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

In the Matter of: Blue Ridge Gold, LLC and Roger Paul Villeneuve, Respondents.	Case No. S-16-0119 FINAL ORDER TO CEASE AND DESIST AND DENYING USE OF EXEMPTIONS, ENTERED BY DEFAULT **AS TO RESPONDENT ROGER PAUL VILLENEUVE 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 24, 2016, the Notice Order was sent to the attorney authorized to accept service on behalf of Villeneuve, Mr. Robert J. Custis, by certified United States Mail, postage prepaid, to 495 State Street, Suite 500C, Salem, Oregon 97301 (Article No. 7014 2870 0001 3527 6353).

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

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Villeneuve did not timely or properly request a hearing.

Blue Ridge Gold did not timely or properly request a hearing, and thus on April 14, 2016 the Director issued a FINAL ORDER TO CEASE AND DESIST AND DENYING USE OF EXEMPTIONS, ENTERED BY DEFAULT, AS TO RESPONDENT BLUE RIDGE GOLD, LLC ONLY.

Now, therefore, after consideration of the record, the Director issues the following Findings of Fact, Conclusions of Law, and Final Order as against Villeneuve only.

FINDINGS OF FACT

The Director FINDS that:

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

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

Background – Villeneuve

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

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

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

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

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

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

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

10. On or about November 20, 2008, Villeneuve was indicted by a grand jury in the United States District Court for the District of Oregon on 20 counts of structuring a currency transaction to avoid a reporting requirement in violation of federal law (the "***First Structuring Offense***"). *See United States v. Villeneuve*, CR-08-60137-AA (D. Or. 2008). On or about April 20, 2011, Villeneuve pleaded guilty to the first count on the

indictment and the remaining charges were dismissed. Villeneuve was sentenced to five years of probation.

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

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

Blue Ridge Gold – Capital Raising Activities

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

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

15. Villeneuve solicited the individual referred to herein as "NP" to invest in Blue Ridge Gold.

16. On or about September 29, 2014, NP invested no less than $25,000 with Blue Ridge Gold. In exchange for his investment, NP received a membership "unit" in Blue Ridge Gold. NP was to receive a return on his investment in the form of an annual

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payment of approximately $2,000, and a share of the proceeds once the subject mine was operational.

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

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

CONCLUSIONS OF LAW

The Director CONCLUDES that:

19. The Director has jurisdiction over Villeneuve, pursuant to ORS 59.235.

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

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

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

23. The use of and reliance upon securities registration exemptions by Red Dog, Blue Ridge Gold and Villeneuve has resulted in fraud and imposition on investors investing in these securities.

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

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

ORDERS

The Director issues the following ORDERS:

Orders to Cease and Desist

The Director, pursuant to ORS 59.245(4), hereby **ORDERS** Villeneuve to **CEASE AND DESIST** from:

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

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

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

29. Violating any provision of the Oregon Securities Law.

Order Denying Use of Exemptions

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

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31. 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, sanctions, or actions which may be available to the Director under Oregon law.

SO ORDERED this 27th day of April, 2016.

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

/s/ David C. Tatman
David C. Tatman, Chief of Enforcement
Division of Financial Regulation

NOTICE OF RIGHT TO APPEAL

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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