	1	DIVISION OF FINANCE A	MER AND BUSINESS SERVICES ND CORPORATE SECURITIES	
	2	ENFORCEMENT SECTION BEFORE THE DIRECTOR OF THE DEPARTMENT OF CONSUMER AND		
	3	BUSINE	SS SERVICES	
	4	In the Matter of:	) No. S-10-0026 )	
	5	RESOURCE TRADING GROUP, INC. and THOMAS M. MOORMAN,	ORDER TO CEASE AND DESIST, DENYING EXEMPTIONS, AND	
	6		) ASSESSING CIVIL PENALTIES AND ) CONSENT TO ENTRY OF ORDER	
	7	Respondents.	) )	
	8		) )	
	9		) )	
	10		) )	
	11	WHEREAS, the Director of the Depa	rtment of Consumer and Business Services for the	
	12	State of Oregon (hereafter "the Director"), acting pursuant to the authority contained in ORS		
	13	59.005 et seq., the Oregon Securities Law, has conducted an investigation into the activities of		
ŝ	14	RESOURCE TRADING GROUP, INC. ("RTG") and THOMAS M. MOORMAN		
	15	("MOORMAN"),		
ling te 410	16	WHEREAS the Director issued an O	RDER TO CEASE AND DESIST, DENYING	
Build E, Suit 881 8-4387	17			
dustrie: treet N 7301-38	18	EXEMPTIONS, AND ASSESSING CIVIL P		
and Inc inter S OR 97 one: (3	19	CONTESTED CASE HEARING against, inte	er alia, RTG and MOORMAN on November 22,	
Labor 350 W Salem, Teleph	20	2011;		
MIHAWA MARKATAN	21	WHEREAS, Respondents RTG and I	MOORMAN do not wish to expend additional	
Blate of Ore9°	22	time in connection with this matter and seek to	o obtain finality with respect to the Director's	
	23	claims;		
	24	<i>u</i>		
	25	//		
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	3	Order, to which Respondents RTG and MOORMAN consent, as evidenced by the Consent to
	4	Entry of Order attached hereto.
	5	FINDINGS OF FACT
	6	The Director <b>FINDS</b> that:
	7	Part One: Respondents
	8	1. RTG was a for-profit Nevada corporation (Nevada Secretary of State Business
	9	Registry #NV20061639110) incorporated on April 13, 2006. <b>RTG</b> , during all times material
	10	herein, raised funds, through the sale of RTG common stock and RTG promissory notes, from
	11	Oregon residents for the purpose of importing vodka from Russia for sale in the United States.
	12	RTG was not, during all times material herein, licensed to sell securities in Oregon. Its last
	13	known address is 349 Union Street, NE, Salem, Oregon 97301.
	14	2. MOORMAN served, during all times material herein, as President and Chief
	15	Executive Officer of RTG. MOORMAN raised funds on behalf of RTG, through the sale of
uilding Suite 410 1 4387	16	RTG common stock and RTG promissory notes, from Oregon residents. MOORMAN was not
s Buildi VE, Suit 881 78-4387	17	during all times material herein, licensed to sell securities in Oregon. His last known address is
ndustrie Street 18 97301-3 (503) 3	18	873 Liberty Street, NE, Salem, Oregon 97301.
or and I Winter im, OR	19	3. Prior to his affiliation with <b>RTG</b> , <b>MOORMAN</b> had not worked in the alcoholic
Lab 350 Sale Tele	20	beverage industry in any capacity. From June 2001 to March 2006 MOORMAN owned Mid
Tab 1	21	Valley Mortgage, LLC. On May 9, 2007 the Director entered an <b>ORDER TO CEASE AND</b>
State of Oregon	22	DESIST, ORDER BARRING FROM INDUSTRY, and ORDER IMPOSING CIVIL
	23	PENALTIES against MOORMAN. The Director concluded that MOORMAN had violated
	24	Oregon law. The Order was entered with MOORMAN's consent.
	25	4. The Director's Order assessed civil penalties of eighty-five thousand dollars
	• -	(\$85,000) against MOORMAN. The Director suspended said amount for a five (5) year period,

PAGE 2- RESOURCE TRADING GROUP, INC. AND THOMAS M. MOORMAN CEASE AND DESIST

NOW THEREFORE, the Director hereby issues the following Findings of Fact and

Conclusions of Law, which Respondents RTG and MOORMAN neither admit nor deny, and

**ORDER NO. S-10-0026** 

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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.

## **Part Two: The Sales Process**

- 8. MOORMAN offered and sold RTG common stock from 2006-2008. The price per share investors paid varied substantially, in part based on the number of shares purchased. Those investors purchasing larger quantities of stock paid less per share.
- 9. MOORMAN offered and sold RTG promissory notes in 2008. RTG promised to 23 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

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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 <b>RTG</b> 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.

discretion of the noteholder. At least one RTG promissory note contained a grant of RTG

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Part	I hree	<b>Omissions</b>
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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 i
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 <b>RTG</b> common stock and <b>RTG</b>

PAGE 5- RESOURCE TRADING GROUP, INC. AND THOMAS M. MOORMAN CEASE AND DESIST **ORDER NO. S-10-0026** 

promissory notes, failed to disclose that the newly established corporation would be paying

- 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
- in or from the State of Oregon, as required by law.

