

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

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

In the Matter of:

Case No. S-20-0025

BULLBEAR INVESTMENT  
MANAGEMENT, LLC (IARD #141513)  
and RONALD THEDA (CRD #4724879),

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

Respondents.

The Director of the Department of Consumer and Business Services for the State of Oregon (“Director”), acting in accordance with Oregon Revised Statutes (“ORS”) 59.005 to 59.451, 59.991 and 59.995, and Oregon Administrative Rules (“OAR”) chapter 441, and the amendments thereto (“Oregon Securities Law”), has conducted an examination of the securities business activities of Bullbear Investment Management, LLC and Ronald Theda (collectively “Respondents”) and found books and records violations.

Respondents agree to assess and upgrade their compliance operations, systems, process and procedures, and to comply in all material respects with the Operational Review specified herein;

Respondents wish to resolve this matter with the Director;

Now, therefore, as evidenced by the signatures subscribed herein, Respondents hereby CONSENT to the entry of this Order.

FINDINGS OF FACT

The Director FINDS that:

- 1. Bullbear Investment Management, LLC (“Bullbear”) is a state investment

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





1 adviser licensed in Oregon. The Oregon state investment adviser license number for  
2 Bullbear is IA-2588, and the Investment Adviser Registration Depository (“IARD”)  
3 number for Bullbear is #141513.

4 2. Ronald Theda is licensed in Oregon as an investment adviser representative for  
5 Bullbear. The Central Registration Depository (“CRD”) number for Mr. Theda is  
6 #4724879. Mr. Theda is the managing member of Bullbear.

7 3. In August 2018, a securities examiner from the Division of Financial Regulation  
8 (“the Division”) conducted a routine examination on behalf of the Director, at  
9 Respondents’ office in Portland, Oregon. The examination included an in-person interview.  
10 As part of the routine examination process, the examiner requested and reviewed multiple  
11 files and documents, including the Respondents’ investment advisory agreements with  
12 clients. The examiner documented certain deficiencies, described below, concerning  
13 Respondents’ books and records.

14 4. During the examination, a client file did not include a copy of a signed  
15 investment advisory agreement the Respondents entered into with the client. The  
16 Respondents received fees from the client for investment advisory services. The client had  
17 signed a brokerage contract with the custodian that disclosed the fees to be paid to the  
18 Respondents, but Respondents did not make and keep a copy of an investment advisory  
19 agreement on file.

20 5. Respondents collected advisory fees from a client without making and keeping a  
21 copy of a signed, investment advisory agreement.

22 6. During the examination, eight client files contained contracts that did not  
23 include a required non-assignment clause.

24 7. Six client contracts contained fee disclosures that failed to accurately disclose  
25 the formula for computing the advisory fees the Respondents would be charging those  
26 clients for services. The client contracts contained fee disclosures that were not updated to



1 reflect the current fee calculations. The clients had signed brokerage agreements with the  
2 custodian that disclosed the correct fee calculation. The client contracts contained a fee  
3 formula that did not exactly match the fees actually deducted by the custodian.

4 8. During the examination, three client files did not include adequate  
5 documentation regarding the clients' liquidity needs, financial situation and needs, and  
6 other investments. Similar documentation for two clients had not been updated since 2013.

7 9. Between 2017 and 2019, Respondents did not timely file amendments to their  
8 license applications, Form ADV for Bullbear and Form U-4 for Mr. Theda, regarding a  
9 change of address and a change to Bullbear's form of organization, and did not timely offer  
10 to clients an updated written disclosure statement.

11 10. Respondents did not timely file with the Director a required financial report for  
12 2018. The financial report Respondents filed with the Director on or about April 5, 2019  
13 was incomplete.

14 11. Similar books and records issues were discovered and documented by the  
15 Division during an examination of the Respondents in 2015. Following the 2015  
16 examination, the Division sent Respondents a deficiency letter dated April 16, 2015, and  
17 advised Respondents to correct books and records issues, including client contract issues,  
18 such as a client file missing a signed agreement, financial reporting requirements, and  
19 inaccurate fee disclosures.

## 20 CONCLUSIONS OF LAW

21 The Director CONCLUDES that:

22 12. ORS 59.195(1) provides:

23 (1) Subject to the provisions of section 15 of the Securities Exchange Act of 1934,  
24 as amended, and section 222 of the Investment Advisers Act of 1940, as amended,  
25 every broker-dealer, state investment adviser, investment adviser representative and  
26 salesperson shall make and keep such accounts, correspondence, memoranda,  
papers, books and other records as the Director of the Department of Consumer and  
Business Services by rule or order prescribes. All such records of state investment  
advisers or investment adviser representatives maintained in this state shall be

1 preserved for three years unless the director by rule prescribes otherwise. The  
2 director may examine all such records within or without this state at any reasonable  
3 time or times and may, without subpoena require the production of such records at  
4 the office of the director as often as is reasonably necessary and, in any event,  
5 during consideration of any application for licensing or during any proceeding  
6 under ORS 59.205 to 59.225.

