

STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCIAL REGULATION

Case No. S-16-0119

In the Matter of:

Blue Ridge Gold, LLC and Roger
Paul Villeneuve,

Respondents.

FINAL ORDER TO CEASE AND
DESIST AND DENYING USE OF
EXEMPTIONS, ENTERED BY
DEFAULT

**AS TO RESPONDENT BLUE RIDGE
GOLD, LLC ONLY**

On March 10, 2016, the Director of the Department of Consumer and Business Services for the State of Oregon (hereinafter the “*Director*”), acting in accordance with the Oregon Securities Law, Oregon Revised Statutes (“*ORS*”) 59.005 to 59.451, 59.991 and 59.995, and Oregon Administrative Rules (“*OAR*”) chapter 441, issued Administrative Order No. S-16-0119, ORDER TO CEASE AND DESIST, PROPOSED ORDER DENYING USE OF EXEMPTIONS, AND NOTICE OF RIGHT TO AN ADMINISTRATIVE HEARING (the “*Notice Order*”) against Respondents Blue Ridge Gold, LLC (“*Blue Ridge Gold*”) and Roger Paul Villeneuve (“*Villeneuve*”).

On March 10, 2016, the Notice Order was sent to Blue Ridge Gold by certified United States Mail, postage prepaid, to the registered agent listed with the Nevada Secretary of State for Blue Ridge Gold, Richard W. Harris, 6121 Lakeside Dr., Suite 260, Reno, Nevada 89511 (Article No. 7014 2870 0001 3527 6032). On March 10, 2016, the Notice Order was also set to Blue Ridge Gold by first class mail to the same address.

On March 10, 2016, the Oregon Department of Consumer and Business Services, Division of Financial Regulation (the “*Division*”) also served the Notice Order on the Oregon Secretary of State, Corporations Division, via hand delivery, with respect to Blue

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



1 Ridge Gold pursuant to ORS 63.121(2), as Blue Ridge Gold is a Nevada limited liability
2 company that has been and/or is engaged in the unauthorized transaction of business in
3 Oregon, and that has not appointed a registered agent to accept service of process in
4 Oregon.

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

9 Blue Ridge Gold did not timely or properly request a hearing.

10 Now, therefore, after consideration of the record, the Director issues the following
11 Findings of Fact, Conclusions of Law, and Final Order as against Blue Ridge Gold only.

12

13 FINDINGS OF FACT

14 The Director FINDS that:

15 1. Blue Ridge Gold is a Nevada manager-managed limited liability company that
16 was formed on or about February 15, 2011 (Nevada Entity No. E0086862011-1; Nevada
17 Business ID No. NV20111108872). Blue Ridge Gold's principal address is 408
18 Commercial Avenue, Coos Bay, Oregon 97420. Blue Ridge Gold's principal business is
19 acquiring, owning, developing, and managing gold and silver mines.

20 2. Villeneuve is an Oregon resident. At all times relevant to this Order,
21 Villeneuve was the Manager and an Executive Officer of Blue Ridge Gold.

22 Background – Villeneuve

23 3. On or about August 25, 1999, Villeneuve formed Red Dog Resources, Inc., a
24 Nevada corporation (Nevada Entity Number C20946-1999; Nevada Business ID No.
25 NV19991350363) ("**Red Dog**"). At all times material to this Order, Villeneuve was Red
26 Dog's Director, President, Secretary and Treasurer.

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1 4. From 1999 to 2002, Villeneuve approached investors on behalf of Red Dog
2 (the “*Red Dog Investors*”) to fund the purchase of timber properties in Oregon and
3 California. Typically, Villeneuve would offer one-year promissory notes with interest
4 payments ranging from 12 – 20% per annum. Villeneuve raised approximately \$10
5 million from the Red Dog Investors.

