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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 Washington by:

CENTER FOR STRESS MANAGEMENT; VANN
W. DONALDSON; ARTHUR KILNER; their
employees and agents,

Respondents.

SDO - 56A - 00

SUMMARY ORDER TO CEASE AND
DESIST

Case No. 00-04-0134

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THE STATE OF WASHINGTON TO: Vann W. Donaldson
Center for Stress Management
602-S Jones Ferry Road
Carrboro, North Carolina 27510-2165

Arthur Kilner
173 Ridgebury Drive, P.O. Box 601
Xenia, OH 45385-3956

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STATEMENT OF CHARGES

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Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents Center for Stress Management, Vann W. Donaldson, and Arthur Kilner have 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 to cease and desist from such violations. The Securities Administrator finds that delay in ordering Respondents to cease and desist from such violations would be hazardous to 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

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I. Respondents

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1.1 CENTER FOR STRESS MANAGEMENT is a business entity with a principal place of business at 602-S Jones Ferry Road, Carrboro, North Carolina.

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SUMMARY ORDER TO CEASE AND DESIST

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

1.2 VANN W. DONALDSON (“Donaldson”) is the founder and manager of Center for Stress Management.

1.3 ARTHUR KILNER (“Kilner”) has a place of business at 173 Ridgebury Dr., Xenia, OH. Arthur Kilner promotes various investment opportunities through the mail and over the telephone.

II. Nature of the Offering

2.1 On December 22, 1999, upon learning that Arthur Kilner was soliciting Washington residents to invest with at least one third party entity, a staff member with the Securities Division, posing as a prospective investor, phoned Kilner. During this conversation the staff member inquired about an investment opportunity unrelated to this matter that the Division had learned Kilner was offering. After informing the staff member about that opportunity, Kilner began to discuss another investment opportunity with an entity named Center for Stress Management. Kilner told the staff member that he would send him information regarding that opportunity. The staff member subsequently received literature through the U.S. mail from Kilner regarding the Center for Stress Management investment offering.

2.2 The offering literature sent to the Washington resident is a solicitation for investment funds to be used to finance the expansion of Center for Stress Management, whose declared business purpose is described as “providing a range of effective stress management services to patients referred by physicians.” The literature states the funds raised through the offering will enable Center for Stress Management to refinance their two existing stress management and health care centers, and will also provide financing for the opening of at least eight additional centers and the construction of professional office buildings. The stated goal of Center for Stress Management is to raise a total of \$35 million in capital.

2.3 The offering literature describes Vann W. Donaldson as a licensed clinical psychologist and as the person who will provide management for the expansion of Center for Stress Management.

2.4 The offering literature declares that investors will make “15% simple interest a month for one year” and that payments will be made every four months. It is requested that offerees invest at least \$1,000.

1 2.5 The offering literature states that those who participate will receive a promissory note to evidence their
2 investment. An application page is included that offerees are directed to send to Center for Stress Management under
3 the attention of Dr. Vann Donaldson. Offerees are instructed to sign their name on the application page and to make
4 investment funds payable to Center for Stress Management via a cashier's check or money order.

5 2.6 Arthur Kilner is listed on the application page as the person who referred the offeree to Center for Stress
6 Management. A promissory note purportedly entered into between Arthur Kilner and Center for Stress Management is
7 attached to the offering literature as a representative sample of what the offeree will be receive in exchange for the
8 investment.

9
10 **III. Misrepresentations and Omissions**

11 3.1 Respondents failed to provide offerees with a disclosure document containing complete material information
12 about the investment opportunity described above, including but not limited to risk factors disclosure and financial
13 statements of Center for Stress Management

14 3.2 The offering literature sent by the Respondents did not identify the following: the principals in Center for
15 Stress Management; their business experience and track record; what basis Center for Stress Management has for
16 its claim that it will pay investors 15% interest per month (which amounts to 180% interest annually); and what
17 compensation Arthur Kilner was to receive.

18
19 **IV. Registration Status**

20 Center for Stress Management and Vann Donaldson are not currently registered to sell its securities in the
21 state of Washington and have not previously been so registered.

