

STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
SECURITIES DIVISION

IN THE MATTER OF DETERMINING ) Order Number S-03-201-04-TO01  
Whether there has been a violation of the )  
Securities Act of Washington by: ) SUMMARY ORDER TO CEASE AND  
 ) DESIST, AND NOTICE OF INTENT TO  
 ) IMPOSE FINES AND ORDER  
Mana LLC and Evelyn A. Nichols; ) AFFIRMATIVE RELIEF  
 )  
Respondents )

THE STATE OF WASHINGTON TO: Mana, LLC and Evelyn A. Nichols

**STATEMENT OF CHARGES**

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents, Mana, LLC and Evelyn A. Nichols, have each violated the Securities Act of Washington ("Securities Act") and that their violations justify the entry of an order of the Securities Administrator under RCW 21.20.390 against each to cease and desist from such violations and under RCW 21.20.395 to impose fines. The Securities Administrator finds that delay in ordering the Respondents to cease and desist from such violations would be hazardous to investors and to the public and that a Summary Order to Cease and Desist should be entered immediately. The Securities Administrator finds as follows:

1 **TENTATIVE FINDINGS OF FACT**

2 **RESPONDENTS**

3 1. Mana, LLC is a Washington limited liability company formed in 2002 with a business  
4 address of P.O. Box 20595, Seattle, WA 98102. Mana, LLC is a start-up company with no  
5 operations whose business is centered on the Mana Loan, a mortgage financing concept.

6  
7 2. Evelyn A. Nichols ("Nichols") is the President and CEO of Mana, LLC. She resides in  
8 Seattle, Washington.

9 **NATURE OF THE OFFERING**

10 3. Between 2001 and 2003, the Respondents offered and sold investments relating to  
11 Mana, LLC to approximately twenty-five investors in Washington, Florida, and Arizona and  
12 raised over \$250,000.

13 4. During meetings with and in telephone calls to investors, Nichols offered and sold  
14 promissory notes to prospective investors. Under the terms of the promissory notes, Nichols  
15 promised to pay a rate of return of either seven or eight percent, payable in one year.

16 5. Nichols also sold LLC interests in Mana, LLC to investors. Nichols typically sold these  
17 interests in 1% increments, at \$10,000 per 1% interest. Nichols stated to at least one investor that  
18 the value of the LLC interests would grow 25% within a year. In October 2003, Nichols stated to  
19 an investor that she was still putting together the company and was using the money she received  
20 from investors as "personal income" to pay bills. The LLC interest investors did not participate  
21 in the management or operations of Mana, LLC.  
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1 6. Nichols distributed a business plan to investors regarding Mana, LLC and the Mana Loan.  
2 The business plan included a two-year sales forecast, which projected over \$400,000 in sales  
3 within twelve months, and nearly \$1.6 million in sales within in twenty-four months. The  
4 business plan also projected that within twelve months, the company would be handling 100 loans  
5 per month, and that within 24 months, the company would be handling over 350 loans per month.

6  
7 7. In the offer and sale of the promissory notes and LLC interests, the Respondents failed to  
8 disclose material information, including, but not limited to, the general and specific risks  
9 associated with the investment, their experience and track record in similar ventures, and the  
10 basis and assumptions for the returns that were promised and the projections that were made.

#### 11 **REGISTRATION STATUS**

12 8. The offering of the promissory notes and LLC interests described above is not  
13 currently, and has not previously been registered under the Securities Act, and no notification  
14 of exemption is on file with the Securities Administrator of the State of Washington.

15 9. Nichols is not currently registered as a securities salesperson or broker-dealer in the  
16 State of Washington and has not previously been so registered.

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

#### 18 **CONCLUSIONS OF LAW**

19 1. The offer and/or sale of Mana, LLC promissory notes and LLC interests by Respondents,  
20 as set forth in the above in the Tentative Findings of Fact, constitutes the offer and/or sale of  
21 securities, as defined in RCW 21.20.005(10) and (12).

