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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

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IN THE MATTER OF DETERMINING) Order No.: S-19-2819-20-CO01
Whether there has been a violation of the)
Securities Act of Washington by:) CONSENT ORDER
Signal Capital Management LLC,)
Respondent)
_____)

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INTRODUCTION

Pursuant to the Securities Act of Washington, RCW 21.20, the Securities Division of the Department of Financial Institutions (“Securities Division”) and Respondent Signal Capital Management LLC do hereby enter into this Consent Order in settlement of the matters alleged herein. Respondent Signal Capital Management LLC neither admits nor denies the Findings of Fact and Conclusions of Law as stated below.

FINDINGS OF FACT

Respondent

1. Signal Capital Management LLC (“Signal Capital”) is a Delaware entity formed on August 21, 2016, with its principal place of business in New York City, New York. In 2019, Signal Capital was planning to develop a digital currency that would be associated with oil and gas reserves owned by Signal Capital. Shane X. Rodgers (“Rodgers”) is the Chief Executive Officer and the majority owner of Signal Capital.

Nature of the Conduct

2. In 2019, Signal Capital offered a Simple Agreement for Future Tokens (“SAFT”) with a purchase price of \$15 per token and a minimum purchase of \$50,000. The sale of the tokens was intended to finance the development and marketing of the digital tokens and to develop the oil and gas reserves that would

1 back the tokens. According to Rodgers, no sales of the tokens were ever completed in Washington, but one
2 SAFT offer was made to a Washington resident.

3 3. In October 2019, a Washington resident was cold called regarding Signal Capital's SAFT
4 investment. A salesperson represented to the Washington resident that the company's second round of
5 financing was "coming to an end" and that the price of \$15 per token would soon increase to \$25 per token.
6 The salesperson urged the Washington resident to invest quickly. Initially, the Washington resident decided
7 to invest \$50,000.

8 4. Signal Capital sent the Washington resident a private placement memorandum ("PPM"). The
9 PPM stated that the offering was limited solely to accredited investors. The Washington resident completed
10 an accredited investor certification indicating that he was not accredited, with annual income of \$30,000 and
11 a net worth of \$700,000. The prospective investor was 81 years old and was not sophisticated in oil and gas
12 investments or cryptocurrency technology. Despite the investor's unaccredited status, Signal Capital and
13 Rodgers pressured the investor and tried to complete the sale of the investment. Ultimately, the Washington
14 resident decided not to invest with Signal Capital.

15 5. On October 30, 2019, Rodgers sent the Washington resident a demand letter. The letter
16 referenced a "signed and legally binding" subscription agreement for tokens. Rodgers chided the Washington
17 resident for failing to honor a commitment and stated that "[Y]our reckless and foolish behavior has caused
18 our company loss and damage." Rodgers demanded the payment of \$50,000 and threatened the prospective
19 investor with a lawsuit if payment was not made by 5 pm PST on November 7, 2019.
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21 **Registration Status**

22 6. Signal Capital filed a Form D, Rule 506(c) exemption filing with the United States Securities &
23 Exchange Commission on June 3, 2019 for a \$6,750,000 SAFT offering. Rule 506(c) offerings are limited to
24 accredited investors only.
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1 7. Signal Capital never made any registration or notice filing with the Washington Securities
2 Division.

3 Based upon the above Findings of Fact, the following Conclusions of Law are made:

4 **CONCLUSIONS OF LAW**

5 1. The offer of the tokens described above constitutes the offer of a security as defined in RCW
6 21.20.005(14) and RCW 21.20.005(17).

7 2. Signal Capital has violated RCW 21.20.140, because, as set forth in the Findings of Fact, the
8 Respondent offered securities for which no registration was filed with the Washington Securities
9 Administrator and no exemption from registration was available.

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

11 **CONSENT ORDER**

12 IT IS AGREED AND ORDERED that Respondent Signal Capital Management LLC, their agents,
13 and employees each shall cease and desist from violating RCW 21.20.140, the securities registration section
14 of the Securities Act of Washington.

15 IT IS FURTHER AGREED AND ORDERED that Signal Capital Management LLC shall be liable
16 for and shall pay a fine of \$5,000. \$2,000 shall be paid on or before the entry of this Consent Order. The
17 remaining \$3,000 shall be paid in monthly installments of \$1,000 each. The monthly installments will be due
18 by the 15th day of August, September, and October 2020.

19 IT IS FURTHER AGREED that on or before the entry of this Consent Order, Signal Capital
20 Management LLC and Shane X. Rodgers will provide the Securities Division with a letter of apology that is
21 addressed to the Washington resident. The letter will explain that Signal Capital Management LLC has no
22 legal basis to require any investment or any payment from the Washington resident. The letter will also
23 explain that there is no basis whatsoever to pursue any lawsuit against the Washington resident.
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1 IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this Consent Order.

2 IT IS FURTHER AGREED that Respondent, Signal Capital Management LLC, and the Respondent's
3 Chief Executive Officer, Shane X. Rodgers, entered into this Consent Order freely and voluntarily and with a
4 full understanding of its terms and significance.

5 IT IS FURTHER AGREED that in consideration of the foregoing, Respondent, Signal Capital
6 Management LLC, waives their right to a hearing and to judicial review of this matter pursuant to RCW
7 21.20.440 and Chapter 34.05 RCW.

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

9 Signed this __ 11th__ day of __September_____, 2020

10 Signed by:

11 Signal Capital Management LLC

12 /s/ _____
13 Shane X. Rodgers
14 Chief Executive Officer

15 Approved as to form by:

16 /s/ _____
17 James S. Burrell, II
18 Attorney for Signal Capital Management LLC
19 New York State Bar Association #4445433

20 SIGNED and ENTERED this __15th__ day of __September_____, 2020

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24 _____
25 William M. Beatty
Securities Administrator

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Approved by:



Suzanne Sarason
Chief of Enforcement

Presented by:



Janet So
Financial Legal Examiner

Reviewed by:



Brian Guerard
Financial Legal Examiner Supervisor