

1 **STATE OF WASHINGTON**  
2 **DEPARTMENT OF FINANCIAL INSTITUTIONS**  
3 **SECURITIES DIVISION**

4 IN THE MATTER OF DETERMINING ) Order No. S-04-256-04-SC01  
5 Whether there has been a violation of the )  
6 Securities Act of Washington by: ) STATEMENT OF CHARGES AND NOTICE  
7 DELAWARE INVESTMENTS, INC. and ) OF INTENT TO ENTER AN ORDER TO  
8 CHARLES C. PARK, ) CEASE AND DESIST AND TO IMPOSE  
9 ) COSTS AND FINES  
10 Respondents.)  
11 )  
12 )  
13 )  
14 )

15 THE STATE OF WASHINGTON TO: DELAWARE INVESTMENTS, INC.  
16 CHARLES C. PARK

17 **STATEMENT OF CHARGES**

18 Please take notice that the Securities Administrator of the State of Washington has reason  
19 to believe that Respondents, Delaware Investments, Inc. and Charles C. Park, have each violated  
20 the Securities Act of Washington and that their violations justify the entry of an order of the  
21 Securities Administrator under RCW 21.20.390 against them to cease and desist from such  
22 violations and to impose fines pursuant to RCW 21.20.395. The Securities Administrator finds  
23 as follows:

24 **TENTATIVE FINDINGS OF FACT**

Respondents

1. Delaware Investments, Inc. ("Delaware Investments") was a California corporation, located at either 572 East Green St., Suite 201, Pasadena, CA 91101, or 413 Waldo Ave, Pasadena, CA 91101.

STATEMENT OF CHARGES AND NOTICE OF INTENT TO ENTER AN ORDER TO CEASE AND DESIST AND TO IMPOSE COSTS AND FINES

1

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

1 2. Charles C. Park (“Park”), a California resident, was the managing director and/or Chief  
2 Financial Officer of Delaware Investments and/or d/b/a Delaware Investments.

3 Nature of Respondents’ Conduct

4 3. Beginning on or about July 1998 and continuing at least to August 2003, Delaware  
5 Investments was registered with the National Futures Association (“NFA”) and Commodities  
6 Futures Trading Commission (“CFTC”).

7 4. Beginning on or about February 2001 and continuing at least to August 2001, Delaware  
8 Investments and Park offered and sold investments in the form of notes and a profit sharing  
9 arrangement to Washington residents. The arrangement called for investors to provide the  
10 Respondents with capital to be used by Respondents for trading in futures, commodities and  
11 similar investments. Investors did not participate in the management of the investment and  
12 expected a return on capital in the form of interest paid on promissory notes and a share of  
13 trading profits made by the Respondents. The offer and sale of the investments was done  
14 without benefit of registration with the State of Washington.

15 5. At no time has Delaware Investments been registered with the State of Washington as a  
16 securities broker-dealer.

17 6. At no time has Park been registered with the State of Washington as a broker-dealer or  
18 securities salesperson.

1 *Investor A<sup>1</sup>*

- 2 7. On or about January 2001, after viewing a newspaper advertisement and an article about  
3 Delaware Investments, an officer of a Washington corporation (“Investor A”) contacted  
4 Delaware Investments to set up a foreign currency exchange (“forex”) commodities account.
- 5 8. On or about February 2001, Park solicited \$50,000 from the Washington corporation  
6 (“Investor A”).
- 7 9. On February 20, 2001, Investor A wired \$50,000 to a bank account under the name Charles  
8 Investment Consulting at 572 East Green St., Suite 201, Pasadena, CA 91101.
- 9 10. On February 21, 2004, Investor A was faxed a \$50,000, six month term, renewable,  
10 promissory note that paid interest of 12% per annum plus a monthly profit sharing proceed of  
11 9% per month. If the note were redeemed, then Investor A would forfeit any interest and  
12 profit sharing earned.
- 13 11. On March 7, 2001, Investor A purchased a second six month term, renewable, promissory  
14 note for \$15,000 that paid 12% interest per annum plus a monthly profit sharing proceed of  
15 9% per month.

16 *Investor B*

- 17 12. In approximately March 2001, Park solicited a Washington resident (“Investor B”) to  
18 purchase promissory notes.
- 19 13. Investor B was introduced to Delaware Investments and Park by an officer of Investor A.  
20 Park offered Investor B an opportunity to invest directly with Delaware Investment.

21  
22  
23 <sup>1</sup> The full names of the investors are omitted for privacy protection purposes.

