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2
3 STATE OF OREGON
4 DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
5 DIVISION OF FINANCIAL REGULATION

6 In the Matter of:

Case No. S-22-0061

7 SHANE D. MOORE and
8 QUANTUM DONOVAN, LLC,

Respondent.

FINAL ORDERS TO CEASE AND
DESIST, DENYING USE OF
EXEMPTIONS, AND
ASSESSING CIVIL PENALTIES,
ENTERED BY DEFAULT

9 On October 20, 2022, the Director of the Department of Consumer and Business
10 Services for the State of Oregon (“Director”), by and through the Division of Financial
11 Regulation (“Division”), served an Order to Cease and Desist, Proposed Orders Denying
12 Use of Exemptions and Assessing Civil Penalties, and Notice of Right to an Administrative
13 Hearing (the “Notice”) on Shane D. Moore (“Moore”) and Quantum Donovan, LLC,
14 (“Quantum Donovan,”) (collectively “Respondents”).

15 The Notice offered Respondents an opportunity for a hearing if requested within 20
16 days of service of the Notice. The Notice further informed Respondents that if a hearing
17 was not conducted because Respondents did not timely request a hearing or otherwise
18 defaulted, then the designated portion of the Division’s file and all materials submitted by
19 Respondents in this case would automatically become part of the contested case record for
20 the purpose of proving a prima facie case.

21 The Director did not receive from Respondents Moore or Quantum Donovan a
22 request for a hearing and has not conducted a hearing.

23 FINDINGS OF FACT

24 The Director FINDS that:

25 1. At all times material to this order, Moore was a resident of the State of
26 Washington.

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350 Winter Street NE, Suite 410
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1 2. On February 19, 2021, Moore created the company Quantum Donovan, a
2 Washington limited liability company, by registering it with the Washington Office of the
3 Secretary of State as entity no. 604 712 138. Moore is identified in that filing as the CEO
4 and registered agent of the company. Moore did not register Quantum Donovan with the
5 Oregon Secretary of State.

6 3. Oregon resident BPM learned of Moore and his business and approached
7 Moore about investing in Respondents’ purported efforts to mine cryptocurrency through
8 Quantum Donovan.

9 4. Moore represented to BPM that he wanted to expand his cryptocurrency
10 mining business, but needed money to buy more computers and related machinery and
11 computer software in order to do so.

12 5. Moore represented that each cryptocurrency mining computer cost \$13,000,
13 and that he would pay anyone who funded the purchase of a machine for use by
14 Respondents a total of 1% of their contribution, or \$130 per machine per day. The 1%
15 payments would continue for no less than 240 payments at which point the payments would
16 stop. After the final payment, Respondents would retain the machines.

17 6. On or about September 23, 2021, Respondents entered into an agreement
18 with BPM entitled a ‘services agreement’(the “First Agreement”), wherein BPM agreed to
19 transfer \$39,000 to Respondents for the purpose of Respondents purchasing three machines
20 to be used for cryptocurrency mining.

21 7. On or about September 24, 2021, and in accordance with the First
22 Agreement, BPM transferred \$39,000 to Respondents via a wire transfer from BPM’s bank
23 account located in Oregon City, Oregon, to a Wells Fargo bank account identified by
24 Moore.

25 8. According to BPM, Respondents called the First Agreement a “services
26 agreement” specifically to avoid characterizing the transaction as the sale of a security or



1 other investment. While Section 6 of the First Agreement provides that it is not an
2 investment, that same section also provides that Quantum Donovan has the right to operate
3 and service the cryptocurrency mining machines, and that BPM only has the right to the
4 “rewards” equivalent to the purchase price, as more fully described in Paragraph 10 below.

5 9. The terms of the First Agreement reiterated many of the representations
6 Moore made to BPM, including that the money provided from BPM to Respondents would
7 be used to purchase cryptocurrency mining machines and software, and that the cost of
8 each complete set of cryptocurrency mining computers was \$13,000.

