

STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCE AND CORPORATE SECURITIES

In the Matter of

Case No. S-12-0077

Brendan Thomas Jones,

Respondent.

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

On August 9, 2012, the Director of the Department of Consumer and Business Services for the State of Oregon (hereinafter, “the Director”), acting by the authority of the Oregon Securities Law, Oregon Revised Statutes (“ORS”) chapter 59, issued Administrative Order S-12-0031-2, ORDER TO CEASE AND DESIST, ORDER DENYING USE OF EXEMPTIONS TO THE SECURITIES REGISTRATION REQUIREMENTS, PROPOSED ORDER ASSESSING CIVIL PENALTY AND NOTICE OF RIGHT TO AN ADMINISTRATIVE HEARING (“Proposed Order”) to Respondent Brendan Thomas Jones (“JONES”).

On or about August 15, 2012, JONES was duly served with a true copy of the Proposed Order mailed by the State of Oregon, Division of Finance and Corporate Securities (“DFCS”), by certified United States Mail, postage prepaid, sent to: Brendan Thomas Jones, 1075 Deer Point Road, Olga, Washington 98279, (Certified Mail Item No. 7010 1670 0001 7215 7898).

JONES received notice of the DFCS proposed administrative action and has not made a written request for an administrative hearing in this matter. The time to request an administrative hearing has now expired.

NOW THEREFORE, after consideration of the file in this matter maintained by

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350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387



1 the Oregon Department of Consumer and Business Services, including any materials
2 that JONES may have submitted, the Director hereby issues the following Findings of
3 Fact, Conclusions of Law and Final Orders.

4
5 FINDINGS OF FACT

6 The Director FINDS that:

- 7 1. JONES is a resident of Washington State.
- 8 2. The individual identified herein as “CR” was, at all times relevant to this
9 matter, an Oregon resident and all transactions described herein took place in Oregon.
- 10 3. In July 2002, CR and JONES were friends. JONES represented to CR that he
11 was a financial planner, investment adviser representative, securities broker-dealer or
12 securities broker-dealer salesperson.
- 13 4. In late July or early August 2002, JONES told CR about an opportunity to
14 invest in German bearer bonds. JONES made CR understand that for money received,
15 JONES would invest her funds in these bearer bonds and that she would earn interest on
16 the investment. On or about August 15, 2002, CR gave JONES a personal check for
17 \$25,000; CR understood that JONES would invest those funds in the bearer bonds. The
18 investment was intended by CR to be the basis for a retirement account, and she
19 communicated this plan to JONES.
- 20 5. JONES did not invest CR’s money in any investment, but rather deposited the
21 funds into his personal bank account and used the funds for his personal use.
- 22 6. After accepting CR’s initial investment, JONES produced and provided CR
23 with account statements. These statements, produced by JONES, contained figures that
24 were fictitious. The statements gave CR the impression that her investment was earning
25 interest.
- 26 7. On August 29, 2005, believing that her previous investment with JONES was

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1 successful; CR gave JONES another personal check in the amount of \$17,000. This
2 second payment was intended by CR to again be invested by JONES in the same
3 investment that CR believed was earning interest for her retirement account. As with the
4 prior monies, JONES did not place the funds in any investment, but rather he deposited
5 the funds into his personal bank account and used the funds for his personal expenses. As
6 before, JONES produced fraudulent bank statements, which he provided to CR, showing
7 that her investments were earning interest.

8 8. Beginning in mid-July 2009, CR began asking JONES to cash out her
9 account. JONES refused to talk to CR about the retirement account. CR attempted to
10 reach JONES by phone, email and text message. JONES failed to respond to CR's
11 attempts to contact him. Finally, in response to repeated attempts by CR to liquidate her
12 account, JONES sent \$2,500 to CR. Since that date, JONES has made no other attempts
13 to return CR's funds.

14 9. At no time relevant to the matters described herein were the investment
15 offerings made by JONES to Oregon investor CR registered with the Director as
16 securities pursuant to the Oregon Securities Law.

17 10. At no time relevant to this matters described herein was JONES licensed to
18 sell securities in Oregon pursuant to the Oregon Securities Law.

19 11. At no time relevant to this matter was JONES licensed as a securities broker-
20 dealer in Oregon.

21 12. At no time relevant to this matter did JONES ever invest the \$42,000 in funds
22 provided to him by CR in any security or investment. JONES falsely misrepresented to
23 CR that he invested her funds on her behalf.

24 13. From 2002 to 2009, JONES produced false account statements to CR which
25 represented to her that she was earning interest on her investment when JONES knew that
26 he had not invested her funds and she was not earning any interest.

1 CONCLUSIONS OF LAW

2 14. The investments that JONES described as German bearer bonds, which he
3 offered and sold to Oregon resident CR as described herein were “investment contracts”
4 and therefore securities as that term is defined by ORS 59.015(19)(a).

