STATE OF WASHINGTON DEPARTMENT OF FINANCIAL INSTITUTIONS SECURITIES DIVISION

IN THE MATTER OF DETERMINING whether there has been a violation of the	Order No.: S-14-1408-15-CO02
Commodity Transactions Act of Washington by:) CONSENT ORDER AS TO JAMAAL BROWN
BMC Worldwide, Inc. d/b/a Blue Moon Coins; Aaron Scott; Jamaal Brown; Liquid Assets Empire	,
Respondents.))

INTRODUCTION

On April 18, 2014, the Securities Administrator of the state of Washington issued Statement of Charges and Notice of Intent To Enter Order To Cease and Desist and Impose Fines, Order No. S-14-1408-14-SC01 ("Statement of Charges") against Respondents, BMC Worldwide, Inc. d/b/a Blue Moon Coins, Aaron Scott, Liquid Assets Empire and Jamaal Brown. The Statement of Charges, together with a Notice of Opportunity to Defend and Opportunity for Hearing ("Notice of Opportunity for Hearing"), were served on Jamaal Brown on June 9, 2014. The Securities Division and Respondent, Jamaal Brown, do hereby into this CONSENT ORDER in settlement of the matters as set forth in the Statement of Charges and as alleged below. Respondent, Jamaal Brown, neither admits nor denies the Findings of Fact or Conclusions of Law as stated below.

FINDINGS OF FACT

Respondents

1. BMC Worldwide, Inc., d/b/a Blue Moon Coins ("BMC") is a Washington corporation that was formed on October 4, 2013. Its principal place of business is 701 Main Street, Vancouver, WA 98660. BMC is in the business of buying and selling precious metal bullion in the form of bars and coins, among other products. BMC maintains an Internet website at www.bluemooncoins.com. Prior to the formation of BMC Worldwide, Inc., the Blue Moon Coins business was located at 12014 S.E. Mill Plain Blvd., Suite 210, Vancouver, WA 98684. It is unclear what type of corporate entity the Blue Moon Coins business was. The term "BMC" will hereinafter refer to BMC Worldwide, Inc. and the Blue Moon Coins business that was in operation prior to the formation of BMC Worldwide, Inc.

CONSENT ORDER

- 2. Aaron Scott ("Scott") is the President and Secretary of BMC. Scott purportedly owned a minority share of the Blue Moon Coins business beginning in 2009 through a partnership. He purportedly owned a majority interest in the Blue Moon Coins business by December 2012 and had full ownership by October 2013.
- 3. Jamaal Brown ("Brown") was an employee of BMC from approximately April 2013 to at least January 2014. Brown is a resident of Oregon.
- 4. Liquid Assets Empire ("LAE") is an Oregon corporation with a principal place of business at 701 Main Street, Vancouver, WA 98660. LAE's primary business activity includes "precious metals, music [and] fashion." Scott is the President of LAE.

Related Persons

5. Chris Woodley ("Woodley") is an employee of BMC. Woodley is believed to be a resident of Washington.

Nature of the Offering

6. From September 2013 to February 2014, BMC solicited and accepted orders for the purchase of various amounts of gold and silver bullion coins and bars from at least 33 individuals from across the country. At least two of the investors were residents of Washington State. The orders ranged from about \$340 to over \$166,000. The total amount of these orders is at least \$714,000. BMC usually represented to these investors that their orders would take up to 30 business days to ship, and at times represented a shorter delivery time. To date, BMC has failed to fulfill at least 31 orders. At least \$580,000 remains outstanding.

Offer and Sale of Commodities

7. BMC primarily buys and sells precious metal through its website. Many of the 33 investors first learned of BMC when they researched precious metals dealers on the Internet. BMC advertised heavily on the Internet, including through pop-up ads and the placement of ads on websites such as AOL.com. On its website, BMC touted its "years of experience and worldwide contacts throughout the precious metal and collectible coin industry" and that it was able to offer its low prices due to its "exclusive access to an extensive, well-established network of

buyers and sellers." Many of the 33 investors decided to purchase precious metal bullion from BMC because BMC offered lower prices than its competitors.

