

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

In the Matter of:

Case No. S-18-0098

LISA L. SCOTT, An Individual,

Respondent.

FINAL ORDER TO CEASE AND
DESIST, ORDER ASSESSING CIVIL
PENALTY, AND CONSENT TO
ENTRY OF ORDER

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”), conducted an investigation of Lisa L. Scott (“Scott” or “Respondent”). The Division determined that Respondent violated provisions of Oregon Revised Statutes (“ORS”) 59.005 to 59.505, 59.991 and 59.995, and the Oregon Administrative Rules (“OAR”) promulgated under those laws (collectively, the “Oregon Securities Law”).

Respondent wishes to resolve and settle this matter with the Director.

Now, therefore, as evidenced by the signature(s) subscribed in this Order, Respondent hereby CONSENTS to entry of this Order.

FINDINGS OF FACT

The Director FINDS that:

1. At all relevant times, Platinum Trading Company (“Platinum”) purported to operate out offices around the world, including in New York, NY.¹
2. Between approximately January 2017 and April 2018, Platinum operated an investment scheme pursuant to which it solicited investors to invest in cryptocurrency, such as Bitcoin.

¹ See related Division case number S-18-0067.





1 3. Platinum advertised and solicited investors using the internet, including on the
2 websites Facebook and LinkedIn.

3 4. In or about May 2017, Respondent made an investment in Platinum.

4 5. On or about July 28, 2017, Respondent signed an “Independent Contractor
5 Agreement” to work for Platinum, as more fully described below.

6 6. At least two other Oregonians, identified herein as JP and MT, invested in
7 Platinum.

8 7. On or about November 16, 2017, JP invested \$1,000 in Platinum with the
9 expectation that Platinum would invest that money in the cryptocurrency Bitcoin on
10 behalf of JP.

11 8. To initiate his investment, JP completed an “Investment Contract” that
12 Platinum provided to him.

13 9. JP also signed a “Participation Form,” authorizing Platinum to use his funds
14 as part of a “pooled fund” investment, whereby Platinum would combine JP’s investment
15 with others’ investments and spread those funds “across various investment vehicles.”
16 The Participation Form stated that withdrawal “can be made at any time,” and further
17 indicated that “expected returns” on investments ranged from “300% ROI in 6 months”
18 to “1450% ROI in 12 months.”

19 10. JP agreed to invest his \$1,000 for a period of 90 days at a rate of 30%.
20 Platinum indicated that JP would receive interest of \$1,197 for a total expected return of
21 \$2,197 (principal plus interest).

22 11. JP subsequently made repeated requests to Platinum to withdraw his funds but
23 he never received a return of principal or interest. Platinum ceased responding to his
24 requests. Accordingly, JP lost his entire \$1,000 investment.

25 12. On or about January 9, 2018, MT invested \$3,000 in Platinum with the
26 expectation that Platinum would invest that money in the cryptocurrency Bitcoin on



1 behalf of MT.

2 13. MT made this investment through Respondent, as described below.

3 14. MT subsequently made repeated requests to Platinum to withdraw his funds
4 but he never received a return of principal or interest. Platinum ceased responding to his
5 requests. Accordingly, MT lost his entire \$3,000 investment.

6 15. JP and MT invested in Bitcoin through Platinum as an investment, with the
7 expectation that the Bitcoin and thus their investments would increase in value. This
8 investment was structured such that Platinum would pool together investors' funds and
9 that Platinum would be responsible for managing their investments.

10 16. As part of Platinum's scheme, it collected investment funds through
11 intermediaries, thereby obscuring the flow of funds from investors to Respondent.

12 17. Platinum recruited Respondent to be an independent contractor and to act as
13 such an intermediary.

14 18. Pursuant to the terms of her contract with Platinum, Respondent maintained a
15 personal bank account to receive investors' funds and to purchase cryptocurrency with
16 those funds.

17 19. Pursuant to her contract with Platinum, Respondent received funds from
18 various investors in her bank account, generally via wire transfer. At the direction of
19 Platinum, Respondent used those funds to purchase cryptocurrency such as Bitcoin,
20 which she then transferred to digital wallets owned by Platinum.

21 20. Platinum initially agreed to pay Respondent \$500 per month for the foregoing
22 services. Platinum subsequently changed this structure, agreeing to pay Respondent a
23 percentage or portion of the investment per transaction.

24 21. Respondent received \$50 for performing the foregoing services for MT.

25 22. Respondent funneled hundreds of thousands of dollars in the foregoing
26 manner from investors to Platinum at Platinum's direction.

1 23. At no relevant time did Platinum register any securities with the State of
2 Oregon.

3 24. At no relevant time did Respondent hold a license as a broker-dealer or
4 salesperson in Oregon.

5 CONCLUSIONS OF LAW

6 The Director CONCLUDES that:

7 25. Under ORS 59.015(19)(a), a “security” is defined to include an investment
8 contract.

9 26. The sale of cryptocurrency for investment purposes in the manner described
10 above, in which individuals invest money in a common enterprise with the expectation of
11 profit to be made through the management or control of Platinum, constitutes an
12 investment contract and thus is a “security” under ORS 59.015(19)(a).

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

17 28. The securities which Platinum sold, as described above, were not registered
18 for sale in Oregon, were not exempt from registration, and were not federal covered
19 securities.

