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

In the Matter of: JACQUELINE HUDSON PARSONS, an Individual, and QUANTUM CORP. TECHNOLOGIES, a Dissolved Oregon Corporation, Respondent.	Case No. S-25-0079 FINAL ORDER TO CEASE AND DESIST, FINAL ORDER DENYING USE OF EXEMPTIONS, FINAL ORDER ASSESSING CIVIL PENALTIES, AND FINAL ORDER ORDERING RESTITUTION **AS AGAINST RESPONDENT PARSONS ONLY**

HISTORY OF THE CASE

On January 20, 2026, the Division of Financial Regulation (Division) acting on behalf of the Director of the Department of Consumer & Business Services (Department) issued Jacqueline Hudson Parsons and Quantum Corp. Technologies (QCT) an Order to Cease and Desist, Proposed Orders Denying Use of Exemptions, Assessing Civil Penalties, and Ordering Restitution, and Notice of a Right to Hearing (Notice Order). On February 4, 2026, Ms. Parsons requested a hearing.[1]

On March 6, 2026, the Division issued QCT a Final Order to Cease and Desist, Final Order Denying Use of Exemptions, Final Order Assessing Civil Penalties, and Final Order Ordering Restitution, Entered by Default.

On March 16, 2026, the Division referred the matter involving Ms. Parsons to the Office of Administrative Hearings (OAH). The OAH assigned Administrative Law Judge (ALJ) Samantha A. Fair to preside at hearing and scheduled a prehearing conference for April 20, 2026.

On March 26, 2026, the Division submitted a Stipulated Protective Order for

[1] Ms. Parsons' request for hearing did not include a request for hearing on behalf of QCT.

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signature. The ALJ signed the order, and the OAH issued the Stipulated Protective Order on March 27, 2026.

On March 26, 2026, Ms. Parsons filed a Request for Remote Participation. She also filed a Motion to Limit Scope of Enforcement and Evidentiary Use.

On March 27, 2026, Ms. Parsons filed a Motion for Issuance of Subpoena *Duces Tecum*.

On March 31, 2026, Ms. Parsons filed a Motion to Limit Evidentiary Weight and a Motion to Stay Proceeding.

On April 3, 2026, the OAH issued a Ruling on Parsons' requests and motions, in which the ALJ denied them.

On April 20, 2026, ALJ Fair convened a prehearing conference. Ms. Parsons appeared with her attorney Robert Parker.[2] Senior Assistant Attorney General Kelly Routt appeared on the Division's behalf. Anthony Estrada also appeared on behalf of the Division. ALJ Fair scheduled a hearing for August 25 through 27, 2026, and set deadlines for the submission of motions, witness lists, and exhibits.

On April 28, 2026, Ms. Parsons filed a Notice of Change in Representation and Appearance *Pro Se*, advising that Mr. Parker no longer represented her.

On June 5, 2026, Ms. Parsons filed a Motion for Summary Determination with an Alternative Motion to Limit Evidentiary Scope. On July 10, 2026, the Division filed a Response to [Ms. Parsons'] Motion for Summary Determination [and the Alternative Motion]. On July 31, 2026, the OAH issued a Ruling on Motion for Summary Determination and Alternative Motion to Limit Evidentiary Scope, in which the ALJ denied the motions.

On August 4, 2026, Ms. Parsons filed a Motion to Reconsider or Amend Limited Portion of July 31, 2026 Ruling and to Strike or Clarify Prejudicial Characterization. On

[2] Mr. Parker filed a notice of representation immediately before the prehearing conference convened.

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August 5, 2026, the ALJ denied the motion.

On August 4, 2026, the parties submitted witness lists and exhibits. Because Ms. Parsons' exhibits were not properly marked, the ALJ directed her to resubmit them with the correct annotations and provided Ms. Parsons additional time to accomplish that task. Ms. Parsons subsequently timely filed her properly marked exhibits (Exhibits R1 through R15).

On August 7, 2026, the ALJ informed the parties that portions of two of the Department's exhibits (Exhibits A1 and A47) contained references to information to which Ms. Parsons had previously objected. The ALJ preliminarily agreed with Ms. Parsons that the references appeared irrelevant and asked the Division to either resubmit the two exhibits with those references redacted or provide argument as to their relevance. On August 11, 2026, the Division resubmitted Exhibits A1 and A47 with the referenced portions redacted.

On August 11, 2026, Ms. Parsons submitted an amended witness list, reducing her witness list to the same witnesses the Division included on its witness list.

On August 12, 2026, Ms. Parsons filed a Motion for Complete Compliance, Redaction of Uncharged Criminal Allegations, and Clarification and filed Exhibits R17 through R21 in support of the motion.

On August 20, 2026, Ms. Parsons filed four additional motions: Motion in Limine to Exclude Evidence of Uncharged Criminal Conduct and Character Beyond the Scope of the Contested Case Notice; Motion to Exclude, or in the Alternative to Limit the Weight Given to, Hearsay Statements of Declarants the Division Does Not Intend to Produce; Request for Reasonable Accommodation Under the Americans with Disabilities Act [ADA] and Motion to Modify the Hearing Schedule; and Motion for Leave to File Supplemental Exhibits R22 through R29 and Statement of Matters in Mitigation. The Division filed an objection to the ADA motion.

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On August 24, 2026, Presiding ALJ Monica Whitaker denied Ms. Parsons' ADA request.

On August 25, 2026, ALJ Fair convened a video conference hearing.[3] Ms. Parsons appeared for the hearing but did not testify.[4] Ms. Routt represented the Division. Mr. Estrada, a Division financial enforcement officer, appeared for the Division and testified. Madalyn Stone, a Division enforcement investigator, also testified on behalf of the Division. At the Division's request, ALJ Fair corrected, by interlineation, two typographical errors in the Amended Notice, changing references to ORS 59.245(4) to ORS 59.245(3). The ALJ denied Ms. Parsons' pending motions with the exception that references in Exhibits A1 and A47 to Ms. Parsons' citizenship and nationality were excluded from the hearing record.[5] The evidentiary record closed at the conclusion of the August 25, 2026 hearing.

