STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCIAL REGULATION

In the Matter of: HOOD RIVER ELECTRIC COOPERATIVE, Respondent.	Case No. S-22-0056 FINAL ORDER TO CEASE AND DESIST, FINAL ORDER ASSESSING CIVIL PENALTY, AND CONSENT TO ENTRY OF ORDER

The Director of the Department of Consumer and Business Services for the State of Oregon (the "Director"), acting in accordance with Oregon Revised Statutes ("ORS") 59.005 to 59.505, 59.991, and 59.995 (the "Oregon Securities Law"), and the Oregon Administrative Rules ("OAR") promulgated thereunder, by and through the Division of Financial Regulation (the "Division"), has conducted an investigation into the activities of Hood River Electric Cooperative ("HREC" or "Respondent") and determined that Respondent violated the Oregon Securities Law.

Respondent, without admitting or denying the Director's findings of fact or conclusions of law, agrees to a final determination in this matter.

NOW, THEREFORE, upon the Director's findings of fact and conclusions of law, and as evidenced by the signature(s) subscribed herein, the Respondent hereby CONSENTS to entry of this Order.

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

FINDINGS OF FACT

The Director FINDS that:

1. Respondent is a duly organized Oregon Cooperative formed on June 15, 1945 for the purpose of generating and providing electric energy for its members and including performing any and all acts necessary to accomplish its lawful purpose. In general Respondent's business: "PROVIDES ELECTRICAL ENERGY AND INTERNET SERVICE TO PATRONS IN THE HOOD RIVER COUNTY COMMUNITIES OF PINE GROVE, ODELL, MT. HOOD AND PARKDALE." (Amended Annual Report E-filed May 10, 2022, Oregon Secretary of State).

2. Respondent's primary place of business is 3521 Davis Dr, Hood River, OR 97031 and its mailing address is PO Box 125, Odell, OR 97044.

3. Respondent's General Manager is Ms. Libby Calnon. Ms. Calnon is responsible for, among other duties, the issuance and sales of Respondent's securities offering and the annual filing of its securities registration application on behalf of HREC.

4. On February 3, 1969, Respondent filed its initial securities registration application for the issuance of unsecured promissory notes. Respondent has continued to register its note offering in Oregon annually.

5. On February 16, 2021, the Division issued an Order of Securities Registration for $4,000,000 in promissory notes offered by Respondent (the "2021 Order"). The 2021 Order, and any salesperson licenses issued in connection with the promissory notes, expired automatically on February 16, 2022.

6. On February 17, 2022, the Division received a renewal application to register Respondent's note offering and three salespersons (the "Renewal Application").

7. Respondent's Renewal Application was not immediately processed.

8. On April 22, 2022, Ms. Calnon contacted the Division to inquire about the

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status of the Renewal Application at which time the Division immediately began processing the Renewal Application.

9. On May 10, 2022, the Division was notified the Respondent sold promissory notes in Oregon since the expiration of its 2021 Order. Respondent provided the Division a list of 12 transactions totaling $540,376.65 which occurred on or after February 18, 2022 through April 23, 2023 (the "Note Sales").

10. Respondent did not have an active order of securities registration at the time of the Note Sales transactions to Oregon investors.

CONCLUSIONS OF LAW

The Director CONCLUDES that:

11. The unsecured promissory notes sold by Respondent are securities as defined in ORS 59.015(19)(a).

12. Respondent sold its securities in Oregon.

13. Under ORS 59.055, it is unlawful for any person to offer or sell any security in this state, unless the security is registered and the offer or sale is not in violation of any rule or order of the Director.

14. By continuing to sell its promissory notes after the expiration of its 2021 Order and without the issuance of a renewal order of securities registration, Respondent violated ORS 59.055.

15. Under ORS 59.245(4), if the Director has reason to believe that any person has engaged, is engaging, or is about to engage in any violation of the Oregon Securities Law, the Director may issue an order, subject to ORS 59.295, directed to the person to cease and desist from the violation or threatened violation.

16. Because the Director has reason to believe that Respondent has violated the Oregon Securities Law, the Director may issue an order directing Respondent to cease and

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desist from that violation.

17. Under ORS 59.995(1)(a), any person who violates or who procures, aids or abets the violation of ORS 59.005 to 59.505, 59.710 to 59.830, 59.991 and 59.995 or any rule or order of the Director shall be subject to civil penalties of up to $20,000 per violation, and in the case of a continuing violation, each day's continuance is a separate violation, but the maximum penalty for any continuing violation shall not exceed $100,000.

ORDERS

The Director issues the following ORDERS:

Final Order to Cease and Desist

18. Pursuant to the authority under ORS 59.245(4), the Director hereby Orders Respondent to CEASE AND DESIST offering and selling unregistered securities in Oregon in violation of ORS 59.055.

Final Order Assessing Civil Penalty

19. Pursuant to the authority granted under ORS 59.995(1), the Director does hereby assess a CIVIL PENALTY against Respondent in the amount of $4,500.00 for violation of ORS 59.055. The CIVIL PENALTY assessed herein is immediately due and payable at the time this Order is returned to the Director.

20. Nothing in this Order is intended to be an order based upon any violation of any Oregon statute, rule, or regulation that prohibits fraudulent, manipulative, or deceptive conduct.

21. Nothing in this Order is intended to be construed as a conclusion that any dishonest or fraudulent conduct occurred, and no such conclusions were reached.

22. This Order is not intended to state or imply willful, reckless, or fraudulent conduct by HREC or its affiliates, directors, officers, employees, associated persons, or agents.

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23. This is a "Final Order" under ORS 183.310(6)(b). Entry of this Order in no way limits or prevents further remedies, sanctions, or actions which may be available to the Director under Oregon law to enforce this Order, for violations of this Order, for conduct or actions of Respondent that are not covered by this Order, or against any Respondent or any other party not covered by this Order.

SO ORDERED this 23rd day of June, 2022 in Salem, Oregon.

ANDREW STOLFI, Director
Department of Consumer and Business Services

/s/ Dorothy Bean
Dorothy Bean, Chief of Enforcement
Division of Financial Regulation

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CONSENT TO ENTRY OF ORDER

I, Libby Calnon, General Manager, do hereby declare I am an authorized representative with the authority to act on behalf of the Respondent, **Hood River Electric Cooperative** ("HREC"), in this matter. HREC hereby agrees that it has read the foregoing Order and fully understands the contents thereof. HREC has been advised of the right to a hearing and of the right to be represented by counsel in this matter, and has been represented by counsel in this matter. HREC, by and through the undersigned, **voluntarily consents** to the Entry of this Order without force or duress, expressly waiving any right to a hearing in this matter, and waiving any rights to administrative or judicial review of this Order.

HREC understands that the Director reserves the right to take further action to enforce this Order and to take appropriate action upon discovery of other violations of the Oregon Securities Law not hereby resolved. HREC agrees to fully comply with the terms and conditions of the Order, and understands that this document is a public record.

HOOD RIVER ELECTRIC COOPERATIVE

dba HOOD RIVER ELECTRIC & INTERNET CO-OP

Signature: */s/ Libby Calnon*

Printed Name: Libby Calnon

State of Oregon

County of Hood River

Signed before me this 22nd day of June, 2022 by *Libby Calnon* in his/her capacity as *General Manager* of *Hood River Electric Cooperative*.

/s/ Sandra Virgen Notary Public

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