

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

In the Matter of:) Case No. S-12-0003-3
)
Andrew Hugh Meyer,) FINAL ORDER TO CEASE AND
) DESIST, DENYING EXEMPTIONS TO
) THE SECURITIES REGISTRATION
) REQUIREMENTS, AND ASSESSING
Respondent.) CIVIL PENALTIES ENTERED BY
) DEFAULT
)

On August 26, 2013, the Director of the Department of Consumer and Business Services for the State of Oregon (the “Director”), acting under the authority of ORS 59.005 to 59.451, 59.991 and 59.995 (the “Oregon Securities Law”), and the Oregon Administrative Rules promulgated thereunder, and ORS 183.415(3), personally served Andrew Hugh Meyer (“Meyer”) with a true copy of Administrative Order S-12-0003-3, ORDER TO CEASE AND DESIST, ORDER DENYING USE OF EXEMPTIONS TO THE SECURITIES REGISTRATION REQUIREMENTS, PROPOSED ORDER ASSESSING CIVIL PENALTIES AND NOTICE OF RIGHT TO AN ADMINISTRATIVE HEARING (the “Notice Order”).

In accordance with OAR 137-003-0075, the Notice Order designated the Division’s file, including all materials submitted by Meyer, as the record for the purpose of making a prima facie case in the event that the Director entered a final order against the Meyer by default.

Meyer did not timely request a hearing.

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

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I. FINDINGS OF FACT

The Director FINDS that:

1. Andrew Hugh Meyer (“Meyer”) is an Oregon resident with a last known address of 7524 North Vancouver Street, Portland, Oregon 97217.

2. At all times material herein, Meyer and others offered potential investors the opportunity to participate in a joint venture that involved the mining and exportation of gold dust from Ghana, West Africa to the United States and the subsequent resale of the gold dust at a profit (the “Joint Venture”).

3. As an example, in April 2010, Meyer and one other person met with an Oregon resident (“HVH”) in his home in Grants Pass, Oregon to offer and sell that resident an interest in the Joint Venture. As part of that solicitation, Meyer told HVH that, if he invested \$200,000 in the Joint Venture, he could expect to receive over \$400,000 as a return on his investment within six months of his investment, plus the return of his \$200,000 principal.

4. On April 23, 2010, March 27, 2010, and June 17, 2010, HVH invested \$100,000, \$30,000, and \$70,000 in the Joint Venture, respectively. In total, HVH invested \$200,000 in the Joint Venture. HVH’s funds were deposited into the bank account of a corporation that was controlled by Meyer and pooled with the funds of other investors.

5. Investors were dependent on Meyer and others to obtain the gold dust at a discount price in Ghana, secure the gold dust, transport the gold dust to the United States, and then sell the gold dust at a profit. Meyer claimed to have connections with a royal family in Ghana that would allow him to obtain the gold at a discount price as well as connections in the United States to whom he could sell the gold.

6. Interests in the Joint Venture were not registered by the Director as a security under Oregon Securities Law. Meyer was not licensed by the Director as a broker-dealer or salesperson under the Oregon Securities Law to sell interests in the Joint Venture.

7. In connection with the purchase or sale of interest in the Joint Venture, Meyer did



1 not disclose to HVH that the interests in the Joint Venture were not registered under the Oregon
2 Securities Law or that Meyer was not licensed to sell those interests.

3 8. HVH was told that the only risks associated with investing in the Joint Venture
4 were that Meyer could “drop dead,” or the royal family could sell the gold to someone else.
5 Meyer did not disclose known foreseeable risks associated with investing in the Joint Venture
6 including that 1) the Joint Venture could cease its operations before the gold is sold, 2) additional
7 transportation costs could be incurred, which may affect their return, or 3) Ghana or the United
8 States could prohibit the gold from being exported or imported.

9 9. On March 3, 2011, the Josephine County, Oregon District Attorney brought an
10 indictment against Meyer alleging, among other things, that in connection with the offer and sale
11 of interests in the Joint Venture to HVH, Meyer sold unregistered securities in violation of ORS
12 59.055, committed securities fraud in violation of ORS 59.135(1), ORS 59.135(2), and ORS
13 59.135(3), and sold securities without being licensed to do so in violation of ORS 59.165.

