

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

In the Matter of

Case No. S-19-0111

NADESH E. TANYI,

Respondent.

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 Nadesh E. Tanyi (“Respondent”). The Division determined that Respondent violated provisions 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.

On October 28, 2019, the Director issued a notice of proposed action against Respondent. Respondent requested a hearing and on June 24, 2020, the Office of Administrative Hearings held a hearing. On July 11, 2020, an Administrative Law Judge issued a proposed order.

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

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

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

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





1 1455 Northwest Irving Street in Portland, Oregon.¹

2 2. Lumentrades also purports to maintain an office in the United Kingdom at Suite
3 C 5th floor, Connect Centre, Kingston Crescent, Portsmouth, PO2 8QL.

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

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

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

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

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

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

23 9. On or about October 25, 2018, AM asked Lumentrades how to fund the account
24 his account. Lumentrades informed AM that he should send his money to Respondent, and
25 provided AM with bank account information to which he could wire money to Respondent.

26 ¹ See related Division case number S-19-0064.



1 When AM asked why he would be sending money to Respondent instead of Lumentrades,
2 Lumentrades stated that Respondent was AM’s “account manger.”

3 10. On or about November 2, 2018, AM invested \$9,500, which he wired to
4 Respondent.

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

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

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

11 14. Lumentrades informed AM that he could withdraw funds upon paying a
12 “withdrawal fee” of \$1,800 to an “agent.”

13 15. Lumentrades provided AM with the name and bank account information of an
14 individual identified herein as RH.²

15 16. On December 10, 2018, AM wired \$1,800 to RH.

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

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

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

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

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

26 ² See related Division case number S-19-0112.

1 22. On February 4, 2020, the Division issued a final order by default against
2 Lumentrades. The Division found that Lumentrades violated provisions of the Oregon
3 Securities Law, including: offering and selling securities in Oregon without the securities
4 being registered or exempt from registration, in violation of ORS 59.055; employing a
5 salesperson to act in this state without being licensed as a salesperson under the Oregon
6 Securities Law, in violation of ORS 59.165(3); failing to comply with a subpoena issued
7 in connection with an investigation under the Oregon Securities Law, in violation of ORS
8 59.315(1); directly or indirectly, in connection with the purchase or sale of any security,
9 making untrue statements of material fact or omitting to state material facts necessary in
10 order to make the statements made, in light of the circumstances under which they are
11 made, not misleading, and engaging in an act, practice, or course of business which
12 operates as a fraud or deceit upon investors, in violation of ORS 59.135(2) and (3).

13 **CONCLUSIONS OF LAW**

14 The Director CONCLUDES that:

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

17 24. The Contract, as described above, in which an individual invests money in
18 common enterprise with the expectation of profits to be managed and controlled by
19 Lumentrades, constitutes an investment contract and thus a “security” under ORS
20 59.015(19)(a).

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

26 26. Under ORS 59.055, it is unlawful to offer or sell any security in Oregon

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1 unless the security is registered, the security or the sale is exempt from registration, or the
2 security is a federal covered security for which a notice has been filed and a fee has been
3 paid.

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

7 28. By offering and selling the foregoing securities in Oregon without the
8 securities being registered or exempt from registration, Lumentrades violated ORS
9 59.055.

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

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

15 31. Under ORS 59.135(2), it is unlawful for any person, directly or indirectly, in
16 connection with the purchase or sale of any security or the conduct of a securities business
17 to make any untrue statement of a material fact or to omit to state a material fact necessary
18 in order to make the statements made, in the light of the circumstances under which they
19 are made, not misleading.

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



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

5 34. By allowing her bank account to accept funds for Lumentrades, and specifically
6 by accepting AM's money, commingling it with other funds in her account, and using that
7 money for personal expenses, Respondent engaged in an act, practice, or course of business
8 which operates as a fraud or deceit, in violation of ORS 59.135(3).

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

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

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

22 38. Respondent participated and materially aided Lumentrades in the sale of
23 securities to AM as described above. Therefore, pursuant to ORS 59.115(3), Respondent
24 is liable to the same extent as Lumentrades for the foregoing violations of ORS 59.055 and
25 ORS 59.135.

26 39. Under ORS 59.995(1)(a), in addition to all other penalties and enforcement

1 provisions provided by law, any person who violates or who procures, aids or abets the
2 violation of ORS 59.005 to 59.505, 59.710 to 59.830, 59.991 and 59.995 or any rule or
3 order of the Director shall be subject to a penalty of not more than \$20,000 for every
4 violation, which shall be paid to the General Fund of the State Treasury.

5 40. By aiding or abetting Lumentrades in the violation of ORS 59.055 and ORS
6 59.135(2), Respondent violated ORS 59.995(1)(a).

7 41. Because Respondent violated ORS 59.165(1), ORS 59.135(3), ORS 59.115(3),
8 and ORS 59.995(1)(a), Respondent is subject to a penalty of not more than \$20,000 for
9 each of those violations pursuant to ORS 59.995(1)(a).

10 ORDERS

11 The Director ISSUES the following ORDERS:

12 Order to Cease and Desist

13 42. Pursuant to ORS 59.245(4), the Director hereby ORDERS Respondent, and all
14 entities owned or controlled by Respondent, her successors and assignees, to CEASE AND
15 DESIST from violating ORS 59.165(1), 59.055, 59.135(3), 59.115(3), or any
16 administrative rule adopted by the Director under those statutes.

17 Order Assessing Civil Penalties

18 43. Pursuant to the authority of ORS 59.995(1), the Director hereby assesses twenty
19 thousand dollars (\$20,000) in CIVIL PENALTIES against Respondent for violating ORS
20 59.165(1), ORS 59.135(3), ORS 59.115, and ORS 59.995(1)(a).

21 44. The Director SUSPENDS nineteen thousand dollars (\$19,000) of the foregoing
22 civil penalties for a period of three (3) years, provided that Respondent complies with all
23 provisions of the Oregon Securities Law and this Consent Order during such time period.

24 45. Respondent agrees to submit the remaining one thousand dollars (\$1,000) of
25 civil penalties at the time she returns this executed Consent Order.

26 46. If Respondent commits any further violation of the Oregon Securities Law or



1 fails to abide by any terms of this Consent Order, then the entire twenty thousand dollars
2 (\$20,000) of civil penalties will become immediately due and payable. If Respondent does
3 not commit any violation of the Oregon Securities Law and otherwise abides by all of the
4 terms of this Consent Order during the three-year suspension of the civil penalties,
5 including the payment of the remaining one thousand dollars (\$1,000) of civil penalties,
6 then the nineteen thousand dollars (\$19,000) of suspended civil penalties will be considered
7 satisfied

8 **NONDISCHARGEABILITY**

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

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FINAL ORDER

48. 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 5th day of November, 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, Nadesh E. Tanyi, 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/ Nadesh E. Tanyi

State of Maryland

County of Prince George's

Signed or attested before me on this 5th day of October, 2020

by Nadesh E. Tanyi.

/s/ Charles E. Reid

Notary Public

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