

STATE OF ALASKA
DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
DIVISION OF BANKING, SECURITIES, AND CORPORATIONS
P.O. BOX 110807
JUNEAU, ALASKA 99811-0807

In the Matter of:

Coastal Resources Corporation,
Richard F. O'Connor, its president
and CEO, and Rose Conant, its
secretary,

Respondents.

Alaska Order No. 02-01 S

**FINAL ORDER TO CEASE AND DESIST
AND TO IMPOSE CIVIL FINE**

FACTUAL ALLEGATIONS

1. The Division of Banking, Securities, and Corporations (division) within the Department of Community and Economic Development is charged with enforcement of the Alaska Securities Act (Act).

2. Respondent Coastal Resources Corporation (Coastal Resources) is a California corporation, whose mailing address is 33971 Selva Road, Suite 230, Dana Point CA 92629 and whose alternate address is 16 Technology, #130, Irvine, CA 92616. Respondent Richard F. O'Connor (O'Connor) is the corporation's president and chief executive officer whose business address is the same as the corporation. Respondent Rose Conant (Conant) is the corporate secretary whose business address is the same as the corporation.

3. A corporation wishing to sell securities in Alaska must be registered under AS 45.55.070 or receive an exemption under AS 45.55.900 before any sales can be made.

4. JG of Anchorage is an Alaskan purchaser of Coastal Resource stock.

1 5. Some time during the summer of 2000, KK, an acquaintance of JG, told JG of
2 the existence of Coastal Resources and recommended he buy the stock. He placed JG in
3 touch with O'Connor in order to make the purchase.

4 6. On September 7, 2000, JG paid to Coastal Resources \$50,000 by personal
5 check made out to a bank in California. On November 16, 2000, JG sent another check in
6 the amount of \$10,000 made payable personally to Rose Conant. JG received stock
7 certificates confirming his purchases signed by O'Connor and Conant. These are
8 certificate 209 dated September 8, 2000 for 50,000 shares and certificate 276 dated
9 November 16, 2000 for 10,000 shares.

10 7. A search of division records reveals no registration or exemption applied for
11 by Coastal Resources Corporation.

12 8. A search of the internet revealed a listing for Richard F. O'Connor, consisting
13 of a press release reporting a cease and desist Order issued by the Pennsylvania
14 Securities Commission in October 1999. A telephone check with Pennsylvania determined
15 that there had been no response whatsoever to the Order. There were no regular
16 registrations for Richard F. O'Connor or for Rose Conant.

17 9. On the web site for Coastal Resources Corporation (reachable at the URL
18 <http://www.coastalresourcesinc.com/>), there is biographical information on Mr. O'Connor
19 containing the following:

20 "Mr. O'Connor has extensive marketing experience in developing and
21 assisting small to mid-size companies in private placement funding,
 as well as assisting companies in the process of going public."

22 Thus, Mr. O'Connor has experience in the field of securities, and should have known that
23 registration or exemption was required for the securities and that any person selling
24 securities has to be registered as an agent.

25 10. The division made repeated calls to Richard O'Connor and the other

1 Respondent and despite assurances that he would return calls, none ever were. It thus
2 became necessary to issue the Temporary Order without notice to the Respondents.

3 **CONCLUSIONS OF LAW**

4 11. Two sales of unregistered securities took place in Alaska in violation of
5 AS 45.55.070. Because of O'Connor's purported experience in the field and because there
6 was a prior order from Pennsylvania on the same issue, these sales were made with
7 knowledge of their illegality.

8 12. Sales were effected by unregistered individuals acting as agents in violation
9 of AS 45.55.030. Because of O'Connor's purported experience and because there was a
10 prior order from Pennsylvania on the same issue, these sales were made with knowledge
11 that the offerings were required to have either registration or exemption as required by
12 AS 45.55.030.

13 13. Respondent O'Connor and Respondent Coastal Resources are deemed to
14 have made knowing, intentional sales of unregistered securities by unregistered persons by
15 virtue of O'Connor's purported experience in securities matters, which experience is
16 attributed to the corporation as O'Connor serves as its president and CEO.

17 14. By virtue of not disclosing the existence of the 1999 Pennsylvania Order,
18 Respondents Coastal Resources, O'Connor, and Conant have perpetrated a fraud in
19 violation of AS 45.55.010.

20 15. Because JG was directed to make his check out to Rose Conant person-
21 ally and did, Respondent Conant perpetrated a fraud on JG, in violation of AS 45.55.010.

22 **LAW**

23 **See Appendix "1" attached to the Temporary Order and served with that Order for a**
24 **recitation of the statutes and regulations cited in this Final Order.**

1 **FINAL CEASE AND DESIST**
2 **ORDER AND IMPOSITION OF CIVIL FINES**

3 16. Under AS 45.55.920(a)(1), based on the facts alleged in this Order, the
4 Administrator finds that the Respondents have engaged in multiple, knowing violations of
5 the Alaska Securities Act and that it is in the public interest to issue this Order.

6 17. Under AS 45.55.920(a)(1)(A), Respondents Coastal Resources Corporation
7 Richard F. O'Connor, and Rose Conant are ordered to cease and desist from selling
8 unregistered securities, and from all other unlawful acts and practices. Respondents
9 Coastal Resources, O'Connor, and Conant are also ordered to cease and desist from any
10 future violation of the Alaska Securities Act.

11 18. Under AS 45.55.920(b), Respondent Coastal Resources is subject to pay a
12 civil fine of \$25,000 for knowing, multiple violations of AS 45.55.030.

13 19. Under AS 45.55.920(b), Respondent Coastal Resources is subject to pay a
14 civil fine of \$25,000 for knowing, multiple violations of AS 45.55.070.

15 20. Under AS 45.55.920(b), Respondent O'Connor is subject to pay a civil fine of
16 \$25,000 for multiple, knowing violations of AS 45.55.010.

17 21. Under AS 45.55.920(b), Respondent O'Connor is subject to pay a civil fine of
18 \$25,000 for knowing, multiple violations of AS 45.55.030.

19 22. Under AS 45.55.920(b), Respondent O'Connor is subject to pay a civil fine of
20 \$25,000 for multiple, knowing violations of AS 45.55.070.

21 23. Under AS 45.55.920(c), Respondent Conant subject to pay a civil fine of
22 \$5,000 for multiple violations of AS 45.55.010.

23 24. Under AS 45.55.920(c), Respondent Conant subject to pay a civil fine of
24 \$5,000 for multiple violations of AS 45.55.030.

25 25. Under AS 45.55.920(c), Respondent Conant subject to pay a civil fine of

1 \$5,000 for multiple violations of AS 45.55.070.

2 26. Respondent Coastal Resources, Inc. was served by certified mail delivered
3 to its registered agent on August 24, 2001. Coastal Resources never responded.

4 27. Respondents O'Connor and Conant were served by personal service on
5 October 12, 2001, and never responded.

6 28. Under AS 45.55.920(d), this Cease and Desist Order is made a Final Order
7 of the Administrator because more than 15 days have elapsed since the Orders were
8 served and no hearing was requested within the time frame allowed by AS 45.55.920(d) as
9 stated in the Temporary Order.

10 29. This Final Order of the Administrator shall remain in effect until superseded
11 by law or withdrawn by the Administrator.

12 Entered at Juneau, Alaska this 6th day of November, 2001.

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14
15 /s/ Franklin T. Elder
16 Franklin T. Elder
17 Administrator of Securities

18 Contact Person:

19 Vincent L. Usera
20 Senior Securities Examiner
21 (907) 465-2521
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