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

22 30. Under ORS 59.165(1), it is unlawful for any person to transact business in this
23 state as a broker-dealer or salesperson unless the person is licensed under the Oregon
24 Securities Law.

25 31. Respondent has never been licensed in Oregon as a broker-dealer or
26 salesperson.





1 32. By transacting business as a broker-dealer or salesperson without being licensed
2 under the Oregon Securities Law, Respondent violated ORS 59.165(1).

3 33. Under ORS 59.135(1), it is unlawful for any person, directly or indirectly, in
4 connection with the purchase or sale of any security or the conduct of a securities business
5 to employ any device, scheme, or artifice to defraud.

6 34. By funneling investors' funds through her bank account to Platinum and by
7 assisting Platinum in selling unregistered securities, Respondent directly or indirectly, in
8 connection with the purchase or sale of a security, employed a device, scheme, or artifice
9 to defraud, in violation of ORS 59.135(1).

10 35. Under ORS 59.135(3), it is unlawful for any person, directly or indirectly, in
11 connection with the purchase or sale of any security or the conduct of a securities business
12 to engage in any act, practice, or course of business which operates or would operate as a
13 fraud or deceit upon any person.

14 36. By funneling investors' funds through her bank account to Platinum and by
15 assisting Platinum in selling unregistered securities, Respondent directly or indirectly, in
16 connection with the purchase or sale of a security, engaged in an act, practice, or course of
17 business which operates as a fraud or deceit upon investors, in violation of ORS 59.135(3).

18 ORDERS

19 The Director ISSUES the following ORDERS:

20 Order to Cease and Desist

21 37. Pursuant to ORS 59.245(4), the Director hereby ORDERS Respondent, and all
22 entities owned or controlled by Respondent, its successors and assignees, to CEASE AND
23 DESIST from violating any provision of the Oregon Securities Law, ORS 59.005 to
24 59.505, 59.991 and 59.995, or any administrative rule adopted by the Director under those
25 statutes.

26 Order Assessing Civil Penalties



1 38. Pursuant to the authority of ORS 59.995(1), the Director may assess CIVIL
2 PENALTIES of not more than \$20,000 for every violation against persons who violate or
3 who procure, aid, or abet in the violation of ORS 59.005 to 59.505.

4 39. The Director hereby assesses CIVIL PENALTIES against Respondent in the
5 amount of fifteen thousand dollars (\$15,000) as follows:

6 A. A CIVIL PENALTY of five thousand dollars (\$5,000.00) for transacting
7 business as a broker-dealer or salesperson without being licensed under the
8 Oregon Securities Law, in violation of ORS 59.165(1).

9 B. A CIVIL PENALTY of ten thousand dollars (\$10,000.00) for directly or
10 indirectly, in connection with the purchase or sale of any security, employing a
11 device, scheme, or artifice to defraud and engaging in an act, practice, or course
12 of business which operates as a fraud or deceit upon investors, in violation of
13 ORS 59.135(1) and (3).

14 40. The Director agrees to suspend the foregoing civil penalties of fifteen thousand
15 dollars (\$15,000) for a period of three years, provided that Respondent:

16 A. Agrees to refrain from engaging in any securities-related business
17 activities, including but not limited to selling, offering to sell, soliciting, or
18 advertising securities in the state of Oregon for a three-year period from the date
19 that this Consent Order becomes a final order;

20 B. agrees to refrain from applying for any broker-dealer or salesperson
21 license authorized by ORS chapter 59 for three years from the date that this
22 Consent Order becomes a final order; and

23 C. otherwise complies with all provisions of this Consent Order.

24 41. If Respondent commits any further violation of the Oregon Securities Law or
25 fails to abide by any terms of this Consent Order, the civil penalties of fifteen thousand
26 dollars (\$15,000) will become immediately due and payable. If Respondent does not

1 commit any further violation of the Oregon Securities Law and otherwise abides by all of
2 the terms of this Consent Order during the three-year suspension of the civil penalties,
3 those civil penalties will be considered satisfied.

4 42. Entry of this Order in no way limits or prevents further remedies, sanctions, or
5 actions which may be available to the Director under Oregon law to enforce this Order,
6 for violations of this Order, for conduct or actions of Respondent that are not covered by
7 this Order, or against any party not covered by this Order.

8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

SO ORDERED this 3rd day of January, 2019 in Salem, Oregon.

CAMERON C. SMITH, Director
Department of Consumer and Business Services

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

[The remainder of this page intentionally left blank.]

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



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

ENTITY CONSENT TO ENTRY OF ORDER

I, Lisa L. Scott, state that I am a resident of the State of Oregon.

I have read the foregoing Order and I know and fully understand the contents hereof. The factual allegations stated herein are true and correct. I have been advised of the right to a hearing and of the right to be represented by counsel in this matter. I voluntarily consent to the entry of this Order without any force or duress, expressly waiving any right to a hearing in this matter, as well as any rights to administrative or judicial review of this Order. I understand that the Director reserves the right to take further action against me to enforce this order or to take appropriate action upon discovery that I have committed other violations of the Oregon Securities Law. I will fully comply with the terms and conditions stated herein. I understand that this Order is a public document.

Signature: /s/ Lisa L. Scott
Lisa L. Scott

State of Oregon

County of Jackson

Signed or attested before me on this 21st day of December, 2018

by Lisa L. Scott.

/s/ Brittani Francis

Notary Public

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