9 10. Under a “Reward Schedule” in the First Agreement, Respondents agreed to
10 pay BPM \$130 per machine per day. Accordingly, BPM was to earn \$390 per day from the
11 three machines Respondents purchased using BPM’s funds. Respondents were responsible
12 for setting up and making all payment distributions to BPM.

13 11. The First Agreement specified that Respondents would stop making the
14 daily payments after 240 payments, or a total of \$31,200 per machine, and Respondents
15 would retain the machines at the conclusion of that period.

16 12. Respondents agreed to pay “...all costs and responsibilities associated with
17 housing, operation, maintain, (sic) upkeep, utilities and replacement if necessary, of certain
18 data server(s) that will verify blockchain transactions / and act as a ledger utilizing
19 computer software and hardware, describe (sic) herein, that solves equations.”

20 13. BPM had no prior experience investing in cryptocurrency or cryptocurrency
21 mining, and had no control over or involvement in the selection or purchase of the mining
22 computers. Similarly, BPM had no control over or involvement in how Respondents used
23 the machines to engage in cryptocurrency mining efforts. BPM was entirely dependent on
24 the efforts and expertise of Respondents to earn profits using the mining computers, and to
25 generate a return on BPM’s investment.

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1 14. Respondents paid BPM the agreed upon payments between September 23,
2 2021 and October 4, 2021.

3 15. On October 4, 2021, BPM, having at that point received payments as agreed
4 upon under the First Agreement, entered into a second “services agreement” with
5 Respondents (the “Second Agreement”) for an additional five machines, for a total of
6 \$65,000.

7 16. In accordance with the Second Agreement, on October 6, 2021, BPM
8 transferred \$65,000 to Respondents via a wire transfer from BPM’s bank account located
9 in Oregon City, Oregon, to a Wells Fargo bank account identified by Moore.

10 17. Aside from the amount of BPM’s investment, the Second Agreement had
11 identical terms to the First Agreement.

12 18. After entering into the Second Agreement, Respondents made partial
13 payments to BPM until January 2022 when the payments stopped.

14 19. Respondents misrepresented or failed to disclose the following material
15 information to BPM in connection with the purchase of the cryptocurrency mining
16 computers:

17 A. Respondents did not in fact purchase the eight cryptocurrency
18 mining machines as promised in the First and Second Agreements (collectively the
19 “Agreements”);

20 B. Payments made to BPM were not earned from cryptocurrency
21 mining, but instead from contributions made by other investors; and

22 C. Some of BPM’s investment would be spent by Moore on his own
23 personal expenses, including cryptocurrency, cash withdrawals, credit card
24 payments, golf, and retail store purchases.

25 20. BPM received less than 20% of the promised payments from Respondents, and did
26 not receive a return of his principal investment amounts.

1 21. Although BPM communicated with Respondents about their failure to make
2 payments in accordance with the terms of the Agreements, including the threat of legal
3 action, sometime after January 2022 Respondents stopped responding to BPM.

4 22. Respondents have never been issued an Oregon broker-dealer or securities
5 salesperson license, and have never registered any securities offerings with the Division or
6 at the federal level.

7 CONCLUSIONS OF LAW

8 The Director CONCLUDES that:

9 23. Under ORS 59.015(19)(a), “security” means a note, stock, evidence of
10 indebtedness, investment contract, or, in general, any interest or instrument commonly
11 known as a “security.”

12 24. The transfer of funds made by BPM to Respondents, as documented in the
13 Agreements, constitute securities under ORS 59.015(19)(a), because they were made
14 pursuant to investment contracts.

15 25. Under ORS 59.055, it is unlawful for any person to offer or sell any security
16 in this state unless the security is registered, the security is exempt from registration, or the
17 security is a federal covered security.