7 13. Pursuant to OAR 441-195-0040(1)(j), every state investment adviser shall make  
8 and keep true, accurate, and current all written agreements entered into by the investment  
9 adviser with any client.

10 14. By not making and/or keeping a true, accurate and current written agreement  
11 entered into by the Respondents and a client, by failing to include a required non-  
12 assignment clause in eight client contracts, and by failing to include an accurate fee  
13 formula in six client contracts, as described in Paragraphs 4 through 7, Respondents failed  
14 to make and keep some of the required books and business records, in violation of ORS  
15 59.195(1) and OAR 441-195-0040(1)(j).

16 15. By not maintaining adequate documentation on file for three clients regarding  
17 their liquidity needs, financial situation and needs, and other investments, as described in  
18 Paragraph 8, Respondents failed to maintain sufficient books and records, in violation of  
19 ORS 59.195(1).

20 16. Pursuant to ORS 59.175(7) and OAR 441-175-0105(1), state investment  
21 advisers and investment adviser representatives shall amend their license applications  
22 when there are material changes in the information contained in the original applications,  
23 including changes of address and changes to form of organization. Pursuant to OAR 441-  
24 175-0105(3), amendments to the application shall be made on Form ADV for state  
25 investment advisers and Form U-4 for investment adviser representatives. Pursuant to  
26 OAR 441-175-0105(2), amendments must be filed within 30 days of the occurrence of  
the material change. Pursuant to OAR 441-175-0105(5), both the investment adviser  
representative and the employing state investment adviser are responsible for filing



1 amendments to an investment adviser representative's application.

2 17. By not timely filing amendments to Form ADV for Bullbear and Form U-4 for  
3 Mr. Theda regarding a change of address and a change to Bullbear's form of organization,  
4 as described in Paragraph 9, Respondents violated ORS 59.175(7) and OAR 441-175-  
5 0105(2).

6 18. Pursuant to ORS 59.195(2) and OAR 441-195-0050(1)(a), investment advisers  
7 shall timely file required annual financial reports with the Director, reflecting the financial  
8 condition as of the end of the fiscal year.

9 19. By not timely filing complete financial reports required by the Director, as  
10 described in Paragraph 10, Respondents violated ORS 59.195(2) and OAR 441-195-  
11 0050(1)(a).

12 20. According to ORS 59.995, any person who violates the Oregon Securities Law  
13 may be subject to a civil penalty in an amount not to exceed \$20,000 per violation.

#### 14 ORDERS

15 The Director issues the following ORDERS:

16 21. In accordance with ORS 59.245, Respondents are hereby ORDERED to  
17 CEASE AND DESIST from violating ORS 59.175(7), ORS 59.195(1), ORS 59.195(2),  
18 OAR 441-175-0105(2), OAR 441-195-0040(1)(j), and OAR 441-195-0050(1)(a).

19 22. In accordance with ORS 59.995(1), the Director hereby ORDERS Respondents  
20 to pay a CIVIL PENALTY, jointly and severally, in the total amount of \$2,000 (two  
21 thousand dollars) for violating ORS 59.175(7), ORS 59.195(1), ORS 59.195(2), OAR 441-  
22 175-0105(2), OAR 441-195-0040(1)(j), and OAR 441-195-0050(1)(a).

23 23. The Director reserves the right to immediately take enforcement action,  
24 pursuant to the procedures set forth in ORS 183.745 if either Respondent violates any term  
25 of this Order.

26 24. Respondents must pay the \$2,000 (two thousand dollars) civil penalty assessed



1 against Respondents when this Order is returned to the Division.

2 *Comprehensive Review of Compliance Operations, Policies, Procedures, and Practices*

3 25. If Respondents have not already done so, no later than December 7, 2020,  
4 Respondents shall commence a comprehensive review of their operations, policies,  
5 procedures, and practices relating to compliance with the books and records requirements  
6 of the Oregon Securities Law, to assess whether the foregoing (i) are adequate to  
7 reasonably ensure compliance with applicable laws, rules, and regulations, (ii) are  
8 consistent with industry practice, and (iii) are being implemented fully, properly, and  
9 effectively (the "Operational Review") so as to avoid violations of the Oregon Securities  
10 Law identified above.

11 26. The Operational Review shall include the following areas:

12 A. Compliance and supervisory controls and related policies, procedures and  
13 processes relating to the books and records requirements of the Oregon Securities Law,  
14 including but not limited to:

- 15 (1) Making and retaining copies of signed investment advisory agreements;
- 16 (2) Including non-assignment clause in client contracts;
- 17 (3) Fee disclosures;
- 18 (4) Documentation of client suitability criteria;
- 19 (5) Filing timely and complete annual financial reports with the Division;
- 20 (6) Filing timely updates and amendments to state investment adviser and  
21 investment adviser representative license applications, including Form U-4 and  
22 Form ADV; and
- 23 (7) Documentation of providing copies of current, updated client  
24 agreements and required disclosures to clients.

