

STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
SECURITIES DIVISION

IN THE MATTER OF DETERMINING ) Order Number S-03-147-04-FO01  
Whether there has been a violation of the )  
Securities Act of Washington by: ) ENTRY OF FINDINGS OF FACT AND  
 ) CONCLUSIONS OF LAW AND FINAL  
Donald B. Hoff and ) ORDER TO CEASE AND DESIST AND  
DBH Growth Fund; ) IMPOSE FINES AND COLLECT COSTS  
 )  
 )  
Respondents. )  
 )

THE STATE OF WASHINGTON TO: Donald B. Hoff and DBH Growth Fund

**STATEMENT OF CHARGES**

On June 29, 2004, the Securities Administrator of the State of Washington issued a Summary Order to Cease and Desist, and Notice of Intent to Impose Fines and Order Affirmative Relief, Order Number S-03-147-04-TO01 (the "Summary Order"), against Respondents, Donald B. Hoff and DBH Growth Fund. On or about July 21, 2004, the Summary Order, together with a Notice of Opportunity to Defend and Opportunity for Hearing (the "Notice") and an Application for Adjudicative Hearing (the "Application"), was served via certified and U.S. mail on Donald B. Hoff and DBH Growth Fund. The Notice advised Donald B. Hoff and DBH Growth Fund that a written application for an administrative hearing on the Statement of Charges must be received within twenty days from the date of receipt of the Notice. Donald B. Hoff and DBH Growth Fund failed to request an administrative hearing within twenty days of receipt of the Order and Notice, either on the Application provided or otherwise.

ENTRY OF FINDINGS OF FACT AND  
CONCLUSIONS OF LAW AND FINAL ORDER TO  
CEASE AND DESIST AND IMPOSE FINES AND  
COLLECT COSTS

1

DEPARTMENT OF FINANCIAL INSTITUTIONS  
Securities Division  
PO Box 9033  
Olympia, WA 98507-9033  
360-902-8760

1 Therefore, the Securities Administrator will adopt as final the findings of fact and  
2 conclusions of law as set forth in the Summary Order, impose fines and collect costs.

3 The Securities Administrator makes the following findings of fact and conclusions of law:

4 **FINDINGS OF FACT**

5 **RESPONDENTS**

6 1. DBH Growth Fund is a business entity with a mailing address of 15541 Redmond Way,  
7 105-C, Redmond, WA 98052-4882. It purports to be in the business of purchasing discounted  
8 notes for resale.

9 2. Donald B. Hoff ("Hoff") is the principal of DBH Growth Fund. He resides in Bellevue,  
10 Washington.

11 **NATURE OF THE OFFERING**

12 3. Between approximately November 2001 and March 2003, Hoff induced investors in  
13 Washington and Alaska to invest in note receivables. As part of his solicitations, Hoff met with  
14 potential investors and provided them with written offering documents relating to the DBH  
15 Growth Fund.

16 4. Through these offering documents and in oral solicitations, the Respondents represented  
17 that the DBH Growth Fund had purchased a note receivable, and that a portion of the purchase  
18 price was being subscribed and underwritten by private investors. The Respondents also  
19 represented that the note receivable had been purchased at a discount of either fifteen or thirty  
20 percent and that it would be resold at a profit to a third party. The Respondents further  
21 represented that investors would receive returns of approximately eighteen to twenty percent  
22 within a period of six to twelve months.  
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1 5. Based on these representations, several investors signed written agreements with the  
2 Respondents and transferred at least \$54,500 to Hoff. At this time, several of the investments  
3 are past due and have not been repaid. Hoff used at least some of the funds he received from  
4 investors for personal expenses unrelated to note receivables.

5 **MISREPRESENTATIONS AND OMISSIONS**

6 6. In the offer and sale of investments in the DBH Growth Fund, the Respondents failed to  
7 disclose material information to investors, including, but not limited to, the actual use of  
8 investor funds, the experience and track record of Hoff and the DBH Growth Fund in buying  
9 and reselling note receivables, the risks of the investment, and financial statements for the  
10 DBH Growth Fund.  
11

12 **REGISTRATION STATUS**

13 7. DBH Growth Fund is not currently registered to offer or sell its securities in the state of  
14 Washington, has not previously been so registered, and no notice of claim of exemption is on  
15 file with the Securities Administrator of the State of Washington.

16 8. Hoff is not currently registered as a securities salesperson or broker-dealer in the state  
17 of Washington and has not previously been so registered.

18 Based upon the Tentative Findings of Fact, the following Conclusions of Law are made:  
19

20 **CONCLUSIONS OF LAW**

21 1. The offer or sale of investments in the DBH Growth Fund described above constitutes  
22 the offer or sale of a security, as defined in RCW 21.20.005(10) and (12).

23 2. DBH Growth Fund and Hoff have each violated RCW 21.20.010 because, in  
24 connection with the offer or sale of said securities, they each made untrue statements of  
25

1 material fact or omitted to state material facts necessary in order to make the statements made,  
2 in the light of the circumstances under which they are made, not misleading.

3 3. DBH Growth Fund and Hoff have each violated RCW 21.20.140, the securities  
4 registration provision of the Securities Act, because they offered and/or sold securities for which  
5 there was no registration on file with the Securities Administrator.

6 4. Hoff has violated RCW 21.20.040, the salesperson registration provision of the  
7 Securities Act, because he offered and/or sold securities while not registered as a securities  
8 salesperson or broker/dealer in the State of Washington.

9  
10 **FINAL ORDER**

11 Based on the foregoing,

12 NOW, THEREFORE, IT IS HEREBY ORDERED that Donald B. Hoff and DBH  
13 Growth Fund, their agents and employees each cease and desist from violating RCW  
14 21.20.010, the anti-fraud section of the Securities Act.

15 It is further ORDERED that respondents, Donald B. Hoff and DBH Growth Fund, their  
16 agents and employees each cease and desist from offering or selling securities in any manner in  
17 violation of RCW 21.20.140, the section of the Securities Act of Washington requiring  
18 registration.

19 It is further ORDERED that Donald B. Hoff cease and desist from violating RCW  
20 21.20.040, the section of the Securities Act that requires registration of securities salespersons  
21 and broker-dealers.

22 It is further ORDERED that Donald B. Hoff and DBH Growth Fund shall be jointly and  
23 severally liable for and shall pay a fine of \$10,000.  
24  
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1 It is further ORDERED that Donald B. Hoff and DBH Growth Fund shall be jointly and  
2 severally liable for and shall reimburse the Securities Division \$5,000 in costs.

3 **AUTHORITY AND PROCEDURE**

4 This Order is entered pursuant to the provisions of RCW 21.20.390 and is subject to the  
5 provisions of RCW 34.05.

6 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

7 Dated this 28th day of September, 2004

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9   
10 MICHAEL E. STEVENSON  
11 Securities Administrator

12 Approved by:



13 Martin Cordell  
14 Chief of Enforcement

15 Presented by:



16 Robert Kondrat  
17 Financial Legal Examiner