

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

In the Matter of

Case No. S-12-0058

Venulum Ltd., Venulum, Inc., and  
Giles D. Cadman,

FINAL ORDER AND CONSENT TO  
ENTRY OF ORDER.

Respondents.

On or about February 15, 2012, the Securities and Exchange Commission (the “SEC”) filed a complaint in United States District Court in Dallas, Texas (the “Court”) against Venulum Ltd. (“Venulum”), Giles Cadman (“Cadman” and collectively with Venulum the “Respondents”), and Venulum, Inc. alleging that the Respondents violated the registration provisions of the Securities Act of 1933, as amended (the “Securities Act”)(C.A. No. 3:12-CV-477-N).

On or about February 27, 2012, the Respondents without admitting or denying the allegations in the SEC’s complaint, consented to the entry of a final judgment that restrained and enjoined the Respondents from directly or indirectly violating Section 5 of the Securities Act, unless, in the absence of an applicable exemption, the securities are first registered. The Court signed that judgment on February 27, 2012 (the “SEC Order”).

On February 19, 2013, the Director of the Department of Consumer and Business Services for the State of Oregon (the “Director”) issued an administrative order and notice of right to an administrative hearing against the Respondents and Venulum, Inc. having determined that those parties violated certain provisions of ORS Chapter 59, and the administrative rules thereunder (the “Oregon Securities Law”), including but not





1 limited to ORS 59.049. The parties timely requested a hearing and the hearing request  
2 was timely ratified.

3 Without admitting or denying the Findings of Fact and Conclusions of Law  
4 contained in this Final Order, the Respondents now agree to waive their right to an  
5 administrative hearing and to resolve and settle this matter with the Director by  
6 CONSENTING to entry of this Final Order.

7 Now, therefore, as evidenced by the authorized signatures subscribed on this  
8 document, the Director issues the following Final Order.

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10 I. FINDINGS OF FACT

11 The Director FINDS that:

12 A. The Respondents.

13 1. Venulum Ltd. (“Venulum”) is a British Virgin Islands business company.  
14 Its last known address is 4th Floor, Rodus Building, Road Reef; P.O. Box 765; Road  
15 Town, Tortola, British Virgin Islands VG 1110.

16 2. Venulum, Inc. was formerly a Canadian corporation that provided day-to-  
17 day management services to Venulum Ltd. Venulum Ltd. currently performs the services  
18 that were formerly provided by Venulum, Inc. to the extent that they are still necessary.

19 3. Giles D. Cadman (“Cadman”), whose business address is 4th Floor, Rodus  
20 Building, Road Reef; P.O. Box 765; Road Town, Tortola, British Virgin Islands VG  
21 1110, is the Chairman of Venulum Ltd.

22 4. Venulum has described itself as “a privately owned multinational  
23 company that specializes in advising on the purchase and sale of fine wine and  
24 champagne, and the management of funds of alternative asset classes.” Venulum or  
25 affiliated companies also managed mutual funds that invested in fine wines, real estate,  
26 and other venture capital projects. At times, Venulum offered and sold fine wine to



1 Oregon residents on an installment basis (an “Installment Contract”).

2 B. Offer and Sale of Promissory Notes.

3 5. On or about April 30, 2010, June 29, 2010, and May 16, 2011, Venulum  
4 offered and sold promissory notes (“Promissory Notes”) to three persons who were  
5 located in Oregon. The proceeds from the sale of the Promissory Notes were used, among  
6 other things, as working capital for Venulum. The Promissory Notes were not registered  
7 as securities by the Director under ORS 59.065.

8 6. The Oregon purchasers were “accredited investors” under Rule 501 of  
9 Regulation D, promulgated by the SEC under the Securities Act of 1933, as amended (the  
10 “Securities Act”), 15 U.S.C. §§77a, et seq. (“Rule 501”) and had previously purchased  
11 fine wine from Venulum. Venulum asserts that all Oregon purchasers have been repaid in  
12 full, including all principal and interest promised under the terms of each Promissory  
13 Note.

14 7. On or about June 17, 2010, Venulum filed notice with the Director on  
15 SEC Form D (the “Form D”) of the sale of securities and paid the applicable fee as  
16 required by ORS 59.049(3) and OAR 441-049-1051 thereunder (File #2010-770).

17 8. On or about March 13, 2012, Venulum amended the Form D to indicate  
18 that Venulum first sold securities on April 30, 2010 in Oregon and had sold a total of  
19 \$1,855,500 worth of the securities in the United States as of March 2012.

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21 II. CONCLUSIONS OF LAW

22 The Director CONCLUDES that:

23 9. The Promissory Notes are “securities” as that term is used under ORS  
24 59.015(19)(a) because they are “notes.”

25 10. Venulum filed notice of the sale of the Promissory Notes on Form D and  
26

1 paid the applicable fee more than 15 days after the first sale of Promissory Notes in  
2 Oregon. As such, Venulum failed to comply with the requirements of ORS 59.049(3),  
3 and OAR 441-049-1051 thereunder. Cadman, as Venulum's Chairman, is liable for  
4 Venulum's failure to comply with ORS 59.049 and administrative rules thereunder.

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6 III. ORDERS

7 Now, therefore, the Director issues the following ORDERS:

8 11. The Respondents will CEASE AND DESIST from violating ORS 59.049,  
9 and will comply of the Oregon Securities Law, including, but not limited to ORS 59.049.

10 12. The Respondents will immediately pay and the Director, pursuant to ORS  
11 183.417(3) and ORS 59.235, will collect from the Respondents the sum of \$2,500.00 for  
12 the actual investigative and examination expenses incurred by the Director this case.

