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

In the Matter of: SKYSHELL TRADING AND RICHARD LEWIS MARKS, Respondents.	Case No. S-22-0057 FINAL ORDER TO CEASE AND DESIST, FINAL ORDER DENYING USE OF EXEMPTIONS, AND FINAL ORDER ASSESSING CIVIL PENALTIES, ENTERED BY DEFAULT

On September 14, 2023, the Division of Financial Regulation (the "Division"), acting on behalf of the Director of the Department of Consumer and Business Services for the State of Oregon (the "Director"), served Notice of Administrative Action Order S-22-0057 ("Notice") on Skyshell Trading ("Skyshell Trading") and Richard Lewis Marks ("Marks") (collectively, "Respondents"). On October 30, 2023, the Division served the Notice on the Oregon Secretary of State pursuant to Oregon Revised Statutes ("ORS") 60.731. The Notice provided notice that the Director issued an order to cease and desist, a proposed order denying use of exemptions, and a proposed order assessing civil penalties for violations of ORS 59.005 to 59.505, 59.991 and 59.995 (the "Oregon Securities Law") and the Oregon Administrative Rules ("OAR") promulgated under those laws.

The Notice offered Respondents an opportunity for hearing if requested within 20 days of service of the Notice. The Notice further informed Respondents that if a hearing were not conducted because Respondents did not timely request a hearing or otherwise defaulted, then the designated portion of the Division's file and all materials submitted by Respondents in this case would automatically become part of the contested case record for the purpose of proving a prima facie case.

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The Director did not receive from Respondents a request for hearing and did not conduct a hearing. The Director finds that the record of this proceeding proves a prima facie case.

Now, therefore, after considering the relevant portions of the Division's file relating to this matter, the Director finds and orders as follows.

FINDINGS OF FACT

The Director FINDS that:

1. At all relevant times, Marks worked as an agent for Skyshell Trading and held himself out as an "independent affiliate marketer" for Skyshell Trading.

2. At all relevant times, Skyshell Trading marketed purported investment "trading options" to consumers, including through its former website, skyshelltrading.com.[1]

3. Among the trading options that Skyshell Trading offered were opportunities to invest using the cryptocurrencies Bitcoin and Ethereum, as well as more traditional investment products including real estate and commodities such as gold and oil.

4. Depending on the trading option selected, the amount of money invested, and the duration of the investment, Skyshell Trading's website promised returns ranging from 2-4% over periods of time ranging from 7 to 45 days. In a newsletter, Skyshell Trading also promised returns of up to 5% per day for certain investments. Its newsletter also promised "instant 30% bonus" for investors in its "Leverage Fund" product.

5. At all relevant times, Skyshell Trading held itself out as a duly licensed firm, claiming it was "authorised and regulated by the Financial Conduct Authority" in the United Kingdom. It claimed to be operating out of an office in Orpington, England, a town in southeast London. Skyshell Trading's former website also stated that it had a "certificate of registration."

[1] The Skyshell Trading website is no longer available.

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6. At all relevant times, Marks promoted the Skyshell Trading investment opportunities through email and Telegram, an encrypted messaging application.

7. At least three Oregonians invested money with Skyshell Trading (the "Oregon Investors").

8. Between February 22 and March 10, 2022, an Oregon investor identified herein as MB sent money to Skyshell Trading in nine separate transactions totaling approximately $36,900. MB sent this money using the cryptocurrencies Ethereum and Bitcoin. Respondents promised MB a return of 2-5% per day on $6,800 of her investments as part of Skyshell Trading's "Bitcoin Trading" and "Ethereum Trading" investment products (collectively, the "Cryptocurrency Trading Products"). Respondents promised MB a return of 30% on the $30,100 of her investments as part of Skyshell Trading's "Leverage Fund" product. MB communicated with Respondents via text message and the Telegram application.

9. Between February 28, 2022, and March 3, 2022, an Oregon investor identified herein as AC sent money to Skyshell Trading in four separate transactions totaling approximately $12,159. AC sent this money using the cryptocurrency Ethereum. AC did so based on Respondents' representation that she would earn between 3-5% per day on her investment in the "Ethereum Trading" product and 30% in the "Leverage Fund" product. AC communicated with Marks by email and through the Telegram application.