22  
23 2. Mana, LLC and Nichols have each violated RCW 21.20.010 because, in connection  
24 with the offer or sale of promissory notes and LLC interests, they each made untrue statements  
25 of material fact or omitted to state material facts necessary in order to make the statements

1 made, in the light of the circumstances under which they are made, not misleading.

2 3. Mana, LLC and Nichols have each violated RCW 21.20.140, the securities registration  
3 provision of the Securities Act, because they offered and/or sold securities for which there was no  
4 registration on file with the Securities Administrator.

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

8 5. The Securities Administrator finds and concludes that an emergency exists, that the  
9 continued violations of RCW 21.20.010, RCW 21.20.140, and RCW 21.20.040, constitutes a  
10 threat to the investing public. Accordingly, a Summary Order to Cease and Desist from those  
11 violation is in the public interest and necessary for the protection of the investing public.  
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13 **SUMMARY ORDER**

14 Based upon the foregoing,

15 IT IS THEREFORE HEREBY SUMMARILY ORDERED that Respondents, Mana, LLC  
16 and Evelyn A. Nichols, and their agents, employees, and representatives, shall each cease and  
17 desist from violating RCW 21.20.010, the anti-fraud section of the Securities Act.

18 It is further SUMMARILY ORDERED that Respondents, Mana, LLC and Evelyn A.  
19 Nichols, and their agents, employees, and representatives, shall each cease and desist from  
20 violating RCW 21.20.140, the securities registration section of the Securities Act.

21 It is further SUMMARILY ORDERED that Respondent Evelyn A. Nichols cease and  
22 desist from violating RCW 21.20.040, the securities broker-dealer and securities salesperson  
23 registration section of the Securities Act.  
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2 **NOTICE OF INTENT TO IMPOSE FINES**

3 Pursuant to RCW 21.20.395, and based upon the above Tentative Findings of Fact and  
4 Conclusions of Law, the Securities Administrator finds that Respondents, Mana, LLC and Evelyn  
5 A. Nichols, have committed a knowing or reckless violation of the Securities Act such that the  
6 imposition of a fine is required. Therefore, the Securities Administrator intends to order that  
7 Respondents, Mana, LLC and Evelyn A. Nichols, shall be jointly and severally liable for and shall  
8 pay a fine in the amount of \$25,000.

9 **NOTICE OF INTENT TO ORDER AFFIRMATIVE RELIEF**

10 Pursuant to RCW 21.20.390, and based upon the above Tentative Findings of Fact and  
11 Conclusions of Law, the Securities Administrator finds that affirmative action is warranted to  
12 correct the conditions resulting from Respondents' violations. Therefore, the Securities  
13 Administrator intends to order that Respondents, Mana, LLC and Evelyn A. Nichols, shall be  
14 liable for and shall provide appropriate affirmative action, including, without limitation, a  
15 requirement to pay the costs, fees, and other expenses incurred in the conduct of this  
16 investigation. As of February 1, 2005, these continuing costs total approximately \$5,000.

17 **AUTHORITY AND PROCEDURE**

18 This Order is entered pursuant to the provisions of RCW 21.20.390, and RCW 21.20.395,  
19 and is subject to the provisions of RCW 34.05. The Respondents may make a written request for a  
20 hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY  
21 FOR HEARING accompanying this Order. A request for a hearing should be in writing and  
22 should be sent to Michael E. Stevenson, Securities Administrator, Department of Financial  
23 Institutions, P.O. Box 9033, Olympia, WA 98507-9033.

1 If a Respondent does not make a timely hearing request, the Securities Administrator  
2 intends to adopt the above Tentative Findings of Fact and Conclusions of Law as final and make  
3 the Summary Order to Cease and Desist permanent as to that Respondent and impose the fine and  
4 affirmative relief as set forth.

5 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

6 Dated this 7th day of February, 2005

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10 Michael E. Stevenson  
11 Securities Administrator

11 Approved by:

12 

13 Martin Cordell  
14 Chief of Enforcement

11 Presented by:

12 

13 Robert Kondrat  
14 Financial Legal Examiner