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14 IV. ADDITIONAL AGREEMENTS

15 13. For purposes of resolving any outstanding issues with the Director, the  
16 Respondents further agree that, in the event of any future offer or sale of Installment  
17 Contracts or Promissory Notes in Oregon, they will:

18 i. Provide written notice to the Director no less than 15 days  
19 prior to the offer, general advertisement, or general solicitation of an Installment Contract  
20 or Promissory Note in Oregon of that activity. The Respondents further agree to amend  
21 that notice no more than 15 days after the first sale of the Installment Contract or  
22 Promissory Note for purposes of disclosing the value of the Installment Contract(s) or  
23 Promissory Note(s) that were sold in Oregon;

24 ii. Either 1) register the Installment Contracts or Promissory  
25 Notes by qualification pursuant to ORS 59.065 and OAR 441-065-0020 thereunder, 2)

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1 offer or sell the Installment Contracts or Promissory Notes pursuant to Rule 506 under  
2 Regulation D of the Securities Act of 1933 (“Rule 506”) and ORS 59.049, or 3) offer or  
3 sell the Installment Contracts or Promissory Notes in reliance on an exemption to the  
4 securities registration requirements under the Securities Act and the Oregon Securities  
5 Law;

6                   iii.           Only sell Installment Contracts or Promissory Notes that  
7 are sold pursuant to Rule 506, or in reliance on an exemption to the securities registration  
8 requirements under the Securities Act or the Oregon Securities Law, to “accredited  
9 investors” as that term is defined under Rule 501 and OAR 441-035-0010;

10                   iv.           Provide to each new prospective Oregon purchaser (a  
11 “Purchaser”), prior to the sale of any Installment Contract or Promissory Note, a private  
12 placement memorandum or similar offering memorandum that thoroughly discloses,  
13 among any other necessary disclosures, 1) all material risks relating to investing in  
14 Installment Contracts or Promissory Notes; 2) the terms of the SEC Order; and 3) the  
15 terms of this Final Order; and

16                   v.           Exercise diligent supervision over any person (a  
17 “Salesperson”) who offers or sells an Installment Contract or Promissory Note to persons  
18 in Oregon, and have compliance and training procedures in place to ensure that in  
19 connection with the offer or sale of that Installment Contract or Promissory Note any  
20 Salesperson, which includes the Respondents, 1) makes his or her best efforts not to  
21 recommend the purchase of Installment Contracts or Promissory Notes or the continuing  
22 purchase of Installment Contracts or Promissory Notes to a Purchaser in amounts which  
23 are inconsistent with the reasonable expectations of the Purchaser, 2) does not  
24 recommend to a Purchaser the purchase, sale, or exchange of any Installment Contract or  
25 Promissory Note, unless the Salesperson has reasonable grounds to believe that the  
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1 recommendation is suitable for such Purchaser on the basis of information furnished by  
2 the Purchaser after reasonable inquiry concerning the Purchaser's investment objectives,  
3 financial situation and needs and any other information known by such Salesperson, 3)  
4 does not guarantee a Purchaser that a specific result will be achieved, and 4) does not  
5 engage (and has not engaged) in any activity that would be subject to disqualification as a  
6 "bad actor" under the recently promulgated Rule 506(d).

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8 V. AUTHORITY OF THE DIRECTOR TO SEEK OTHER REMEDIES UNDER  
9 OREGON LAW

10 14. This Order is a "Final Order" under ORS 183.310(6)(b). It not subject to  
11 judicial review under ORS chapter 183. Subject to ORS 183.310(6)(b), the entry of this  
12 Order does not limit other remedies that are available to the Director under Oregon Law.

13 15. Because Venulum Ltd. performs the services that were formerly provided  
14 by Venulum, Inc. to the extent that they are still necessary, the Director withdraws the  
15 February 27, 2012 Order that was issued against Venulum, Inc.

16 IT IS SO ORDERED.

17 Dated this 30th day of September, 2013.

18  
19 PATRICK M. ALLEN, Director  
20 Department of Consumer and Business Services

21 /s/ David Tatman  
22 David C. Tatman, Administrator  
23 Division of Finance and Corporate Securities  
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CONSENT TO ENTRY OF ORDER BY GILES D. CADMAN

I affirm that I have read the foregoing Consent Order and know and fully understand the contents hereof. Without admitting or denying the findings of fact and conclusions of law contained in this Consent Order, I voluntarily and without any force or duress, consent to the entry of the Order and will fully comply with its terms and conditions. Before signing this Consent, I was advised of my right to a hearing and waive any right to a hearing that I may have in this matter. I also understand that this Consent Order is a public document.

/s/ Giles D Cadman  
Giles D. Cadman

State of Province of Ontario

County of City of Toronto

Subscribed and sworn before me on Sept. 23, 2013.

/s/ Jennifer Christine Wiens  
Notary Public

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



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CONSENT TO ENTRY OF ORDER BY VENULUM LTD.

By signing this Consent Order, Venulum Ltd. is attesting that it read the Consent Order and knows and fully understands its contents; that without admitting or denying the findings of fact or conclusions of law contained in the Consent Order it consents to the entry of the Consent Order and will fully comply with its terms.

Venulum Ltd. further attests that it has been advised of its right to a hearing and voluntarily and without any force or duress expressly waives any right to a hearing in this matter.

Venulum Ltd. understands that this Consent Order is a public document.

Giles D. Cadman is the Chairman of Venulum Ltd. and is authorized to enter into this Consent Order on behalf of Venulum Ltd.

VENULUM LTD.

By: /s/ Giles D Cadman  
Giles D. Cadman, Chairman

State of Province of Ontario

County of City of Toronto

Subscribed and sworn before me on Sept. 23, 2013.

/s/ Jennifer Christine Wiens

Notary Public

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