

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

In the Matter of  
JANRAIN, INC.,

Respondents.

Case No. S-14-0018

FINAL ORDER TO CEASE AND  
DESIST AND ASSESSING CIVIL  
PENALTIES AND CONSENT TO  
ENTRY OF ORDER.

The Director of the Department of Consumer and Business Services for the State of Oregon (the "Director") has determined that Janrain, Inc. ("Janrain") violated certain provisions of ORS 59.005 to 59.451, 59.991 and 59.995 (the "Oregon Securities Law"); and

Janrain agrees to waive its right to an administrative hearing and to resolve and settle this matter by CONSENTING to entry of this Final Order.

Now, therefore, as evidenced by the authorized signature subscribed on this document, the Director issues the following Final Order:

I. FINDINGS OF FACT

The Director FINDS that:

1. Janrain is a Delaware corporation that was registered as a foreign corporation in Oregon in 2006 (Business Registry # 385587-97). Its principal place of business is 519 SW 3<sup>rd</sup> Avenue, Suite 600; Portland, OR 97204. Sanjay Khare is Janrain's President.
2. On or about September 2010, pursuant to OAR 441-065-0270 Janrain submitted to the Division of Finance and Corporate Securities ("DFCS") an application to register stock options ("Stock Options") and common stock ("Shares") that it intended to grant to its employees pursuant to the terms of its 2007 Stock Incentive Plan and 2009





1 Equity Incentive Plan (collectively, the “Plans”). DFCS registered the securities on or  
2 about October 4, 2010 (File #2010-1432) and Janrain annually renewed that registration  
3 until November 30, 2012.

4 3. Since March 2007, Janrain has granted Stock Options to numerous employees,  
5 including many employees located in Oregon. The Stock Options entitled the employees  
6 to purchase Shares at a specified price (the “Exercise Price”).

7 4. Janrain failed to renew its securities registration on November 30, 2012. On  
8 December 12, 2013, Janrain applied to renew SEVEN HUNDRED FIFTY THOUSAND  
9 DOLLARS (\$750,000) worth of Stock Options and Shares under the Plans and paid a  
10 renewal application fee of SEVEN HUNDRED FIFTY DOLLARS (\$750).

11 5. Janrain disclosed in April 2014 that between December 14, 2012 and  
12 December 10, 2013, certain Oregon residents that were granted Stock Options between  
13 July 2007 and April 2013 exercised their Stock Options and purchased Shares at the  
14 Exercise Price. Janrain also disclosed that it granted Stock Options to employees located  
15 in Oregon during this period. In total, 20 Oregon residents purchased Shares for cash  
16 consideration totaling \$3,478.18 between December 14, 2012 and December 10, 2013,  
17 and approximately 108 Oregon residents, who were not accredited investors, were  
18 granted Stock Options to purchase approximately 142,250 Shares.

19 6. DFCS renewed Janrain’s Order of Securities Registration on or about  
20 December 31, 2013 (File # 2013-2087).

## 22 II. CONCLUSIONS OF LAW

23 The Director CONCLUDES that:

24 7. On or between December 14, 2012 and December 10, 2013, Janrain sold  
25 securities in Oregon that were not registered under ORS 59.065 in violation of ORS  
26 59.055.

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III. ORDER

Now, therefore, the Director issues the following ORDER:

8. Pursuant to the authority under ORS 59.245, the Director ORDERS Janrain to CEASE AND DESIST from violating any provision of ORS Chapter 59 or Oregon Administrative Rules Chapter 441 promulgated thereunder.

9. Pursuant to the authority under ORS 59.995, the Director ASSESSES a CIVIL PENALTY of SEVEN HUNDRED FIFTY DOLLARS (\$750.00) against Janrain for its violation of ORS 59.055. The Civil Penalty is due and payable in full at the time of entry of this Order.

10. Janrain agrees that, no more than 30 days from the entry of this Order, it will provide the 20 Oregon residents who purchased Shares for cash consideration between December 14, 2012 and December 10, 2013 with a copy of this Order and a letter of explanation.

11. This Order is a “Final Order” under ORS 183.310(6)(b). It is not subject to judicial review under ORS Chapter 183. For purposes of Rule 506(d) of the Securities Act of 1933, as amended, this Final Order does not include findings that Janrain engaged in fraudulent, manipulative, or deceptive conduct and disqualification under Rule 506(d)(1) should not arise as a consequence of this Final Order.

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





