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**STATE OF OREGON  
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES  
DIVISION OF FINANCE AND CORPORATE SECURITIES  
BEFORE THE DIRECTOR OF THE  
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES**

In the Matter of:

S-12-0040

Donald E. Freeman and  
Freeman Capital Management, LLC

ORDER TO CEASE AND DESIST,  
ORDER ASSESSING CIVIL PENALTY,  
AND  
CONSENT TO ENTRY OF ORDER

Respondents.

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**WHEREAS** the Director of the Department of Consumer and Business Services (“the Director”) has conducted an investigation of certain business activities conducted by Donald E. Freeman and Freeman Capital Management, LLC (hereinafter referred to collectively as “Respondents”), and the Director has determined that Respondents failed to maintain certain books and records when conducting business as a state investment adviser, in violation of the Oregon Securities Law; and

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**WHEREAS** the Respondents wish to resolve and settle this matter with the Director;

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**NOW THEREFORE**, as evidenced by the authorized signatures subscribed on this Order, Respondents, without admitting or denying the factual allegations herein, hereby **CONSENT** to entry of this Order upon the Director’s Findings of Fact and Conclusions of Law as stated hereinafter.

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**I. FINDINGS OF FACT**

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The Director **FINDS** that:

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1. Freeman Capital Management, LLC (“Freeman Capital”) is an Oregon limited liability company. According to records filed with the Oregon Secretary of State, Corporation Division, Freeman Capital’s principal place of business is 2705 E. Burnside St. Ste. 212, in Portland, Oregon.

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2. Donald E. Freeman is the managing member and registered agent of Freeman Capital.





1           3.     In November 2004, Freeman Capital became licensed with the Oregon Department of  
2 Consumer and Business Services, Division of Finance and Corporate Securities (“DFCS) as a  
3 state investment adviser. Freeman Capital’s license number with DFCS is #IA-2232.

4           4.     Mr. Freeman is licensed with DFCS as an investment adviser representative to work  
5 for Freeman Capital. Mr. Freeman became licensed with DFCS to work for Freeman Capital in  
6 2004. The Central Registration Depository number for Mr. Freeman is #4866393.

7           5.     Around June 2010, Freeman Capital applied to withdraw its license with DFCS as a  
8 state investment adviser. Freeman Capital became a federal covered investment adviser,  
9 registered with the United States Securities and Exchange Commission (“SEC”), that notice files  
10 with DFCS pursuant to ORS 59.175. Freeman Capital’s registration with the SEC was approved  
11 June 16, 2010. The Investment Adviser Registration Depository (“IARD”) number for Freeman  
12 Capital is #133131.

13          6.     Freeman Capital has not been licensed with DFCS as a state investment adviser  
14 since June 2010, but Freeman Capital’s notice filing with DFCS as a federal covered investment  
15 adviser became effective June 24, 2010.

16          7.     According to records filed with the IARD, Freeman Capital’s principal office and  
17 place of business is in Phuket, Thailand.

18          8.     Mr. Freeman moved to Thailand around April 2008, and he travels between the  
19 United States and Thailand, sometimes staying in Oregon for a month or two while teaching  
20 investment-related classes.

21          9.     In May 2010, during an examination of Freeman Capital in Portland, Oregon, DFCS  
22 examiners identified several compliance deficiencies. At that time, Freeman Capital maintained  
23 some of its business books and records in Portland, Oregon. Among the deficiencies the DFCS  
24 examiners observed were:

25           a. The Respondents did not amend the their applications, on form ADV Part I and Part II  
26 Schedule F, and Form U-4 within 30 days of a change of address;



1 b. Freeman Capital's books and records did not include consistent documentation  
2 supporting suitability of recommendations to clients. Some client files contained incomplete and  
3 outdated information; and

4 c. Freeman Capital's books and records did not include invoices for the paid and unpaid  
5 expenses of the firm and did not adequately document the source of deposits made to the firm's  
6 checking account.

## 7 II. CONCLUSIONS OF LAW

8 The Director **CONCLUDES** that:

9 1. Between November 2004 and June 2010, Freeman Capital was a state investment  
10 adviser, as defined by ORS 59.015(20)(a).

11 2. At all times material to this Order, Mr. Freeman was a control person, manager,  
12 officer or director of Freeman Capital and an investment adviser representative licensed in  
13 Oregon, as defined by ORS 59.015(8)(a).

14 3. While Freeman Capital was a state investment adviser licensed with DFCS, the  
15 Respondents failed to amend their applications within 30 days of the occurrence of a material  
16 change as required by OAR 441-175-0105. The material change was their change of address.

17 4. By failing to amend their applications within 30 days of the occurrence of a  
18 material change, the Respondents violated OAR 441-175-0105.

19 5. When Freeman Capital was a state investment adviser licensed with DFCS, the  
20 Respondents failed to maintain certain books and records required by OAR 441-195-0040(1).

21 6. By failing to maintain required books and records, the Respondents violated ORS  
22 59.195(1) and OAR 441-195-0040(1).

