondents shall pay a civil penalty of \$7,000 pursuant to § 10602(1)(E) of the Act. The payment shall be made by check payable to "Treasurer, State of Maine," and delivered to the Office before or at the time the respondents provide the Office with their executed version of this Consent Order.

The respondents hereby waive their right to a hearing and to judicial review and consent to the entry of the order set forth above.

Date: February 26, 2006

CPFS, Inc.,

By: /s/ Thomas Greene  
Thomas Greene, President

Date: February 24, 2006

Pinnacle Support Systems, Inc.,

By: /s/ Larry C. Nelson  
Larry C. Nelson, President

Date: February 24, 2006

/s/ Larry C. Nelson  
Larry C. Nelson

Date: February 24, 2006

/s/ Donna T. Nelson  
Donna T. Nelson

Date: [undated]

/s/ Craig N. Salomon  
Craig N. Salomon

Date: February 26, 2006

/s/ Thomas Greene  
Thomas Greene

Ordered by:

Date: March 2, 2006

/s/ Michael J. Colleran  
Michael J. Colleran  
Securities Administrator

Reviewed by:

Date: March 2, 2006

/s/ Bonnie E. Russell  
Bonnie E. Russell  
Assistant Securities Administrator

Presented by:

Date: March 2, 2006

/s/ Christian D. Van Dyck  
Christian D. Van Dyck  
Investigator/Examiner