18 26. Respondents violated ORS 59.055 by selling the cryptocurrency mining
19 machine securities to BPM without first registering the securities with the Division.

20 27. Under ORS 59.015(1), “broker-dealer” means a person who engages, all or
21 part of the time, in effecting transactions in securities for the account of others or for the
22 person’s own account.

23 28. Under ORS 59.015(18)(a), a “salesperson” means a person, other than a
24 broker-dealer, who represents or purports to represent a broker-dealer, issuer or owner of
25 securities in effecting or attempting to effect in any manner transactions in securities.

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1 29. Respondents acted as a “broker-dealer” and/or a “salesperson” when they
2 sold the cryptocurrency mining machine securities to BPM.

3 30. Under ORS 59.165(1), it is unlawful for any person to transact business in
4 this state as a broker-dealer or salesperson unless the person is licensed under the Oregon
5 Securities Law.

6 31. By transacting business in this state as a broker-dealer or salesperson
7 without being licensed under the Oregon Securities Law, Respondents violated ORS
8 59.165(1).

9 32. Under ORS 59.135(2), it is unlawful for any person, directly or indirectly,
10 in connection with the purchase or sale of any security to make any untrue statement of a
11 material fact, or to omit to state a material fact necessary in order to make the statements
12 made, in light of the circumstances under which they are made, not misleading.

13 33. Respondents violated ORS 59.135(2) by making untrue statements of
14 material facts in connection with the sale of the cryptocurrency mining machine securities
15 to BPM, as more fully described in Paragraph 19 above.

16 34. Because the Director has reason to believe that Respondents have engaged,
17 are engaging, or are about to engage in violations of the Oregon Securities Law, the
18 Director may issue an order to Respondents to cease and desist from violations of the
19 Oregon Securities Law under ORS 59.245(4).

20 35. Because the Director has reason to believe that Respondents have engaged
21 in or are about to engage in violations of the Oregon Securities Law, or that the use of any
22 exemption by Respondents would work a fraud or imposition on purchasers, the Director
23 may deny Respondents the use of exemptions pursuant to ORS 59.045(2).

24 36. Under ORS 59.995(1)(a), any person who violates or who procures, aids, or
25 abets the violation of ORS 59.005 to 59.505, 59.710 to 59.830, 59.991 and 59.995, or any
26 rule or order of the Director shall be subject to a penalty of not more than \$20,000 for every

1 violation, which shall be paid to the General Fund of the State Treasury.

2 ORDERS

3 Now therefore, the Director issues the following ORDERS:

4 37. Pursuant to ORS 59.245(4), the Director hereby ORDERS Respondents to
5 CEASE AND DESIST from violating any provision of the Oregon Securities Law.

6 38. Pursuant to ORS 59.045(2), the Director hereby DENIES Respondents the
7 use of exemptions that might otherwise be available under ORS 59.025 and ORS 59.035,
8 concerning securities and transactions exempt from the registration requirements of the
9 Oregon Securities Law.

10 39. Pursuant to the authority of ORS 59.995(1), the Director hereby ORDERS
11 the assessment of \$60,000 in CIVIL PENALTIES against Respondents, jointly and
12 severally, for violating ORS 59.055, 59.165(1), and 59.135(2).

13
14 SO ORDERED this 29th day of November, 2022.

15
16 ANDREW STOLFI, Director
17 Department of Consumer and Business Services

18
19 /s/ Dorothy Bean
20 Dorothy Bean, Chief of Enforcement
21 Division of Financial Regulation

22 **NOTICE OF RIGHT TO JUDICIAL APPEAL**

23 **You are entitled to judicial review of this order in accordance with ORS**
24 **183.482. You may request judicial review by filing a petition with the Court of**
25 **Appeals in Salem, Oregon, within 60 days from the date this order is served. Note that**
26 **under ORS 59.295(2), in the absence of a timely demand for a hearing, no personal**
shall be entitled to judicial review of the order.

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