## 23 III. ORDER

24 1. Pursuant to ORS 59.245, Respondents are **ORDERED TO CEASE AND DESIST**  
25 from:

26 a. failing to file a required amendment to a license application regarding a material change,

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



1 in violation of OAR 441-175-0105;

2 b. failing to maintain required books and records, in violation of ORS 59.195(1) and OAR  
3 441-195-0040(1); and

4 c. violating any provision of Oregon Revised Statutes Chapter 59 or Oregon Administrative  
5 Rules Chapter 441.

6 2. Pursuant to the authority of ORS 59.995, the DIRECTOR hereby **ASSESES a**  
7 **CIVIL PENALTY** in the amount of \$10,000 (ten thousand dollars) against Respondents Donald  
8 E. Freeman and Freeman Capital Management, LLC, jointly and severally, for violations of  
9 OAR 441-175-0105, ORS 59.195(1) and OAR 441-195-0040(1).

10 3. The Director will **SUSPEND \$5,000** (five thousand dollars) of the civil penalty  
11 assessed in Paragraph III.2, above, so long as Respondents comply with all terms of this Order  
12 and all requirements of the Oregon Securities Law; **PROVIDED HOWEVER**, that the  
13 suspended portion of the civil penalty shall be immediately due and payable upon a  
14 determination by the Director that any Respondent has violated any term of this Order, or any  
15 provision of the Oregon Securities Law.

16 4. Respondents must pay \$5,000 (five thousand dollars) of the civil penalty to the  
17 Oregon Department of Consumer and Business Services at the time of execution of this Order.

18 The entry of this Order in no way limits further remedies which may be available to the  
19 Director under Oregon law.

20 Dated this 15th day of May, 2012, at Salem, Oregon.

21 PATRICK M. ALLEN, Director  
22 Department of Consumer and Business Services

23  
24 /s/ David Tatman  
25 David C. Tatman, Administrator  
26 Division of Finance and Corporate Securities



**CONSENT OF DONALD E. FREEMAN TO ENTRY OF ORDER**

I, Donald E. Freeman, state that I am a resident of PORTLAND OREGON, that I have read the foregoing Order and that I know and fully understand the contents hereof; that I have been advised of the right to a hearing, and that I am represented by counsel in this matter; that without admitting or denying the factual allegations herein, I voluntarily consent to the entry of this Order without any force or duress, expressly waiving any right to a hearing in this matter; that I understand that the Director reserves the right to take further actions against me to enforce this Order or to take appropriate action upon discovery of other violations of the Oregon Securities Law by me; and that I will fully comply with the terms and conditions stated herein.

I understand that this Order is a public document.

/s/ Donald E. Freeman  
**DONALD E. FREEMAN**

State of: OREGON

County of: MULTNOMAH

SUBSCRIBED AND SWORN to before me this 27 day of  
APRIL, 2012.

/s/ W. Tandikul  
Signature of Notary Public

**CORPORATE CONSENT TO ENTRY OF ORDER FOR DONALD E. FREEMAN  
ON BEHALF OF FREEMAN CAPITAL MANAGEMENT, LLC**

I, Donald E. Freeman, state that I am the managing member of Freeman Capital Management, LLC (“Freeman Capital”) and I am authorized to act on its behalf; that I have read the foregoing Order and that I know and fully understand the contents hereof; that Freeman Capital and I have been advised of the right to a hearing and are represented by counsel in this matter; that Freeman Capital voluntarily and without any force or duress, consents to the entry of this Order without admitting or denying the factual allegations herein, expressly waiving any

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1 right to a hearing in this matter; that Freeman Capital understands that the Director reserves the  
2 right to take further actions to enforce this Order or to take appropriate action upon discovery of  
3 other violations of the Oregon Securities Law; and that Freeman Capital will fully comply with  
4 the terms and conditions stated herein.

5 Freeman Capital further assures the Director that neither Freeman Capital nor its  
6 members, officers, directors, employees or agents will engage in the activities of a broker-dealer,  
7 state investment adviser, mortgage broker, or act as a salesperson for any of these unless such  
8 activities are in full compliance with Chapter 59 of the Oregon Revised Statutes, and Chapter  
9 441 of the Oregon Administrative Rules.

10 Freeman Capital understands that this Order is a public document.

12 By: /s/ Donald E. Freeman  
13 **Donald E. Freeman**, managing member  
14 Freeman Capital Management, LLC

14 **ACKNOWLEDGMENT**

15 There appeared before me this 27 day of APRIL 2012,  
16 Donald E. Freeman, who was first duly sworn on oath, and stated that he is the managing  
17 member of Freeman Capital and that he is authorized and empowered to sign this Consent to  
18 Entry of Order on behalf of Freeman Capital, and to bind Freeman Capital to the terms hereof.

19 State of: OREGON  
20 County of: MULTNOMAH

22 /s/ W. Tandikul  
23 Signature of Notary Public

24 Approved as to form:

25 \_\_\_\_\_  
26 **TODD E. SCHWARTZ**, OSB #914200 Date  
Attorney for Respondents