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3	STATE OF OREGON DEPARTMENT OF CONSUMER AND BUSINESS SERVICES DIVISION OF FINANCIAL REGULATION							
<ul><li>5</li><li>6</li><li>7</li><li>8</li><li>9</li></ul>	In the Matter of:  Green Rush Consulting LLC,  Respondent.  Case No. S-16-0016  FINAL ORDER TO CEASE AND DESIST, DENYING USE OF EXEMPTIONS, IMPOSING PERMANENT BAR, AND ASSESSING CIVIL PENALTIES, ENTERED BY CONSENT							
10	The Director of the Department of Consumer and Business Services for the State							
11	of Oregon (hereinafter the "Director"), acting in accordance with the Oregon Securities							
12	Law, Oregon Revised Statutes ("ORS") 59.005 to 59.451, 59.991 and 59.995, and							
13	Oregon Administrative Rules ("OAR") chapter 441, has investigated the business							
14	activities of Green Rush Consulting LLC ("Respondent").							
15	Respondent wishes to resolve this matter with the Director.							
16	Now, therefore, as evidenced by the authorized signature subscribed herein							
17	Respondent hereby CONSENTS to entry of this Order.							
18	FINDINGS OF FACT							
19	The Director FINDS that:							
20	1. Green Rush Consulting LLC ("Respondent") is a California limited liability							
21	company (California Secretary of State Entity No. 201405910277) with a principal place							
22	of business located at 2700 International Blvd. Ste. 25, Oakland, CA 94601							



relating to the cannabis industry, including, but not limited to, assistance with state

At all times material to this order, Green Rush provided consulting services



- 3. Cannacea, LLC is a member-managed Oregon limited liability company that was formed on or about July 18, 2014 (Oregon Secretary of State Registry No. 1035199-97). Cannacea, LLC's principal business address is 10735 NE Halsey St., Portland, Oregon 97220. Cannacea, LLC's principal business is cannabis retail.
- 4. Tisha Siler ("*Siler*") is an Oregon resident. At all times relevant to this Order, Siler was the CEO and controlling member of Cannacea.
- 5. Siler also was the owner and CEO of a California non-profit mutual benefit corporation known as Cannacea. The California entity and Cannacea, LLC are referred to collectively herein as "Cannacea."
- 6. On or about August 3, 2014, Cannacea and Siler hired Respondent to prepare a private placement memorandum related to Cannacea and Siler's intent to enter the cannabis business in Oregon, and solicit capital from investors for purposes of the same.
- 7. Respondent created a document entitled "Cannacea LLC Confidential Pitch Book & Private Placement Memorandum, dated November 14, 2014" (the "*PPM*") based, in part, upon information provided by Cannacea and Siler. The PPM was to be used for the purpose of soliciting investors in Cannacea.
- 8. In connection with the creation of the PPM, Siler and Cannacea provided Respondent with a letter, dated October 16, 2014, that was purportedly from the Oregon Health Authority Medical Marijuana Dispensary Program (the "MMDP Letter"). The MMDP Letter represented that Cannacea had received a "green light" from MMDP for six dispensary locations. In truth and in fact, the MMDP Letter was a fraudulent document. Specifically, the MMDP Letter: was created on letterhead that is not used by MMDP; contained fabricated statements, and; contained a forged signature of a regulator that did not even work in the MMDP.
- 9. Unbeknownst to Respondent and based upon information provided by Siler and Cannacea, the PPM contained a number of representations that were false and/or



misleading, including:

A. That Oregon regulators contacted and specifically invited Siler to open cannabis dispensaries in Oregon. This "personal invitation" was referenced numerous times throughout the PPM. In truth and in fact, Siler had not received any unsolicited contact or personal invitation from Oregon regulators;

- B. That Oregon regulators stated they would "pre-approve" or "green light" up to six of Cannacea's medical cannabis dispensary applications, "ensuring [Siler] would sail smoothly through the application process." This "pre-approval" or "green light" was referenced multiple times throughout the PPM. In truth and in fact, no such statements were made by any Oregon regulator;
- C. That, given her experience, Siler "expects that regulators may consult her when developing regulations under Measure 91 and determining how to apply similar regulations to the medical cannabis sector." In truth and in fact, there was no reasonable basis for any such expectation, and;
- D. That Oregon regulators offered Cannacea and/or Siler a "possible panel position for the OLCC [Oregon Liquor Control Commission] which would create the framework for the Oregon recreational use program rollout and regulations." In truth and in fact, there was no reasonable basis to believe that Siler or Cannacea would receive a panel position with the OLCC.
- 10. Siler reviewed and made revisions to the PPM without correcting any of these statements. The PPM stated that "this pitch book contains summaries, believed by the managers to be accurate, of certain documents, copies of which are attached hereto or are available by the Company."
- 11. Respondent, however, failed independently to verify the accuracy of the MMDP Letter or the PPM statements identified in Paragraph 9 (A-D) herein.