25 B. Training and education of staff, including representatives of the state  
26 investment adviser, whether employees or independent contractors, relative to the





1 requirements of the Oregon Securities Law described above.

2 27. The Operational Review shall be conducted by an unaffiliated third party that  
3 is acceptable to the Division (the "Consultant"). The Consultant shall not be a person or  
4 entity who has been engaged or retained by Respondents prior to September 3, 2020 for  
5 the purpose of conducting any review of similar scope and substance.

6 28. Upon request, Respondents shall provide the Division with copies of all final  
7 contracts related to the engagement of the Consultant and any other third-party service  
8 provider involved in the Operational Review and the related remediation. Respondents  
9 shall promptly respond to any additional requests for information by the Division relating  
10 to such engagement.

11 29. Respondents shall neither be in nor have an attorney-client relationship with  
12 the Consultant, and shall not seek to invoke the attorney-client privilege or any other  
13 doctrine or privilege to prevent the Consultant from transmitting any information, reports,  
14 or documents as set forth in this Consent Order to the Division.

15 30. Respondents shall not have the authority to terminate the Consultant or any  
16 third-party service provider engaged in connection with the Operational Review, without  
17 prior written approval from the Division.

18 31. The Operational Review shall be completed no later than February 7, 2021.

19 32. No later March 7, 2021, Respondents shall require that the Consultant submit  
20 a report to Respondents and to the Division detailing the results and findings of the  
21 Operational Review, including a list of all deficiencies identified and recommendations  
22 for addressing such deficiencies.

23 33. Respondents shall cure all deficiencies identified in the Consultant's report  
24 ("Operational Remediation") no later than April 21, 2021.

25 34. If Respondents decline to adopt or implement any recommendation(s) by the  
26 Consultant for addressing deficiencies identified during the Operational Review,

1 Respondents shall identify to the Division the recommendations not adopted or  
2 implemented and explain why they were not adopted or implemented.

3 35. No later than May 7, 2021, Respondents shall certify to the Division that  
4 Respondents have fully complied in all material respects with the Operational Review  
5 described above.

6 36. The costs and expenses of the Operational Review shall be borne exclusively  
7 by Respondents.

8 37. This Order is a “Final Order” under ORS 183.310(6)(b). Subject to that  
9 provision, the entry of this Order does not limit other remedies that are available to the  
10 Director under Oregon law.

11 SO ORDERED this 17<sup>th</sup> day of December, 2020.

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

14  
15 /s/ Dorothy Bean  
16 Dorothy Bean, Chief of Enforcement  
17 Division of Financial Regulation

18 *[The remainder of this page intentionally left blank.]*  
19  
20  
21  
22  
23  
24  
25  
26

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

CONSENT OF RONALD THEDA TO ENTRY OF ORDER

I, Ronald Theda, state that I am a resident of the State of Oregon, that I have read the foregoing Order and that I know and fully understand the contents hereof; that the factual allegations stated herein are true and correct; that I have been advised of my right to a hearing, and that I have been advised of my right to be represented by counsel in this matter; that I voluntarily consent to the entry of this Order without any force or duress, expressly waiving any right to a hearing in this matter; that I understand that the Director reserves the right to take further actions against me to enforce this Order or to take appropriate action upon discovery of other violations of the Oregon Securities Law by me; and that I will fully comply with the terms and conditions stated herein.

I understand that this Order is a public document.

/s/ Ronald Theda  
Ronald Theda

State of California

County of Riverside

Subscribed and affirmed before me by Ronald Theda this 05 day of December, 2020.

/s/ Rosalinda Meza  
Notary Public

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

CONSENT TO ENTRY OF ORDER BY  
BULLBEAR INVESTMENT MANAGEMENT, LLC

Bullbear Investment Management, LLC (“Bullbear”) states that its managing member with appropriate authority has read this Consent Order, fully understands its contents, and the factual allegations stated herein are true and correct. Bullbear consents to the entry of this Consent Order, and will take any necessary steps to ensure that Bullbear fully complies with the terms of the Order.

Bullbear further states that it has been advised of its right to a hearing, that it has been advised of its right to be represented by counsel in this matter, and voluntarily and without any force or duress expressly waives any right to a hearing in this matter. Bullbear understands that the Director reserves the right to take further actions against Bullbear to enforce this Order or to take appropriate action upon discovery of other violations of the Oregon Securities Law by Bullbear.

Bullbear understands that this Consent Order is a public document.

Ronald Theda is the managing member of Bullbear and is authorized to execute this Consent to Entry of Order on behalf of Bullbear.

Bullbear Investment Management, LLC

By: /s/ Ronald Thea  
Ronald Theda  
Managing Member

State of Oregon

County of Riverside

Subscribed and affirmed before me by Ronald Theda this 05 day of

December, 2020.

/s/ Rosalinda Meza  
Notary Public

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

