### 1 STATE OF WASHINGTON DEPARTMENT OF FINANCIAL INSTITUTIONS 2 SECURITIES DIVISION 3 IN THE MATTER OF DETERMINING ) Order Number S-07-565-08-SC01 4 Whether there has been a violation of the ) Securities Act of Washington by: STATEMENT OF CHARGES AND NOTICE 5 OF INTENT TO ENTER ORDER TO CEASE 6 AND DESIST AND TO CHARGE COSTS AND IMPOSE FINES 7 Poulson Investing, LLC; Joshua Poulson; and 8 Mayela Poulson Respondents) 9 THE STATE OF WASHINGTON TO: Poulson Investing, LLC 10 Joshua Poulson Mayela Poulson 11 12 STATEMENT OF CHARGES 13 Please take notice that the Securities Administrator of the State of Washington has reason 14 to believe that Respondents, Poulson Investing, LLC, Joshua Poulson, and Mayela Poulson have 15 each violated the Securities Act of Washington and that their violations justify the entry of an 16 order of the Securities Administrator under RCW 21.20.390 against each to cease and desist 17 from such violations, imposing fines pursuant to RCW 21.20.395, and charging costs pursuant to 18 19 RCW 21.20.390(5). The Securities Administrator finds as follows: 20 TENTATIVE FINDINGS OF FACT 21 I. RESPONDENTS 22 1. Poulson Investing, LLC ("Poulson Investing"), is a Utah Limited Liability 23 Company with its principal place of business in Spanish Fork, Utah. 24 25 DEPARTMENT OF FINANCIAL INSTITUTIONS STATEMENT OF CHARGES AND NOTICE OF Securities Division

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Olympia, WA 98507-9033

INTENT TO ENTER ORDER TO CEASE AND DESIST

AND TO CHARGE COSTS AND IMPOSE FINES

Joshua Poulson ("Joshua") is the registered agent and managing member of
 Poulson Investing, LLC. Joshua was a resident of Utah, but is currently residing in Washington.

3. Mayela Poulson ("Mayela") is the only other member of Poulson Investing.

Mayela was a resident of Utah, but is currently residing in Washington.

## II. BACKGROUND

- 4. On November 21, 2007, the Utah Division of Securities issued an order to show cause against Poulson Investing, LLC, Joshua Poulson and Mayela Poulson, for taking money from investors for an investment scheme in real estate notes. The following was alleged: Several of the investors were encouraged to obtain second mortgages on their homes to increase the amount that could be invested with Poulson Investing. Investors were told their money would be used by Poulson Investing to purchase undervalued real estate at low prices, which would then be sold for profit. Investors were also told the risk of the investment was low because property was backing the investment. Lastly, the investors were told the investment would earn enough money to pay off both the first and second mortgages on the investors' homes.
- 5. On January 28, 2008, the Utah County Attorney filed felony criminal charges against Joshua Poulson for taking investment funds from an investor. The one count of second degree securities fraud alleges Joshua Poulson made false and misleading statements to entice the investor to give money to Joshua Poulson and that Joshua Poulson failed to provide full disclosure to the investor about how the investment would be used and the risks of the investment.

#### III. NATURE OF THE OFFERING

6. Between May 2006 and May 2007, Joshua and Mayela Poulson offered and sold investments in Poulson Investing to at least three Washington investors. The investments were STATEMENT OF CHARGES AND NOTICE OF 2 DEPARTMENT OF FINANCIAL INSTITUTIONS INTENT TO ENTER ORDER TO CEASE AND DESIST AND TO CHARGE COSTS AND IMPOSE FINES December 1 Department of Financial Institutions Securities Division PO Box 9033 Olympia, WA 98507-9033 360-902-8760

in the form of promissory notes. The investments made totaled at least \$90,000. None of the Washington investors were accredited or sophisticated. All of the investors described above wired or mailed money to Respondents' bank account located in the State of Utah.

7. Respondents made contact with investors either through personal friendships and/or family acquaintances. Respondents told investors their money would be used to purchase real estate, that they would receive a return of 2% per month, and that their investment money would be secured by real property. Respondents told the Washington investors that their investment would be a secure opportunity to generate monthly cash-flow with little or no risk. Respondents even recommended obtaining a home equity loan to at least one Washington investor to take advantage of their investment opportunity.