On September 15, 2026, the Division filed a Closing Argument. On September 28, 2026, Ms. Parsons filed a Responsive Closing Argument. On October 6, 2026, the Division filed a Reply to [Ms. Parsons'] Closing Argument.

On October 15, 2026, ALJ Fair issued a Proposed Order concluding that Ms. Parsons violated certain provisions of the Oregon Securities Laws, including ORS 59.055, ORS 59.135(1) through (3), and ORS 59.165(1); proposing that Ms. Parsons be ordered to cease and desist from violating ORS 59.055, ORS 59.135(1) through (3), and ORS 59.165(1); proposing that Ms. Parsons be denied the use of the securities exemptions contained in ORS 59.025 and ORS 59.035; proposing that $120,000 in civil penalties be imposed, and ordering restitution in the amount of $32,274 to MB and $50,000 to CM.

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[3] Although the ADA request was denied, the ALJ provided breaks and a shortened hearing schedule that met the accommodations sought by Ms. Parsons in her request.

[4] Following the lunch break, Ms. Parsons elected to cease her participation in the hearing, knowing that she was waiving listening to the remainder of the Division's case and presenting her own case. The hearing concluded in her absence.

[5] The typographical corrections and the ruling on the motions occurred at the beginning of the hearing when Ms. Parsons was present.

Pursuant to ORS 183.460, on October 26, 2026 Ms. Parsons filed timely written exceptions to the Proposed Order in this matter and submitted written arguments in support of them. The Director considered Ms. Parsons' exceptions and determined they did not warrant modification of the Proposed Order, for the following reasons:

1. Ms. Parsons requests modifications to opinions, conclusions and penalties. The requested modifications are not supported by the record.

2. Ms. Parsons misstates opinions in the Proposed Order;

3. Ms. Parsons requests clarifications regarding violations and penalties which are already contained in the Notice Order and Proposed Order;

4. Ms. Parsons' exceptions misstate legal standards and requirements; and

5. Ms. Parsons requests relief to which she is not entitled.

Having considered the record in this matter and the Proposed Order, the Division adopts the Proposed Order as the Final Order in this case.

ISSUES

1. Whether Ms. Parsons sold an unregistered security in Oregon. ORS 59.055.

2. Whether Ms. Parsons transacted business in Oregon as a broker-dealer or salesperson without being licensed under the Oregon Securities Law. ORS 59.165(1).

3. Whether Ms. Parsons, in connection with the sale of a security, engaged in the following conduct: (1) made any untrue statements of material fact; (2) omitted to state material facts; (3) employed a device, scheme, or artifice to defraud; and/or (4) engaged in acts which operated or would operate as a fraud or deceit upon a person. ORS 59.135(1), (2) and (3).

4. Whether the Director of the Department should issue Ms. Parsons a cease and desist order. ORS 59.245(3).

5. Whether the Director of the Department should deny Ms. Parsons the use of exemptions to the securities registration requirements. ORS 59.045(2).

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6. Whether the Division should assess Ms. Parsons civil penalties for any established violations. ORS 59.995(1).

7. Whether the Director of the Department should order Ms. Parsons to pay restitution for violations of the Oregon Securities Law.[6] ORS 59.995(4).

EVIDENTIARY RULINGS

Exhibits A2 through A46 and A48 through A71, offered by the Division, were admitted into the record without objection. The ALJ overruled Ms. Parsons' objections to the amended Exhibits A1 and A47 and admitted the exhibits into the record. Exhibits R1 through R3, R6 through R8, R10, R12 through R15, R22, R24 through R26, and R28 were admitted into the record without objection. The ALJ, on her own motion, excluded Exhibits R17 through R21 from the record for lack of relevance. The ALJ overruled the Division's objections to Exhibits R5, R9, R23, and R27 and admitted the exhibits into the record. The ALJ sustained the Division's objections to Exhibits R4, R11, and R29 and excluded them from evidence.[7]

Ms. Parsons urged the ALJ to give little weight to hearsay statements made by individuals who did not appear for the hearing and give greater weight to the documentary evidence. Responsive Closing Argument at 1-2. The majority of the material facts in this case did, indeed, come from these documents, including many documents she provided for the hearing or to the Division, and not hearsay statements from individuals who did not appear at the hearing. This documentation included the following: her filings with the Secretary of State, the limited partnership Agreements, her promotional materials, her company's bank records, her emails, and other documentation that she generated. Although the Division interviewed MB and CM[8] and included these statements in the exhibits (A46

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[6] The Oregon Securities Law includes ORS 59.005 to 59.505, 59.991, and 59.995 ORS 59.005.
[7] Ms. Parsons did not submit an Exhibit R16.
[8] For privacy purposes, these individuals are identified by their initials in the Notice Order, Proposed Order, and Final Order.

and A48), the facts regarding the alleged representations and alleged securities are primarily based on the information in the documents as outlined above.

Additionally, the hearsay statements of MB and CM were corroborated by the information contained in these documents. MB and CM's statements about their financial contributions to Ms. Parsons' company, their limited partnership agreements with Ms. Parsons, Ms. Parsons' representations of her contributions to her company, and the sudden nature of the termination by Ms. Parsons of their relationships with her company matched the preserved communications between the parties, the bank records, and the limited partnership agreements. The ALJ primarily relied on these documents in determining the material facts in this matter.

FINDINGS OF FACT

Ms. Parsons and QCT

1. Ms. Parsons resides in Portland, Oregon. (Ex. A1 at 1.) Since 2018, Ms. Parsons registered 19 corporations and limited liability companies in Oregon. (Ex. A2 at 1.) By July 2025, only three of the business entities remained active. (Ex. A1 at 3-4.) The Division has never issued Ms. Parsons any licenses. (Ex. A71 at 4.)