## 12 Part Four: Securities Offers and Sales

- 21. On June 20, 2006 **RTG**, through **MOORMAN**, sold Oregon resident "JCJ" shares of
- 14 common stock for \$3,000.
- 22. On August 7, 2006 **RTG**, through **MOORMAN**, sold Oregon resident "VBF" shares
- of common stock for \$7,500.
- 23. On October 10, 2006 RTG, through MOORMAN, sold Oregon resident "JKS"
- 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.
- 25. On October 14, 2006 **RTG**, through **MOORMAN**, sold Oregon resident "JKS"
- shares of common stock for \$1,000.
- 23 26. On November 15, 2006 RTG, through MOORMAN, sold Oregon resident "GAR"
- shares of common stock for \$2,000.
- 27. On November 22, 2006 **RTG**, through **MOORMAN**, sold Oregon resident "MSD"
- shares of common stock for \$2,000.

1 28. On January 8, 2007 RTG, through MOORMAN, sold Oregon resident "ETL" shares 2 of common stock for \$700. 3 29. On April 5, 2007 RTG, through MOORMAN, sold Oregon resident "ETL" shares of 4 common stock for \$500. 5 30. On July 27, 2007 RTG, through MOORMAN, sold Oregon resident "JLT" shares of 6 common stock for \$2,500. 7 31. On December 11, 2007 RTG, through MOORMAN, sold Oregon resident "LDS" 8 shares of common stock for \$1,000. 9 32. On February 11, 2008 RTG, through MOORMAN, sold Oregon resident "FLJ" a 10 promissory note for \$15,000. 11 33. In April 2008 RTG, through MOORMAN, offered to sell shares of common stock to 12 ten prospective investors he presented a talk to at a Sweet Home, Oregon restaurant. 13 **MOORMAN** offered to sell **RTG** stock for the sum of \$5,000 per person. 14 34. On July 29, 2008 RTG, through MOORMAN, sold Oregon resident "SFR" a 15 promissory note for \$2,000. 16 Part Five: Business Failure, Investment Losses 17 35. **RTG** failed, and investors have not recouped any portion of their investment. 18 **CONCLUSIONS OF LAW** 19 The Director **CONCLUDES** that: 20 36. **RTG** common stock and **RTG** promissory notes constitute "securities", as defined in ORS 59.015 (19) (a). 21 22 37. **RTG** common stock and **RTG** promissory notes were not registered with the Director 23 prior to offer or sale, in violation of ORS 59.055. 24 38. RTG common stock and RTG promissory notes were offered for sale in or from the

State of Oregon by unlicensed persons, in violation of ORS 59.165.

Division of Finance and Corporate Securities Labor and Industries Building 550 Winter Street NE, Suite 410 Salem, OR 97301-3881	
Division of Finance and Cor Labor and Industries Buildin 350 Winter Street NE, Suite Salem, ON 97301-3881 Telenhone: (503) 378-4387	· (acc) · condition

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

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

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.
- 43. 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,
- 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
- 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
- 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
- civil penalty [\$85,000] will become immediately due and payable."

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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

of ORS 59.165 described herein, for a total civil penalty of **NINETY SEVENTY THOUSAND** 

12 **FIVE HUNDRED DOLLARS** (\$97,500).

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

**HUNDRED DOLLARS** (\$67,500) shall be **SUSPENDED** so long as **MOORMAN** does not

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.)

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	1	48. <b>MOORMAN</b> is, pursuant to the Order issued by the Director on May 9, 2007,		
	2	ordered to pay the sum of <b>EIGHTY FIVE THOUSAND DOLLARS</b> (\$85,000) for violating the		
	3	provisions of ORS 59.005 et seq. within the five year period described thereunder.		
	4	49. RTG, and any successors or assigns, are, pursuant to the authority contained in ORS		
	5	59.045, <b>DENIED</b> the use of any exemptions to securities registration requirements authorized by		
	6	ORS 59.025 and ORS 59.035, until further Order of the Director. Furthermore, <b>MOORMAN</b> ,		
	7	and any entities in which he, directly or through the use of agents, is a control person are,		
	8	pursuant to the authority contained in ORS 59.045, <b>DENIED</b> the use of any exemptions to		
	9	securities registration requirements authorized by ORS 59.025 and ORS 59.035, until further		
	10	Order of the Director.		
	11	IT IS SO ORDERED.		
	12			
	13	Dated this 14th day of March NUNC PRO TUNC November 22, 2011 at		
ties	14	Salem, Oregon.		
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orporate ing e 410	16	Patrick M. Allen, Director Department of Consumer and Business Services		
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## **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.

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/s/ Thomas Moorman 14 Thomas Moorman 15 Dated: <u>3/08/12</u>

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/s/ Tamie L Ague 17 (Printed Name of Notary Public)

18

Notary Public for the State of: Oregon

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My commission expires: 7-14-15



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	2	For Resource Trading Group, Inc.:	
	3	I, Thomas Moorman, hereby represent that	I am authorized to enter into this Order for and on behalf
	5	of Resource Trading Group, Inc	/s/ Thomas Moorman
	6		Thomas Moorman  Dated: 3/08/12
	7 8		
	9		/s/ Tamie L Ague (Printed Name of Notary Public) Notary Public
	10		for the State of: Oregon
	11		My commission expires: 7-14-15
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