10. During the same time period, an Oregon investor identified herein as CJ sent money to Skyshell Trading totaling approximately $100,000 in cryptocurrency. CJ communicated with Marks and others associated with Skyshell Trading via the Telegram application and email. CJ also received from Marks a newsletter promoting Skyshell Trading's investment products. The newsletter promised substantial and steady returns, including a "steady, reliable payout of 2 % to

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4 % per day that is withdrawable weekly" and "Principal that is returned in a very short time period, like 15, 21, etc. days." The newsletter touted other bonuses and enhanced returns if interest earned is rolled over into subsequent periods. It also included bonuses for "referral plans" if investors recruited others to participate in the program.

11. Marks gave convoluted instructions to investors about how they could withdraw their funds, including a requirement to pay "insurance" to access their money. For example, on March 15, 2022, Marks emailed investors, including AC, and stated they could withdraw their money if they bought $5,000 of "insurance." Marks claimed this was a "mandatory insurance scheme as directed by the UK Government" and that "All accounts have been mandated to pay insurance coverage before withdrawals can be made from the individual's account."

12. No such insurance is required by the government in the United Kingdom.

13. None of the Oregon Investors were able to withdraw any of their principal invested and none received any returns on their investments. They lost all of their money.

14. At no time did Marks hold a broker-dealer, investment adviser representative, or salesperson license in the State of Oregon, nor has he held any other license issued or administered by the Division. Marks holds no other securities-related licenses or registrations.

15. At no time did Skyshell Trading hold a broker-dealer or state investment adviser license in the State of Oregon, nor has it held any other license issued or administered by the Division. Skyshell Trading holds no other securities-related licenses or registrations.

CONCLUSIONS OF LAW

The Director CONCLUDES that:

16. Under ORS 59.015(19)(a), "security" means a note, stock, investment contract, or, in general, any interest or instrument commonly known as a "security."

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17. The investments made by the Oregon Investors, including those made in the form of cryptocurrency in order to participate in Skyshell Trading's Cryptocurrency Trading Products and Leverage Fund investment products, constitute investment contracts and are thus securities under ORS 59.015(19)(a).

18. Under ORS 59.055, it is unlawful to offer or sell any security in Oregon unless the security is registered, the security or the sale is exempt from registration, or the security is a federal covered security for which a notice has been filed and a fee has been paid.

19. The securities which Respondents sold to the Oregon Investors were not registered for sale in Oregon, were not exempt from registration, and were not federal covered securities.

20. By offering and selling the foregoing securities in Oregon without the securities being registered or exempt from registration, Respondents violated ORS 59.055.

21. Under ORS 59.015(1), "broker-dealer" means a person who engages, all or part of the time, in effecting transactions in securities for the account of others or for the person's own account.

22. By effecting transactions in securities for the account of others, Skyshell Trading acted as a broker-dealer under ORS 59.015(1).

23. Under ORS 59.015(18)(a), "salesperson" means a person, other than a broker-dealer, who represents or purports to represent a broker-dealer, issuer or owner of securities in effecting or attempting to effect in any manner transactions in securities.

24. By representing or purporting to represent Skyshell Trading in effecting or attempting to effect transactions in securities, Marks acted as a salesperson under ORS 59.015(18)(a).

25. Under ORS 59.165(1), 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.

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26. By acting as a broker-dealer without being so licensed under the Oregon Securities Law, Skyshell Trading violated ORS 59.165(1).

27. By acting as a salesperson without being so licensed under the Oregon Securities Law, Marks violated ORS 59.165(1).

28. Under ORS 59.165(3), it is unlawful for a broker-dealer or issuer or owner of securities to employ a salesperson to act in this state unless the salesperson is licensed under the Oregon Securities Law to the broker-dealer or issuer or owner of securities.

29. By employing Marks as a salespersons without being licensed under the Oregon Securities Law to Respondent, Skyshell Trading violated ORS 59.165(3).

30. Under ORS 59.135(2), 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 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 which they are made, not misleading.

31. Respondents made the following untrue statements of material fact or omitted to state material facts necessary to make the statements made not misleading, in connection with the sale of securities, in violation of ORS 59.135(2):

A. Promising the Oregon Investors a guaranteed rate of return of 2-5% per day in the Cryptocurrency Trading Products and 30% in the Leverage Fund products when no such returns were ever paid;

B. Representing that Skyshell Trading was a properly licensed firm and authorized and regulated by the Financial Conduct Authority in the United Kingdom when it was not; and

C. Telling investors that they could only access their money by paying "mandatory insurance" which was required "by the UK Government" which was not true.

