

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



In the Matter of:

Caobo Company and  
Paul Henry Willms,

Respondents.

ODS File No. 06-107

**ORDER TO CEASE AND DESIST**  
**AND**  
**NOTICE OF OPPORTUNITY FOR HEARING**

**Order**

For purposes of this Order, the Administrator of the Oklahoma Department of Securities (Administrator) hereby adopts the Findings of Fact and Conclusions of Law set forth in the Enforcement Division Recommendation (Recommendation) attached hereto and incorporated herein by reference.

Based on his authority under Section 1-604 of the Oklahoma Uniform Securities Act of 2004 (Act), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (Supp. 2003), IT IS HEREBY ORDERED that Caobo Company (Caobo) and Paul Henry Willms (Willms) (collectively, the "Respondents") cease and desist the offer and/or sale of unregistered securities, that Caobo cease and desist from employing an unregistered agent, and that Willms cease and desist the transaction of business as an unregistered agent, in violation of the Act. Respondents are hereby advised that the Administrator will seek a civil penalty of One Thousand Dollars (\$1,000.00) against each Respondent in this matter.

**Notice of Opportunity for Hearing**

Pursuant to Section 1-604 of the Act, the Administrator hereby gives notice to Respondents of their right to request a hearing. The request for hearing must be received by the Administrator within thirty (30) days after service of this Order. The request for hearing must be in writing and Respondents shall specifically admit or deny each allegation against Respondents that is contained in the Recommendation.

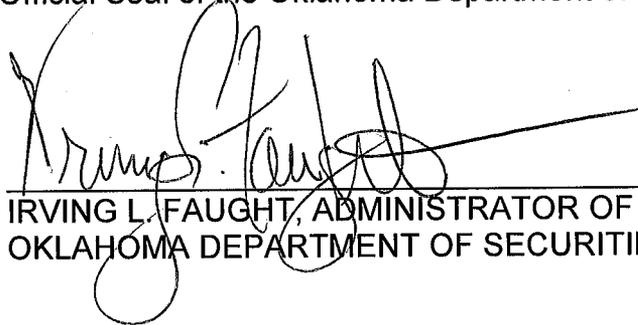
Within fifteen (15) days after receipt of a request for hearing from Respondents, this matter will be scheduled for hearing. The hearing shall commence within fifteen

(15) days of the matter being set for hearing. Notice of the date, time and location of the hearing shall be given to Respondents. If a hearing is requested, the Administrator, after notice and opportunity for hearing to Respondents, may modify or vacate this Order or extend it until final determination.

If Respondents do not request a hearing within thirty days (30) days after the date of service of this Order and none is ordered by the Administrator, the Order becomes final as to Respondents by operation of law.

Witness my Hand and the Official Seal of the Oklahoma Department of Securities this 12th day of July, 2006.

(SEAL)



---

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

CERTIFICATE OF MAILING

The undersigned hereby certifies that on the 12th day of July, 2006, a true and correct copy of the above and foregoing Order to Cease and Desist and Notice of Opportunity for Hearing was mailed by certified mail, return receipt requested, delivery restricted, with postage prepaid thereon, addressed to:

Caobo Company  
2514 Rucker Avenue  
Everett, WA 98201

Paul Henry Willms  
2514 Rucker Avenue  
Everett, WA 98201



---

Brenda London  
Paralegal

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



In the Matter of:

Caobo Company and  
Paul Henry Willms,

Respondents.

ODS File No. 06-107

**ENFORCEMENT DIVISION RECOMMENDATION**

Pursuant to Section 1-602 of the Oklahoma Uniform Securities Act of 2004 (Act), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (Supp. 2003), an investigation was conducted by the Enforcement Division of the Oklahoma Department of Securities (Department) into the activities of the Caobo Company (Caobo) and Paul Henry Willms (Willms) (collectively, the "Respondents") in connection with the offer and/or sale of securities in and/or from Oklahoma.

Based thereon, the following Findings of Fact, Authorities, and Conclusions of Law are submitted to the Administrator of the Department (Administrator), or his designee, in support of the issuance of an order to cease and desist and imposition of a civil penalty.

**Findings of Fact**

1. On or about December 16, 2005, C. Epps (Epps), an Oklahoma resident, received an unsolicited letter from Willms. The letter, signed by Willms as the C.E.O. of Caobo, sought an investment of a minimum 1000 shares of stock of Caobo at the cost of \$1.00 per share. Included with the letter were three documents: a) a business plan; b) a prospective purchaser questionnaire; and c) a subscription agreement.
2. Caobo was a company incorporated under the laws of the state of Delaware on July 13, 2005. Caobo represents that it is raising funds through a private equity offering for the purpose of reclaiming Mennonite lands in the Ukraine through restitution.
3. The shares of stock offered by Respondents are not registered under the Act.
4. Willms is not registered as an agent under the Act.

5. Caobo is employing an unregistered agent under the Act.

To the extent any of these Findings of Fact are more properly characterized as Conclusions of Law, they should be so considered.

