

1 **DEPARTMENT OF CONSUMER AND BUSINESS SERVICES**
2 **DIVISION OF FINANCE AND CORPORATE SECURITIES**
3 **ENFORCEMENT SECTION**
4 **BEFORE THE DIRECTOR OF THE DEPARTMENT OF CONSUMER AND**
5 **BUSINESS SERVICES**

6) **No. S-10-0026**
7) **ORDER TO CEASE AND DESIST,**
8) **DENYING EXEMPTIONS, AND**
9) **ASSESSING CIVIL PENALTIES AND**
10) **CONSENT TO ENTRY OF ORDER**
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21 **In the Matter of:**
22 **RESOURCE TRADING GROUP, INC.**
23 **and THOMAS M. MOORMAN,**
24 **Respondents.**

25 **WHEREAS,** the Director of the Department of Consumer and Business Services for the
26 State of Oregon (hereafter “the Director”), acting pursuant to the authority contained in ORS
27 59.005 *et seq.*, the Oregon Securities Law, has conducted an investigation into the activities of
28 **RESOURCE TRADING GROUP, INC.** (“RTG”) and **THOMAS M. MOORMAN**
29 (“MOORMAN”),

30 **WHEREAS,** the Director issued an ORDER TO CEASE AND DESIST, DENYING
31 EXEMPTIONS, AND ASSESSING CIVIL PENALTIES AND NOTICE OF RIGHT TO
32 CONTESTED CASE HEARING against, inter alia, **RTG** and **MOORMAN** on November 22,
33 2011;

34 **WHEREAS,** Respondents **RTG** and **MOORMAN** do not wish to expend additional
35 time in connection with this matter and seek to obtain finality with respect to the Director’s
36 claims;

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1 yet instructed that “if in the period between the date of the Order to five years from the date of
2 the Order, Respondent violates any provision of Chapter 59 of the Oregon Revised Statutes,
3 which encompasses both the Oregon Securities Act and the Oregon Mortgage Lender Law... the
4 suspended portion of the assessed civil penalty will become immediately due and payable.”

5 5. As President and CEO of **RTG, MOORMAN** was responsible for the day-to-day
6 conduct of **RTG** business. During a May 9, 2006 meeting of its Board of Directors, **RTG**’s
7 Board voted to authorize a salary of ten thousand dollars (\$10,000) per month for **MOORMAN**.
8 Given that **RTG** was a fledgling start-up venture, however, the Board directed that “*all monies*
9 *earned are to accrue until such time as funds are sufficient to cover said salaries.*”

10 6. **RTG** represented that it would import vodka from Russia, and sell its product,
11 wholesale, to independent distributors. (The distributors, in turn, would re-sell the vodka to bars,
12 casinos, liquor retailers, and nightclubs.) **RTG** represented that it had secured exclusive rights to
13 import vodka from two Russian distilleries for a five (5) year period.

14 7. **RTG** acquired the necessary regulatory permits needed to import vodka, and
15 conducted numerous “tastings” of its product at a host of Salem, Oregon area taverns and
16 restaurants. During these sessions **MOORMAN** offered to sell **RTG** stock to patrons.
17 Subsequently, **MOORMAN** offered to sell **RTG** promissory notes to stockholders and other
18 individuals.

19 **Part Two: The Sales Process**

20 8. **MOORMAN** offered and sold **RTG** common stock from 2006-2008. The price per
21 share investors paid varied substantially, in part based on the number of shares purchased. Those
22 investors purchasing larger quantities of stock paid less per share.

23 9. **MOORMAN** offered and sold **RTG** promissory notes in 2008. **RTG** promised to
24 pay interest at rates between 0% and 10%. **RTG** promissory notes matured in periods from 3 to
25 6 months. Some **RTG** promissory notes were convertible to **RTG** common stock at the



1 discretion of the noteholder. At least one **RTG** promissory note contained a grant of **RTG**
2 common stock to a third person as a “Finder’s Fee.”

3 10. **MOORMAN** was the only individual affiliated with **RTG** to offer and sell **RTG**
4 common stock and **RTG** promissory notes. In some, yet not all, instances, **MOORMAN** gave
5 prospective investors a document entitled “Resource Trading Group Inc., RTG, Importer of
6 Authentic Russian Vodkas, Company Portfolio” (hereafter the “Portfolio”).