- 8. Most of the 33 orders were placed through the BMC website's online ordering system. BMC stated on its website that once the investor clicked the "Confirm Order" button during the checkout process, they are "entering into a legal and binding agreement." BMC did not accept cancellations.
- 9. Almost all of the 33 investors paid by wire, check or credit card. BMC instructed investors to wire funds into one of two BMC bank accounts located in Vancouver, Washington. BMC instructed investors to mail their check, payable to BMC, to 701 Main Street, Vancouver, WA 98660.
- The precious metal bullion that BMC sold to the 33 investors included one ounce and one-tenth ounce American Gold Eagle coins, one ounce American Silver Eagle coins, one ounce Canadian Maple Leaf gold coins, one ounce Australian Kangaroo gold coins, one ounce American Buffalo gold coins, one ounce South African Krugerrand gold coins, a British Sovereign coin, one ounce Australian Perth gold bars, various other types of one ounce gold bars, and a ten ounce gold bar. All of the bullion coins are minted in large quantities by the government mint of their respective countries. The value of these bullion coins is derived primarily from the underlying value of the precious metal contained in the coin. As BMC itself noted in its item description for the one-tenth ounce American Gold Eagle coin, as "with all bullion products, [the coin's] real value is tied directly to the commodity price of the underlying precious metal."

Transaction with Jamaal Brown

- 11. Beginning approximately April 2013, Brown began working at BMC for three hours per day, three days per week, and earned \$300 per week. Starting September 2013, Brown earned \$600 per week. Brown left BMC no earlier than January 2014.
- 12. At least one investor placed his order over the phone with Brown. Brown subsequently e-mailed that investor an order invoice that instructed him to send his check for payment to BMC at 701 Main Street, Vancouver, WA 98660.

Liquid Assets Empire

- 13. On or around October 11, 2013, Scott instructed an investor who placed a precious metal order with BMC to wire funds to an account belonging to "LAE." The LAE bank account is located at a different Vancouver, Washington bank than the BMC bank accounts. Scott told this investor that LAE was BMC's parent company. Scott later informed the Securities Division that another company was BMC's parent company.
- 14. Other than this representation, Scott, BMC and LAE did not disclose to the investor what LAE was and LAE's connection to BMC or Scott.

Misrepresentations and Omissions Regarding Shipping Timeframes

- BMC represented on its website that the average shipping time was 12-15 business days from the date payment cleared. BMC also represented that some orders could arrive in as little as 3-7 business days, while others could take up to 20-30 business days. BMC, primarily through Scott, represented to several investors that the shipping or delivery times for their orders would be less than 30 business days.
- 16. All of the 33 investors experienced delays with their orders. BMC failed to deliver any of the orders within 28 calendar days from the date of payment.
- 17. Many of the investors e-mailed and called BMC numerous times to inquire about their order status, and were often unsuccessful in reaching anyone at BMC. Scott, and to a lesser extent Woodley, at times provided order updates to the investors. Scott provided various reasons for the order delays, including the following:
- a. In late October, Scott told an investor that he was involved in a corporate buyout of the company and that it was causing delays.
- b. In November 2013, Scott told one investor her order was delayed because of high holiday volume and an expansion to his business;
- c. In December 2013, Scott again told a couple of investors that the delays to their orders were due to a corporate buyout. He told one of these investors that the takeover resulted in unexpected expenses. Scott admitted to that investor that he had used the funds from her order in the corporate buyout.

- d. Throughout January 2013, Scott told numerous investors that their orders were delayed due to high year-end and holiday demand, the flu, staffing issues and bad weather in the southeast and mid-Atlantic United States that delayed his armor truck delivery. He told at least one investor that he was awaiting a shipment from his Texas depository but that inventory issues were causing a delay. In late January, he told another investor that he was at the end of a corporate separation which was taking longer than expected.
- e. In early February 2014, Scott told several investors that the delay was due to ice and snow in the Vancouver area, including that the BMC store was closed for five days because of snow.
- f. Starting around March 4, 2014, Scott began telling investors that his precious metal supplier was delaying delivery of his order. The month before, Scott had told an investor that he was not having supplier issues and that his supplier was legitimate.
- 18. BMC failed to inform investors at the time they placed their orders for precious metals that it had been unable to fill previous orders from other investors. BMC continued to advertise on the Internet and to solicit and accept orders for the purchase of commodities. BMC failed to modify the shipping timeframes that it had been representing on its website.
- 19. Most, if not all, of the investors eventually asked for a refund of their money. Scott provided full refunds to two investors, in December 2013 and January 2014. One of the refunds was issued to the investor who made payment to LAE as described in Paragraphs 12 and 13, above. Scott repaid the investors using funds from a BMC account in which other investors' funds were deposited. Scott provided at least one of the refunds using funds he had received from another investor.
- 20. After considerable delay and multiple inquiries by investors to BMC, only two investors eventually received their orders. Three other investors eventually received a small portion of their orders.
- 21. BMC has failed to fulfill the remaining orders and has failed to provide refunds to those investors with unfilled orders, despite representations from Scott and Woodley to several investors that their refunds had been processed. In addition, Scott provided actual FedEx tracking numbers to at least three investors. However, the only

activity that FedEx's online tracking information shows for these shipments is that the shipments were initiated. There is no indication that BMC actually gave FedEx any packages to ship.

