

STATE OF OREGON  
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES  
DIVISION OF FINANCIAL REGULATION

In the Matter of:

ROBERT D. DOUGHTY, also known as  
BOB D. DOUGHTY, an individual;  
INLAND PACIFIC ENERGY CENTER LLC,  
an Oregon limited liability company;  
GLOBAL ALTERNATIVE ENERGY  
CENTERS, LLC, an Oregon limited  
liability company; and GLOBAL  
ALTERNATIVE ENERGY CENTERS LLC,  
an Oregon limited liability company,

Respondents.

Case No. S-17-0063

FINAL ORDER TO CEASE AND  
DESIST, DENYING USE OF  
EXEMPTIONS, AND ASSESSING  
CIVIL PENALTIES, ENTERED BY  
DEFAULT

On August 29, 2017, the Director of the Department of Consumer and Business Services for the State of Oregon (hereinafter the “*Director*”), acting in accordance with the Oregon Securities Law, Oregon Revised Statutes (“*ORS*”) 59.005 to 59.451, and 59.995, and Oregon Administrative Rules (“*OAR*”) chapter 441, issued Administrative Order No. S-17-0063, ORDER TO CEASE AND DESIST, PROPOSED ORDER DENYING USE OF EXEMPTIONS, PROPOSED ORDER ASSESSING CIVIL PENALTIES, AND NOTICE OF RIGHT TO AN ADMINISTRATIVE HEARING (the “*Notice Order*”) against Respondents Robert Doughty, Inland Pacific Energy Center LLC, Global Alternative Energy Centers, LLC, and Global Alternative Energy Centers LLC (collectively “*Respondents*”).

On August 29, 2017, the Notice Order was sent to Respondents by certified United States Mail, postage prepaid, to the following addresses:

A. Robert D. Doughty, also known as Bob D. Doughty (“*Doughty*”), at the most recent address identified by Doughty, 1041 SW 6<sup>th</sup> St., Ontario, OR 97914 (Article No.

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1 7014 2120 0001 8263 4986). Doughty signed for the certified mail;

2 B. Inland Pacific Energy Center LLC (“*Inland*”) at the address of the registered  
3 agent listed for Inland with the Oregon Secretary of State (“*SOS*”), 101 Good Ave.,  
4 Nyssa, OR 97913 (Article No. 7014 2120 0001 8263 4955);

5 C. Global Alternative Energy Centers, LLC (“*Global Alternative I*”) at the  
6 address of the registered agent listed for Global Alternative I with the SOS, 101 Good  
7 Ave., Nyssa, OR 97913 (Article No. 7014 2120 0001 8263 4962);

8 D. Global Alternative Energy Centers LLC (“*Global Alternative II*”) at the  
9 address of the registered agent listed for Global Alternative II with the SOS, 1041 SW 6<sup>th</sup>  
10 St., Ontario, OR 97914 (Article No. 7014 2120 0001 8263 4979); and

11 E. Global Alternative II at the mailing address listed for Global Alternative II  
12 with the SOS, PO Box 1047, Ontario, OR 97914 (Article No. 7014 2120 0001 8263  
13 4948).

14 The Oregon Division of Financial Regulation (the “*Division*”) received certified  
15 mail receipts signed by Doughty with respect to the mailings to Inland, Global  
16 Alternative I, and Global Alternative II.

17 On August 29, 2017, the Notice Order was also sent to Respondents by first class  
18 mail to the addresses noted above, and by electronic mail to the following electronic mail  
19 address provided and regularly used by Doughty, [inlandenergyllc@fmtc.com](mailto:inlandenergyllc@fmtc.com). Doughty  
20 acknowledged receipt of the Notice Order by email.

21 On August 29, 2017, the Notice Order was also served on the SOS, via hand  
22 delivery, with respect to Inland, Global Alternative I, and Global Alternative II, pursuant  
23 to ORS 63.121.