7 11. The Portfolio generally explained the traits of **RTG** vodkas and the qualities of
8 competing products. It stated that funds raised by **RTG** would be used for “*market positioning,*
9 *operations, and product inventory.*” The Portfolio represented that **MOORMAN** had 22 years of
10 import business experience and that “*he then went on to own and operate a mortgage company*
11 *for the last 11 years before selling it to pursue his current position.*” The Portfolio included sales
12 projections.

13 12. **MOORMAN** heavily touted his alleged previous business success in oral
14 communications with prospective investors. He stated that the company needed to raise money to
15 be able to, for example, pay for a shipping container to properly transport vodka from Russia to
16 the United States, arrange for bottle labeling, and market the finished product.

17 13. **MOORMAN** did not ask prospective investors to complete a subscription agreement,
18 or submit any other form or document describing their financial condition, in order to purchase
19 **RTG** stock or an **RTG** promissory note. Investors personally met with **MOORMAN** to tender a
20 check, usually at a bar or at **MOORMAN**’s office.

21 14. **MOORMAN** deposited investors’ funds in an **RTG** bank account. However,
22 **MOORMAN** transferred a significant portion of funds received from investors to his personal
23 checking account. **MOORMAN** used these monies for personal, non **RTG**-related purposes and
24 to pay personal, non RTG-related debts.

25

1 **Part Three: Omissions**

2 15. Respondents, in connection with the sale of **RTG** common stock and **RTG**
3 promissory notes, omitted to state material facts necessary in order to make statements made, in
4 the light of the circumstances under which they were made, not misleading.

5 16. Respondents, in connection with the sale of **RTG** common stock and **RTG**
6 promissory notes, failed to disclose reasonably foreseeable risks associated with an investment in
7 a newly formed corporation importing vodka from a foreign country. These risks include, but are
8 not limited to, the fact that: (1) **RTG**'s operations and/or financial condition may be adversely
9 affected by unstable governments or legal systems in the foreign countries from which it
10 obtained its products for resale, such as Russia; (2) **RTG**'s operations and/or financial condition
11 may be adversely affected by its near-total reliance on independent distributors, who also
12 distribute products from **RTG** competitors, and are entitled to give higher priority to the
13 distribution of competing products; (3) **RTG**'s operations and/or financial condition may be
14 adversely affected by a societal decline in the consumption of vodka, the result of, for example,
15 an increased concern about the health consequences of consuming alcoholic products, or a
16 decline in the consumption of said products in on-premise establishments fostered by concerns
17 about drinking and driving; (4) **RTG**'s operations and/or financial condition may be adversely
18 affected by an increase in import and excise duties or other taxes, or governmental regulations.

19 17. Respondents, in connection with the sale of **RTG** common stock from June 2006 to
20 May 2007, failed to disclose that **MOORMAN** was the subject of an investigation by the
21 Director. Furthermore, Respondents, in connection with the sale of **RTG** common stock and
22 **RTG** promissory notes from May 2007 to July 2008, failed to disclose that the Director had
23 concluded that **MOORMAN** had violated Oregon law, and had issued a Cease and Desist Order
24 barring **MOORMAN** from the mortgage lending industry.

25 18. Respondents, in connection with the sale of **RTG** common stock and **RTG**
promissory notes, failed to disclose that the newly established corporation would be paying

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1 **MOORMAN** a salary of ten thousand dollars (\$10,000) per month; that **RTG**'s Board of
2 Directors had commanded that, in connection with said salary, "*all monies earned are to accrue*
3 *until such time as funds are sufficient to cover said salaries*"; and that **MOORMAN** would
4 regularly transfer funds deposited into an **RTG** checking account to his own personal checking
5 account, to be spent by him on non **RTG**-related expenditures.

6 19. Respondents, in connection with the sale of **RTG** common stock and **RTG**
7 promissory notes, failed to disclose that the common stock and promissory notes were not
8 registered with the Director, as mandated by law.

9 20. Respondents, in connection with the sale of **RTG** common stock and **RTG**
10 promissory notes, failed to disclose that they were not licensed by the Director to sell securities
11 in or from the State of Oregon, as required by law.

12 **Part Four: Securities Offers and Sales**

13 21. On June 20, 2006 **RTG**, through **MOORMAN**, sold Oregon resident "J CJ" shares of
14 common stock for \$3,000.

15 22. On August 7, 2006 **RTG**, through **MOORMAN**, sold Oregon resident "VBF" shares
16 of common stock for \$7,500.

