

1 to the public and that a Summary Order to Cease and Desist should be entered immediately. The Securities
2 Administrator finds as follows:

3 **TENTATIVE FINDINGS OF FACT**

4 I. Respondents

5 1. Western Capital Partners III, an unincorporated business entity, maintains business addresses
6 at 726 S. Casino Center Boulevard, Suite 270, Las Vegas, Nevada and 9190 Olympic Boulevard, Suite 506,
7 Beverly Hills, California. Western Capital Partners is purportedly in the business of factoring account
8 receivables.

9 2. Western Capital Corporation, a California corporation, maintains business addresses of 8844
10 Olympic Boulevard, Second Floor, Beverly Hills, California and 16350 Venture Boulevard, Encino,
11 California.

12 3. Pension Concepts' business address is PO Box 30907, Spokane, Washington.

13 4. Kent R. Cunningham (Cunningham), a California resident, is the Managing General Partner
14 of Western Capital Corporation.

15 5. Fredrick "Rocky" Weatherbee (Weatherbee), a Washington resident, is the owner of Pension
16 Concepts.

17 II. Nature of the Offering

18 6. Beginning no later than August 1999 and continuing through at least April 2000 Weatherbee,
19 through Pension Concepts, sold investments in Western Capital Partners III to at least four individuals who
20 invested a total of \$280,000. Investors were told that they would be investing in a partnership called
21 Western Capital Partners III and that the money would go to Western Capital Corporation who would then
22 invest in account receivables purchased from manufacturers.

1 7. Weatherbee told investors that the receivables were insured against loss so that if they were
2 not able to get payment from the account that an insurance company would pay them for the receivables.
3 Weatherbee told investors that the investment was very secure and that Western Capital Corporation's track
4 record was exemplary. Weatherbee told investors that the investment would have an average rate of return
5 of 16% per year for the first five years and then average in the mid-30% per year return over the next five
6 years for a total ten year return of 340-400% on investment.

7 8. According to the offering materials Weatherbee provided to investors, Western Capital
8 Partners III was seeking to raise \$2,000,000 with a minimum investment of \$20,000. The offering materials
9 also state that the money raised would be used as working capital for Western Capital Corporation for its
10 factoring business and that the projected return on investment is 16% per year over five years.

11 9. The offering materials provided to investors states that partners are "expected to attend and
12 participate in the important decision-making process." Western Capital Partnership III never gave the
13 investors the opportunity to participate in any of the decision making of the partnership. The investors did
14 not have experience in managing a company of this nature and were reliant upon on the expertise the
15 respondents for all the decision-making of the partnership.

16 10. Investors were never provided with a list of other members of the partnership and a request
17 by an investor for such a list, so that she could contact the other members of the partnership, was denied.
18 Investors were never given the opportunity to participate in the management of the business to the point
19 where Cunningham and Western Capital Corporation decided to change the direction of the partnerships
20 without approval of the investors. Investors received a letter in October 2002 from Cunningham stating that
21 Western Capital Corporation was going to shift the business toward real estate development instead of
22 factoring because of market conditions.

1 Misrepresentations and Omissions

2 11. The offering material provided to investors failed to provide financial statements for Western
3 Capital Partners III or Western Capital Corporation. Western Capital Partners and Western Capital Corporation
4 investors were not provided with material information regarding the current and long-term profitability
5 expectations for account receivables controlled by Western Capital Partners and Western Capital Corporation.
6 Additionally, investors were not provided with material information regarding the ability of Western Capital
7 Partners III and Western Capital Corporation to pay their stated rates of investment return.

8 III. Registration Status

9 12. Neither Western Capital Partners III, nor Western Capital Corporation nor Pension Concepts is
10 currently registered to sell its securities in the state of Washington and none has previously been so registered.

11 13. Neither Cunningham nor Weatherbee is currently registered as a securities salesperson or
12 broker-dealer in the state of Washington.

13 Based on the foregoing Tentative Findings of Fact, the following Conclusions of Law are made.

14 **CONCLUSIONS OF LAW**

15 I. Securities

16 14. The offer and/or sale of the investment opportunities described above constitutes the offer
17 and/or sale of a security as defined in RCW 21.20.005 (10) and (12).