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12.	Respondent introduced potential investors to Cannacea, and, in connection
therewith,	transmitted the PPM and/or MMDP Letter to such prospective investors, one
or more of	whom ultimately invested in Cannacea.

- 13. The PPM stated that the Cannacea investments would only be offered to accredited, qualified, and/or sophisticated investors. However, upon information and belief, one or more of the prospective investors introduced to Cannacea by Respondent did not qualify as accredited, qualified, and/or sophisticated investors. Upon information and belief, no efforts were made to confirm whether any of the prospective investors were in fact accredited, qualified, and/or sophisticated investors prior to Respondent introducing them to to Cannacea.
  - 14. In late 2014 and early 2015, the following individuals invested in Cannacea:
- A. The individual identified herein as "BF" invested \$50,000 on or about November 26, 2014;
- B. The individual identified herein as "*RC*" invested \$75,000 on or about February 10, 2015, and;
- C. The individual identified herein as "AS" invested \$50,000 on or about February 10, 2015.
- 15. In exchange for the delivery of their investment funds to Cannacea, BF, RC, and AS (collectively the "*Investors*") received membership interests in Cannacea, in the form of either Class A Units or Class B Units, as documented by Membership Certificates (the "*Cannacea Shares*").
  - 16. The Investors did not have any control over the use of the investment funds.
- 17. The Investors were passive, in that they did not play an active role in the Cannacea business operations, and relied solely on the efforts and expertise of Siler and other officers or directors within Cannacea to realize a return on their investments.

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18.	At all	times	material	to	this	order,	the	Cannacea	Shares	were	not	registered
with the D	irector	pursua	ınt to OR	S 59	9.05	5.						

19. At all times material to this order, Siler and Cannacea were not licensed to sell securities in Oregon pursuant to ORS 59.165.

## **CONCLUSIONS OF LAW**

The Director CONCLUDES that:

- 20. The Cannacea Shares offered and sold to the Investors were "securities" within the meaning of ORS 59.015(19)(a).
- 21. The securities sold to the Investors were not registered with the Director, in violation of ORS 59.055.
- 22. Cannacea and Siler sold securities to the Investors without being licensed to sell securities in Oregon, in violation of ORS 59.165.
- 23. Respondent participated and materially aided Cannacea and Siler in the sale of securities, and thus, pursuant to ORS 59.115(3), is liable for the above-described violations of ORS 59.055 and ORS 59.165.
- 24. Respondent failed to exercise reasonable care to verify the accuracy of the following untrue statements of material fact provided by Siler and Cannacea that were then made in connection with the sale or purchase of securities, and thus, pursuant to ORS 59.115(3), is liable for a violation of ORS 59.135(2), including:
- A. Misrepresenting that Oregon regulators had contacted and personally invited Siler to open cannabis facilities in Oregon;
- B. Misrepresenting that Cannacea and/or Siler had received a "pre-approval" or "green light" from Oregon regulators to open up to six marijuana facilities in Oregon;
- C. Misrepresenting that Oregon regulators would consult with Siler when developing regulations under the recreational cannabis statute, and determining how to apply the regulations in a manner similar to those in the medical cannabis sector;

D. N	Misrepresenting that Oregon regulators offered Cannacea and/or Siler a
position on the	OLCC panel that would create the framework for the Oregon recreational
cannabis use pr	rogram rollout and regulations; and

E. Using the fabricated and forged MMDP Letter, which reiterated one or more of the above-described misrepresentations, including the misrepresentation that Cannacea had received a "green light" from the MMDP for six cannabis dispensary locations.