17 23. On October 10, 2006 **RTG**, through **MOORMAN**, sold Oregon resident "JKS"
18 shares of common stock for \$6,000.

19 24. On October 14, 2006 **RTG**, through **MOORMAN**, sold Oregon resident "VSF"
20 shares of common stock for \$5,000.

21 25. On October 14, 2006 **RTG**, through **MOORMAN**, sold Oregon resident "JKS"
22 shares of common stock for \$1,000.

23 26. On November 15, 2006 **RTG**, through **MOORMAN**, sold Oregon resident "GAR"
24 shares of common stock for \$2,000.

25 27. On November 22, 2006 **RTG**, through **MOORMAN**, sold Oregon resident "MSD"
26 shares of common stock for \$2,000.



1 39. Respondents, in connection with the sale of **RTG** common stock and **RTG**
2 promissory notes, omitted to state a material fact necessary in order to make all statements made,
3 in the light of the circumstances under which they are made, not misleading, in violation of ORS
4 59.135 (2), by failing to disclose reasonably foreseeable risks associated with an investment in a
5 newly formed corporation importing vodka from a foreign country. These risks include, but are
6 not limited to, the fact that: (1) **RTG**'s operations and/or financial condition may be adversely
7 affected by unstable governments or legal systems in the foreign countries from which it
8 obtained its products for resale, such as Russia; (2) **RTG**'s operations and/or financial condition
9 may be adversely affected by its near-total reliance on independent distributors, who also
10 distribute products from **RTG** competitors, and are entitled to give higher priority to the
11 distribution of competing products; (3) **RTG**'s operations and/or financial condition may be
12 adversely affected by a societal decline in the consumption of vodka, the result of, for example,
13 an increased concern about the health consequences of consuming alcoholic products, or a
14 decline in the consumption of said products in on-premise establishments fostered by concerns
15 about drinking and driving; (4) **RTG**'s operations and/or financial condition may be adversely
16 affected by an increase in import and excise duties or other taxes, or governmental regulations.

17 40. Respondents, in connection with the sale of **RTG** common stock and **RTG**
18 promissory notes from June 2006 to May 2007, omitted to state a material fact necessary in order
19 to make all statements made, in the light of the circumstances under which they are made, not
20 misleading, in violation of ORS 59.135 (2), by failing to disclose that **MOORMAN** was the
21 subject of an investigation by the Director. Furthermore, Respondents, in connection with the
22 sale of **RTG** common stock and **RTG** promissory notes from May 2007 to July 2008, failed to
23 disclose that the Director had concluded that **MOORMAN** had violated Oregon law, and had
24 issued a Cease and Desist Order barring **MOORMAN** from the mortgage lending industry.

25 41. Respondents, in connection with the sale of **RTG** common stock and **RTG**
promissory notes, omitted to state a material fact necessary in order to make all statements made,



1 in the light of the circumstances under which they are made, not misleading, in violation of ORS
2 59.135 (2), by failing to disclose that the newly established corporation would be paying
3 **MOORMAN** a salary of ten thousand dollars (\$10,000) per month; that **RTG**'s Board of
4 Directors had commanded that, in connection with said salary, "*all monies earned are to accrue*
5 *until such time as funds are sufficient to cover said salaries*"; and that **MOORMAN** would
6 regularly transfer funds deposited into an **RTG** checking account to his own personal checking
7 account, to be spent by him on non **RTG**-related expenditures.

8 42. Respondents, in connection with the sale of **RTG** common stock and **RTG**
9 promissory notes, omitted to state a material fact necessary in order to make all statements made,
10 in the light of the circumstances under which they are made, not misleading, in violation of ORS
11 59.135 (2), by failing to disclose that **RTG** common stock and **RTG** promissory notes were not
12 registered with the Director, as mandated by law.

13 43. Respondents, in connection with the sale of **RTG** common stock and **RTG**
14 promissory notes, omitted to state a material fact necessary in order to make all statements made,
15 in the light of the circumstances under which they are made, not misleading, in violation of ORS
16 59.135 (2), by failing to disclose that that they were not licensed by the Director to sell securities
17 in or from the State of Oregon, as required by law.