6 5. Villeneuve intended to harvest the timber on the land in order to pay for the
7 cost of the timber property and to repay the Red Dog Investors. Red Dog would then
8 retain the property if it had potential for commercial mining. At times, Villeneuve would
9 pledge shares of Red Dog as collateral for the promissory notes.

10 6. In early 2000, Red Dog was experiencing financial difficulties and was unable
11 to pay the Red Dog Investors their promised return.

12 7. Before the Red Dog Investors could take possession of the collateral
13 underlying the promissory notes, Villeneuve transferred certain gold mining interests
14 held by Red Dog to his sister, “NL,” so as to put those interests outside the reach of the
15 Red Dog Investors. Villeneuve refused to retransfer those mining interests back to Red
16 Dog. Villeneuve also refused to transfer the collateralized Red Dog shares to the Red
17 Dog Investors upon default.

18 8. Beginning in 2004, a number of the Red Dog Investors, including an Oregon
19 investor by the name of “WJ,” filed civil lawsuits against Red Dog and Villeneuve
20 alleging fraud, theft by deception, and violations of the Oregon Securities Law (the “*Red*
21 *Dog Lawsuits*”).

22 9. On or about April 14, 2008, some of the plaintiffs to the Red Dog Lawsuits,
23 including WJ, commenced an involuntary Chapter 7 bankruptcy proceeding against
24 Villeneuve in the United States Bankruptcy Court for the District of Oregon (Case No.
25 08-61176-aer7) (the “*Bankruptcy*”). Ultimately, the claims were settled and the
26 bankruptcy petition was dismissed on or about January 14, 2009.



1 10. On or about November 20, 2008, Villeneuve was indicted by a grand jury in
2 the United States District Court for the District of Oregon on 20 counts of structuring a
3 currency transaction to avoid a reporting requirement in violation of federal law (the
4 “**First Structuring Offense**”). *See United States v. Villeneuve*, CR-08-60137-AA (D. Or.
5 2008). On or about April 20, 2011, Villeneuve pleaded guilty to the first count on the
6 indictment and the remaining charges were dismissed. Villeneuve was sentenced to five
7 years of probation.

8 11. On or about March 20, 2014, Villeneuve was, again, indicted by a grand jury
9 in the United States District Court for the District of Oregon for the crime of structuring a
10 currency transaction to avoid a reporting requirement, in violation of federal law (the
11 “**Second Structuring Offense**”). *See United States v. Villeneuve*, 6:14-CR-00125AA (D.
12 Or. 2014). On or about September 30, 2014, while Villeneuve was still on probation for
13 the First Structuring Offense, Villeneuve pleaded guilty to the 2014 structuring charge.
14 Villeneuve was sentenced to thirteen months in prison – seven months for the new
15 offense; six months for the violation of probation.

16 12. Villeneuve was previously confined at the Federal Detention Center located in
17 Seattle, Washington (Prisoner Register No. 73352-065), and was recently released to
18 home confinement.

19 *Blue Ridge Gold – Capital Raising Activities*

20 13. In 2014, Blue Ridge Gold conducted a securities offering in Oregon,
21 purportedly in reliance on Rule 506 of the Securities Act of 1933, commonly referred to
22 as a “Reg. D” offering. 17 CFR 230.506.

23 14. Offerings using Reg. D are exempt from securities registration under Federal
24 and Oregon Securities Law, but an issuer must file a “Form D: Notice of Exempt
25 Offering of Securities” (“**Notice Filing**”) with the Director within 15 days of the first sale
26 in the State of Oregon. Section 18(b)(4)(D) of the Securities Act of 1933; ORS 59.049.

1 15. Villeneuve solicited the individual referred to herein as “NP” to invest in
2 Blue Ridge Gold.

3 16. On or about September 29, 2014, NP invested no less than \$25,000 with Blue
4 Ridge Gold. In exchange for his investment, NP received a membership “unit” in Blue
5 Ridge Gold. NP was to receive a return on his investment in the form of an annual
6 payment of approximately \$2,000, and a share of the proceeds once the subject mine was
7 operational.

