

STATE OF OREGON  
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES  
DIVISION OF FINANCE AND CORPORATE SECURITIES

In the Matter of  
Smith Rock Race Group, LLC.  
Respondent.

Case No. S-13-0572

FINAL ORDER TO CEASE AND  
DESIST, DENYING USE OF  
EXEMPTIONS TO THE SECURITIES  
REGISTRATION REQUIREMENTS,  
ASSESSING CIVIL PENALTY  
ENTERED BY DEFAULT.

On January 6, 2014, the Director of the Department of Consumer and Business Services for the State of Oregon (the “Director”), acting under the authority of ORS 59.005 to 59.451, 59.991 and 59.995 (the “Oregon Securities Law”), and the Oregon Administrative Rules promulgated thereunder, ORS 183.415(3), served Smith Rock Race Group, LLC (“Smith Rock”) with a true copy of Administrative Order S-13-0572, ORDER TO CEASE AND DESIST, ORDER DENYING USE OF EXEMPTIONS TO THE SECURITIES REGISTRATION REQUIREMENTS, PROPOSED ORDER ASSESSING A CIVIL PENALTY, AND NOTICE OF RIGHT TO AN ADMINISTRATIVE HEARING (the “Notice Order”).

In accordance with OAR 137-003-0075, the Notice Order designated the Division’s file, including all materials submitted by Smith Rock, as the record for the purpose of making a prima facie case in the event that the Director entered a final order against the Smith Rock by default.

Smith Rock did not timely or properly request a hearing.

Now, therefore, after a consideration of the record, the Director issues the

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Telephone: (503) 378-4387



1 following Findings of Fact, Conclusions of Law, and Final Order.

2  
3 I. FINDINGS OF FACT

4 The Director FINDS that:

5 1. Smith Rock Race Group, LLC (“Smith Rock”) is an Oregon limited liability  
6 company formed on or about December 30, 2008 (Business registry number 568323-98).

7 Its primary place of business is 1686 Northeast Tucson Way; Bend, OR 97701. Smith  
8 Rock also maintains a website at [www.smithrockrace.com](http://www.smithrockrace.com) and a Facebook account at  
9 <https://www.facebook.com/pages/Smith-Rock-Race-Group-LLC/352059431563104>.

10 2. Smith Rock produces and organizes road races throughout Oregon. Proceeds  
11 from those events are purportedly used, in part, to promote economic development in  
12 rural communities. According to its website on November 13, 2013, Smith Rock is  
13 currently promoting eight such road races.

14 3. To raise money to fund a relay race that was to be held in Hells Canyon,  
15 Oregon on September 20 – 21, 2013 (the “Hells Canyon Relay Race”), Smith Rock  
16 offered “community partnerships” in Smith Rock (“Partnerships”). The Partnerships  
17 allowed for varying levels of participation based on the amount of money invested in  
18 Smith Rock. As a reward for their participation, potential community partners were  
19 offered, among other things, a five-year promissory note with an annual interest rate that  
20 was based on the amount invested.

21 4. The Partnerships were advertised by means of a brochure entitled “Hells  
22 Canyon Relay Capital Campaign: Jumpstarter – North East Oregon.” The brochure  
23 described the Partnerships as a way to make a “socially responsible investment” that will  
24 “directly benefit rural Oregonians.”

25 5. Links to that brochure could be found on a website that was maintained by  
26 Smith Rock that was specifically for the Hells Canyon Relay Race at



1 [www.hellscanyonrelay.com/pdf/srrg-capital-campaign.pdf](http://www.hellscanyonrelay.com/pdf/srrg-capital-campaign.pdf) as well as on Smith Rock's  
2 Facebook page. The Partnerships were also discussed in a newspaper article that  
3 appeared in the Baker City Herald on August 14, 2013 entitled, "Hells Canyon Relay  
4 promoter vows to continue."

5 6. The Partnerships were not registered by the Director as a "security" under the  
6 Oregon Securities Law.

## 7 8 II. CONCLUSIONS OF LAW

9 The Director CONCLUDES that:

10 7. The Partnerships are "securities" under ORS 59.015(19)(a) because they are  
11 "notes" and/or "investment contracts."

12 8. Smith Rock violated ORS 59.055 because it offered securities that were not  
13 registered in Oregon.

## 14 15 III. ORDER

16 Now, therefore, the Director issues the following ORDER:

### 17 18 Order to Cease and Desist

19 9. The Director, as authorized by ORS 59.245, ORDERS Smith Rock (the  
20 "Respondent") to CEASE AND DESIST from violating any provision of the Oregon  
21 Securities Law.

### 22 23 Order Denying Use of Exemptions to the Securities Registration Requirements

24 10. The Director, as authorized by ORS 59.045, DENIES the Respondent and any  
25 affiliated and/or successor business or corporation the use of the exemptions to the  
26 securities registration requirements allowed by ORS 59.025 and ORS 59.035.



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Order Assessing Civil Penalty

11. Pursuant to the authority under ORS 59.995, the Director may assess a CIVIL PENALTY in any amount determined by the Director of not more than \$20,000 for each violation of the Oregon Securities Law. Pursuant to that provision, the Director assesses a CIVIL PENALTY in the amount of \$5,000 against Smith Rock for its violation of ORS 59.055.

IV. AUTHORITY OF THE DIRECTOR TO SEEK OTHER REMEDIES UNDER OREGON LAW

12. 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.

IT IS SO ORDERED.

Dated this 13th day of February, 2014 at Salem, Oregon.

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

By: /s/ David Tatman  
David Tatman, Administrator  
Division of Finance and Corporate Securities

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NOTICE OF RIGHT TO APPEAL

Pursuant to ORS 59.305, a person aggrieved by an Order of the Director of the Department of Consumer and Business Services which has been the subject of a timely application for a hearing before the director shall be entitled to judicial review of the order under ORS chapter 183. Pursuant to ORS 59.295(2), a person who does not timely file a request for a hearing on an order is not entitled to judicial review.

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