### Authorities

1. Section 1-102 provides in part:

In this act, unless the context otherwise requires:

\* \* \*

2. "Agent" means an individual, other than a broker-dealer, who represents a broker-dealer in effecting or attempting to effect purchases or sales of securities or represents an issuer in effecting or attempting to effect purchases or sales of the issuer's securities. A partner, officer, or director of a broker-dealer or issuer, or an individual having a similar status or performing similar functions is an agent only if the individual otherwise comes within the term. The term does not include an individual excluded by rule adopted or order issued under this act;

\* \* \*

32. "Security" means a note; stock; treasury stock; security future; bond; debenture; evidence of indebtedness; certificate of interest or participation in a profit-sharing agreement; collateral trust certificate; preorganization certificate or subscription; transferable share; investment contract; voting trust certificate; certificate of deposit for a security; fractional undivided interest in oil, gas, or other mineral rights; put, call, straddle, option, or privilege on a security, certificate of deposit, or group or index of securities, including an interest therein or based on the value thereof; put, call, straddle, option, or privilege entered into on a national securities exchange relating to foreign currency; or, in general, an interest or instrument commonly known as a "security," or a certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing. The term:

\* \* \*

- d. includes as an "investment contract" an investment in a common enterprise with the expectation of profits to be

derived primarily from the efforts of a person other than the investor and a "common enterprise" means an enterprise in which the fortunes of the investor are interwoven with those of either the person offering the investment, a third party, or other investors.

2. Section 1-301 of the Act provides:

It is unlawful for a person to offer or sell a security in this state unless:

- (1) The security is a federal covered security;
- (2) The security, transaction, or offer is exempted from registration under Sections 6 through 8 of this act [Sections 1-201 through 1-203 of this title]; or
- (3) The security is registered under the act.

3. Section 1-402 of the Act provides:

A. It is unlawful for an individual to transact business in this state as an agent unless the individual is registered under this act as an agent or is exempt from registration as an agent under subsection B of this section.

\* \* \*

D. It is unlawful for a broker-dealer, or an issuer engaged in offering, selling, or purchasing securities in this state, to employ or associate with an agent who transacts business in this state on behalf of broker-dealers or issuers unless the agent is registered under subsection A of this section or exempt from registration under subsection B of this section.

4. Section 1-604 of the Act provides in part:

A. If the Administrator determines that a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of this act or a rule adopted or order issued under this act or constituting a dishonest or unethical practice or that a person has materially aided, is materially aiding, or is about to materially aid an act, practice, or course of business constituting a violation of this act or a rule adopted or order issued under this act or constituting a dishonest or unethical practice, the Administrator may:

1. Issue an order directing the person to cease and desist from engaging in the act, practice, or course of business or to take other action necessary or appropriate to comply with this act[.]

\* \* \*

B. An order under subsection A of this section is effective on the date of issuance. Upon issuance of the order, the Administrator shall promptly serve each person subject to the order with a copy of the order and a notice that the order has been entered. The order must include a statement whether the Administrator will seek a civil penalty or costs of the investigation, a statement of the reasons for the order, and notice that, within fifteen (15) days after receipt of a request in a record from the person, the matter will be scheduled for a hearing and the hearing shall be commenced within fifteen (15) days of the matter being set for hearing. If a person subject to the order does not request a hearing and none is ordered by the Administrator, within thirty (30) days after the date of service of the order, the order, that may include a civil penalty or costs of the investigation if a civil penalty or costs were sought in the statement accompanying the order, becomes final as to that person by operation of law. If a hearing is requested or ordered, the Administrator, after notice of and opportunity for hearing to each person subject to the order, may modify or vacate the order or extend it until final determination.

\* \* \*

D. In a final order under subsection C of this section, the Administrator may impose a civil penalty up to a maximum of Five Thousand Dollars (\$5,000.00) for a single violation or up to Two Hundred Fifty Thousand Dollars (\$250,000.00) for multiple violations in a single proceeding or a series of related proceedings.

### **Conclusions of Law**

1. The shares of stock offered by Respondents are securities as defined by 1-102.32 of the Act.
2. Respondents are offering unregistered securities in the state of Oklahoma, in violation of Section 1-301 of the Act.
3. Willms is transacting business as an agent of an issuer in this state without the benefit of registration under the Act, in violation of Section 1-402 of the Act.

4. Caobo is an issuer of securities and is employing an unregistered agent to transact business in this state on its behalf, in violation of Section 1-402 of the Act.

5. The Administrator has the authority to order Respondents to cease and desist from engaging in an act, practice, or course of business constituting violations of the Act.

6. The Administrator has the authority to impose a civil penalty for violations of the Act.

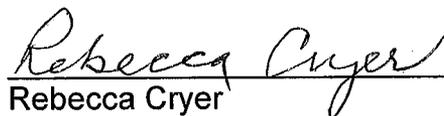
7. It is in the public interest to order Respondents to cease and desist from engaging in an act, practice or course of business constituting a violation of the Act and to impose a civil penalty.

To the extent any of these Conclusions of Law are more properly characterized as Findings of Fact, they should be so considered.

WHEREFORE, it is recommended that the Administrator issue an order against Willms to cease and desist from transacting business as an unregistered agent, against Caobo from employing an unregistered agent, and against Willms and Caobo from offering an unregistered security in this state, all in violation of the Act and for Willms and Caobo to each pay a civil penalty of One Thousand Dollars (\$1,000.00).

Dated this 11th day of July, 2006.

Respectfully Submitted,



Rebecca Cryer  
Enforcement Attorney  
Oklahoma Department of Securities  
120 North Robinson, Suite 860  
Oklahoma City, OK 73102  
(405) 280-7700