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

IN THE MATTER OF DETERMINING  
Whether there has been a violation  
of the Securities Act of Washington by:

IRA Resource Associates Inc., Patrick Rice,  
Claudia A. Rice,

Respondents.

Order Number S-04-039-04-CO02

CONSENT ORDER

Pursuant to the Securities Act of Washington, RCW 21.20, the Securities Division of the Department of Financial Institutions (“Securities Division”) and Respondents, IRA Resource Associates Inc. and Patrick and Claudia Rice, do hereby enter into this CONSENT ORDER in settlement of the matters alleged herein. Respondents neither admit nor deny the Findings of Fact and Conclusions of Law stated below, but consent to their entry for purposes of this proceeding.

**FINDINGS OF FACT**

**I. Respondents**

1. IRA Resource Associates Inc. (“IRARA”) is a Washington corporation with a principal place of business at 418 NE 4<sup>th</sup> Avenue, Suite 101, Camas, Washington 98607-2159. IRARA encourages clients to redirect funds in their individual retirement accounts (“IRAs”) to higher-yield real estate investments.
2. Patrick and Claudia Rice own and serve as officers and directors of IRARA.

**II. Nature of the Conduct**

3. In about 1998, Respondent Patrick Rice met commercial real estate developer Allen Olson, founder and managing member of Rockmann Development Group LLC (“RDG”). RDG and Olson create limited liability companies, managed by Olson, for specific commercial real estate development projects,

1 selling interests in them to investors. Olson and RDG have formed at least five such limited liability  
2 companies, including Arbor Center LLC, Bridgeport Gardens LLC, Bridgeport Oaks LLC, Winlock  
3 Industrial Park LLC, and Emerson Courtyard LLC (“the LLCs”). Investors were not actively involved in  
4 the daily affairs of these manager-managed LLCs and depended on the managerial or entrepreneurial efforts  
5 or abilities of Olson and/or RDG.

6 4. In about 2001, the Respondents began assisting Olson and RDG in marketing interests in the  
7 LLCs to IRARA clients. Since that time, Respondents have met with IRARA clients, given them packets of  
8 information describing a specific real estate development project, and invited them to acquire interests in the  
9 LLC associated with the project. As compensation for these referrals, RDG and Olson pay the Respondents  
10 a 10 percent commission, partly in cash and partly in interests in the LLCs. As a result of the referrals, at  
11 least 35 IRARA clients have invested over \$2.8 million in the LLCs, with cash commissions to the  
12 Respondents exceeding \$129,000.

13  
14 5. Investors in the LLCs were not given complete disclosure of all material information about  
15 their investment. Investors were not informed of the current financial condition, the current capitalization,  
16 or the general and specific risks of the LLCs. Investors were given financial projections that did not  
17 disclose all key assumptions and did not warn the investors not to place undue reliance on the certainty of  
18 the projections.

### 19 **III. Registration Status**

20 6. Respondent IRA Resource Associates Inc. is not currently registered as a broker-dealer or  
21 investment adviser in the State of Washington and has not previously been so registered.

22  
23 7. Respondents Patrick and Claudia Rice are not currently registered as broker-dealers,  
24 securities salespersons, or investment adviser representatives in the State of Washington and have not  
25 previously been so registered.

1 8. Arbor Center LLC, Bridgeport Gardens LLC, Bridgeport Oaks LLC, Winlock Industrial Park  
2 LLC, and Emerson Courtyard LLC are not currently registered to sell securities in the state of Washington  
3 and have not previously been so registered. There is no notification of exemption on file with the State of  
4 Washington.

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

### 6 7 **CONCLUSIONS OF LAW**

8 1. The offer and/or sale of LLC interests as described above constitutes the offer and/or sale of  
9 a security as defined in RCW 21.20.005(10) and (12).

10 2. The conduct described in the Findings of Fact is in violation of RCW 21.20.040 because the  
11 Respondents offered or sold securities while not registered as securities salespersons or broker-dealers in  
12 the State of Washington.

13 3. The conduct described in the Findings of Fact is in violation of RCW 21.20.140 because the  
14 Respondents offered or sold securities for which there was no registration on file with the Securities  
15 Administrator.

16 4. The conduct described in the Findings of Fact is in violation of RCW 21.20.010 because  
17 Respondents made untrue statements of material facts or omitted to state material facts necessary in order to  
18 make the statements made, in the light of the circumstances under which they were made, not misleading.  
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### 21 **CONSENT ORDER**

22 Based upon the foregoing:

23  
24 IT IS AGREED AND ORDERED that the Respondents, IRA Resource Associates Inc. and Patrick  
25 and Claudia Rice, their agents and employees each shall cease and desist from acting as an unregistered



1 SIGNED THIS 24 DAY OF March, 2005 BY:

2 IRA Resource Associates Inc.

3  
4 By /s/ \_\_\_\_\_  
Patrick Rice, President

5  
6 /s/ \_\_\_\_\_  
Patrick Rice, individually

7  
8 /s/ \_\_\_\_\_  
9 Claudia Rice, individually


10  
11 THIS CONSENT ORDER ENTERED this 6th day of April, 2005:

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14 \_\_\_\_\_  
15 MICHAEL E. STEVENSON  
16 Securities Administrator

17 Approved by:  


18 \_\_\_\_\_  
19 Martin Cordell  
20 Chief of Enforcement

21 Presented by:  


22 \_\_\_\_\_  
23 Andrew Ledbetter  
24 Financial Legal Examiner