2. On October 25, 2022, Ms. Parsons registered QCT as a domestic corporation with Oregon's Secretary of State, noting QCT's principal place of business as Portland, Oregon. Ms. Parsons was listed as president and registered agent for QCT, and she was also the sole incorporator of QCT with the Articles of Incorporation listing the number of shares as 90,000,000. (Ex. A3 at 1-2, 5-6.) No such shares were ever issued. (Ex. A71 at 7.)

3. QCT maintained a basic website that contained a series of digital images, in which QCT's stated primary purpose was virtual reality (VR) solutions and repeatedly referenced QCT's "incredible team of engineers, programmers, designers and marketers." (Ex. A45 at 1, 2, 5-7, 9, 14.)

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Ms. Parsons' Interactions with MB

4. In late 2023, MB responded to an advertisement on LinkedIn for a Chief Technology Officer for QCT. Ms. Parsons offered MB a partnership investment, advising him that QCT was a billion dollar company and that she had secured 50 to 100 million dollars in investment funds for QCT. She further stated that she was in negotiations with Japan's Department of Transportation and had a contract with an European cosmetics firm. Based on these representations, MB agreed to a limited investment in QCT. (Ex. A48 at 1-3, 5.) MB had no background in quantum technologies. (*Id*. at 3.)

5. QCT was administratively dissolved by the Oregon Secretary of State on December 21, 2023. (Ex. A3 at 1.)

6. On January 24, 2024, Ms. Parsons requested and obtained QCT's reinstatement. (Ex. A3 at 7.) On that same date, Ms. Parsons first opened a checking account (Checking) for QCT with a $50 deposit with a paired credit card and savings account. (Exs. A6 at 1; R2 at 2; test. of Stone.) On January 25, 2024, MB wired $5,000 to QCT's account. (Exs. A7 at 1; R2 at 2.) On January 29, 2024, Ms. Parsons removed $5,050 from Checking, resulting in a zero balance. (Exs. A9 at 1; R2 at 1.)

7. On February 1, 2024, MB and Ms. Parsons signed a Limited Partnership (LP) Agreement with Ms. Parsons as the General Partner and MB as the Limited Partner. The General Partner had the sole authority, right, and power to manage and operate the partnership's business, which was the development of QCT. The General Partner was entitled to reimbursement of any expenses incurred in the operation of the business. The Limited Partner had no rights other than rights granted by Oregon law. Ms. Parsons held a 99.93 percent partnership interest and MB had a buy-in option up to 35 percent with his initial contribution granting him a 0.065 percent ownership interest. The LP Agreement required profits and losses to be distributed to the partners based upon their ownership percentage. The LP Agreement assigned management roles to the partners with Ms.

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Parsons as chairwoman, Board member, and Chief Visionary Officer (CVO) and MB as Board member and chief executive officer (CEO). The LP Agreement provided for dissolution of the LP by majority vote or the expiration of a 90- day buy-out period when a partner withdraws from the LP. (Ex. A56 at 1-12.) Ms. Parsons never registered the LP agreement as a security. (Exs. A66 at 1; A71 at 4; test. of Stone.) The LP Agreement set MB's CEO salary as $1,200,000 per year to be paid either biweekly or semimonthly with a $100,000 signing bonus due within three days. The LP Agreement detailed no duties and identified no management control MB had as CEO. The LP Agreement required each partner to make a capital contribution to the LP with Ms. Parsons contributing $50,000,000 and MB contributing $32,500 with both contributions to be paid no later than March 2, 2024.[9] The LP Agreement provided for dissolution of the LP by majority vote or the expiration of a 90-day buy-out period when a partner withdraws from the LP. (Ex. A56 at 1-12.) Ms. Parsons never registered the LP agreement as a security. (Exs. A66 at 1; A71 at 4; test. of Stone.)

8. On February 2, 2024, MB wired $10,000 into Checking. On that same date, Ms. Parsons removed $8,500 from Checking. (Ex. R2 at 4.) By February 29, 2024, Checking's balance was $70.20. (*Id*. at 3.)

9. On March 1, 2024, MB wired $10,000 into Checking. On March 2, 2024, Ms. Parsons removed $7,000 from Checking. On March 4, 2024, MB wired $2,800 into Checking. (Ex. R2 at 7.) By March 31, 2024, Checking's balance was $5.14. (*Id*. at 6.)

10. On April 15, 2024, MB wired $4,474 into Checking. (Ex. R2 at 10.) By April 30, 2024, Checking's balance was $0.20. There was no activity within Checking again until July 2024. (Ex. R2 at 9, 12, 14.)

11. On or about July 12, 2024, Ms. Parsons terminated her and QCT's relationship

[9] Specifically, MB's contribution was to be paid with $5,000 on January 26, 2024; $13,750 on February 2, 2024; and $13,750 on March 2, 2024.

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with MB. (Ex. A50 at 32.)

12. MB never received any funds from QCT. (Exs. A48 at 1; A6-A43; R2.)

Ms. Parsons' Interactions with CM

13. CM was first registered with the Financial Industry Regulatory Authority (FINRA) in 2014, and, from November 2020 to October 2023, he was registered as a Private Securities Offering Representative. His registration ceased after October 2023. (Ex. R28 at 1.)

14. In June 2024, CM replied to a job opening placed by QCT on LinkedIn, seeking business partners and investors for QCT. Ms. Parsons contacted him, and they discussed making him CEO[10] and board member and requiring his investment of $50,000 into QCT. (Ex. A46 at 1.) CM had no experience in quantum technologies. (*Id*. at 6.)