22. As of April 18, 2014, the total amount of investor orders that have not been refunded and remain unfulfilled is at least \$580,000. The outstanding orders date back to September 2013.

REGISTRATION STATUS

- 23. Respondent BMC Worldwide, Inc. d/b/a Blue Moon Coins is not currently registered with the Commodity Futures Trading Commission as a futures commission merchant or as a leverage transaction merchant, is not currently registered with the Department of Financial Institutions as a commodities broker-dealer or commodities sales representative under the Commodity Transactions Act, and has not previously been so registered.
- 24. Respondent Aaron Scott is not currently registered with the Commodity Futures Trading Commission as a futures commission merchant or as a leverage transaction merchant, is not currently registered with the Department of Financial Institutions as a commodities broker-dealer or commodities sales representative under the Commodity Transactions Act, and has not previously been so registered.
- 25. Respondent Jamaal Brown is not currently registered with the Commodity Futures Trading Commission as a futures commission merchant or as a leverage transaction merchant, is not currently registered with the Department of Financial Institutions as a commodities sales representative under the Commodity Transactions Act, and has not previously been so registered.
- 26. Respondent Liquid Assets Empire is not currently registered with the Commodity Futures Trading Commission as a futures commission merchant or as a leverage transaction merchant, is not currently registered with the Department of Financial Institutions as a commodities broker-dealer or commodities sales representative under the Commodity Transactions Act, and has not previously been so registered.

CONCLUSIONS OF LAW

1. The precious metals as described in Paragraph 13 above are commodities as defined in RCW 21.30.010(9) and (17).

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- 2. The offers and/or sales of precious metals, as described in Paragraphs 6 through 12 above, constitutes the offer and/or sale of a commodity or commodity contract in the state of Washington as defined in RCW 21.30.010(10), (14) and (15).
- 3. The offers and/or sales of said commodities or commodity contracts, as described in Paragraphs 6 through 12 above, violated RCW 21.30.020 because the offers and/or sales were made by a person not exempt under RCW 21.30.030 and the transactions or contracts were not exempt under RCW 21.30.040.
- 4. Respondent Jamaal Brown violated RCW 21.30.050 by offering and/or selling said commodities or commodity contracts while not registered under the Commodity Futures Trading Commission as a futures commission merchant, or as a leverage transaction merchant, and while not registered with the Department of Financial Institutions as a commodities broker-dealer and/or commodities sales representative under the Commodity Transactions Act.

CONSENT ORDER

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

IT IS AGREED AND ORDERED that Respondent Jamaal Brown shall cease and desist from offering or selling commodities in a manner violating RCW 21.30.020 and RCW 21.30.050.

IT IS FURTHER AGREED AND ORDERED that Respondent Jamaal Brown shall be liable for and shall pay a fine of \$1,000.

IT IS FURTHER AGREED AND ORDERED that the payment of the fine as described above shall be made as follows: Respondent Jamaal Brown shall pay the Securities Division of the Department of Financial Institutions \$500 on or before the entry of this Consent Order. Respondent Jamaal Brown shall pay the Securities Division of the Department of Financial Institutions the remaining \$500 on or before July 1, 2015.

IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this Consent Order.

IT IS FURTHER AGREED that Respondent Jamaal Brown enters into this Consent Order freely and voluntarily and with full understanding of its terms and significance.

1	IT IS FURTHER AGREED that in consideration of the foregoing, Respondent Jamaal Brown waives his right
2	to a hearing and to judicial review of this matter.
3 4	WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.
5 6 7	Signed this 29th day of May, 2015. Signed by:
9	JAMAAL BROWN, Individually
0	Approved as to form:
1 2 3	/s/ Erin Wasley ERIN WASLEY, WSBA #41379 Attorney for Respondent Jamaal Brown
4 5 6	SIGNED and ENTERED this
7	WILLIAM M. BEATTY Securities Administrator
9 0 1	Approved by: Presented by:
2	Klunghn
4	SUZANNE SARASON Chief of Enforcement HUONG LAM Financial Legal Examiner
5	CONSENT ORDER 8 DEPARTMENT OF FINANCIAL INSTITUTIONS Securities Division PO Box 9033 Olympia WA 98507-9033 360-902-8760

Reviewed by:

JACK MCCLELLAN

Financial Legal Examiner Supervisor

CONSENT ORDER