24 In accordance with OAR 137-003-0670(3), the Notice Order designated the file of  
25 the Division, including all materials submitted by Respondents, as the record for the  
26 purpose of making a prima facie case in the event that the Director entered a final order

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1 against Respondents by default. Respondents did not timely or properly request a hearing.

2 Now, therefore, after consideration of the record, the Director issues the following  
3 Findings of Fact, Conclusions of Law, and Final Order.

4 FINDINGS OF FACT

5 The Director FINDS that:

6 1. Doughty is an Oregon resident.

7 2. Inland is an Oregon limited liability company that was formed by Doughty on  
8 or about February 22, 2005 (Oregon Secretary of State Registry No. 270706-97), and  
9 administratively dissolved on or around April 20, 2012. Inland’s last reported address  
10 was 101 Good Avenue, Nyssa, Oregon 97913. Inland reported its principal business as  
11 biofuels manufacturing.

12 3. Global Alternative I was an Oregon limited liability company that was formed  
13 by Doughty on or about May 17, 2011 (Oregon Secretary of State Registry No. 772865-  
14 90), and administratively dissolved on or around July 13, 2012. Global Alternative I’s last  
15 reported address was 101 Good Avenue, Nyssa, Oregon 97913.

16 4. Global Alternative II was an Oregon limited liability company that was  
17 formed by Doughty on or about June 3, 2016 (Oregon Secretary of State Registry No.  
18 1221900-93), and administratively dissolved on or around August 3, 2017. Global  
19 Alternative II’s last reported mailing address was PO Box 1047, Ontario, OR 97914.  
20 Global Alternative I and Global Alternative II are hereinafter collectively referred to as  
21 “*Global Alternative.*”

22 5. At all times relevant to this Order, Doughty was the registered agent, sole  
23 member, and manager of Inland and Global Alternative.

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1       **I.       The Solicitation:**

2           6.     Doughty formed Inland for the purpose of developing an “integrated bio-  
3 refinery manufacturing center which will produce ethanol, bio-diesel, and value-added  
4 animal feeds,” located in Stanfield, Oregon (the “***Project***”). Doughty later formed Global  
5 Alternative for the same purpose, expanding the scope of the Project to include facilities  
6 located in multiple locations, and manufacturing additional bi-products including human  
7 food ingredients and highly refined pharmaceutical and industrial products.

8           7.     Beginning in or around 2005, and through the present, Doughty has continued  
9 to solicit prospective investors for the Project.

10          8.     Doughty created a document entitled “Project Summary, Prepared March 1,  
11 2007” (the “***Project Summary***”). The Project Summary contained the following  
12 representations:

13           A.     That “\$120 million in equity funding requiring a 25% ownership interest  
14 in the company [Inland] is committed,” and that as of March 1, 2007 there was an  
15 “investment agreement in place for \$120M.” In truth and in fact, Doughty had only  
16 received a verbal commitment for \$120 million in funding for the Project, subject to a  
17 number of contingencies relating to international currency exchange transactions which  
18 Doughty did not understand or have any control over. Furthermore, Doughty and Inland  
19 never received any “investment agreement” or any other written commitment for the  
20 alleged funding; and

21           B.     That “the permitting process [for construction of the Project facilities] will  
22 begin in March 2007 [the date of the Project Summary] and should be completed by  
23 September 2007 with construction to begin immediately at that time. Product will begin  
24 to flow into the market in late 2008.” In truth and in fact, as of the date of the Project  
25 Summary, Doughty and Inland had not applied for any permits for the construction or  
26 development of the Project, and never applied for or received any such permits.



1 9. Doughty worked with one or more reporters to have information relating to  
2 the Project publicized in multiple articles in local newspapers, including the East  
3 Oregonian.