22 Arthur Kilner is not currently registered as a securities salesperson or broker-dealer in the State of Washington
23 and has not previously been so registered.

1 Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:

2 **CONCLUSIONS OF LAW**

3 **I.**

4 The offer of the investment with Center for Stress Management and Vann W. Donaldson described above
5 constitutes the offer and/or sale of a security as defined in RCW 21.20.005(10) and (12), to wit: a note; evidence of
6 indebtedness; an investment contract; or risk capital.

7 **II.**

8 The offer of said securities was made in violation of RCW 21.20.010 because, as set forth in paragraph III of the
9 Tentative Findings of Fact, Respondents omitted to state material facts necessary in order to make the statements made, in
10 light of the circumstances under which they were made, not misleading.

11 **III.**

12 The offer of said securities is in violation of RCW 21.20.140 because no registration for such offer and/or
13 sale is on file with the Securities Administrator of the state of Washington.

14 **IV.**

15 Respondent Arthur Kilner d/b/a Kilner Enterprises Ltd. has violated RCW 21.20.040 by offering said
16 securities while not being registered as a securities salesperson, broker-dealer, or investment adviser in the state of
17 Washington.

18 **V.**

19 The Securities Administrator finds that an emergency exists and that the continued violations of RCW
20 21.20.010, RCW 21.20.140, and RCW 21.20.040, constitute a threat to the investing public. Accordingly, a
21 Summary Order to Cease and Desist from those violations is in the public interest and necessary for the protection
22 of the investing public.

1 **SUMMARY ORDER**

2 Based upon the foregoing, NOW, THEREFORE, IT IS HEREBY SUMMARILY ORDERED that
3 Respondents Center for Stress Management, Vann W. Donaldson, Arthur Kilner, and their employees and agents, each
4 cease and desist from violating RCW 21.20.010, the anti-fraud section of the Securities Act.

5 It is further SUMMARILY ORDERED that Respondents Center for Stress Management, Vann W. Donaldson,
6 Arthur Kilner, and their employees and agents, each cease and desist from violating RCW 21.20.140 by offering
7 and/or selling unregistered securities.

8 It is further SUMMARILY ORDERED that Respondent Arthur Kilner, and his employees and agents each
9 cease and desist from violating RCW 21.20.040 by acting as a securities broker-dealer or securities salesperson
10 without being so registered.

11 **AUTHORITY AND PROCEDURE**

12 This Order is entered pursuant to the provisions of RCW 21.20.390, and is subject to the provisions of
13 Chapter 34.05 RCW. Each of the Respondents may make a written request for a hearing as set forth in the
14 NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Order.
15 If a Respondent does not request a hearing, the Securities Administrator intends to adopt the above
16 Tentative Findings of Fact and Conclusions of Law as final and make the Summary Order to Cease and Desist
17 permanent as to that Respondent.

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1 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

2 DATED this 17th day of May, 2000.

3 DEBORAH BORTNER
4 DEBORAH R. BORTNER
5 Securities Administrator

6 Approved by:

Presented by:

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8 _____
9 Michael E. Stevenson
Chief of Compliance

Chad Standifer
Staff Attorney

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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
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CENTER FOR STRESS MANAGEMENT; VANN
W. DONALDSON; ARTHUR KILNER; their
employees and agents,

Respondents.

SDO - 56B(1) - 00

NOTICE OF OPPORTUNITY TO DEFEND AND
OPPORTUNITY FOR HEARING

Case No. 00-04-0134

THE STATE OF WASHINGTON TO:

Attn: Center for Stress Management
602-S Jones Ferry Road
Carrboro, North Carolina 27510-2165

YOU ARE HEREBY NOTIFIED that a SUMMARY ORDER TO CEASE AND DESIST (“the Order”), a true and correct copy of which is attached and made part hereof, has been entered against you by the Washington State Department of Financial Institutions, Securities Division.