18 44. **MOORMAN** engaged in the offer and sale of securities after May 9, 2007, as noted
19 in paragraphs thirty (30) through thirty-four (34) herein, in violation of that provision of the
20 Director's May 9, 2007 **ORDER TO CEASE AND DESIST, ORDER BARRING FROM**
21 **INDUSTRY, and ORDER IMPOSING CIVIL PENALTIES** concluding that "if in the period
22 between the date of the Order to five years from the date of the Order, Respondent violates any
23 provision of Chapter 59 of the Oregon Revised Statutes, which encompasses both the Oregon
24 Securities Act and the Oregon Mortgage Lender Law... the suspended portion of the assessed
25 civil penalty [\$85,000] will become immediately due and payable."

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ORDER

2 Therefore, the Director **ORDERS** that:

3 45. Respondents are ordered, pursuant to the authority contained in ORS 59.245, to
4 **CEASE AND DESIST** from engaging in the offer and/or sale of securities in violation of
5 Oregon law, administrative rules, or the terms of this Order.

6 46. **RTG** is, pursuant to the authority contained in ORS 59.995, ordered to pay the sum of
7 **THIRTY TWO THOUSAND FIVE HUNDRED DOLLARS** (\$32,500) as a civil penalty for
8 all violations of ORS 59.055 described herein; **THIRTY TWO THOUSAND FIVE**
9 **DOLLARS** (\$32,500) as a civil penalty for all violations of ORS 59.135 described herein; and
10 **THIRTY TWO THOUSAND FIVE DOLLARS** (\$32,500) as a civil penalty for all violations
11 of ORS 59.165 described herein, for a total civil penalty of **NINETY SEVENTY THOUSAND**
12 **FIVE HUNDRED DOLLARS** (\$97,500).

13 47. **MOORMAN** is, pursuant to the authority contained in ORS 59.995, ordered to pay
14 the sum of **THIRTY TWO THOUSAND FIVE DOLLARS** (\$32,500) as a civil penalty for all
15 violations of ORS 59.055 described herein; **THIRTY TWO THOUSAND FIVE HUNDRED**
16 **DOLLARS** (\$32,500) as a civil penalty for all violations of ORS 59.135 described herein; and
17 **THIRTY TWO THOUSAND FIVE DOLLARS** (\$32,500) as a civil penalty for all violations
18 of ORS 59.165 described herein, for a total of **NINETY SEVEN THOUSAND FIVE**
19 **HUNDRED DOLLARS** (\$97,500). Of this amount, **SIXTY SEVEN THOUSAND FIVE**
20 **HUNDRED DOLLARS** (\$67,500) shall be **SUSPENDED** so long as **MOORMAN** does not
21 violate the mortgage laws or securities laws of any jurisdiction – or the terms of this Order - for a
22 period of seven (7) years from the date of entry of this Order. (To the extent that **MOORMAN** is
23 found to have committed any such violation, the entire sum of **NINETY SEVEN THOUSAND**
24 **FIVE HUNDRED DOLLARS** (\$97,500), minus amounts previously paid, shall become
25 immediately due and owing.)

1 **CONSENT TO ENTRY OF ORDER**

2 Respondent **THOMAS MOORMAN** states: that he has read the foregoing Order and
3 fully understands the contents thereof; that he has been represented by counsel in connection
4 with this matter; that he, voluntarily, and without any force or duress, consents to the entry of
5 this Order, expressly withdrawing any written request for a hearing he has filed in connection
6 with this matter; that the Order contains the complete agreement of the parties, and that no
7 additional promises or assurances have been made to him by the Director with respect to matters
8 covered by the Order; that he has been truthful with the Director about his financial
9 circumstances; that he understands that the Director reserves the right to take further actions to
10 enforce this Order or to take appropriate action upon discovery of violations of the Oregon
11 Securities Law not described herein; that he understands that this Order is a public document;
12 and that he will fully comply with the terms and conditions stated herein.

13
14 /s/ Thomas Moorman
Thomas Moorman

15 Dated: 3/08/12

16
17 /s/ Tamie L. Ague
18 (Printed Name of Notary Public)
19 Notary Public
for the State of: Oregon

20 My commission expires: 7-14-15

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1 For Resource Trading Group, Inc.:

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3 I, Thomas Moorman, hereby represent that I am authorized to enter into this Order for and on behalf
4 of Resource Trading Group, Inc..

5 /s/ Thomas Moorman
6 Thomas Moorman

7 Dated: 3/08/12

8 /s/ Tamie L Ague
9 (Printed Name of Notary Public)
10 Notary Public
11 for the State of: Oregon

12 My commission expires: 7-14-15

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