18 II. Anti-Fraud Provision

19 15. The offer and/or sale of said securities was made in violation of RCW 21.20.010 because, as set
20 forth in the Tentative Findings of Fact, Respondents misstated or omitted to state material facts necessary in
21 order to make the statements made, in the light of the circumstances under which they were made, not
22 misleading.

1 III. Registration of Securities

2 16. The offer and/or sale of said securities is in violation of RCW 21.20.140, the registration section
3 of the Securities Act, because no registration for such offer and/or sale is on file with the Securities
4 Administrator of the state of Washington.

5 IV. Registration of Broker-Dealer and Salespersons

6 17. Respondents Cunningham and Weatherbee have each violated RCW 21.20.040 by offering
7 and/or selling said securities while not being registered as a broker-dealer or securities salesperson in the state
8 of Washington.

9 **EMERGENCY**

10 The Securities Administration finds that an emergency exists and that the continued violations of RCW
11 21.20.010, RCW 21.20.140, and RCW 21.20.040, constitute a threat to the investing public. Based on the
12 foregoing, a Summary Order to Cease and Desist from those violations is in the public interest and necessary
13 for the protection of the investing public.

14 **SUMMARY ORDER**

15 Based upon the foregoing:

16 IT IS THEREFORE HEREBY SUMMARILY ORDERED that Respondents, Western Capital Partners
17 III, Western Capital Corporation, Pension Concepts, Kent R. Cunningham, Fredrick "Rocky" Weatherbee, their
18 agents and employees shall each cease and desist from violating RCW 21.20.010, the anti-fraud section of the
19 Securities Act.
20

21 It is further SUMMARILY ORDERED that Western Capital Partners III, Western Capital Corporation,
22 Pension Concepts, Kent R. Cunningham, Fredrick "Rocky" Weatherbee, their agents and employees shall each
23 cease and desist from violating RCW 21.20.140, the securities registration section of the Securities Act.

24 SUMMARY ORDER TO CEASE AND
25 DESIST AND NOTICE OF INTENT TO
26 IMPOSE FINE

1 It is further SUMMARILY ORDERED that Western Capital Partners III, Western Capital Corporation,
2 Pension Concepts, Kent R. Cunningham, Fredrick "Rocky" Weatherbee, their agents and employees shall each
3 cease and desist from violating RCW 21.20.040, the securities broker-dealer, securities salesperson registration
4 section of the Securities Act.

5
6 **NOTICE OF INTENT TO IMPOSE FINE AND RECOVER COSTS**

7 Pursuant to RCW 21.20.395, and based upon the above Tentative Findings of Fact and Conclusions
8 of Law, the Securities Administrator finds that Respondents Western Capital Partners III, Western Capital
9 Corporation, Pension Concepts, Kent R. Cunningham and Fredrick "Rocky" Weatherbee have committed a
10 knowing or reckless violation of the Securities Act such that the imposition of a fine is appropriate.
11 Therefore, the Securities Administrator intends to order that the Respondents shall jointly and severally pay
12 a fine in the amount of \$40,000 and (2) the costs, fees, and other expenses incurred in the conduct of
13 investigating this matter, in any amount not less than \$3,000.

14 **AUTHORITY AND PROCEDURE**

15 This Order is entered pursuant to the provisions of RCW 21.20.390 and RCW 21.20.395 and is subject
16 to the provisions of Chapter 34.05 RCW. The Respondents, Western Capital Partners III, Western Capital
17 Corporation, Pension Concepts, Kent R. Cunningham and Fredrick "Rocky" Weatherbee may each make a
18 written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND
19 OPPORTUNITY FOR HEARING accompanying this Order. A request for a hearing should be in writing and
20 sent to Michael E. Stevenson, Securities Administrator, Department of Financial Institutions, P.O. Box 9033,
21 Olympia, Washington 98507-9033 to the attention of Tyler Letey.

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

4 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

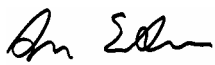
5 DATED and ENTERED this 17th day of August, 2005

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9 MICHAEL E. STEVENSON
10 Securities Administrator

11 Approved by:

12 Presented by:

13 

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15 _____
16 Suzanne Sarason
17 Chief of Compliance

18 _____
19 Tyler Letey
20 Financial Legal Examiner

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24 SUMMARY ORDER TO CEASE AND
25 DESIST AND NOTICE OF INTENT TO
26 IMPOSE FINE