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

In the Matter of RODERICK C. HILLIAN, Respondent.	Case No. S-19-0112 FINAL ORDER TO CEASE AND DESIST, FINAL ORDER ASSESSING CIVIL PENALTIES, 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 Roderick C. Hillian ("Respondent"). The Division determined that Respondent violated provisions of Oregon Revised Statutes ("ORS") 59.115 and 59.995 (the "Oregon Securities Law") and the Oregon Administrative Rules ("OAR") promulgated under those laws.

Respondent, without either admitting or denying the Findings of Fact and Conclusions of Law contained herein, wishes to resolve and settle this matter with the Director.

As evidenced by the signature(s) subscribed herein, Respondent hereby CONSENTS to the entry of this Order.

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FINDINGS OF FACT

The Director FINDS that:

1. At all relevant times, Lumentrades Financial Incorporated ("Lumentrades") has been a domestic business corporation with a purported principal place of business at 1455 Northwest Irving Street in Portland, Oregon.[1]

2. Lumentrades also purports to maintain an office in the United Kingdom at Suite

[1] See related Division case number S-19-0064.

C 5th floor, Connect Centre, Kingston Crescent, Portsmouth, PO2 8QL.

3. At all relevant times, Lumentrades has maintained a website at www.lumentrades.com (the "Website").

4. On the Website, Lumentrades represents itself as a full-service brokerage firm. The Website states, "Lumentrades was founded on 21st January 2004, we offer full brokerage services, and have been operating successfully till date." The Website also states, "We trade stocks, forex, cryptocurrency, ETFs and mutual funds."

5. The Website states, "Lumentrades USA having its registered office at 1455 NORTHWEST IRVING STREET, PORTLAND, OR 97209, UNITED STATES. [sic] is licensed to deal or make arrangements in investments as agent or principal on a matched principal basis and hold client money." (Capitalized words in original.)

6. The Website also advertises the "Lumentrades Investment Program," which allows "investments in the programme with as low as $5,000" and promises "a guaranteed monthly profit of 20%" and a return of the principal investment after six (6) months.

7. On or about August 11, 2018, a Florida resident identified herein as AM entered into a written contract with Lumentrades to invest in the Lumentrades Investment Programme (the "Contract").

8. The Contract promised, among other things, that AM would "earn 20%" of the amount he invested each month for twelve (12) months, after which period his principal investment would be returned.

9. On or about October 25, 2018, AM asked Lumentrades how to fund his account. Lumentrades informed AM that he should send his money to an individual identified herein as NT, and provided AM with bank account information to which he could wire money to NT.[2] When AM asked why he would be sending money to NT instead of Lumentrades, Lumentrades stated that NT was AM's "account manger."

[2] See related Division case number S-19-0111.

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10. On or about November 2, 2018, AM invested $9,500, which he wired to NT.

11. Based on the Website and conversations with Lumentrades, AM understood that his funds would be invested in cryptocurrency, including Bitcoin.

12. AM invested the funds in part because Lumentrades advertised its program as a "passive" investment and that the "investment is managed by our team of traders."

13. On or about December 10, 2018, AM asked Lumentrades how to withdraw some of his funds.

14. Lumentrades informed AM that he could withdraw funds upon paying a "withdrawal fee" of $1,800 to an "agent."

15. Lumentrades provided AM with the name and bank account information of Respondent.[3]

16. On December 10, 2018, AM wired $1,800 to Respondent.

17. On or about April 17, 2019, AM exchanged messages with a Lumentrades employee, Michael Richardson. AM requested that his money be returned to him. Mr. Richardson informed him that his investment could not be returned unless AM paid $3,000 to "clear" a "virus" on AM's account.

18. AM never received a return of his principal investments or any interest payments.

19. At no time has Lumentrades been licensed as a broker-dealer in Oregon.

20. At no relevant time did Lumentrades register any securities with the State of Oregon.

21. At no time has Respondent been licensed as a salesperson in Oregon.

22. On February 4, 2020, the Division issued a final order by default against Lumentrades. The Division found that Lumentrades violated provisions of the Oregon Securities Law, including: offering and selling securities in Oregon without the securities

[3] See related Division case number S-19-0112.

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being registered or exempt from registration, in violation of ORS 59.055; employing a salesperson to act in this state without being licensed as a salesperson under the Oregon Securities Law, in violation of ORS 59.165(3); failing to comply with a subpoena issued in connection with an investigation under the Oregon Securities Law, in violation of ORS 59.315(1); directly or indirectly, in connection with the purchase or sale of any security, making untrue statements of material fact or omitting to state material facts necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading, and engaging in an act, practice, or course of business which operates as a fraud or deceit upon investors, in violation of ORS 59.135(2) and (3).

CONCLUSIONS OF LAW

The Director CONCLUDES that:

23. Under ORS 59.015(19)(a), a "security" is defined to include an investment contract and evidence of indebtedness.

24. The Contract, as described above, in which an individual invests money in common enterprise with the expectation of profits to be managed and controlled by Lumentrades, constitutes an investment contract and thus a "security" under ORS 59.015(19)(a).

25. The Contract, as described above, in which an individual invests money and Lumentrades acknowledges it owes a debt for that investment and further in which an individual invests funds with a view of receiving a profit through the efforts of Lumentrades, constitutes evidence of indebtedness and thus a "security" under ORS 59.015(19)(a).

26. 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.

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27. The securities which Lumentrades sold, as described above, were not registered for sale in Oregon, were not exempt from registration, and were not federal covered securities.

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

29. 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.