15. On June 24, 2024, following their conversation, Ms. Parsons emailed CM and made the following statements:

- I am writing to present you with an exciting investment opportunity in [QCT], a pioneering company at the forefront of quantum computing and advanced technological solutions.
- Our mission is to develop and commercialize quantum technologies that will drive significant advancements in various sectors, including cybersecurity, artificial intelligence, and data analytics.
- We are currently seeking to raise $5-50+ million (100M) in capital to accelerate our research and development, expand our team of world-class scientists and engineers, and enhance our infrastructure * * *.
- This investment will provide you with a substantial equity stake in [QCT], ensuring that you benefit from our growth and success.
- Our team is led by industry experts with decades of experience in quantum

[10] CM did not discover until later that QCT already had a CEO. (Ex. A46 at 2.)

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computing and technology development.

- We have developed proprietary technologies that position us ahead of our competitors and enable us to offer unique solutions.
- We have established partnerships with leading academic institutions and tech companies[.]

(Ex. A49 at 1.)

16. Attached to the June 24, 2024 email was a series of digital images (Pitch Deck). The Pitch Deck provided that QCT's "unique advantages" included:

- Strong ROI delivery and funnel B2B consumerization. Exceptional AR [augmented reality]/AI [artificial intelligence] solution for global brands; and
- Patented AR/VR features scientifically validated assessment simulation, with dynamic lighting adaption, and photorealistic VR simulation.

(Ex. A49 at 14.)[11]

17. The Pitch Deck described QCT's products as follows:

> With our innovative and insightful technologies, we strive to enhance our users' every day experiences. Founded in 2022, our incredible team of engineers, programmers, designers and marketers have worked tirelessly to bring [QCT] to the forefront of the industry.

(Ex. A49 at 15, 17.) The Pitch Deck listed QCT's "futuristic technologies 2023-2025" as ARK, OVO Shield, and Robo-Corez. (*Id*. at 16-17.) The Pitch Deck described ARK as "the future of space travel and living is now here with ARK. Our designs in space craft travel as well as off plant cities is the first in human history." (*Id*. at 16.) OVO Shield was described as "the first in human history and technology as the first line of defense against

[11] Grammar errors and misspellings are in the original. (Ex. A49.)

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natural disasters as well as foreign or domestic conflict." (*Id*.) Robo-Corex was described as the "future of robotic technology suits. Our sophisticated designs enables our technology to suit defense as well as space travel." (*Id*. at 17.)

18. The Pitch Deck identified the core features of QCT's products as follows:

- Built using advanced proprietary deep learning models.
- Fine tuned using millions of algorithms.
- Data collected from over 40000 quantum models across all major brands.
- AI has scanned over 10+ Million data usages.
- Quantum integration using AI analysis for even better personalization of technology products.

(Ex. A49 at 13.)

19. The Pitch Deck included QCT's "financial projections 2023-2027" and listed them as follows, in part:

	2023	2024	2025
Revenue	$588,960	$69,271,645	$90,216,481
Research and Dev.	$5,000,000	$5,500,000	$5,000,000
Gross Profits	$180,066	$66,199,721	$77,561,628
Accts. Receivable	$20,000,000	$34,982,210	$44,418,190
Cash Balances	$50,000,000	$80,056,638	$156,525,868

(Ex. A49 at 21.)

20. Based upon his interactions with Ms. Parsons, CM wired $50,000 into Checking on July 3, 2024. (Exs. R2 at 17; A46 at 4-5; A50 at 14-15.) On that same date, Ms. Parsons removed $34,000 from Checking (Ex. R2 at 17.) By July 31, 2024, Checking's balance was $0.37. (*Id*. at 16.)

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21. On July 8, 2024, Ms. Parsons informed CM that she had "another investment firm wanting to invest in [QCT.]" (Ex. A50 at 20.) On that same date, CM advocated utilizing Blaine Burke, a registered broker with GT Securities, to secure capital investment funds and paying Burke $10,000 per month plus 2.5 percent of funds raised. Ms. Parsons approved utilizing and contracted with Mr. Burke to assist in raising 25 million in capital funds for QCT. (Exs. A50 at 19, 21, 23; A66 at 2.)

22. On July 11, 2024, Ms. Parsons advised CM that she had secured two additional investors for QCT along with "$25M on the way." (Ex. A50 at 28.)

23. On July 12, 2024, CM and Ms. Parsons signed a Limited Investment Partnership (LIP) Agreement with Ms. Parsons as the General Partner and CM as the Limited Partner. The General Partner had the sole authority, right, and power to manage and operate the partnership's business, which was the development of QCT. The General Partner was entitled to reimbursement of any expenses incurred in the operation of the business. The Limited Partner had no rights other than any rights granted by Oregon law. The LIP provided Ms. Parsons' ownership interest as 84.93 and CM's ownership interest as 10 percent. The LIP Agreement required profits and losses to be distributed to the partners based upon their ownership percentage. The LIP Agreement assigned management roles to the partners with Ms. Parsons as chairwoman, Board member, and CVO and CM as investor, Board member, co-chair, and CEO. The LIP Agreement set CM's CEO salary as $1,200,000 per year to be paid either biweekly or semimonthly with a two-month severance package. The LIP Agreement detailed no duties and identified no management control CM had as CEO. The LIP Agreement required each partner to make a capital contribution to the LP with Ms. Parsons contributing $50,000,000 and CM contributing $50,000 with both contributions to be paid no later than July 3, 2024. The LIP Agreement provided for dissolution of the LIP by majority vote or the expiration of a 90-day buy-out period

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when a partner withdraws from the LIP. (Ex. A55 at 1-11.) Ms. Parsons never registered the LIP agreement as a security. (Exs. A66 at 1; A71 at 4; test. of Stone.)