14 10. On or about August 2011, Meyer was tried in front of a jury in Josephine County
15 Circuit Court (the “Court”) on that indictment (Case No. 11-CR-0154). Meyer was represented
16 by an attorney that was licensed by the Oregon State Bar at that trial. The State presented an
17 expert witness that testified as to the definition of “security” under the Oregon Securities Law
18 and whether the interests in the Joint Venture involved a security. The State also presented
19 evidence that the Joint Venture interests were not registered by the Director as a security under
20 the Oregon Securities Law and that Meyer was not licensed to sell those interests. HVH also
21 testified at that trial. Meyer through his attorney had the opportunity to confront each of those
22 witnesses as well as make opening and closing statements and present a defense.

23 11. On September 9, 2011, the jury found Meyer guilty of violating ORS 59.055,
24 ORS 59.135(1), ORS 59.135(2), ORS 59.135(3), and ORS 59.165.

25 12. On October 10, 2011, the Court sentenced Meyer to 18 months prison and 24
26 months of post-prison supervision for each of the violations of ORS 59.055, ORS 59.135(1), and



1 ORS 59.165. The Court also ordered Meyer to pay \$189,900 in restitution to HVH.

2 13. Upon information and belief, Meyer has not appealed the facts, circumstances, or
3 legal conclusions that resulted in his Josephine County conviction.

4
5 II. CONCLUSIONS OF LAW

6 The Director CONCLUDES that:

7 14. The investments in the Joint Venture are “securities” under ORS 59.015(19)(a).

8 15. Meyer offered and sold unregistered securities in Oregon in violation of ORS
9 59.055.

10 16. Meyer acted as a “salesperson” in Oregon without a license in violation of ORS
11 59.165(1).

12 17. Meyer omitted to state material facts in connection with the sale of securities in
13 violation of ORS 59.135(2).

14 18. The foregoing issues are identical to those that were fully and finally litigated in
15 Josephine County, Oregon Circuit Court in August and September 2011. Meyer had a full and
16 fair opportunity to be heard on those issues in that case. Accordingly, Meyer should be precluded
17 from relitigating those issues in this case.

18
19 III. ORDERS

20 NOW, THEREFORE, THE DIRECTOR ISSUES THE FOLLOWING ORDERS:

21
22 Order to Cease and Desist

23 19. Pursuant to the authority under ORS 59.245, the Director ORDERS Meyer to
24 CEASE AND DESIST from violating any provision of the Oregon Securities Laws or
25 administrative rules thereunder.

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1 Order Denying Exemptions to the Securities Registration Requirements

2 20. Pursuant to the authority under ORS 59.045, the Director DENIES Meyer and any
3 entities owned or affiliated with Meyer THE USE OF ANY EXEMPTIONS that would
4 otherwise be available to them under ORS 59.025 and ORS 59.035.

6 Order Assessing Civil Penalty

7 21. Pursuant to the authority under ORS 59.995, the Director may assess a CIVIL
8 PENALTY in any amount determined by the Director of not more than \$20,000 for each
9 violation of ORS Chapter 59. Pursuant to that provision, the Director assesses a CIVIL
10 PENALTY in the amount of \$120,000 against Meyer for the following violations:

- 11 a. A CIVIL PENALTY of \$20,000 for the violation of ORS 59.055 (offering and/or
12 selling unregistered securities.)
- 13 b. A CIVIL PENALTY of \$20,000 for the violation of ORS 59.165(1) (acting as a
14 salesperson without a license.)
- 15 c. A CIVIL PENALTY of \$80,000 for the violations of ORS 59.135 (omitting to
16 state material facts in connection with the sale of securities.)

17 22. The Director agrees to suspend collection of the assessed civil penalties so long as
18 Meyer complies with all terms and conditions of this Order and the judgment entered by the
19 Court, including, in particular, the obligation imposed by the Court to pay restitution to HVH.

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IV. AUTHORITY OF THE DIRECTOR TO SEEK OTHER REMEDIES UNDER
OREGON LAW

23. This Order is a “Final Order” under ORS 183.310 (6)(b). Subject to that provision, the entry of this Order does not limit other remedies that are available to the Director under Oregon law.

IT IS SO ORDERED.

Dated this 20th day of September, 2013, at Salem, Oregon.

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

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

NOTICE OF RIGHT TO APPEAL

Pursuant to ORS 59.305, 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.