4 10. Doughty created or directed the creation of a document entitled “Global  
5 Alternative Energy Centers, LLC, Executive Summary, January 2016” (the “*Global*  
6 *Executive Summary*”). The Global Executive Summary contained the following  
7 representations:

8 A. That Global Alternative had \$5.6B USD of financing in the process of  
9 closing, and that the \$545 million in “total funding requirements for all of the projects is  
10 committed.” In truth and in fact, neither Doughty nor any of his companies had received  
11 committed funding for any of the biofuel projects;

12 B. That Global Alternative is the parent company of Inland, which consists of  
13 an energy center located in Stanfield, Oregon. In truth and in fact, Inland dissolved four  
14 years before the date of the Global Executive Summary, in 2012, the Stanfield site had  
15 never been developed and Doughty had no reasonable expectation that the Project would  
16 be developed in the near future; and

17 C. That Global Alternative, Inland, and the various related companies “are  
18 now poised to begin construction and full scale production of bio-fuels and co-products  
19 ranging from industrial chemicals to food and pharmaceutical grade ingredients.” In  
20 truth and in fact, neither Doughty nor any of his companies owned the property for the  
21 Project site in Stanfield, OR. Furthermore, neither Doughty nor any of his companies  
22 had ever applied for or received a permit to develop the Project site, and had no  
23 reasonable expectation that any of the biofuel projects would be developed in the near  
24 future.

25 11. Doughty, as the sole and managing member of Inland and Global Alternative,  
26 has at all times had sole control of the companies, been the primary person upon whom

1 all authority for company action rests, and has ultimately been responsible for the  
2 accuracy of the Project Summary and Global Executive Summary and any other  
3 documents provided to prospective investors.

4 **II. The Investments:**

5 12. Between 2005 and 2007, Doughty raised approximately \$250,000 in funds  
6 from no less than 12 investors (the “*Seed Investors*”), all of whom were Oregon  
7 residents. In exchange for their investments, the Seed Investors all received an ownership  
8 interest in Inland in the amount of 1/3<sup>rd</sup> of a 1% ownership interest for every \$10,000  
9 invested (the “*Inland Shares*”).

10 13. In or around April 2007, “**KB**” invested \$10,000 with Doughty and Inland for  
11 use toward the Project. In exchange for her investment, KB received 1/3<sup>rd</sup> of a 1%  
12 ownership interest in Inland, as is documented in a Subscription Agreement dated April  
13 18, 2007, delivered to KB by Doughty and Inland.

14 14. In or around November 2007, “**RF**” invested \$10,000 with Doughty and  
15 Inland for use toward the Project. In exchange for his investment, RF received 1/3<sup>rd</sup> of a  
16 1% ownership interest in Inland, as documented in a Subscription Agreement dated  
17 November 1, 2007, delivered to RF by Doughty and Inland.

18 15. KB and RF were not “accredited investors,” as that term is defined under  
19 regulations promulgated under the Securities Act of 1933, as amended.

20 16. Doughty pooled the investment funds he received from KB and RF (as well as  
21 the remaining Seed Investors) into one or more bank account under his sole control, such  
22 that the Seed Investors’ money was comingled.

23 17. KB and RF did not have any control over the use of the investment funds.

24 18. KB and RF were passive, in that they did not play an active role in the Inland  
25 business operations, and relied solely on the efforts and expertise of Doughty to realize a  
26 return on their investments.





1 19. Doughty represented to KB and RF that they would earn a return on their  
2 investment in the form of profit from the Project in proportion to their ownership interest  
3 in Inland.

4 20. The investment funds from KB and RF (as well as the remaining Seed  
5 Investors) were used in the early stages of development of the Project, including expenses  
6 associated with general promotional activities, attorney fees, and extensive travel,  
7 lodging and food for Doughty. None of the investment funds were used for physical  
8 development of the Project, rather only for the conceptual development and the creation  
9 of documents Doughty viewed as necessary groundwork for the Project.

10 21. Prior to their investments, KB and RF were both told the following by  
11 Doughty, verbally and through delivery of the Project Summary:

12 A. That Doughty had \$120 million in committed funding for the Project, and  
13 that an investment agreement was in place for the \$120 million in funding;

14 B. That the permitting process for construction of the Project would begin in  
15 March 2007, and would be completed within six months.