24. On July 17, 2024, Ms. Parsons paid Mr. Burke $10,000. (Ex. A31 at 1.)

25. On July 23, 2024, Ms. Parsons informed CM that QCT only had $50,000 to $100,000 and would run out of money unless more investments were obtained. She requested that he invest another $50,000 into QCT. CM responded that he was shocked as he had invested in QCT under the belief that QCT was well-capitalized with an existing 50 to 100 million dollars. (Exs. A46 at 3; A50 at 52.) Later that same day, Ms. Parsons terminated their conversations and cancelled CM's QCT-based email account. In response, CM informed Ms. Parsons that, based on her actions, he assumed that she wanted him removed from QCT. He offered to leave QCT upon the return of his $50,000. (Ex. A50 at 54.) CM never received funds from QCT. (Exs. A46 at 1; A6-A43; R2.)

26. On July 24, 2024, Ms. Parsons contacted Mr. Burke, seeking the reimbursement of the $10,000 payment or, in the alternative, to have Mr. Burke raise capital funds for two of her other businesses and not QCT. (Ex. A51 at 1.)

27. On July 29, 2024, QCT was dissolved by Ms. Parsons. The Articles of Dissolution, signed by Ms. Parsons, stated, "[n]one of the corporation's shares have been issued and the corporation has not commenced business." (Ex. A3 at 4.)

QCT's Funds

28. From February 2 through July 18, 2024, Ms. Parsons transferred a total of $18,783, of which $15,735 was removed in July, from Checking to her personal account. (Exs. A32 at 1; R2 at 1-18.)

29. During February 2 through July 18, 2024, she paid an attorney Robert Parker $11,500[12] and paid restaurants $1,242.50 from QCT funds. (Exs. A33 at 1; A41 at 1-

[12] Mr. Parker and Ms. Parsons signed an agreement that Mr. Parker provide legal service for QCT at the rate

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2.) During that same time period, she used Checking to pay a total of $25,476.62 to QCT's credit card account. (Exs. A32 at 1; R2 at 1-18.) In February 2024, she paid $8,000 to Fidelity National Title Company of Oregon from Checking. (Ex. A34 at 1.) In March 2024, she paid Sasse Wellness and Me $1,670.25 with QCT's credit card. (Ex. A38 at 1.) In February and July 2024, she paid $458 to the Ritz Carlton with QCT's credit card. (Ex. A39 at 1.) In March 2024, Mr. Parker used QCT's credit card to pay utility, restaurant, hotel, Netflix, and grocery bills in the total amount of $1,322.88. (Exs. A42 at 1; R2 at 22-24.) In July 2024, the month Ms. Parsons registered two new limited liability companies with the Oregon Secretary of State, Ms. Parsons paid $800 of QCT funds to the Oregon Secretary of State. (Exs. A2 at 1; A37 at 1.)

30. Ms. Parsons regularly moved funds back and forth between Checking and QCT's savings account and regularly had failed transactions, including credit and debit card transactions, because of a lack of funds in Checking. (Exs. A9; A14.) Similarly, she constantly caused failed QCT credit card transactions because of insufficient funds. (Ex. A30.)

31. Ms. Parsons never contributed $50,000,000 to QCT. (Ex. A71 at 2.) QCT never generated any income, revenue, or capital investments other than the investment funds received from MB and CM. (*Id*. at 3, 8.)

Additional Matters

32. QCT never had a team of scientists, engineers, programmers, designers and marketers; held no patents; owned no proprietary technology; and had no partnerships with academic institutions and technology companies. QCT never had formal negotiations or agreements with the government of Japan. QCT never developed any

of $350 per hour. (Ex. R14 at 8-9.) On February 28, 2024, Mr. Parker issued a single invoice to QCT, claiming a flat fee of $2,500 was owed, without itemizing any work performed for this fee. (Ex. R14 at 10.) This documentation does not support that Mr. Parker performed any services for QCT.

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ARK, OVO Shield, or Robo-Corez and had no collected data or algorithms. (Ex. A71 at 3, 9; test. of Stone.)

33. The Division has found that security fraud violations are a significant problem facing citizens. The Division's Final Orders are publicly available, and the Division seeks significant penalties against securities fraud violators to act as a disincentive to prospective violators. (Test. of Estrada.)

CONCLUSIONS OF LAW

1. Ms. Parsons sold an unregistered security in Oregon.

2. Ms. Parsons transacted business in Oregon as a broker-dealer or salesperson without being licensed under the Oregon Securities Law.

3. Ms. Parsons, in connection with the sale of a security, engaged in the following conduct: (1) made untrue statements of material fact; (2) omitted to state material facts; (3) employed a device, scheme, or artifice to defraud; and (4) engaged in acts which operated or would operate as a fraud or deceit upon a person.

4. The Director of the Department should issue Ms. Parsons a cease and desist order.

5. The Director of the Department should deny Ms. Parsons the use of exemptions to the securities registration requirements.

6. The Division should assess Ms. Parsons civil penalties for established violations.

7. The Director of the Department should order Ms. Parsons to pay restitution for violations of the Oregon Securities Law.

OPINION

The Division proposes to assess Ms. Parsons civil penalties in the total amount of $120,000, to issue her a cease and desist order, to deny her the use of securities exemptions, and to order her to pay restitution in the total amount of $82,274, based on allegations that

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she failed to comply with the Oregon Securities Law. As the proponent of the allegations, the Division has the burden to establish, by a preponderance of the evidence, that the allegations are correct and that it is appropriate to impose the penalties and issue the orders as proposed in the Notice Order. ORS 183.450(2) ("The burden of presenting evidence to support a fact or position in a contested case rests on the proponent of the fact or position"); *Reguero v. Teachers Standards and Practices Commission,* 312 Or 402, 418 (1991) (burden is on Commission in disciplinary action); *Dixon v. Board of Nursing*, 291 Or App 207, 213 (2018) (in administrative actions, burden of proof is by a preponderance of the evidence). Proof by a preponderance of the evidence means that the fact finder is persuaded that the facts asserted are more likely true than not true. *Riley Hill General Contractor v. Tandy Corp*., 303 Or 390, 402 (1987).