30. By promising AM that it would guarantee a 20% return on the amount he invested each month for twelve (12) months, after which period of time his principal investment would be returned, when in fact Lumentrades paid no interest nor did it return the principal investment, Lumentrades violated ORS 59.135(2). Further, by stating on the Website that Lumentrades "is licensed to deal or make arrangements in investments as agent or principal on a matched principal basis and hold client money" when in fact Lumentrades is not so licensed, Lumentrades violated ORS 59.135(2).

31. Under ORS 59.115(3), every person who participates or materially aids in the sale of securities is also liable jointly and severally with and to the same extent as the seller, unless the nonseller sustains the burden of proof that the nonseller did not know, and, in the exercise of reasonable care, could not have known, of the existence of facts on which the liability is based.

32. Respondent, without admitting the same, materially aided Lumentrades in the sale of securities to AM as described above. Therefore, pursuant to ORS 59.115(3), Respondent can be held liable to the same extent as Lumentrades for the foregoing

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violations of ORS 59.055 and ORS 59.135.

33. 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.

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

35. Under ORS 59.995(1)(a), in addition to all other penalties and enforcement provisions provided by law, any person who violates or who procures, aids or abets the violation of ORS 59.005 to 59.505, 59.710 to 59.830, 59.991 and 59.995 or any rule or order of the Director shall be subject to a penalty of not more than $20,000 for every violation, which shall be paid to the General Fund of the State Treasury.

36. Respondent, without admitting the same, could have known, in the exercise of due care, that he was aiding Lumentrades in the violation of ORS 59.055 and ORS 59.135, and therefore Respondent violated ORS 59.995(1)(a).

37. Because Respondent violated ORS 59.115(3) and ORS 59.995(1)(a), Respondent is subject to a penalty of not more than $20,000 for each of those violations pursuant to ORS 59.995(1)(a).

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ORDERS

The Director ISSUES the following ORDERS:

Order to Cease and Desist

38. Pursuant to ORS 59.245(4), the Director hereby ORDERS Respondent, and all entities owned or controlled by Respondent, his successors and assignees, to CEASE AND DESIST from violating ORS 59.165(1), 59.055, 59.135, 59.115(3), or any administrative

rule adopted by the Director under those statutes.

Order Assessing Civil Penalties

39. Pursuant to the authority of ORS 59.995(1), the Director hereby assesses $20,000 in CIVIL PENALTIES against Respondent for violating ORS 59.115 and ORS 59.995(1)(a).

40. The Director SUSPENDS fifteen thousand dollars ($15,000) of the foregoing civil penalty for a period of three (3) years, provided that Respondent:

A. Provides proof satisfactory to the Division that Respondent has reimbursed AM the $1,800 that AM sent to Respondent on December 10, 2018, at or before the time he submits this executed Consent Order to the Division;

B. Pays the remaining five thousand dollars ($5,000) of civil penalties as outlined below;

C. Agrees to refrain permanently from engaging in any securities-related business activities, including but not limited to selling, offering to sell, soliciting, or advertising securities in the state of Oregon, and specifically from receiving or transmitting money in connection with the purchase or sale of securities other than for his own personal account(s) and lawful investment purposes;

D. Agrees to refrain permanently from applying for or filing any of the following financial services business licenses and/or registrations in Oregon: investment adviser, investment adviser representative, broker-dealer, or securities salesperson license in the State of Oregon; register or renew any securities registration in the State of Oregon; or any license or registration required by the Director in Oregon, including but not limited to insurance, consumer finance, collection agency, or mortgage lending.

E. Otherwise complies with all provisions of the Oregon Securities Law and this Consent Order.

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41. Respondent will pay the remaining five thousand dollars ($5,000) of civil penalties as follows:

A. Respondent will submit a payment of one thousand two hundred fifty dollars ($1,250) on or before August 5, 2020;

B. Respondent will submit a payment of one thousand two hundred fifty dollars ($1,250) on or before September 5, 2020;

C. Respondent will submit a payment of one thousand two hundred fifty dollars ($1,250) on or before October 5, 2020; and

D. Respondent will submit a payment of one thousand two hundred fifty dollars ($1,250) on or before November 5, 2020.

42. If Respondent commits any further violation of the Oregon Securities Law or fails to abide by any terms of this Consent Order, including failing to make the foregoing timely civil penalty payments, then the entire twenty thousand dollars ($20,000) of civil penalties will become immediately due and payable. If Respondent does not commit any further violation of the Oregon Securities Law and otherwise abides by all of the terms of this Consent Order during the three-year suspension of the civil penalties, the suspended fifteen thousand dollars ($15,000) of civil penalties will be considered satisfied.

43. Except as set forth below, Respondent does not intend anything in the herein consent order be an admission of wrongdoing except as set forth herein. Respondent does not intend to waive or be estopped from any defenses in any action, charge, or legal matter of any kind involving allegations of the Securities Law of any Jurisdiction except for the Securities Law of the State of Oregon. Respondent does not intend for this Consent Order to waive any claims for contribution or indemnity against third-parties to the herein Consent Order, including, but not limited to Lumentrades, or NT.

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NONDISCHARGEABILITY

44. Respondent agrees the facts and violations set forth above in this Order may be taken as true without further proof in any bankruptcy case or subsequent civil litigation the Director may pursue to enforce its rights to any payment or money judgment under the terms of this Order, including but not limited to, any nondischargeablity complaint in any bankruptcy proceeding and that this Order shall have collateral estoppel effect in any bankruptcy case.

FINAL ORDER

45. 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.

IT IS SO ORDERED.

Dated this 14th day of July, 2020.

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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CONSENT TO ENTRY OF ORDER

I, Roderick C. Hillian, 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, and I have been 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: /r/ Roderick C. Hillian

State of North Carolina

County of Forsyth

Signed or attested before me on this 14 day of July, 2020

by Roderick Hillian.

Melvin Bonaparte

Notary Public

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