# IV. MISREPRESENTATIONS AND OMISSIONS

8. Joshua and Mayela Poulson failed to provide material information regarding Poulson Investing, LLC, including, but not limited to, prospectus information, such as financial statements, use of the proceeds of the offering, and general and specific risk factors involved in the investment.

# V. REGISTRATION STATUS

- 9. Poulson Investing, LLC is not currently and has not previously been registered to offer and/or sell its securities in the State of Washington.
- 10. Joshua Poulson is not currently registered as a securities salesperson or broker-dealer in the State of Washington and has not previously been so registered.
- 11. Mayela Poulson is not currently registered as a securities salesperson or broker-dealer in the State of Washington and has not previously been so registered.

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AND TO CHARGE COSTS AND IMPOSE FINES

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

#### **CONCLUSIONS OF LAW**

- 1. The offer and/or sale of the investments described above constitute the offer and/or sale of a security as defined in RCW 21.20.005(10) and (12).
- 2. In connection with the offer and/or sale of said securities, Respondents, Poulson Investing, LLC, Joshua Poulson, and Mayela Poulson, have each violated RCW 21.20.010 because, as set forth in the Tentative Findings of Fact, Respondents made misstatements of material facts and/or omitted to state material facts necessary in order to make the statements made, in light of circumstances under which they were made, not misleading and/or engaged in acts and practices that operated as fraud or deceit.
- 3. Poulson Investing, LLC, Joshua Poulson and Mayela Poulson each violated RCW 21.20.140 by offering and selling unregistered securities.
- 4. Joshua Poulson violated RCW 21.20.040 by offering and selling said securities while not registered as a securities salesperson or broker-dealer in the State of Washington.
- 5. Mayela Poulson violated RCW 21.20.040 by offering and selling said securities while not registered as a securities salesperson or broker-dealer in the State of Washington.

#### NOTICE OF INTENT TO ORDER RESPONDENTS TO CEASE AND DESIST

Pursuant to RCW 21.20.390, and based on the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that Respondents, Poulson Investing, LLC, Joshua Poulson, and Mayela Poulson, and their agents and employees, each shall cease and desist from violations of RCW 21.20.010, RCW 21.20.140, and RCW 21.20.040. STATEMENT OF CHARGES AND NOTICE OF INTENT TO ENTER ORDER TO CEASE AND DESIST

#### NOTICE OF INTENT TO IMPOSE FINES

Pursuant to RCW 21.20.395 and based upon the Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that Respondents, Poulson Investing, LLC, Joshua Poulson, and Mayela Poulson, each shall be liable for and pay a fine of \$5,000.

### NOTICE OF INTENT TO CHARGE COSTS

Pursuant to RCW 21.20.390 and based upon the Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that the Respondents, Poulson Investing, LLC, Joshua Poulson, and Mayela Poulson, each shall be liable for and pay the Securities Division the costs, fees and other expenses incurred in the conduct of the administrative investigation and hearing of this matter, in an amount not less than \$1,500.

#### **AUTHORITY AND PROCEDURE**

This STATEMENT OF CHARGES AND NOTICE OF INTENT TO ISSUE AN ORDER TO CEASE AND DESIST, IMPOSE FINES, AND CHARGE COSTS is entered pursuant to the provisions of RCW 21.20.390 and RCW 21.20.395 and is subject to the provisions of Chapters 21.20 and 34.05 RCW. The Respondents, Poulson Investing, LLC, Joshua Poulson, and Mayela Poulson, each may make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Order.

If a respondent does not request a hearing, the Securities Administrator intends to adopt the above Tentative Findings of Fact and Conclusions of Law as final, enter a permanent order STATEMENT OF CHARGES AND NOTICE OF 5 DEPARTMENT OF FINANCIAL INSTITUTIONS INTENT TO ENTER ORDER TO CEASE AND DESIST PO Box 9033 AND TO CHARGE COSTS AND IMPOSE FINES Olympia, WA 98507-9033

360-902-8760

1	against those respondents to cease and desist from violations of the Securities Act, and enter an	
2	order imposing the fine and charging costs, as described above.	
3	Dated and Entered this 25th day of February, 2008.	
4	Quidel Z, Stevenson	
5	$\frac{5}{\text{MIC}}$	CHAEL E. STEVENSON
6	Secu	arities Administrator
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8	Approved by: Pre	sented by:
9	Martin Cordell	rick Kim
10	Chief of Enforcement Enf	Forcement Attorney
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