

**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**

**FINAL ORDER**  
**TO CEASE AND DESIST**  
**DENIAL OF EXEMPTIONS**  
**AND**  
**ASSESSMENT OF CIVIL PENALTIES**  
**ENTERED BY DEFAULT**  
**AS TO RESPONDENT EPITOME, LLC**

**Respondents.**

On August 16, 2002, the Director of the Department of Consumer and Business Services for the State of Oregon, acting by the authority of the Oregon Securities Laws, Chapter 59 of the Oregon Revised Statutes (hereinafter ORS Chapter 59), issued Administrative Order No. A-02-0030 to Cease and Desist, Order Imposing Civil Penalty and Notice of Right to Hearing.

Respondent Epitome, LLC, was duly served with a certified copy of Administrative Order No. A-02-0030 and Notice of Right to Hearing. Service was effected by mailing the Order and Notice by certified and regular mail, with proper postage affixed to each, to the last known address for the principal members of respondent Epitome, LLC, James Billington and Robert Neace, and a signed green card was returned from both James Billington and Robert Neace on behalf of Respondent Epitome, LLC. No requests for a hearing in this matter were filed with the Director.

NOW THEREFORE, after consideration of the Investigative Report and accompanying exhibits submitted in this matter by William Hansen, the Director hereby issues the following Findings of Fact, Conclusions of Law, and Final Order with respect to Respondent Epitome, LLC.

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1 **FINDINGS OF FACT**

2 The Director **FINDS** that:

3 1. Respondent Epitome, LLC (“Epitome”) is an inactive Washington  
4 limited liability company. At all times material to this Order, Epitome’s business address was  
5 8010 NE 104<sup>th</sup> Ave, Vancouver, Washington 98662.

6 2. Respondents Robert Neace, Jr. (“Neace”) and James P. Billington  
7 (“Billington”) formed Epitome in February 2000 for the purpose of acquiring restricted stock  
8 in Paradigm4, a Delaware electronics corporation that was offering stock only to accredited  
9 investors.

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

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

21 5. From approximately February to August 2000, Respondents Billington and  
22 Neace offered and sold portions of their respective ownership interests in Epitome to at least  
23 seven (7) additional investors, at least six (6) of whom were residents of the State of Oregon.  
24 Respondents Billington and Neace raised an additional \$23,850 from these sales by selling  
25 their ownership interests to these seven additional investors at between two (2) and seven (7)  
26 times the value originally signed to ownership interests under the Epitome Operating

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1 Agreement. Respondents Billington and Neace attributed the mark up in price to their  
2 anticipated earnings from a proposed public offering of stock by Paradigm4. Although  
3 Paradigm4 did file an initial public offering registration statement with the Securities and  
4 Exchange Commission in April 2000, Paradigm withdrew the statement in July of 2000 and  
5 filed for bankruptcy in March of 2001.

6 6. At the time of their offer and sale, the interests in Epitome were not registered  
7 for sale as securities in the State of Oregon.

8 7. At the time of the offer and sale of ownership interests in Epitome, LLC,  
9 Respondents Epitome, Neace and Billington held no securities license in Oregon authorizing  
10 the sale of the interests in Epitome.

11 8. In connection with the sale of ownership interests in Epitome, Respondents  
12 Billington and Neace made the following material misrepresentations and/or omissions:

- 13 a. Failed to provide information regarding Respondent Billington and  
14 Respondent Neace's background and management experience;
- 15 b. Failed to provide information regarding the financial condition and  
16 financial statements of Epitome;
- 17 c. Failed to provide information regarding the risk factors associated with  
18 an investment in ownership interests in Epitome.

## 19 20 CONCLUSIONS OF LAW

21 The Director **CONCLUDES** that:

22 1. The ownership interests in Epitome, LLC, offered and sold by Respondents  
23 Neace and Billington constitute securities as defined in ORS 59.015(19)(a).

24 2. Respondents Neace and Billington sold securities in Oregon without a valid  
25 securities license, in violation of ORS 59.165.

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