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

In the Matter of: HASSAN J. TARZABAN, and TRZ ADVISOR GROUP LLC, Respondents.	Case No. S-20-0101 FINAL ORDER TO CEASE AND DESIST, FINAL ORDER DENYING USE OF EXEMPTIONS, AND FINAL ORDER ASSESSING CIVIL PENALTIES, ENTERED BY DEFAULT

On July 22, 2021, the Director of the Department of Consumer and Business Services for the State of Oregon ("Director"), by and through the Division of Financial Regulation ("Division"), properly served Amended Order to Cease and Desist, Proposed Order Denying Use of Exemptions, Proposed Order Assessing Civil Penalties, and Notice of Right to Administrative Hearing ("the Amended Notice Order") on Hassan J. Tarzaban and TRZ Advisor Group LLC and (collectively, "Respondents").

The Amended Notice Order offered Respondents an opportunity for a hearing, if requested within 20 days from the service of the Amended Notice Order. The Amended Notice Order designated the relevant portions of the Director's file on this matter, including all materials submitted by a party, as the record for purposes of default. The Amended Notice Order further informed Respondents that if a hearing was not conducted because a respondent did not timely request a hearing or otherwise defaulted, then the designated portion of the Director's file and all materials submitted by a party 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 any hearing request from Respondents, and the Director did not conduct a hearing.

NOW THEREFORE, after considering the relevant portions of the Division's file

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relating to this matter, the Director enters the following Final Order to Cease and Desist, Final Order Denying Use of Exemption, and Final Order Assessing Civil Penalties, Entered by Default.

FINDINGS OF FACT

The Director FINDS that:

1. TRZ Advisor Group LLC ("TRZ") was an Oregon limited liability company formed February 2, 2017 and administratively dissolved on April 4, 2019.

2. TRZ described its business purpose in an amended annual report filed with the Oregon Secretary of State, Corporation Division, on February 4, 2018, as "Building wealth through real estate investments. We also advise and consult people who need help investing money."

3. Hassan J. Tarzaban ("Tarzaban") was the registered agent, organizer and member of TRZ.

4. Bulldog Capital LLC ("Bulldog") was a Washington-based real estate investment company that operated in the Portland area. Justin Grubb ("Grubb") was a manager of Bulldog. Christopher Ostlund ("Ostlund") was also a member and manager of Bulldog. Bulldog registered as a foreign limited liability company with the Oregon Secretary of State, Corporation Division, on February 7, 2013 and administratively dissolved May 14, 2020.

5. Tarzaban raised $400,000 in March 2017 from a 77 year-old investor who resides in Beaverton, Oregon ("AM"), purportedly to purchase real property located at 4506 NE 32nd Place, Portland OR 97211 and develop a duplex on it.

6. Tarzaban sold the note to AM on behalf of TRZ. At no time was Tarzaban licensed under ORS 59.165 as a "salesperson" to sell securities.

7. In connection with that investment, AM paid $400,000 to TRZ Advisor Group by cashier's check, which was dated March 6, 2017.

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8. In exchange, TRZ issued a promissory note ("Note") dated March 6, 2017, that was signed by Tarzaban in his capacity as manager of TRZ. The Note promised to pay interest in the amount of "Ten percent (10%) per annum" as well as "10% Net Profit after all expenses are paid" and was due and payable December 29, 2017.

9. The Note also stated that it would "be secured by a junior (second) deed of trust upon real property commonly known as 4506 NE 32nd Place, Portland OR 97211."

10. Tarzaban represented to AM that returns on AM's investment were guaranteed.

11. AM was a passive investor, in that he did not have an active role in the business operations of TRZ or Bulldog and relied solely on the efforts and expertise of others to realize a return on his investment. AM did not have any control over the use of funds he invested after he provided his funds to TRZ.

12. Upon receipt of the funds, TMZ sent $390,000 to Bulldog and retained $10,000.

13. The duplex project was not completed in 2018, and Bulldog administratively dissolved May 14, 2020. TRZ defaulted on the Note when it became due on December 29, 2017. TRZ never paid AM any interest and did not return his principal as promised under the terms of the Note.

14. In connection with the sale of the Note to AM, Tarzaban and TRZ made the following representations to AM:

A. Proceeds from the sale of the Note would be used to purchase real property located at 4506 NE 32nd Place, Portland OR 97211 and develop a duplex at that location to be completed by early 2018, but omitted to disclose that TRZ would retain $10,000 of the proceeds, and Grubb and Ostlund could and would use most of the proceeds to pay Bulldog's general operating expenses.

B. AM would receive a guaranteed return on the funds he invested.

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C. The Note was secured by a trust deed.

15. The statements in paragraph 14 were either untrue or misleading. In reality, the Note was unsecured. There was no trust deed for the property on 32nd Place listing AM as beneficiary, and no such trust deed was recorded.

