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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-12-1000-TO01  
Whether there has been a violation of the )  
Securities Act of Washington by: ) SUMMARY ORDER TO CEASE AND DESIST  
)  
Shelby Horatio Bell, )  
)  
Respondent. )

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**THE STATE OF WASHINGTON TO:** Shelby Horatio Bell

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**STATEMENT OF CHARGES**

Please take notice that the Securities Administrator of the state of Washington has reason to believe that Respondent Shelby Horatio Bell has violated the Securities Act of Washington and that, pursuant to RCW 21.20.390, his violations justify the entry of an order against the Respondent to cease and desist from such violations. The Securities Administrator finds that a delay in ordering the Respondent to cease and desist from such violations would be hazardous to the investors and to the public and that a Summary Order to Cease and Desist should be entered immediately. The Securities Administrator finds as follows:

**TENTATIVE FINDINGS OF FACT**

**I.**

Respondent

1. Shelby Horatio Bell (Bell) is a Washington resident, and was the registered agent and principal of Be’Rio Transports, LLC. He conducts business through Be’Rio Transports, LLC d/b/a Hobo Prince Economic Project (Be’Rio), which was an Oregon limited liability company, with its principal place of business in Portland, Oregon. The Oregon Secretary of State Corporation Division administratively dissolved Be’Rio on October 23, 2000.

**II.**

Nature of the First Offering

2. In late 2011, Bell hosted seminars in which he solicited what he called “Reciprocity Insurance” to Washington residents through Be’Rio’s Hobo Prince Economic Project. The stated purpose of the Hobo Prince Economic Project is to supplement the income of the project’s participants.

1 3. In exchange for a one-time \$25 payment, Bell contracted, through a Reciprocity Insurance Agreement, to  
2 pay investors \$900 per week for seven years.

3 4. Bell represented that he would fund the weekly \$900 payments through one transaction, which he alone  
4 would finance and execute. Through an unnamed bank, Bell would pay the \$25,000 premium for a \$500,000  
5 reverse insurance policy. Bell would thus be able to finance the \$900 weekly payments from the proceeds of each  
6 \$500,000 reverse insurance policy. Bell further stated that all transactions are protected by what he called an "I.P.I  
7 Insurance Package," which would make all parties "financially whole" in the event that "any transaction fails."  
8 Additionally, Bell claimed that Hobo Prince Economic Project would be able to cover up to \$1. 8 trillion worth of  
9 financial transactions.

10 5. Bell claimed, in a sample Reciprocity Insurance Agreement provided to investors, that Dashwood Brewer  
11 & Phipps Ltd., of Lloyd's of London, would underwrite the reverse insurance policies. Dashwood Brewer & Phipps  
12 Ltd. of Lloyd's of London did not underwrite such a policy.

13 6. Bell provided potential investors with copies of the Reciprocity Insurance Agreement at the seminars that  
14 he hosted in both Oregon and Washington. Bell hosted at least twelve Hobo Prince Economic Project seminars, one  
15 of which took place in Rainer, Washington. A number of Washington residents attended these Hobo Prince  
16 Economic Project seminars, and at least twenty nine Washington residents invested in Bell's Reciprocity Insurance.  
17 Bell also posted videos of these seminars on two websites which he maintains: www.hoboprince.com and www.be-  
18 rio.info. Bell has since removed the seminar videos from these websites.

### 19 III.

#### 20 Nature of the Second Offering

21 7. Bell maintains websites at <http://www.hoboprince.com>, [www.be-río.com](http://www.be-río.com), and [www.be-río.info](http://www.be-río.info). Since at  
22 least June 15, 2012, Bell has solicited a private offering for an "Intellectual Property Investment (I.P.I) Portfolio  
23 Bid Package" (Bid Package) on these websites. The Bid Package solicits investments for five investment  
24 opportunities. Specifically, Bell seeks public investment in a water filtration project, publishing company, media  
25 company, water transport vehicle project, and energy project.

8. The Bid Package states that Bell will accept investments from June 15, 2012, to July, 15, 2012, through a  
sealed bid system. In the Bid Package, Bell estimates the amount of money that each of the five investment  
opportunities will generate, which he terms "base sale value." For each investment opportunity, Bell then requires  
that prospective investors submit a bid of at least 20% of this base sale value. Prospective investors must also pay  
10% of this base sale value upfront.

9. The Bid Package states that the winning bidder for each of the five investment opportunities will receive all  
rights associated with the respective investment opportunity. Bell also guarantees that the winning bidder for each

1 of the five investment opportunities will receive the base sale value of the respective investment opportunity. If the  
2 investor does not recover the base sale value of the investment opportunity within five years, Bell states that a bank  
3 will reimburse the investor his or her initial investment amount and pay the investor between 5 to 10% interest per  
annum of the investor's initial investment amount.

4 10. The winning bidder for the publishing company, media company, water transport vehicle project, and  
5 energy project will be awarded all rights associated with the respective investment opportunity through a  
6 partnership agreement. Bell's website makes clear that investors are not required to perform any work and are not  
considered employees.