16 22. KB and RF relied on Doughty's representations regarding the \$120 million in  
17 committed funding for the Project, and the timeframe for development and construction  
18 of the Project, in deciding to invest with Doughty and Inland.

19 23. Doughty was never authorized to discuss the \$120 million in funding with  
20 KB, RF, or any actual or prospective investors. The financier of the supposed \$120  
21 million in funding told Doughty in November 2005 that he was not permitted to tell  
22 anybody about the funding possibility until specifically instructed he could do so.  
23 Doughty never in fact received such authorization from the financier.

24 24. Furthermore, beginning in no later than February 2007, Doughty expressed  
25 concern that the \$120 million in supposed committed financing was not going to come  
26 through, and started exploring other options for financing. Shortly thereafter, in mid-

1 2007, Doughty realized that the supposed \$120 million in committed funding was not  
2 going to materialize. Doughty did not inform KB or RF of his skepticism of the \$120  
3 million in committed financing, or that he had started exploring other financing options,  
4 prior to their investments in April and November 2007, respectively.

5 25. Despite Doughty’s repeated representations regarding financing, Doughty and  
6 Inland have never received financing for the Project, Doughty and Inland have never  
7 applied for or received any permits for the development or construction of the Project,  
8 and the Project has not materialized.

9 26. When investor RF expressed concern over the status of the Project and  
10 repayment of the funds he had invested, Doughty repeatedly represented that funding for  
11 the Project was impending. This “lulling” started in at least February 2012 and continued  
12 through early 2017.

13 27. KB and RF (as well as the remaining Seed Investors) never received a profit  
14 or return on their investment, and never received a return of their principal investment.

15 28. The Inland Shares offered and sold to KB and RF were not registered with the  
16 Director pursuant to ORS 59.055.

17 29. Doughty and Inland were not licensed to sell securities in Oregon pursuant to  
18 ORS 59.165.

19 30. Doughty continues to promote the Project, individually and through Global  
20 Alternative, and solicit investment funds for the Project through his LinkedIn account, an  
21 online networking platform that is widely used and generally accessible to the public.  
22 Doughty represents on his LinkedIn account that he currently has “\$5.6 Billion in Project  
23 funding over 10 years in process and [he is] seeking additional funding for future  
24 developments.” In truth and in fact, to date none of the Respondents have received any  
25 formal or informal commitment for the supposed \$5.6 billion in funding for the Project.  
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1 CONCLUSIONS OF LAW

2 The Director CONCLUDES that:

3 31. The Inland Shares offered and sold by Doughty and Inland to KB and RF  
4 were “securities” within the meaning of ORS 59.015(19)(a).

5 32. Doughty and Inland offered and sold unregistered securities to KB and RF, in  
6 violation of ORS 59.055.

7 33. Doughty and Inland sold securities to KB and RF without being licensed to  
8 sell securities in Oregon, in violation of ORS 59.165(1).

9 34. Doughty and Inland, directly and indirectly, in connection with the sale or  
10 purchase of securities, made untrue statements of material fact, and omitted to state  
11 material facts, in violation of ORS 59.135(2), including the following:

12 A. Failing to disclose that the alleged \$120 million in funding for the Project  
13 was a verbal commitment and that Doughty and Inland never received anything in  
14 writing relating to the alleged commitment;

15 B. Failing to disclose that the financier of the alleged \$120 million in funding  
16 specifically prohibited Doughty from telling prospective or actual investors, or any other  
17 parties, about the funding unless authorized, and that Doughty never in fact received  
18 such authorization;

19 C. Failing to disclose that the alleged \$120 million in committed funding was  
20 subject to a number of contingencies that Doughty neither understood nor had any  
21 control over, related to international currency exchange transactions;

22 D. Misrepresenting to KB and RF that Inland would receive \$120 million in  
23 committed funding for the Project, when in fact Doughty had become concerned that the  
24 funding would not in fact come through prior to KB’s investment, and had in fact  
25 realized that the funding was not going to materialize prior to RF’s investment; and

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1 E. Failing to disclose that Doughty and Inland had never in fact applied for or  
2 received a permit for the development or construction of the Project site.