16. The property on 32nd Place was actually purchased by Bulldog nearly a year before AM invested.

17. In connection with the sale of the Note to AM, Tarzaban and TRZ did not disclose the material factors that made the purchase of the Note speculative or risky, such as the risk of nonpayment of the Note.

18. At no time was the Note registered with the Director as a security pursuant to ORS 59.055.

CONCLUSIONS OF LAW

The Director CONCLUDES that:

19. The Note issued by TRZ and sold to AM by Tarzaban is a "note", "evidence of indebtedness", or "investment contract", and therefore, a "security" as those terms are used to define a "security" under ORS 59.015(19)(a).

20. The purported guarantee of the Note is also a "security" as defined by ORS 59.015(19)(a).

21. Tarzaban acted as a "salesperson" as that term is defined under ORS 59.015(18)(a), because he represented TRZ in effecting transactions in securities with "AM".

22. By transacting business in Oregon as a securities salesperson without holding an Oregon securities salesperson license, or otherwise being licensed with the Director to sell securities in Oregon, Tarzaban violated ORS 59.165(1).

23. By selling unregistered securities to AM, Tarzaban and TRZ violated ORS 59.055.

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24. In connection with the sale of the Note, Tarzaban and TRZ directly and indirectly made untrue statements of material fact or directly and indirectly omitted to state material facts necessary to make a statement made not misleading in violation of ORS 59.135(2) as follows:

A. Tarzaban and TRZ stated that the proceeds from the sale of the Note would be used to purchase real property located at 4506 NE 32nd Place, Portland OR 97211 and to develop a duplex at that location to be completed by early 2018, but omitted to disclose that TRZ would retain $10,000 of the proceeds and that Grubb and Ostlund could and would use most of the proceeds to pay Bulldog's general operating expenses.

B. Tarzaban and TRZ stated the payment of interest and return of principal was guaranteed when it was not.

C. Tarzaban and TRZ stated that the Note was secured by a trust deed when it was not.

D. Tarzaban and TRZ stated that TRZ would pay interest on the Note, but omitted to disclose the material factors that made the purchase of the Note speculative or risky, such as the risk of non payment of the Note.

25. Tarzaban engaged in an act, practice or course of business which operated as fraud or deceit upon AM, and violated ORS 59.135(3), as follows:

A. By representing AM was guaranteed returns on his investment;

B. By failing to disclose to AM the Note issued to AM was unsecured, there was no trust deed for the property on 32nd place listing AM as beneficiary, and no such trust deed was recorded.

C. By failing to disclose to AM that Tarzaban would keep for himself $10,000 of the funds AM invested; and

D. By failing to disclose to AM that the property on 32nd Place had been purchased by Bulldog months before AM invested.

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26. Because the Director has reason to believe that Tarzaban and TRZ have engaged, are engaging, or are about to engage in violations of the Oregon Securities Law, the Director may issue an order to Tarzaban and TRZ to cease and desist from violations of the Oregon Securities Law under ORS 59.245(4).

27. Because the Director has reason to believe that Tarzaban and TRZ have engaged in violations of the Oregon Securities Law, the Director is authorized to deny Tarzaban and TRZ the use of exemptions to the securities registration requirements under ORS 59.045(2).

28. According to ORS 59.995, any person who violates or who procures, aids or abets in the violation of the Oregon Securities Law may be subject to a civil penalty in an amount not to exceed $20,000 per violation, and every violation is a separate offense.

ORDER

The Director issues the following ORDERS:

29. As authorized by ORS 59.245, Tarzaban and TRZ are hereby ORDERED to CEASE AND DESIST from violating ORS 59.055, ORS 59.135(2), and ORS 59.135(3). Tarzaban is further ORDERED to CEASE AND DESIST from violating ORS 59.165(1).

30. As authorized by ORS 59.045(2), the Director hereby DENIES Tarzaban and TRZ, and any and all agents, authorized representatives, and entities owned, operated or controlled by Tarzaban or TRZ, their successors and assigns, the use of any exemptions that would otherwise be available under ORS 59.025 and ORS 59.035, concerning securities and transactions exempt from the registration requirements of the Oregon Securities Law.

31. As authorized by ORS 59.995(1), the Director hereby ORDERS Tarzaban and TRZ, jointly and severally, to pay CIVIL PENALTIES totaling $50,000 for the following violations:

A. $10,000 for violating ORS 59.055; and

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B. $40,000 for violating ORS 59.135(2) and ORS 135(3).

32. As authorized by ORS 59.995(1), in addition to the civil penalties assessed above, the Director hereby ORDERS Tarzaban to pay a CIVIL PENALTY of $10,000 for violating ORS 59.165(1).

33. 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.

SO ORDERED this 19th day of August , 2021.

ANDREW R. STOLFI, 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

You are entitled to judicial review of this order in accordance with ORS 183.482. You may request judicial review by filing a petition with the Court of Appeals in Salem, Oregon, within sixty (60) days from the service of this Final Order.

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