<u>*Sale of Unregistered Securities in Oregon*</u>

In its Notice Order, the Division alleged that Ms. Parsons sold unregistered securities in the form of investment contracts, specifically the LP and LIP Agreements, to MB and CM. ORS 59.015(19)(a) defines a "security" and provides, in part:

> "Security" means a note, stock, * * *, investment contract, * * *, or, in general, any interest or instrument commonly known as a "security," * * *[.]

Ms. Parsons informed MB and CM that her company QCT developed quantum technologies, encouraged them to provide funds to her company, and formalized these arrangements with the LP and LIP Agreements. The question is then whether the LP and LIP agreements constitute an investment contract.

The Oregon Supreme Court established a test for an "investment contract" that provides the following:

> [T]he requirements are: (1) an investment of money (or money's worth), (2) in a common enterprise, (3) with the

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> expectations of a profit, (4) to be made through the management and control of others[.]

Pratt v. Kross, 276 Or 483, 497 (1976). MB and CM invested money for Ms. Parsons' company QCT with the expectation of earning profits as demonstrated by the terms of the LP and LIP Agreements. Although they were named CEOs for QCT and nominally on the board, they had no control over the management, conduct, or operation of the limited partnership or QCT as Ms. Parsons had sole control over the limited partnership per the terms of the agreements. She also had sole control over QCT, which was definitively demonstrated by Ms. Parsons' actions in arbitrarily terminating MB and CM's involvement in both QCT and the limited partnership and her unilateral dissolution of QCT. Additionally, even though CM suggested the utilization of Mr. Burke to search for additional capital investors, Ms. Parsons actually made the decision to hire Mr. Burke, signed the contract with him, and paid him. There was no evidence that MB or CM managed or controlled either the limited partnership or QCT. Thus, the first, third, and fourth prongs of the "investment contract" test are satisfied. That leaves the second prong: whether the funds were part of a common enterprise.

In *Computer Concepts v. Brandt*, 310 Or 706 (1990), the Oregon Supreme Court expanded on the Pratt finding by adopting the federal test for "common enterprise" that requires either horizontal or vertical commonality. *Computer Concepts*, 310 Or at 715. Horizontal commonality requires more than one investor with a pooling of investments, and vertical commonality requires either dependence on the promotor's expertise or that the investor or promotor's investment is interwoven with and dependent on the fortunes of others. *Computer Concepts*, 310 Or at 714-15. Facts, such as the pooling of investments in the form of proceeds of loans to invest in the same real estate development project, satisfy the requisites of "horizontal commonality" and the transactions are "investment contracts." *State v. Nistler*, 268 Or App 470, 483(2015). Additionally, in *Foelker v. Kwake*, 279 Or

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379, 385 (1977), the Oregon Supreme Court made the determination that "the Oregon Securities Law is to be liberally construed so as to afford the 'greatest possible protection' to the public," and concluded that an oral investment contract is a security. *Id*. at 381, 385; *see also State v. Foust*, 215 Or App 649, 654 (2007) (loans made to a company with the promise that lenders would receive a 10 percent return and their principal would not be at risk were investment contracts as listed in ORS 59.015(19)(a)).

In light of this framework developed by the *Oregon* Supreme Court, MB and CM's payments of money to QCT (pooling of investments) for the purported development of a quantum technology company demonstrate horizontal commonality and satisfy the second prong of the "investment contract" test.

Ms. Parsons asserted that the LP and LIP Agreements were not securities because they were private investment transactions structured as limited partnerships with no public marketing or solicitation. Exhibit A66 at 1. Contrary to Ms. Parsons' assertion, in *Pratt*, the Oregon Supreme Court found that "one-to-one transaction[s] without any public offering or solicitation" can constitute an "investment contract." *Pratt*, 276 Or at 495. *Pratt*'s facts are virtually indistinguishable from the present facts. In *Pratt*, the parties formed a limited partnership to engage in the business of operating and managing a company with the defendant as general partner and plaintiff as limited partner. The plaintiff's $15,000 payment was labeled a contribution, and profits and losses were apportioned between the parties. Plaintiff was to be an employee of the partnership with no specified duties, and defendant had full charge of the management and operations of the business. *Pratt* at 485.

As in *Pratt*, the parties in this case formed limited partnerships to engage in the business of operating QCT. Ms. Parsons was the general partner with MB and CM as limited partners. MB and CM's payments to QCT were labeled as contributions, and the terms of the LP and LIP Agreement provided for the apportionment of profits and losses

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between the parties. MB and CM were employees of QCT with no specified duties, and Ms. Parsons had full control of the limited partnership and QCT. As noted above, Ms. Parsons exercised absolute control over QCT, which was further demonstrated by her liberal use of QCT's funds. In sum, the LP and LIP Agreements were investment contracts.

ORS 59.055 provides:

> It is unlawful for any person to offer or sell any security in this state, unless:
>
> (1) The security is registered and the offer or sale is not in violation of any rule or order of the Director of the Department of Consumer and Business Services or any condition, limitation or restriction imposed by the director upon such registration;
>
> (2) The security is exempt under ORS 59.025 or the sale is exempt under ORS 59.035; or
>
> (3) The security is a federal covered security for which a notice has been filed and fees have been paid under ORS 59.049.

Ms. Parsons asserted that the transactions with MB and CM were exempt as "an isolated nonissuer transaction." Exhibit A68 at 1. ORS 59.035 provides, in part:

> The following transactions are exempt from ORS 59.049 and 59.055 if they are not part of an attempt to evade fraudulently any provision of the Oregon Securities Law:
>
> * * * * *
>
> (2) An isolated nonissuer transaction in this state, whether effected through a broker-dealer or not[.]

However, as stated in ORS 59.035, no transaction is exempt if it is part of a

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fraudulent scheme. As demonstrated below, Ms. Parsons utilized the LP and LIP Agreements as part of a scheme to defraud MB and CM. Therefore, any transactions involving the LP and LIP Agreements are not exempt from ORS 59.055.