YOU ARE HEREBY NOTIFIED that you may file an application for an adjudicative hearing before an administrative law judge as Presiding Officer, upon the allegations supporting and ground for the agency action as set forth in the Order. YOUR APPLICATION MUST BE RECEIVED BY THE SECURITIES DIVISION WITHIN TWENTY (20) DAYS FROM THE DATE THAT YOU RECEIVE THIS NOTICE. If you demand a hearing, you will be notified of the date, time, and hearing location will be mailed to you at least seven (7) days in advance.

At the hearing, you may appear personally, and by counsel, if you desire. The hearing will be recorded and will be conducted according to the Administrative Procedure Act, Ch. 34.05 RCW. The primary concern of the Administrative Law Judge, and, ultimately, the Director of the Department of Financial Institutions, will be to determine the truth of the matters asserted in the Order. Technical rules of evidence will not be binding at the hearing except for the rules of privilege recognized by law. You have the right to present evidence and witnesses

NOTICE OF OPPORTUNITY TO DEFEND AND
OPPORTUNITY FOR HEARING

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

1 in your own behalf who will be subject to cross examination, to cross examine those witnesses presented in
2 support of the Order, to examine such documentary evidence as may be produced against you, and to conduct
3 discovery as is authorized in such proceedings. You may require the attendance of witnesses by subpoena,
4 pursuant to RCW 34.05.446. If you are limited English-speaking or hearing impaired, you have the right to have
5 an interpreter appointed at no cost to you, as discussed below.

6 INTERPRETER AVAILABILITY. If you or a witness for you is a person who, because of non-English-
7 speaking cultural background, cannot readily speak or understand the English language, or if you or a witness for
8 you is a person who, because of a hearing impairment or speech defect, cannot readily understand or communicate
9 in spoken language, including persons who are deaf, deaf and blind, or hard of hearing, AND YOU NEED AN
10 INTEPRETER, then a qualified interpreter will be appointed at not cost to you or to the witness. You may request
11 the appointment of a qualified interpreter by indicating your request on the attached Application for Adjudicative
12 Hearing form.

13 YOU ARE FURTHER NOTIFIED that if the Department of Financial Institutions does not RECEIVE the
14 Application for Adjudicative Hearing form within twenty (20) days from the date you receive this notice, this will
15 constitute a waiver of your right to a hearing in accordance with Ch. 34.05 RCW, and the director will find that
16 you do not contest the allegations of the Summary Order. Upon such a finding by the director, a final order will be
17 immediately entered disposing of this matter and ordering you to cease and desist as described in the Summary
18 Order. If you desire a hearing in this matter, please return the attached Application for Adjudicative Hearing to:

19 Washington State Department of Financial Institutions
20 Securities Division
21 Attn: Chad Standifer
22 P.O. Box 9033
23 Olympia, WA 98507-9033

24 DATED this ____ day of May, 2000.

25 DEBORAH BORTNER
26 DEBORAH R. BORTNER
27 Securities Administrator

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**STATE OF WASHINGTON
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W. DONALDSON; ARTHUR KILNER; their
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SDO - 56B(2) - 00

NOTICE OF OPPORTUNITY TO DEFEND AND
OPPORTUNITY FOR HEARING

Case No. 00-04-0134

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Attn: Vann W. Donaldson
Center for Stress Management
602-S Jones Ferry Road
Carrboro, North Carolina 27510-2165

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

1 in your own behalf who will be subject to cross examination, to cross examine those witnesses presented in
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7 speaking cultural background, cannot readily speak or understand the English language, or if you or a witness for
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21 Attn: Chad Standifer
22 P.O. Box 9033
23 Olympia, WA 98507-9033

24 DATED this 17th day of May, 2000.

25 DEBORAH BORTNER
26 DEBORAH R. BORTNER
27 Securities Administrator

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19 Washington State Department of Financial Institutions
20 Securities Division
21 Attn: Chad Standifer
22 P.O. Box 9033
23 Olympia, WA 98507-9033

24 DATED this 17th day of May, 2000.

25 DEBORAH BORTNER
26 DEBORAH R. BORTNER
27 Securities Administrator

INSTRUCTIONS: Check the box beside your desired response. Mail this document as set forth above.

I.

- I request a hearing in this matter.
- I do not request a hearing in this matter.

