

1
2 STATE OF OREGON
3 DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
4 DIVISION OF FINANCIAL REGULATION

5 In the Matter of:

Case No. S-19-0103

6 RANDALL STRANGE,
7 RESPONDENT.

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

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9 The Division of Financial Regulation (the “Division”), acting on behalf of the
10 Director of the Department of Consumer and Business Services for the State of Oregon
11 (the “Director”), conducted an investigation of Randall Strange (“Respondent”). The
12 Division determined that Respondent violated provisions of Oregon Revised Statutes
13 (“ORS”) 59.005 to 59.505, 59.991 and 59.995 (the “Oregon Securities Law”) and the
14 Oregon Administrative Rules (“OAR”) promulgated under those laws.

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

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

18 **FINDINGS OF FACT**

19 The Director FINDS that:

- 20 1. In or about early 2018, a woman identified herein as JC¹ connected with an
21 Oregon consumer identified herein as WM through an online dating service.
- 22 2. WM was 80 years old at the time he first made contact with JC online.
- 23 3. JC identified herself as the owner of an art gallery in Florida.
- 24 4. JC and WM communicated for several months, during which time WM came
25 to believe that he was in a long distance romantic relationship with JC.

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





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

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

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

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

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

21 10. Respondent was one such transfer agent.

22 11. On or about February 11, 2019, WM made a wire transfer of \$70,000 to
23 Respondent for the purposes of investing with JC and with the expectation that Respondent
24 would transfer those funds to JC on WM’s behalf.

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

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

1 interest.

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

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

4 **CONCLUSIONS OF LAW**

5 The Director CONCLUDES that:

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

9 17. The investments made by WM in JC’s purported enterprise constitute
10 “securities” under ORS 59.015(19)(a), as those investments were investment contracts.

11 18. Under ORS 59.055, it is unlawful for any person to offer or sell any security in
12 this state unless the security is registered, the security is exempt from registration, or the
13 security is a federal covered security.

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

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

19 21. By claiming to have an agreement with the Museum and by furnishing WM
20 with forged documents purporting to demonstrate the existence and terms of that
21 agreement, JC engaged in an act or practice which operates or would operate as a fraud or
22 deceit in connection with the conduct of a securities business in violation of ORS
23 59.135(3).

24 22. Under ORS 59.015(18)(a), “salesperson” means a person, other than a broker-
25 dealer, who represents or purports to represent a broker-dealer, issuer, or owner of
26 securities in effecting or attempting to effect in any manner transactions in securities.

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1 23. The transfer agents JC employed, including Respondent, constitute
2 “salespersons” under ORS 59.015(18)(a).

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

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

8 26. Under ORS 59.245(4), if the Director has reason to believe that any person has
9 engaged, is engaging, or is about to engage in any violation of the Oregon Securities Law,
10 the Director may issue an order, subject to ORS 59.295, directed to the person to cease and
11 desist from the violation or threatened violation.

12 27. Because the Director has reason to believe that Respondent violated ORS
13 59.165(1), the Director may issue an order directed to Respondent to cease and desist from
14 that violation pursuant to ORS 59.245(4).

15 28. Under ORS 59.995(1)(a), any person who violates or who procures, aids, or
16 abets the violation of ORS 59.005 to 59.505, 59.710 to 59.830, 59.991 and 59.995, or any
17 rule or order of the Director shall be subject to a penalty of not more than \$20,000 for every
18 violation, which shall be paid to the General Fund of the State Treasury.

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

22 **ORDERS**

23 The Director issues the following ORDERS:

24 *Order to Cease and Desist*

25 30. Pursuant to ORS 59.245(4), the Director hereby ORDERS Respondent, and all
26 entities owned or controlled by Respondent, his successors and assignees, to CEASE AND

1 DESIST from violating ORS 59.055, 59.135(3), or any administrative rule adopted by the
2 Director under those statutes.

3 Order Assessing Civil Penalties

4 31. Pursuant to the authority of ORS 59.995(1), the Director hereby assesses
5 CIVIL PENALTIES against Respondent in the amount of twenty thousand dollars
6 (\$20,000) for violating ORS 59.165(1) and for aiding or abetting JC in the violation of
7 ORS 59.055 and 59.135(3).

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

10 A. Pays the remaining five thousand dollars (\$5,000) of civil penalties as
11 described below;

12 B. Agrees to refrain from engaging in any securities-related business activities,
13 including but not limited to selling, offering to sell, soliciting, or advertising
14 securities in the state of Oregon, and specifically from receiving or transmitting
15 money in connection with the purchase or sale of securities other than for his own
16 personal account(s) and lawful investment purposes, for a three-year period from
17 the date that this Consent Order becomes a final order;

18 C. Agrees to refrain from applying for any broker-dealer or salesperson license
19 authorized by ORS chapter 59 for three (3) years from the date that this Consent
20 Order becomes a final order; and

21 D. Otherwise complies with all provisions of the Oregon Securities Law and
22 this Consent Order.

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

25 A. Respondent will submit a payment of one thousand two hundred fifty
26 dollars (\$1,250) at the time he submits this executed Consent Order to the Division;



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and

B. Respondent will submit payments of one thousand two hundred fifty dollars (\$1,250) on or before each of March 1, April 1, and May 1, 2020.

34. 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.

FINAL ORDER

35. 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 27th day of January, 2020.

Louis Savage, Acting 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, Randall Strange, have read the foregoing Order and I know and fully understand the contents hereof. I acknowledge that 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 and 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 Oregon law. I will fully comply with the terms and conditions stated herein.

I understand that this Order is a public document.

Signature: /s/ Randall Strange

State of Arizona

County of Maricopa

Signed or attested before me on this 21 day of January, 2020

by Felita Holloman

/s/ Felita Holloman

Notary Public

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