Because the LP and LIP Agreements were investment contracts that were not registered as securities, Ms. Parsons sold unregistered securities on two occasions in violation of ORS 59.055.

Transacting Business as a Broker-Dealer or Salesperson

ORS 59.165(1) provides:

> It is unlawful for any person to transact business in this state as a broker-dealer or salesperson unless the person is licensed under the Oregon Securities Law.

Ms. Parsons has never been licensed by the Division. By offering and selling securities to MB and CM, she violated ORS 59.165(1) on two occasions.

Untrue Material Statements, Material Omissions, and Fraud

ORS 59.135 provides:

> It is unlawful for any person, directly or indirectly, in connection with the purchase or sale of any security or the conduct of a securities business or for any person who receives any consideration from another person primarily for advising the other person as to the value of securities or their purchase or sale, whether through the issuance of analyses or reports or otherwise:
>
> (1) To employ any device, scheme or artifice to defraud;
>
> (2) To make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under

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which they are made, not misleading;

(3) To engage in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person[.]

Ms. Parsons asserts that the materials contained in the Pitch Deck, which she created and distributed, were "forward-looking projections, conceptual development, and industry-based research" for early-stage startup companies. Exhibit A71 at 9. Ms. Parsons' assertions are inaccurate. The Pitch Deck included specific accomplishments, such as "Patented AR/VR features" that included "dynamic lighting adaption, and photorealistic VR simulation." Exhibit A49 at 14. This representation states that QCT already has patents with such features, when, in fact, it did not. The Pitch Deck represented that QCT had "our incredible team of engineers, programmers, designers, and marketers" and "our innovative and insightful technologies." Exhibit A49 at 15. Again, this statement indicates that this team and technologies currently existed, not that QCT intended to develop these innovative technologies and gather this incredible team. QCT had no team of engineers, programmers, etc. and had no innovative technologies. The Pitch Deck described ARK as "the future of space travel and living *is now* here with ARK;" OVO Shield was described as "the first in human history and technology;" and Robo-Corex was described as "[o]ur sophisticated designs enables our technology to suit defense." Exhibit A49 at 16-17 (emphasis added). Thus, the Pitch Deck describes these technologies as actually in existence, not a prospectively planned development concept. None of these technologies existed. The Pitch Deck made additional representations regarding QCT's nonexistent technologies, such as these nonexistent technologies being "[b]uilt using advanced proprietary deep learning models;" using "millions of algorithms;" with [d]ata collected from over 40000 quantum models;" with AI that "has scanned over 10+ Million data;" and "[q]uantum integration using AI analysis." Exhibit A49 at 13. Because the technologies did not exist, the claims

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of the activities used to create the technologies were false. Finally, the Pitch Deck, provided to CM in June 2024, listed QCT's 2023 (the year before) cash balance as $50,000,000, the accounts receivable as $20,000,000, and revenue as $588,960, when QCT had no funds and no clients (as reflected by the lack of any income and that, at the time of the July 2024 final dissolution of QCT, QCT had not commenced any business) at any point during 2023. In fact, QCT did not have even a bank account until January 2024. This Pitch Deck also listed even greater figures for those categories in 2024. At the time the Pitch Deck was delivered to CM, half of the 2024 year was past and yet QCT still had no clients and the only funds QCT received was the initial $50 deposit from Ms. Parsons (that she removed the same month she deposited it) and MB's $32,274 investment. The Pitch Deck's representations of QCT's finances were a complete fabrication with no basis in reality.

Ms. Parsons made numerous other representations to MB and CM to induce them into making direct financial investments in QCT. With MB, she claimed that she would make a 50 million dollar investment in QCT, that QCT had significant cash resources, that QCT was a billion dollar firm, and that she had a prospective contract with Japan's government and an existing contract with a European company. With CM, in addition to the representations contained in the Pitch Deck, Ms. Parsons, in her email, reiterated the existence of the team of "industry experts with decades of experience" and "proprietary technologies," which were false statements. Exhibit A49 at 1. As with MB, she claimed to have established "partnerships with leading academic institutions and tech companies," which were also false statements. Exhibit A49 at 1. She further stated that she was seeking to raise 50 to 100 million dollars to "accelerate our research and development, expand our team of world-class scientists and engineers," when, in fact, QCT had no research and development to accelerate and had no team. Exhibit A49 at 1. Just the week prior to CM signing the LIP Agreement, Ms. Parsons falsely stated that she had secured three additional investors, including "25M on the way." Exhibit A50 at 28. Frankly, not only did the

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technologies and team not exist and Ms. Parsons' contributions were equally nonexistent, but there was no evidence that QCT was ever anything more than a registered company name with a basic website.

In sum, as shown above, Ms. Parsons made well over a dozen false statements of material facts and omitted to disclose risks to their investments when she sold securities, in the form of the LIP and LP Agreements, to MB and CM in exchange for their investments in QCT. Therefore, she violated ORS 59.135(2) more than a dozen times. Her conduct in creating QCT and falsifying its accomplishments for the purpose of inducing investors into providing her funds for her personal use was the employment of a scheme to defraud MB and CM as well as a course of business that operated as a fraud on MB and CM. Therefore, in her interactions with MB and CM, Ms. Parsons violated ORS 59.135(1) and (3).

Orders to Cease and Desist and Denial of Exemptions

ORS 59.045(2) provides:

> The director may by order withdraw, condition or deny the use of any exemption by a person if the director has reason to believe that the person has engaged in or is about to engage in an act or practice constituting a violation of the Oregon Securities Law or that the use of any exemption by that person would work a fraud or imposition on purchasers.

ORS 59.245(3) provides:

> 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.