7 11. In addition to soliciting public investment in five investment opportunities, through the Bid Package, Bell  
8 also offers a debt instrument, described as an International Bill of Exchange, for sale. Bell claims that the United  
9 States Department of Treasury is the guarantor of the instrument, that the State of Washington is the issuer of the  
10 instrument, that Shelby H. Bell is the beneficiary of the instrument, and that the issued amount is \$357 billion. A  
11 prospective purchaser must submit a bid, similar to the sealed bid system described above, for the debt instrument  
12 of at least 20% of the value of the debt instrument. A prospective purchaser must also pay 10% of the value of the  
debt instrument upfront. The winning bidder will be assigned this debt instrument, which Bell estimates to be worth  
\$500 billion. According to both the United States Department of Treasury and the Washington Office of the State  
Treasurer, this debt instrument is fraudulent.

13 12. Respondents state that the base sale value of all of the investment opportunities offered in the Bid Package  
14 is \$1.8 trillion.

#### 15 IV.

#### 16 Other Actions

17 13. On April 2, 2012, the State of Washington Office of Insurance Commissioner (Office of Insurance  
18 Commissioner) issued Bell and Be'Rio an Order to Cease and Desist. In the Order to Cease and Desist, the Office  
19 of Insurance ordered the Respondents to immediately cease and desist from soliciting insurance in Washington  
20 without a license based on the Respondents' activities described above in paragraphs two through five.

21 14. On May 2, 2012, the State of Oregon Department of Consumer and Business Services Insurance Division  
22 (Oregon Insurance Division) issued Bell an Amended Cease and Desist Order. In the Amended Cease and Desist  
23 Order, the Oregon Insurance Division ordered Bell to immediately cease and desist from soliciting insurance in  
24 Oregon without a license based on Bell's activities described above in paragraphs two through five.

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V.

Misrepresentations and Omissions

15. Bell failed to disclose material information to investors about the investment opportunities described above in paragraphs two through eleven, including but not limited to the Bell's business background and experience, the operating history of each investment opportunity, the basis and assumptions underlying the financial projections provided to investors, and the specific intended use of investors' funds. Furthermore, Bell failed to disclose significant risks for each investment opportunity, including but not limited to illiquidity, inadequate capitalization, uncertain sales, and the risks of investing in an undefined market and an undefined business.

16. Bell failed to disclose to investors that he is subject to an Amended Cease and Desist Order issued by the State of Oregon Department of Consumer and Business Services Insurance Division on May 2, 2012. Bell also failed to disclose to investors that he and Be'Rio are subject to an Order to Cease and Desist issued by the State of Washington Office of Insurance Commissioner on April 2, 2012.

17. For the investment described above in paragraphs two through five, Bell did not disclose how he would finance the premium payment for each reverse insurance policy.

18. For the investment described above in paragraphs two through five, Bell falsely represented that Dashwood Brewer & Phipps Ltd., of Lloyds of London, would underwrite each reverse insurance policy.

19. For the investment described in paragraphs six through eleven, Bell falsely represented that Shelby Bell is the beneficiary of a \$357 billion debt instrument issued by the State of Washington and guaranteed by the United States Department of Treasury.

V.

Registration Status

20. Bell is not currently registered to sell securities in the state of Washington and has not previously been so registered.

**CONCLUSIONS OF LAW**

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

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

2. The offer or sale of any securities is in violation of RCW 21.20.140 because no registration for such offer or sale is on file with the Securities Administrator.

1 3. The offer or sale of securities was made in violation of RCW 21.20.010 because, as described above in  
2 paragraphs fourteen through eighteen of the Tentative Findings of Fact, Bell made untrue statements of material  
3 fact or omitted to state material facts necessary to make the statements made, in light of the circumstances under  
4 which they were made, not misleading.

#### 5 **EMERGENCY**

6 The Respondent's ongoing public security offering is of short duration, contains false representations, and  
7 solicits large investments, and thus the Securities Administrator finds that an emergency exists, that the continued  
8 violations of RCW 21.20.010 and RCW 21.20.140 constitute a threat to the investing public, and that a summary  
9 order to cease and desist from those violations are in the public interest and necessary for the protection of the  
10 investing public.

#### 11 **SUMMARY ORDER**

12 **BASED ON THE FOREGOING:**

13 **NOW, THEREFORE, IT IS HEREBY SUMMARILY ORDERED** that Respondent Shelby Horatio Bell  
14 shall cease and desist from offering or selling securities in any manner in violation of RCW 21.20.140, the section  
15 of the Securities Act of Washington requiring registration.

16 **IT IS FURTHER SUMMARILY ORDERED** that Respondent Shelby Horatio Bell shall cease and desist  
17 from violation of RCW 21.20.010, the anti-fraud section of the Securities Act of Washington.

#### 18 **AUTHORITY AND PROCEDURE**

19 This Order is entered pursuant to the provisions of RCW 21.20.390 and is subject to the provisions of  
20 Chapter 34.05 RCW. Respondent Shelby Horatio Bell may make a written request for a hearing as set forth in the  
21 **NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING** accompanying this Order.  
22 If a Respondent does not request a hearing within the allowed time, the Securities Administrator intends to adopt  
23 the above Tentative Findings of Fact and Conclusions of Law as final and enter a permanent cease and desist order  
24 as to that Respondent.

Signed and Entered this 29th day of June 2012.



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William M. Beatty  
Securities Administrator

Approved by:



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Suzanne Sarason  
Chief of Enforcement

Presented by:



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Eric Palosaari  
Enforcement Attorney

Reviewed by:



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Jack McClellan  
Financial Legal Examiner Supervisor