

STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION

IN THE MATTER OF DETERMINING) Order Number S-11-0715-12-SC01
Whether there has been a violation of the)
Securities Act of Washington by:) STATEMENT OF CHARGES AND
Cedrick Redula;) NOTICE OF INTENT TO ENTER ORDER
Respondent) TO CEASE AND DESIST, TO CHARGE
) COSTS, AND TO IMPOSE A FINE
)

THE STATE OF WASHINGTON TO: Cedrick Redula

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondent Cedrick Redula has violated the Securities Act of Washington and that his violations justify the entry of an order of the Securities Administrator under RCW 21.20.390 to cease and desist from such violations and to charge costs, and under RCW 21.20.395 to impose a fine. The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

Respondent

1. Cedrick Redula ("Redula") was at all relevant times a resident of Washington.

Nature of the Offering

2. Between approximately September 2007 and February 2008, Redula raised more than \$250,000 through the sale of investments to a recently-widowed investor from the Philippines who later relocated to the United States. The investor, who was financially

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Securities Division
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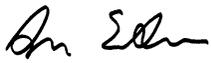
1 unsophisticated with little or no prior investment experience, inherited funds following the
2 death of her husband. The investor met Redula through relatives in the Philippines.

3 3. Redula told the investor that he would invest her funds and generate a return of
4 at least \$3,000 per month and that her investment would grow to \$500,000. In approximately
5 September 2007, Redula arranged for the investor to execute a trust agreement, which named
6 himself as the trustee of a revocable living trust. Under the terms of the trust agreement,
7 Redula was to manage and invest the investor's assets. Along with the trust agreement,
8 Redula also directed the investor to execute a special power of attorney to facilitate the
9 transfer of her investment funds.
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11 4. Between approximately December 2007 and February 2008, Redula arranged for
12 the investor to deposit more than \$250,000 into a bank account in Washington in the name of
13 the living trust (hereinafter, "living trust bank account"). Statements for the living trust bank
14 account were sent to a mailbox used by Redula in Vancouver, Washington. The investor had no
15 control over their invested funds and relied on Redula to generate a return on their investment.
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17 5. By approximately July 2008, Redula transferred or otherwise withdrew all of the
18 funds that had been deposited into the living trust bank account. Redula withdrew over \$10,000
19 for an investment in an online advertising company that was later found to be a multi-million
20 dollar Ponzi scheme. Without authorization from or disclosure to the investor, Redula
21 transferred more than \$90,000 to two personal bank accounts in his own name and then used
22 some of these funds to make payments to the investor and for personal expenses such as
23 mortgage payments.
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1 Approved by:

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4 Suzanne E. Sarason
5 Chief of Enforcement

Presented by:



Robert Kondrat
Enforcement Attorney

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