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As shown above, the Division established that Ms. Parsons violated multiple provisions of the Oregon Securities Law and engaged in fraudulent conduct when committing those violations. She utilized a business entity, created by Ms. Parsons and wholly controlled by Ms. Parsons, when engaging in the fraudulent conduct. As such, the Director should deny Ms. Parsons, and any business entity owned, operated, or controlled by her, the use of any security exemptions contained within ORS 59.025 and ORS 59.035.

Based upon her violations of the Oregon Securities Law, Ms. Parsons is ordered to cease and desist from violating ORS 59.055, ORS 59.135(1) through (3), and ORS 59.165(1).

Assessment of Civil Penalties and Restitution

ORS 59.995 provides, in part:

> (1)(a) Except as provided in paragraphs (b) and (c) of this subsection, in addition to all other penalties and enforcement provisions provided by law, any person that violates or procures, aids or abets the violation of this section and ORS 59.005 to 59.505, 59.710 to 59.830 and 59.991 or any rule or order of the Director of the Department of Consumer and Business Services is subject to a penalty of not more than $20,000 for every violation, which must be paid to the General Fund of the State Treasury.
>
> * * * * *
>
> (2) Every violation described in subsection (1)(a) and (c) of this section is a separate offense and, in the case of a continuing violation, each day's continuance is a separate violation, but the maximum penalty for any continuing violation under subsection (1)(a) of this section may not

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> exceed $100,000 and the maximum penalty for a continuing violation under subsection (1)(c) of this section may not exceed $300,000.
>
> (3) Civil penalties under this section shall be imposed as provided in ORS 183.745.
>
> (4) In addition to imposing a penalty provided under this section, the director may order a person whose acts, omissions, practices, operations or violation of ORS 59.005 to 59.505 and 59.710 to 59.830 or a rule or order of the director causes harm to another person to pay restitution to the other person[.]

In the Notice Order, the Division sought to assess civil penalties against Ms. Parsons in the following amounts:

$20,000 for violating ORS 59.055;

$60,000 for violating ORS 59.135(2);

$20,000 for violating ORS 59.135(1) and (3); and

$20,000 for violating ORS 59.165(1).

As shown above, the Division established that Ms. Parsons repeatedly violated ORS 59.135(2) by making multiple untrue statements of material fact and omissions of material fact to MB and CM. She further violated ORS 59.135(1) and (3) by employing a scheme and engaging in a course of business to defraud MB and CM. During this course of conduct, Ms. Parsons violated ORS 59.055 and ORS 59.165(1) on two occasions by unlawfully selling unregistered securities and by selling securities when she was not licensed as a broker-dealer or a salesperson. During this deceptive course of conduct, Ms. Parsons defrauded MB of $32,274 and CM of $50,000, and she personally profited from those funds as she used them to pay for her personal expenses and other non-QCT-related

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expenses.

The Division rightly expressed concerns regarding the ongoing victimization of civilians by persons engaging in securities fraud and the need to deter such persons from engaging in this conduct. Ms. Parsons engaged in her fraudulent course of conduct with multiple individuals over the span of several months. Finally, Ms. Parsons demonstrated an intent to continue her fraudulent conduct when she contracted with Mr. Burke at GT Securities to induce him to obtain additional investors for QCT. Therefore, the civil penalties sought by the Division for the securities violations are appropriate and should be assessed. Ms. Parsons must pay $20,000 for her violations of ORS 59.055; $20,000 each for three violations of ORS 59.135(2) for a total of $60,000; $20,000 for her violations of ORS 59.135(1) and (3); and $20,000 for her violations of ORS 59.165(1).

Pursuant to ORS 183.745(2),[13] the civil penalties are due and payable 10 days after the final order imposing the civil penalties becomes final by operation of law or on appeal.

Ms. Parsons' conduct in violating ORS 59.055, ORS 59.135, and ORS 59.165 caused financial harm to MB, by defrauding him of $32,274, and caused financial harm to CM, by defrauding him of $50,000. Pursuant to ORS 59.995(4), the Director should order Ms. Parsons to pay restitution in those respective amounts to MB and CM.

ORDERS

Now, therefore, the Director issues the following ORDERS as against Respondent Parsons only:

Jacqueline Hudson Parsons has violated ORS 59.055, ORS 59.135(1) through (3), and ORS 59.165(1).

For her violations of ORS 59.055, Jacqueline Hudson Parsons must pay the Department of Consumer & Business Services, Division of Financial Regulation a $20,000

[13] ORS 183.745(2) provides: "A civil penalty imposed under this section shall become due and payable 10 days after the order imposing the civil penalty becomes final by operation of law or on appeal."

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civil penalty.

For her violations of ORS 59.0135(2), Jacqueline Hudson Parsons must pay the Department of Consumer & Business Services, Division of Financial Regulation a $60,000 civil penalty.

For her violations of ORS 59.135(1) and (3), Jacqueline Hudson Parsons must pay the Department of Consumer & Business Services, Division of Financial Regulation a $20,000 civil penalty.

For her violations of ORS 59.165(1), Jacqueline Hudson Parsons must pay the Department of Consumer & Business Services, Division of Financial Regulation a $20,000 civil penalty.

The civil penalties are due and payable 10 days after the final order imposing the civil penalties becomes final by operation of law or on appeal.

Jacqueline Hudson Parsons must pay restitution in the amount of $32,274 to MB and pay restitution in the amount of $50,000 to CM.

Jacqueline Hudson Parsons is ordered to cease and desist from violating ORS 59.055, ORS 59.135(1) through (3), and ORS 59.165(1).

Jacqueline Hudson Parsons is denied the use of the securities exemptions contained in ORS 59.025 and ORS 59.035.

SO ORDERED this 6th day of November, 2026.

SEAN E. O'DAY, Director
Department of Consumer and Business Services

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

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NOTICE OF RIGHT TO JUDICIAL APPEAL

You are entitled to judicial review of this order in accordance with ORS 183.482. You may request judicial review by filing a petition with the Court of Appeals in Salem, Oregon, within 60 days from the date this order is served.

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