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2 **STATE OF OREGON**
3 **DEPARTMENT OF CONSUMER AND BUSINESS SERVICES**
4 **DIVISION OF FINANCE AND CORPORATE SECURITIES**

4 In the Matter of
5 Intelicloud Holdings, Inc. and
6 Jeffrey Friederichs

6 Respondents.

Case No. S-14-0058

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

9 On October 28, 2014, the Director of the Department of Consumer and Business
10 Services for the State of Oregon (the “Director”), acting under the authority of ORS
11 59.005 to 59.451, 59.991 and 59.995 (the “Oregon Securities Law”), and the Oregon
12 Administrative Rules adopted thereunder, and in compliance with ORS 183.415(3),
13 issued Administrative Order S-14-0058, ORDER TO CEASE AND DESIST,
14 PROPOSED ORDER ASSESSING CIVIL PENALTIES; PROPOSED ORDER
15 DENYING THE USE OF EXEMPTIONS TO THE SECURITIES REGISTRATION
16 REQUIREMENTS; AND NOTICE OF RIGHT TO ADMINISTRATIVE HEARING
17 (“Notice Order”), to RESPONDENTS (“RESPONDENTS”).

18 In accordance with OAR 137-003-0075, the Notice Order designated the
19 Division’s file on this matter, including all materials submitted by the RESPONDENTS,
20 as the record (the “Record”) for the purpose of making a prima facie case in the event
21 that the Director entered a final order against the RESPONDENTS by default.

22 On October 31, 2014, RESPONDENTS’ registered agent, Paracorp Inc., was duly
23 served with a true copy of the Notice Order by the Division of Finance and Corporate
24 Securities (“DFCS”).

25 The time to request an administrative hearing stated in the Notice Order has now
26 expired and RESPONDENTS have not timely request a hearing.

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
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1 After a review of the Record, the Director is persuaded that the Record contains
2 facts necessary to support the issuance of this Final Order by Default.

3 NOW THEREFORE, the Director hereby issues the following Findings of Fact,
4 Conclusions of Law and Final Orders.

5 I. FINDINGS OF FACT

6 The Director FINDS that, at all times relevant to this Order:

7 1. **Intelicloud Holdings Inc. (“Intelicloud” or “the Company”)** is a suspended
8 California corporation with an entity address of 1453 3rd Street, Promenade #315, Santa
9 Monica, CA 90401. Intelicloud Holdings was also a Delaware corporation (registered on
10 December 17, 2010); its registered agent is Paracorp, Inc., 2140 S. Dupont Hwy,
11 Camden, DE 19934. In its Notice Filing, Intelicloud provided a contact address at 4600
12 Campus Drive, Suite 106, Newport Beach, CA. Intelicloud’s current address is 920
13 Gleneyre Street, Suite Q, Laguna Beach, CA 92651.

14 2. **Jeffrey Friederichs (“Friederichs”)** was the President and CEO of
15 Intelicloud.

16 3. In 2012, Intelicloud conducted a securities offering in Oregon, purportedly in
17 reliance on Rule 506 of the Securities Act of 1933; this type of private offering is
18 commonly referred to as a “Reg. D” offering. 17 CFR 230.506.

19 4. Reg. D authorizes a company (the issuer) to offer and sell an unlimited number
20 of securities to accredited investors and up to 35 other purchasers, provided the company
21 complies with “all of the terms and conditions of Regulation D.” 17 CFR 230.502(a).
22 These restrictions include a prohibition on the company’s use of general solicitation to
23 market the securities. 17 CFR 230.502(c).

24 5. Offerings using Reg. D are exempt from securities registration under Federal
25 and Oregon Securities Law. Section 18(b)(4)(D) of the Securities Act of 1933; ORS
26 59.049.





1 6. A company using Reg. D must Notice File with the Director within 15 days of
2 the first sale in the State of Oregon. ORS 59.049(3).

3 7. On June 14, 2012, Intelicloud Notice Filed with the Director, providing a
4 business address at 4600 Campus Drive Suite 106, Newport Beach, CA 92660.

5 8. Investor EP, age 88, is a resident of Oregon. On or about November 8, 2012,
6 EP received a cold-call from an Intelicloud representative offering to sell stock in
7 Intelicloud.

8 9. Intelicloud told EP that the Company would “go public” in March. The
9 representative assured EP the stock would “quadruple” in value after the Company’s
10 initial public offering (IPO). Intelicloud described its business as providing technological
11 solutions to providers of voice, video and data world-wide.

12 10. On or about November 8, 2012, EP purchased 100,000 shares of common
13 stock in Intelicloud for \$42,000. On or about November 8, 2012, EP received a stock
14 certificate and a subscription agreement. Both documents were signed by Friederichs.

15 11. EP was not an accredited investor under Rule 501 of Reg. D, and did not have
16 sufficient knowledge and experience in financial and business matters to be capable of
17 evaluating the merits and risks of the investment.

18 12. EP had no substantive, pre-existing relationship with Intelicloud or its
19 representative.

20 13. In connection with the offer and sale of securities to EP, Intelicloud failed to
21 disclose a Cease and Desist Order filed against the Company on January 25, 2012, by the
22 Pennsylvania Securities Commission (“PSC”). Moreover, Intelicloud did not disclose its
23 August 22, 2012 Settlement Agreement with the PSC, where the PSC found the
24 Company sold securities to a non-accredited investor using general solicitation.

25 14. Subsequent to investing, EP requested information on the public offering and
26 to obtain update on the investment. Intelicloud was not responsive.



1 15. On May 27, 2014, investor EP sent a demand letter to Intelicloud requesting
2 return of her investment. Again, Intelicloud did not respond.

3 16. On or before July 2014, a copy of EP’s demand letter was forwarded to the
4 Oregon Division of Finance and Corporate Securities (“DFCS”).

5 15. On July 18, 2014, DFCS mailed a request for information to Intelicloud at its
6 address on file with the Director: 4600 Campus Drive. The Company did not respond.
7 However, the U.S. Postmaster provided Intelicloud’s new address: 920 Glenneyre St.,
8 Suite Q.

9 16. On September 5, 2014, DFCS mailed a second request for information to
10 Respondents at 920 Glenneyre St. Suite Q. DFCS’s letter – which was sent certified and
11 return receipt requested – was signed by Friederichs on September 8, 2014. DFCS
12 requested Intelicloud to provide documents by September 26, 2014. Again, Intelicloud
13 did not respond.

14 17. To date, Intelicloud has not responded to any DFCS request for information
15 regarding its securities offerings in Oregon.

16 II. CONCLUSIONS OF LAW

17 1. Paragraphs 1-17 of Section I are incorporated and re-alleged.

18 2. Jurisdiction over Respondents and the subject matter is appropriate under ORS
19 59.235, because the Director alleges that Respondents violated ORS 59.055 and ORS
20 59.135. These violations occurred in connection with the offer and sale of securities in
21 the State of Oregon.

22 3. The stock described above is a “security” within the meaning of ORS
23 59.015(19)(a).

24 4. Respondent Intelicloud was an “issuer” within the meaning of ORS 59.015(9).

25 5. Respondent Friederich was a “control” person within the meaning of ORS
26 59.015(2).

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B. \$20,000 (twenty thousand dollars) for violating ORS 59.135(2).

IT IS SO ORDERED.

Dated this 3rd day of December, 2014, at Salem, Oregon.

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

/s/ David Tatman
David C. Tatman, Administrator
Division of Finance and Corporate Securities

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 is 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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