II.

I [WILL] [WILL NOT] be represented by an attorney. His/her name, address, and telephone number are:

III.

I [REQUEST] [DO NOT REQUEST] that a qualified interpreter be appointed at no cost to me to interpret for (myself) or (my witness(es)). My, or my witness's(es'), primary language is _____ (identify language). My, or my witness's(es'), hearing impaired status is _____ (identify hearing impaired status). I understand that a qualified interpreter will be appointed at no cost to me or to my witness(es).

IV.

You have the right: To demand an adjudicative hearing, to be represented by an attorney at your own expense; and to subpoena witnesses to the hearing or subpoena the production of books or documents, and to otherwise defend against the Summary Order.

WARNING: FAILURE TO COMPLETE AND MAIL THIS DOCUMENT SO THAT IT IS RECEIVED BY THE SECURITIES DIVISION WITHIN 20 DAYS AFTER YOUR RECEIPT OF THE SUMMARY ORDER WILL RESULT IN THE DISPOSITION OF THIS CASE AS AUTHORIZED BY RCW 34.05.440.

Dated this _____ day of May, 2000.

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**** Sign ****

Address:

1 INSTRUCTIONS: Check the box beside your desired response. Mail this document as set forth above.

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3 I.

4 I request a hearing in this matter.

5 I do not request a hearing in this matter.

6 II.

7 I [WILL] [WILL NOT] be represented by an attorney. His/her name, address, and telephone number are:

8 _____
9 _____

10 III.

11 I [REQUEST] [DO NOT REQUEST] that a qualified interpreter be appointed at no cost to me to interpret
12 for (myself) or (my witness(es)). My, or my witness's(es'), primary language is _____
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14 hearing impaired status). I understand that a qualified interpreter will be appointed at no cost to me or to my
15 witness(es).

16 IV.

17 You have the right: To demand an adjudicative hearing, to be represented by an attorney at your own
18 expense; and to subpoena witnesses to the hearing or subpoena the production of books or documents, and to
19 otherwise defend against the Summary Order.

20 WARNING: FAILURE TO COMPLETE AND MAIL THIS DOCUMENT SO THAT IT IS RECEIVED
21 BY THE SECURITIES DIVISION WITHIN 20 DAYS AFTER YOUR RECEIPT OF THE SUMMARY ORDER
22 WILL RESULT IN THE DISPOSITION OF THIS CASE AS AUTHORIZED BY RCW 34.05.440.

Dated this _____ day of May, 2000.

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**** Sign ****

Address:

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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING
Whether there has been a violation
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W. DONALDSON; ARTHUR KILNER; their
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Respondents.

SDO - 56C(3) - 00

APPLICATION FOR ADJUDICATIVE
HEARING

Case No. 00-04-0134

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THE STATE OF WASHINGTON TO: **Attn: Arthur Kilner**
173 Ridgebury Drive, P.O. Box 601
Xenia, OH 45385-3956

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If you wish to contest the Summary Order to Cease and Desist and have an adjudicative hearing, you must sign,
date, and return this form within twenty (20) days of the date you received it, to:

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Washington State Department of Financial Institutions
Securities Division
Attn: Chad Standifer
P.O. Box 9033
Olympia, WA 98507-9033

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FAILURE TO RETURN THIS FORM SO THAT IT IS RECEIVED BY THE DEPARTMENT OF
FINANCIAL INSTITUTIONS WITHIN TWENTY (20) DAYS OF THE DATE YOU RECEIVED IT WILL
CONSTITUTE A DEFAULT AND WILL RESULT IN THE LOSS OF YOUR RIGHT TO AN ADJUDICATIVE
HEARING. In that case, the Director of the Department of Financial Institutions will immediately enter an
appropriate order in disposition of the Summary Order.

INSTRUCTIONS: Check the box beside your desired response. Mail this document as set forth above.

I.

I request a hearing in this matter.

I do not request a hearing in this matter.

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I [WILL] [WILL NOT] be represented by an attorney. His/her name, address, and telephone number are:

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Dated this _____ day of May, 2000.

**** Sign ****

Address: