

1 STATE OF WASHINGTON
2 DEPARTMENT OF FINANCIAL INSTITUTIONS
3 SECURITIES DIVISION

4 IN THE MATTER OF DETERMINING) Order Number S-11-0715-12-CO01
5 Whether there has been a violation of the)
6 Securities Act of Washington by:) CONSENT ORDER
7 Cedrick Redula;)
Respondent)

8 INTRODUCTION

9 On August 30, 2012, the Securities Administrator of the State of Washington issued
10 Statement of Charges and Notice of Intent to Enter Order to Cease and Desist, to Charge Costs,
11 and to Impose a Fine, Order Number S-11-0715-12-SC01, against Respondent Cedrick Redula.
12 Pursuant to the Securities Act of Washington, RCW 21.20, the Securities Division of the
13 Department of Financial Institutions (“Securities Division”) and Respondent Cedrick Redula do
14 hereby enter into this Consent Order in settlement of the matters alleged herein. Respondent
15 Cedrick Redula neither admits nor denies the Findings of Fact and Conclusions of Law stated
16 below.
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18 FINDINGS OF FACT

19 Respondent

- 20 1. Cedrick Redula (“Redula”) was at all relevant times a resident of Washington.

21 Nature of the Offering

- 22 2. Between approximately September 2007 and February 2008, Redula raised more
23 than \$250,000 through the sale of investments to a recently-widowed investor from the
24

25 CONSENT ORDER

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DEPARTMENT OF FINANCIAL INSTITUTIONS
Securities Division
PO Box 9033
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360-902-8760

1 Philippines who later relocated to the United States. The investor, who was financially
2 unsophisticated with little or no prior investment experience, inherited funds following the
3 death of her husband. The investor met Redula through relatives in the Philippines.

4 3. Redula told the investor that he would invest her funds and generate a return of
5 at least \$3,000 per month and that her investment would grow to \$500,000. In approximately
6 September 2007, Redula arranged for the investor to execute a trust agreement, which named
7 himself as the trustee of a revocable living trust. Under the terms of the trust agreement,
8 Redula was to manage and invest the investor's assets. Along with the trust agreement,
9 Redula also directed the investor to execute a special power of attorney to facilitate the
10 transfer of her investment funds.
11

12 4. Between approximately December 2007 and February 2008, Redula arranged for
13 the investor to deposit more than \$250,000 into a bank account in Washington in the name of
14 the living trust (hereinafter, "living trust bank account"). Statements for the living trust bank
15 account were sent to a mailbox used by Redula in Vancouver, Washington. The investor had no
16 control over their invested funds and relied on Redula to generate a return on their investment.
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18 5. By approximately July 2008, Redula transferred or otherwise withdrew all of the
19 funds that had been deposited into the living trust bank account. Redula withdrew over \$10,000
20 for an investment in an online advertising company that was later found to be a multi-million
21 dollar Ponzi scheme. Without authorization from or disclosure to the investor, Redula
22 transferred more than \$90,000 to two personal bank accounts in his own name and then used
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1 **CONCLUSIONS OF LAW**

2 1. The offer or sale of the investments described above constitutes the offer or sale
3 of a security as defined in RCW 21.20.005(14) and (17).

4 2. Respondent Cedrick Redula has violated RCW 21.20.140, the securities
5 registration provision of the Securities Act of Washington, by offering or selling said securities
6 while no registration for such offer or sale was on file with the Division.
7

8 3. Respondent Cedrick Redula has violated RCW 21.20.040 by offering or selling
9 said securities while not registered as a securities salesperson or broker-dealer in the State of
10 Washington.

11 4. Respondent Cedrick Redula has violated RCW 21.20.010, the anti-fraud
12 provision of the Securities Act, because, as set forth in the Findings of Fact, he made
13 misstatements of material facts or omitted to state material facts necessary in order to make the
14 statements made, in light of circumstances under which they were made, not misleading.

15 **CONSENT ORDER**

16 Based upon the foregoing and finding it in the public interest:

17 IT IS AGREED AND ORDERED that Respondent Cedrick Redula and his agents and
18 employees each shall cease and desist from violating RCW 21.20.140, the securities
19 registration section of the Securities Act of Washington.
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21 IT IS FURTHER AGREED AND ORDERED that Respondent Cedrick Redula and his
22 agents and employees each shall cease and desist from violating RCW 21.20.040, the securities
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1 broker-dealer and securities salesperson registration section of the Securities Act of
2 Washington.

3 IT IS FURTHER AGREED AND ORDERED that Respondent Cedrick Redula, and his
4 agents and employees each shall cease and desist from violating RCW 21.20.010, the anti-
5 fraud section of the Securities Act of Washington.

6 IT IS FURTHER AGREED AND ORDERED that Respondent Cedrick Redula shall be
7 liable for and shall pay investigative costs of \$2,500, prior to the entry of this Consent Order.
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9 IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this
10 Consent Order.

11 IT IS FURTHER AGREED that Respondent Cedrick Redula enters into this Consent
12 Order freely and voluntarily and with a full understanding of its terms and significance.

13 IT IS FURTHER AGREED that in consideration of the foregoing, Respondent Cedrick
14 Redula waives his right to a hearing and to judicial review of this matter pursuant to RCW
15 21.20.440 and Chapter 34.05 RCW.

16 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

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18 Signed this 17th day of October, 2012

19
20 Signed by:

21
22 /s/
23 Cedrick Redula

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Dated and Entered this 25th day of October, 2012.



WILLIAM M. BEATTY
Securities Administrator

Approved by:



Suzanne E. Sarason
Chief of Enforcement

Presented by:



Robert Kondrat
Enforcement Attorney

CONSENT ORDER