3 35. Pursuant to ORS 59.245(4), the Director may issue an order Respondents to  
4 cease and desist from the violation or threatened violation of the Oregon Securities Law,  
5 as the Director has reason to believe that Respondents have engaged, are engaging or are  
6 about to engage in one or more violations of the Oregon Securities Law.

7 36. Pursuant to ORS 59.045, the Director may deny Respondents the use of any  
8 exemptions set forth in ORS 59.025 and 59.035, as the Director has reason to believe that  
9 Respondents have engaged in and are about to engage in an act or practice constituting a  
10 violation of Oregon Securities Law, and that the use of any exemption by Respondents  
11 would work a fraud or imposition on purchasers.

12 ORDERS

13 The Director issues the following ORDERS:

14 Order to Cease and Desist

15 37. The Director, pursuant to ORS 59.245(4), hereby ORDERS Respondents to  
16 CEASE AND DESIST from:

17 A. Offering and selling unregistered securities in the State of Oregon, in  
18 violation of ORS 59.055;

19 B. Transacting business in Oregon as a securities salesperson without a  
20 license, in violation of ORS 59.165;

21 C. Violating any provision of the Oregon Securities Law, including ORS  
22 Chapter 59 and Oregon Administrative Rules Chapter 441.

23 Order Denying Use of Exemptions to the Securities Registration Requirements

24 38. The Director, pursuant to ORS 59.045, hereby DENIES Respondents, and any  
25 successor business entity or any business entity owned, operated or controlled by  
26 Respondents, the use of any exemptions that would otherwise be available to them under

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1 ORS 59.025 or ORS 59.035, concerning persons, securities, or transactions exempt from  
2 the registration requirements of the Oregon Securities Law.

3 Order Assessing Civil Penalties

4 39. Pursuant to the authority of ORS 59.995(1), the Director may assess CIVIL  
5 PENALTIES against persons who violate the Oregon Securities Law in an amount not to  
6 exceed \$20,000.00 per violation and, in the case of a continuing violation, each day's  
7 continuance is a separate violation, but the maximum penalty for any continuing violation  
8 shall not exceed \$100,000.

9 40. Pursuant to the authority of ORS 59.995, the DIRECTOR hereby assesses  
10 CIVIL PENALTIES against Doughty and Inland, jointly and severally, in the total  
11 amount of Thirty-Five Thousand Dollars (\$35,000), as follows:

12 A. A CIVIL PENALTY of Five Thousand Dollars (\$5,000) for violation of  
13 ORS 59.055;

14 B. A CIVIL PENALTY of Five Thousand Dollars (\$5,000) for violation of  
15 ORS 59.165(1);

16 C. A CIVIL PENALTY of Five Thousand Dollars (\$5,000) for each untrue  
17 statement or omission in violation of ORS 59.135(2), as more fully described in  
18 Paragraph 34 above, for a total of Twenty-Five Thousand Dollars (\$25,000).

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1                   **AUTHORITY OF THE DIRECTOR TO SEEK OTHER REMEDIES**  
2   **UNDER OREGON LAW**

3           41.   This Order is a “Final Order” under ORS 183.310(6)(b). Subject to that  
4 provision, the entry of this Order does not limit other remedies, sanctions, or actions  
5 which may be available to the Director under Oregon law.

6  
7                   SO ORDERED this 21<sup>st</sup> day of September, 2017.

8   JEAN STRAIGHT, Acting Director  
9   Department of Consumer and Business Services

10  
11   /s/ David Tatman

12   David C. Tatman, Chief of Enforcement  
13   Division of Financial Regulation

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NOTICE OF RIGHT TO APPEAL

A person aggrieved by an Order of the Director of the Department of Consumer and Business Services which has been the subject of a timely application for a hearing before the director shall be entitled to judicial review of the order under ORS Chapter 183. Pursuant to ORS 59.295(2), a person who does not timely file a request for a hearing on an order is not entitled to judicial review.

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