5 15. JONES offered and sold unregistered securities to Oregon resident CR as
6 described herein in violation of ORS 59.055.

7 16. JONES sold securities in Oregon without a license in violation of ORS
8 59.165.

9 17. JONES made the following untrue statements of material fact in violation of
10 ORS 59.135(2):

11 A. He misrepresented to CR that he was a financial planner or investment adviser
12 representative when he knew was not;

13 B. He represented that he would invest CR’s funds in bearer bond investments
14 when he knew he would not; and

15 C. He represented that CR’s 2002 investment was earning interest when he knew
16 it was not.

17 18. As noted below, JONES omitted to state material facts necessary in order to
18 make the statements made, in light of the circumstances under which they were made, not
19 misleading in violation of ORS 59.135(2):

20 A. JONES omitted to inform CR that he was not licensed to sell securities in
21 Oregon;

22 B. JONES omitted to inform CR that the bearer bond investment he was selling
23 was not registered for sale in Oregon;

24 C. JONES omitted to inform CR that the account statements he provided were
25 fictitious;

26 D. JONES omitted to inform CR that he deposited her investment funds in his

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1 personal bank account; and

2 E. JONES omitted to inform CR that he was using her investment funds for his
3 personal expenses.

4 19. By producing and providing fraudulent account statements to CR that were
5 designed to give the appearance that her account was accruing interest during a period of
6 seven years, JONES engaged in an act, practice or course of business which operated as a
7 fraud or deceit upon CR in violation of ORS 59.135(3).

8
9 FINAL ORDERS

10 The Director ISSUES the following FINAL ORDERS:

11 *Final Order to Cease and Desist*

12 20. Pursuant to ORS 59.245, the Director hereby ORDERS Respondent JONES to
13 CEASE AND DESIST from:

14 A. Offering or selling unregistered securities in the State of Oregon, in violation
15 of ORS 59.055 and the Oregon Securities Law;

16 B. Transacting business in Oregon as a securities salesperson without a license in
17 violation of ORS 59.165 and the Oregon Securities Law;

18 C. Making untrue statements of material fact in violation of ORS 59.135(2) and
19 the Oregon Securities Law;

20 D. Omitting to state material facts necessary in order to make the statements
21 made, in light of the circumstances under which they were made, not misleading in
22 violation of ORS 59.135(2) and the Oregon Securities Law;

23 E. Engaging in an act, practice or course of business which operated as a fraud or
24 deceit in violation of ORS 59.135(3) and the Oregon Securities Law; and

25 F. Violating any provision of the Oregon Securities Law, ORS chapter 59, or
26 Oregon Administrative Rules chapter 441.





1 *Final Order Denying Use of Exemptions to the Securities Registration Requirements*

2 21. The Director, pursuant to the authority under ORS 59.045, hereby
3 PERMANENTLY DENIES Respondent JONES’s ability, and the ability of any affiliated
4 and/or successor person, business or corporation, to rely on the exemptions to the
5 securities registration requirements allowed by ORS 59.025 and ORS 59.035.

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7 *Final Order Assessing Civil Penalties*

8 22. Pursuant to the authority of ORS 59.995, the Director hereby ORDERS the
9 assessment of a CIVIL PENALTY against Respondent JONES in the amount of \$80,000
10 as follows:

11 A. For offering or selling unregistered securities in the State of Oregon in
12 violation of ORS 59.055, the Director ORDERS Respondent JONES be assessed a
13 CIVIL PENALTY of \$20,000.

14 B. For transacting business in Oregon as a securities salesperson without a
15 license in violation ORS 59.165, the Director ORDERS that Respondent JONES be
16 assessed a CIVIL PENALTY of \$20,000.

17 C. For making untrue statements of material fact in violation of ORS 59.135(2),
18 the Director ORDERS that Respondent JONES be assessed a CIVIL PENALTY of
19 \$20,000.

20 D. For engaging in an act, practice or course of business which operated as a
21 fraud or deceit upon an Oregon investor in violation of ORS 59.135(3), the Director
22 ORDERS that Respondent JONES be assessed a CIVIL PENALTY of \$20,000.

23 23. Entry of this Order in no way limits or prevents further remedies, sanctions, or
24 actions which may be available to the Director under Oregon law to enforce this Order,
25 for violations of this Order, for conduct or actions of the Respondent that are not covered
26 by this Order, or against any party not covered by this Order.

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IT IS SO ORDERED.

Dated this 4th day of September, 2012 at Salem, Oregon,

NUNC PRO TUNC August 9, 2012.

PATRICK M. ALLEN, Director
Department of Consumer and Business Services

/s/ David Tatman
David C. Tatman, Administrator
Division of Finance and Corporate Securities

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