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32. Under ORS 59.135(3), 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 to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

33. Respondents engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon any person, connection with the sale of securities, in violation of ORS 59.135(3):

A. Promising the Oregon Investors a guaranteed rate of return of 2-5% per day in the Cryptocurrency Trading Products and 30% in the Leverage Fund products when no such returns were ever paid;

B. Representing that Skyshell Trading was a properly licensed firm and authorized and regulated by the Financial Conduct Authority in the United Kingdom when it was not; and

C. Telling investors that they could only access their money by paying "mandatory insurance" which was required "by the UK Government" which was not true.

34. 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.

35. Because the Director has reason to believe that Respondents have been engaged and are engaging in the foregoing violations of the Oregon Securities Law, the Director may issue an order directed to Respondents to cease and desist from violating the Oregon Securities Law, under ORS 59.245(4).

36. Under ORS 59.995(1)(a), any person who violates or who procures, aids, or abets the

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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 a penalty of not more than $20,000 for every violation, which shall be paid to the General Fund of the State Treasury.

37. Under ORS 59.995(2), every violation described in subsection (1)(a) of this section is a separate offense.

38. Under ORS 59.045(2), 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.

39. Because the Director has reason to believe that Respondents have engaged in the foregoing acts or practices that constitute violations of the Oregon Securities Law and the use of exemptions by Respondents would work a fraud or imposition on purchasers, the Director may deny Respondents the use of exemptions set forth in ORS 59.025 and ORS 59.035, pursuant to ORS 59.045(2).

ORDERS

The Director ISSUES the following ORDERS:

Order to Cease and Desist

40. Pursuant to ORS 59.245(4), the Director hereby ORDERS Respondents, and all entities owned or controlled by Respondents, their successors and assignees, to CEASE AND DESIST from violating, ORS 59.055, ORS 59.165(1), ORS 59.165(3), ORS 59.135(2), and ORS 59.135(3).

Order Denying Use of Exemptions

41. Pursuant to ORS 59.045(2), the Director hereby ORDERS to deny Respondents, and all entities owned or controlled by Respondents, their successors and assignees, the use of

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securities and transactions exemptions that would otherwise be available under ORS 59.025 and ORS 59.035.

Order Assessing Civil Penalties

42. Pursuant to the authority of ORS 59.995(1), the Director hereby ORDERS the assessment of CIVIL PENALTIES against Respondents as follows:

A. Skyshell Trading is assessed $100,000 for violating ORS 59.055, ORS 59.165(1), ORS 59.165(3), ORS 59.135(2), and ORS 59.135(3); and

B. Marks is assessed $40,000 for violating ORS 59.165(1), ORS 59.135(2), and ORS 59.135(3) and aiding or abetting Skyshell Trading's violation of ORS 59.055, ORS 59.135(2), and ORS 59.135(3).

FINAL ORDER

43. 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 28th day of November, 2023.

ANDREW R. STOLFI, Director
Department of Consumer and Business Services

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

NOTICE OF RIGHT TO JUDICIAL APPEAL

Judicial review of final orders in contested cases is governed by ORS 183.482. Under ORS 59.295(2), in the absence of a timely demand for a hearing, no person shall be entitled to judicial review of the order. Respondents 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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DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCIAL REGULATION

In the Matter of:	Case No. S-22-0057
SKYSHELL TRADING AND RICHARD LEWIS MARKS,	ORDER TO VACATE DEFAULT ORDER AS TO RICHARD LEWIS MARKS
Respondents.	

On September 14, 2023, the Division of Financial Regulation (the "Division"), acting on behalf of the Director of the Department of Consumer and Business Services for the State of Oregon (the "Director"), served Notice of Administrative Action Order S-22-0057 on Skyshell Trading and Richard Lewis Marks ("Marks"), providing notice that the Director issued an order to cease and desist, a proposed order denying use of exemptions, and a proposed order assessing civil penalties for violations of 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 under those laws. Marks did not request a timely hearing. On November 28, 2023, the Division entered an Order by Default ("Default").

On December 19, 2023, Marks submitted a late request for hearing.

The Division has determined that Marks had good cause for submitting a late request for hearing and has accepted the same under OAR 137-003-0528.

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Now, therefore, the Director ORDERS that the above-referenced Default issued in Case No. S-22-0057 as to Respondent Marks only is vacated.

IT IS SO ORDERED.

Dated this 6th day of February, 2024.

ANDREW R. STOLFI, Director
Department of Consumer and Business Services

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

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