8 17. On or about October 14, 2014, Villeneuve and Blue Ridge Gold filed a Notice
9 Filing with the Director, disclosing the above-described sale to NP.

10 18. Respondents failed to disclose certain material information to NP prior to
11 NP’s investment, including, but not limited to, failing to disclose one or more of the
12 following events: the Red Dog Lawsuits; the Bankruptcy; the First Structuring Offense,
13 and/or; the Second Structuring Offense.

14
15 CONCLUSIONS OF LAW

16 The Director CONCLUDES that:

17 19. The Director has jurisdiction over Blue Ridge Gold, pursuant to ORS 59.235.

18 20. The Blue Ridge Gold membership unit sold to NP is a “security” within the
19 meaning of ORS 59.015(19)(a).

20 21. Blue Ridge Gold was an “issuer” within the meaning of ORS 59.015(9).

21 22. Villeneuve was a “control” person within the meaning of ORS 59.015(2), and
22 a “salesperson” within the meaning of ORS 59.015(18).

23 23. The use of and reliance upon securities registration exemptions by Blue Ridge
24 Gold has resulted in fraud and imposition on investors investing in the Blue Ridge Gold
25 securities.

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1 24. In light of the fraud and imposition in the prior sales, and Villeneuve’s two
2 recent criminal convictions, the Director has a reasonable basis to form the opinion that
3 Blue Ridge Gold’s use of the exemptions to the securities registration requirements
4 would work a further fraud or imposition on purchasers of Blue Ridge Gold’s securities;
5 therefore, pursuant to ORS 59.045(1)(a), the Director has a reasonable basis to deny Blue
6 Ridge Gold the use of the exemptions to the securities registration requirements set forth
7 in ORS 59.025, ORS 59.035, ORS 59.165, and OAR Chapter 441.

8 25. The Director further has reason to believe that Blue Ridge Gold’s use of the
9 exemptions to the securities registration requirements would work a fraud or imposition
10 on purchasers of any securities offered and/or sold by Blue Ridge Gold; therefore,
11 pursuant to ORS 59.045(2), the Director has a reasonable basis to deny Blue Ridge Gold
12 the use of the exemptions to the securities registration requirements set forth in ORS
13 59.025, ORS 59.035, and OAR Chapter 441.

14 ORDERS

15 The Director issues the following ORDERS:

16 Orders to Cease and Desist

17 The Director, pursuant to ORS 59.245(4), hereby **ORDERS** Blue Ridge Gold to
18 **CEASE AND DESIST** from:

19 26. Offering and selling securities that are not registered in the State of Oregon, in
20 violation of ORS 59.055;

21 27. Transacting business in Oregon as a securities broker-dealer or salesperson
22 without a license, in violation of ORS 59.165;

23 28. Offering and selling securities in violation of the anti-fraud provisions of ORS
24 59.135, and;

25 29. Violating any provision of the Oregon Securities Law.

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1 Order Denying Use of Exemptions

2 30. The Director, pursuant to ORS 59.045(1)(a) and 59.045(2), hereby **DENIES**
3 Blue Ridge Gold, and any successor business entity or any business entity owned,
4 operated or controlled by Blue Ridge Gold, the use of any exemptions that would
5 otherwise be available to it under ORS 59.025, ORS 59.035, ORS 59.165, or any other
6 provision under the Oregon Securities Law, concerning persons, securities, or
7 transactions exempt from the registration or licensing requirements.

8 31. This Order is a “Final Order” under ORS 183.310(6)(b). Subject to that
9 provision, the entry of this Order does not limit other remedies, sanctions, or actions
10 which may be available to the Director under Oregon law.

11
12 SO ORDERED this 14th day of April, 2016.

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

15
16 /s/ David C. Tatman
17 David C. Tatman, Chief of Enforcement
18 Division of Financial Regulation

19 NOTICE OF RIGHT TO APPEAL

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

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