1 14. Investor B purchased four promissory notes from Delaware Investments. On March 16,  
2 2001, Investor B purchased a \$140,000 twelve month term note at a rate of 12% per annum  
3 and a 2% monthly profit sharing proceed. On May 2, 2001, Investor B purchased a \$60,000  
4 twelve month term note at a rate of 12% per annum and a 2% monthly profit sharing proceed.  
5 On August 15, 2001, Investor B purchased a \$20,000 note at a rate of 12% per annum and a  
6 2% monthly profit sharing proceed, payable on August 14, 2002. On July 1, 2001, Investor  
7 B purchased a \$10,000 note at a rate of 12% per annum and a 2% monthly profit sharing  
8 proceed, payable on June 30, 2002.

#### 9 Misrepresentations and Omissions

10 15. The Respondents failed to provide investors with material information about the investment  
11 opportunity described above, including, but not limited to, financial statements for Delaware  
12 Investments.

#### 13 Registration Status

14 16. The offering of promissory notes and profit sharing arrangements by Delaware Investments  
15 are not currently and have not previously been registered in the state of Washington, and no  
16 notice of claim of exemption is on file with the Securities Administrator of the State of  
17 Washington.

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

### 21 **CONCLUSIONS OF LAW**

22 1. The offer and sale of promissory notes and profit sharing arrangements, as described  
23 above, constitute the offer and sale of securities pursuant to RCW 21.20.005(10) and (12).

- 1 2. Delaware Investments and Park have each violated RCW 21.20.040 by offering and/or  
2 selling said securities while not registered as broker-dealers or securities salespersons in  
3 the State of Washington.
- 4 3. The offer and/or sale of said securities was made in violation of RCW 21.20.010 because, as  
5 set forth in the Tentative Findings of Fact, Respondents omitted to state material facts  
6 necessary in order to make the statements made, in the light of the circumstances under  
7 which they were made, not misleading.
- 8 4. Delaware Investments and Park have each violated RCW 21.20.140 by offering and/or  
9 selling an unregistered security.

10 **NOTICE OF INTENT TO ORDER RESPONDENTS TO CEASE AND DESIST**

11 Pursuant to RCW 21.20.390, and based upon the Tentative Findings of Fact and  
12 Conclusions of Law, the Securities Administrator intends to order that Delaware Investments,  
13 Inc. and Charles C. Park each shall cease and desist from violations of RCW 21.20.040,  
14 RCW 21.20.010 and 21.20.140.

15 **NOTICE OF INTENT TO IMPOSE FINES**

16 Based on the foregoing Tentative Findings of Fact and Conclusions of Law, the Securities  
17 Administrator finds that Respondents have knowingly and recklessly violated the registration  
18 provisions of the Securities Act, and that the imposition of fines under RCW 21.20.395 is  
19 appropriate in light of the severity of violations. A fine, in an amount of not more than  
20 \$20,000, should be imposed jointly and severally against Respondents, Delaware Investments,  
21 Inc. and Charles C. Park.

22 **NOTICE OF INTENT TO CHARGE COSTS**

1 Pursuant to RCW 21.20.390(5), and based upon the above Tentative Findings of Fact  
2 and Conclusions of Law, the Securities Administrator intends to order that Respondents,  
3 Delaware Investments, Inc., and Charles C. Park, shall be jointly and severally liable for and  
4 pay costs of \$500 incurred in the conduct of the administrative investigation of this matter.

5 **AUTHORITY AND PROCEDURE**

6 This Statement of Charges is entered pursuant to the provisions of RCW 21.20.390 and  
7 RCW 21.20.395, and is subject to the provisions of Chapter 34.05 RCW. The Respondents,  
8 Delaware Investments, Inc. and Charles C. Park, may each make a written request for a hearing  
9 as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR  
10 HEARING accompanying this order.

11 If a Respondent fails to make a timely hearing request, the Securities Administrator intends  
12 to adopt the foregoing Tentative Findings of Fact and Conclusions of Law as final and enter a  
13 permanent order against those respondents to cease and desist from violations of the Securities  
14 Act and enter an order imposing the penalty and charging costs, as described above. The  
15 Securities Administrator may also file a certified copy of the order in Superior Court and proceed  
16 to collect the fine and costs sought against the respondents in accordance with RCW 20.21.395.

17 Dated this 31st day of January, 2005.

18 

19 Michael Stevenson  
Securities Administrator

20 Approved by:

21 

22 Martin Cordell  
Chief of Enforcement

Presented by:

23 

24 Dylan Waits  
Enforcement Attorney