## **ORDERS**

The Director issues the following ORDERS:

- 25. As used herein, the term "Respondent" shall mean Respondent and any successor business entity or any business entity owned, operated or controlled by Respondent, and those individuals or entities acting directly on their behalf.
- 26. The Director, pursuant to ORS 59.245(4), hereby ORDERS Respondent to CEASE AND DESIST from violating any provision of the Oregon Securities Law, including ORS Chapter 59 and Oregon Administrative Rules Chapter 441.
- 27. The Director, pursuant to ORS 59.045, hereby DENIES Respondent the use of any exemptions that would otherwise be available under ORS 59.025 or ORS 59.035, concerning persons, securities, or transactions exempt from the registration requirements of the Oregon Securities Law.
- 28. Respondent is PROHIBITED from engaging in any business activities related to securities, including, but not limited to, offering to sell, materially aiding or participating in the sale, or aiding or abetting the sale of any security, whether the security or transaction is exempt or non-exempt under the Oregon Securities Laws, without the Director's prior written consent. This prohibition shall remain in effect for a period of five (5) years from the effective date of this Order.



29. Notwithstanding the prohibitions set forth in Paragraph 26 above, nothing in this Order shall prevent Respondent from offering consulting services to persons or business entities located or residing in the State of Oregon relating to the licensing or operation of a cannabis business, so long as Respondent does not materially aid or participate, or aid or abet, in the sale of any security or capital raising activity in connection with such consulting services.

30. Pursuant to the authority of ORS 59.995(1), the Director may assess CIVIL PENALTIES against persons who violate the Oregon Securities Law in an amount not to exceed \$20,000.00 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.

31. Pursuant to the authority of ORS 59.995, the DIRECTOR hereby ORDERS Respondent to pay CIVIL PENALTIES in the total amount of Twenty Thousand Dollars (\$20,000), as follows:

A. A CIVIL PENALTY of Five Thousand Dollars (\$5,000), under ORS 59.115(3), for participating and materially aiding in the sale of unregistered securities by Cannacea and Siler, in violation of ORS 59.055;

B. A CIVIL PENALTY of Five Thousand Dollars (\$5,000), under ORS 59.115(3), for participating and materially aiding in the sale of securities without a license by Cannacea and Siler, in violation of ORS 59.165; and

C. A CIVIL PENALTY of Ten Thousand Dollars (\$10,000) for failing to exercise reasonable care to validate the accuracy of untrue statements of material fact made in connection with the sale or purchase of securities, in violation of ORS 59.135(2).

32. The Director SUSPENDS the collection of Twelve Thousand Five Hundred Dollars (\$12,500) of the civil penalties assessed above, so long as Respondent complies

with all terms and conditions of this Order and all requirements of the Oregon Securities Law. If Respondent complies with the terms of this Order and the Director has not initiated an enforcement action for new violations of the Oregon Securities Law during the five year period from the effective date of this Order, the Director WAIVES the collection of the suspended CIVIL PENALTIES assessed herein.

- 33. Respondent must pay the remaining Seven Thousand Five Hundred Dollars (\$7,500) in civil penalties within one hundred twenty (120) days of Respondent's execution of this Order.
- 34. This Order is a "Final Order" under ORS 183.310(6)(b). Subject to that provision, 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 party not covered by this Order.

SO ORDERED this 28th day of July, 2016.

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

/s/ David C. Tatman
David C. Tatman, Chief of Enforcement
Division of Financial Regulation

## CONSENT TO ENTRY OF ORDER 1 2 I, Sarah Cross, state that I am an officer of Green Rush Consulting LLC ("Respondent"), and I am authorized to act on its behalf; that I have read the foregoing 3 Order and that I know and fully understand the contents hereof; that I have been advised of Respondent's right to a hearing in this matter; that Respondent has been represented by counsel in this matter; that Respondent, without admitting or denying the findings of fact and conclusions of law, voluntarily and without any force or duress, consents to the entry 5 of this Order, expressly waiving any right to a hearing in this matter; that Respondent executes this Order as a settlement of the matters referred to in the foregoing Order; that Respondent understands that the Director reserves the right to take further actions to 7 enforce this Order or to take appropriate action upon discovery of other violations of the Oregon Securities Law by Respondent, and; that Respondent will fully comply with the terms and conditions stated herein. 9 Respondent understands that this Order is a public document. 10 By: /s/ Sarah Cross 11 Signature 12 By: Sarah Cross 13 Printed Name 14 Office Held: COO 15 16 State of California 17 18 County of Alameda 19 There appeared before me this 28<sup>th</sup> day of July, 2016, Sarah Cook, and stated that he/she was and is an officer of Respondent, and that he/she is 20 authorized and empowered to sign this Order on behalf of Respondent, and to bind it to the terms hereof. 21 23 /s/ Araceli Villa Notary Public for the State of California 24 25 26