

**DEPARTMENT OF CONSUMER AND BUSINESS SERVICES**  
**DIVISION OF FINANCE AND CORPORATE SECURITIES**  
**SECURITIES SECTION**  
**BEFORE THE DIRECTOR OF THE DEPARTMENT OF CONSUMER AND**  
**BUSINESS SERVICES**

**In the Matter of:**

**A-02-0030**

**Epitome, LLC, a Washington Limited**  
**Liability Company; Robert Neace, Jr.,**  
**and James Billington,**

**ORDER TO CEASE AND DESIST**  
**ORDER ASSESSING CIVIL PENALTY**  
**AND**  
**CONSENT TO ENTRY OF ORDER**  
**AS TO RESPONDENT**  
**ROBERT NEACE, JR.**

**Respondents.**

**WHEREAS** the Director of the Department of Consumer and Business Services has conducted an investigation of certain business activities conducted by Epitome, LLC, and by Robert Neace, Jr. and James P. Billington and has determined that Epitome, LLC, and Robert Neace, Jr. and James P. Billington, sold unregistered securities, sold securities without a license and made misrepresentations in connection with the sale of securities in Oregon, all in violation of the Oregon Securities Laws;

**WHEREAS** Robert Neace, Jr., wishes to resolve and settle this matter with the **DIRECTOR**;

**NOW THEREFORE**, as evidenced by the authorized signature(s) subscribed on this Order, Robert Neace, Jr., hereby **CONSENTS** to entry of this Order to Cease and Desist upon the Director's Findings of Fact and Conclusions of Law as stated hereinafter.

**FINDINGS OF FACT**

The Director **FINDS** that:

1. Respondent Epitome, LLC ("Epitome") is an inactive Washington limited liability company. At all times material to this Order, Epitome's business address was 8010 NE 104<sup>th</sup> Ave, Vancouver, Washington 98662.

Division of Finance and Corporate Securities  
 Labor and Industries Building  
 350 Winter Street NE, Suite 410  
 Salem, OR 97301-3881  
 Telephone: (503) 378-4387



1           2.           Respondents Robert Neace, Jr. ("Neace") and James P. Billington  
2 ("Billington") formed Epitome in February 2000 for the purpose of acquiring restricted stock  
3 in Paradigm4, a Delaware electronics corporation that was offering stock only to accredited  
4 investors.

5           3.           The Epitome Operating Agreement assigns an ownership interest of 5.2394%  
6 to Respondent Neace and an ownership interest of 5.7105% to Respondent Billington, despite  
7 the fact that Respondents Neace and Billington had not invested any of their personal funds in  
8 Epitome.

9           4.           In or about February 2000, Epitome, Neace and Billington raised \$500,000 by  
10 offering and selling ownership interests in Epitome to at least eight (8) investors, at least two  
11 (2) of whom were Oregon residents. Respondents Neace and Billington deposited all investor  
12 funds in one bank account controlled by Respondent Billington. Subsequent to the initial sale  
13 of ownership interests, Respondents Epitome, Neace and Billington used the investor funds to  
14 purchase 177,304 shares of the Series G Convertible Preferred Stock of Paradigm4 at a price  
15 of \$2.82 per share.

16          5.           From approximately February to August 2000, Respondents Billington and  
17 Neace offered and sold portions of their respective ownership interests in Epitome to at least  
18 seven (7) additional investors, at least six (6) of whom were residents of the State of Oregon.  
19 Respondents Billington and Neace raised an additional \$23,850 from these sales by selling  
20 their ownership interests to these seven additional investors at between two (2) and seven (7)  
21 times the value originally signed to ownership interests under the Epitome Operating  
22 Agreement. Respondents Billington and Neace attributed the mark up in price to their  
23 anticipated earnings from a proposed public offering of stock by Paradigm4. Although  
24 Paradigm4 did file an initial public offering registration statement with the Securities and  
25 Exchange Commission in April 2000, Paradigm withdrew the statement in July of 2000 and  
26 filed for bankruptcy in March of 2001.





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**ORDER**

The Director, pursuant to ORS 59.245 hereby **ORDERS** that Respondents Epitome, LLC, Robert Neace, Jr., and James P. Billington, and any successor business or corporation, shall **CEASE and DESIST** from:

- 1. Selling securities without a license in violation of Oregon Securities Laws;
- 2. Selling unregistered securities in the State of Oregon in violation of the Oregon Securities Laws;
- 3. Violating any provision of the Oregon Securities Laws, including ORS Chapter 59 and OAR Chapter 441.

The Director, pursuant to ORS 59.995, **HEREBY ORDERS** the following **CIVIL PENALTIES**:

- 1. Respondent Robert Neace, Jr., shall be denied the use of any securities licensing or registration exemptions contained in the Oregon Securities Laws, including ORS Chapter 59 and OAR Chapter 441.
- 2. Respondent Robert Neace, Jr. shall pay the following civil monetary penalties:
  - a. \$1,000 for violation of ORS 59.165 (sale of securities by unlicensed person);
  - b. \$1,000 for violation of ORS 59.055 (sale of unregistered securities);
  - c. \$1,000 for violation of ORS 59.135 (misrepresentations and omissions).

3. The civil monetary penalties set forth herein shall be **SUSPENDED**; however, any violation of the Oregon Securities Laws or the terms of this Order shall make the entire penalty amount due and payable immediately.

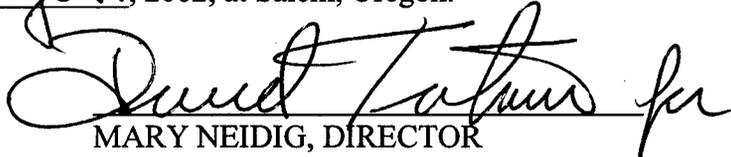
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1 The entry of this Order in no way limits further remedies which may be available  
2 to the Director under Oregon Law.

3 Dated this 22<sup>nd</sup> day of August, 2002, at Salem, Oregon.

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5 MARY NEIDIG, DIRECTOR  
6 DEPARTMENT OF CONSUMER AND  
7 BUSINESS SERVICES

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**CONSENT TO ENTRY OF ORDER**

I, Robert Neace, Jr., state that I am a resident of the State of Oregon, that I have read the foregoing Order and that I know and fully understand the contents hereof; that I make no admission of liability regarding the Findings of Fact contained herein; that I have been advised of my right to a hearing, and that I have been represented by counsel in this matter; that I voluntarily consent to the entry of this Order without any force or duress, expressly waiving any right to a hearing in this matter; that I understand that the Director reserves the right to take further actions against me to enforce this Order or to take appropriate action upon discovery of other violations of the Oregon Securities Law by me; and that I will fully comply with the terms and conditions stated herein.

I further assure the Director that I will not engage in the activities of a broker-dealer, investment adviser, or mortgage broker, or act as a salesperson for any of these unless such activities are in full compliance with Chapter 59 of the Oregon Revised Statutes.

I understand that this Consent Order is a public document.

Dated this 20<sup>th</sup> day of August, 2002.

SHARON V. VIRDEN  
STATE OF WASHINGTON  
NOTARY —•— PUBLIC  
My Commission Expires Aug. 10, 2003

Robert Neace, Jr.  
Robert Neace, Jr.

SUBSCRIBED AND SWORN to before me this 20<sup>th</sup> day of August, 2002.

Sharon V. Virden Sharon V. Virden  
(Printed Name of Notary Public)  
Notary Public  
for the State of: WA  
My commission expires: Aug. 10, 2003

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