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

In the Matter of: VICTORIA G. RICHARD, RESPONDENT.	Case No. S-19-0104 FINAL ORDER TO CEASE AND DESIST AND ORDER ASSESSING CIVIL PENALTIES, ENTERED BY DEFAULT

On November 8, 2019, 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 Order S-19-0104 ("Notice") on Victoria G. Richard ("Respondent"). The Notice provided notice that the Director issued an order to cease and desist and proposed an order assessing civil penalties against Respondent 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.

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

The Director did not receive from Respondent a request for a 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.

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FINDINGS OF FACT

The Director FINDS that:

1. In or about early 2018, a woman identified herein as JC[1] connected with an Oregon consumer identified herein as WM through an online dating service.

2. WM was 80 years old at the time he first made contact with JC online.

3. JC identified herself as the owner of an art gallery in Florida.

4. JC and WM communicated for several months, during which time WM came to believe that he was in a long distance romantic relationship with JC.

5. In or about September 2018, JC informed WM of an investment opportunity. JC described the opportunity as a transaction in which the Metropolitan Museum of Art in New York (the "Museum") contracted her art gallery to help finance the purchase and transportation of a large, 500-ton marble lion sculpture located in China. JC explained that she needed investors to assist in the payment of fees associated with the transaction, which would total $5 million, and in return the investors would receive their principal plus a percentage of the profits from the sale of the sculpture.

6. JC provided WM with documentation purporting to show that she had entered into a contract with the Museum for the purpose she described to WM. Such documents included correspondence appearing to be written on the Museum's official letterhead, executed agreements between JC and the Museum, and bank statements.

7. WM relied upon these documents and JC's representations in forming the belief that JC had in fact contracted with the Museum to provide financing and shipment services for the marble sculpture.

8. JC forged all of the purported documentary proof that she provided to WM, including the documents appearing on Museum letterhead, the contracts, and the bank statements. JC never had any agreement, written or otherwise, with the Museum.

[1] JC used a stolen identity in connection with the activities described herein.

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9. Between September 6, 2018, and February 11, 2019, through a series of payments WM sent $229,600 to JC. WM paid this money through persons JC identified as "transfer agents."

10. Respondent was one such transfer agent.

11. WM made wire transfers totaling $32,400 to Respondent for the purposes of investing with JC and with the expectation that Respondent would transfer those funds to JC on WM's behalf. Those wire transfers were made in three transactions as follows:

a. On or about October 12, 2018, WM made a wire transfer of $2,000 to Respondent.

b. On or about October 15, 2018, WM made a wire transfer of $3,400 to Respondent.

c. On or about October 18, 2018, WM made a wire transfer of $27,000 to Respondent.

12. WM made these investments with the expectation that he would receive a profit.

13. WM requested but never received a return of his principal investments or any interest.

14. At no time did JC register any securities with the Division.

15. At no time was Respondent licensed as a salesperson in Oregon.

CONCLUSIONS OF LAW

The Director CONCLUDES that:

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

17. The investments made by WM in JC's purported enterprise constitute "securities" under ORS 59.015(19)(a), as those investments were investment contracts.

18. Under ORS 59.055, it is unlawful for any person to offer or sell any security in

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this state unless the security is registered, the security is exempt from registration, or the security is a federal covered security.

19. By selling WM securities that were not registered or exempt from registration and that were not federal covered securities, JC violated ORS 59.055.

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

21. By claiming to have an agreement with the Museum and by furnishing WM with forged documents purporting to demonstrate the existence and terms of that agreement, JC engaged in an act or practice which operates or would operate as a fraud or deceit in connection with the conduct of a securities business in violation of ORS 59.135(3).

22. 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.

23. The transfer agents JC employed, including Respondent, constitute "salespersons" under ORS 59.015(18)(a).

24. 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.

25. By transacting business in Oregon as a salesperson without being licensed under the Oregon Securities Law, Respondent violated ORS 59.165(1).

26. 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.

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27. Because the Director has reason to believe that Respondent violated ORS 59.165(1), the Director may issue an order directed to Respondent to cease and desist from that violation pursuant to ORS 59.245(4).

28. Under ORS 59.995(1)(a), 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.

29. Because Respondent violated ORS 59.165(1) and because Respondent aided or abetted JC in the violation of ORS 59.055 and 59.135(3), Respondent is subject to a penalty of not more than $20,000 for each of those violations pursuant to ORS 59.995(1)(a).

ORDERS

The Director ISSUES the following ORDERS:

Order to Cease and Desist

30. Pursuant to ORS 59.245(4), the Director hereby ORDERS Respondent, and all entities owned or controlled by Respondent, her successors and assignees, to CEASE AND DESIST from violating ORS 59.055, 59.135(3), or any administrative rule adopted by the Director under those statutes.

Order Assessing Civil Penalties

31. Pursuant to the authority of ORS 59.995(1), the Director hereby orders the assessment of $20,000 in CIVIL PENALTIES against Respondent, for violating ORS 59.165(1) and for aiding or abetting JC in the violation of ORS 59.055 and 59.135(3).

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32. 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 19th day of December, 2019.

LOUIS SAVAGE, Acting 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. Respondent 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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