

STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
SECURITIES DIVISION

IN THE MATTER OF DETERMINING ) Order Number S-08-381-09-SC01  
Whether there has been a violation of the )  
Securities Act of Washington by: ) STATEMENT OF CHARGES AND NOTICE  
 ) OF INTENT TO ENTER ORDER TO CEASE  
Bruce White, ) AND DESIST, IMPOSE FINES, AND  
 ) CHARGE COSTS  
 )  
Respondent )

THE STATE OF WASHINGTON TO: Bruce White

**STATEMENT OF CHARGES**

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondent, Bruce White, has violated the Securities Act of Washington and that his violations justify the entry of an order of the Securities Administrator under RCW 21.20.390 against him to cease and desist from such violations, and to impose fines and charge costs. The Securities Administrator finds as follows:

**TENTATIVE FINDINGS OF FACT**

Respondent

1. Bruce White (“White”) is believed to be a real estate developer and resident of the State of Florida.

Nature of the Conduct

2. In or about May 2008 White ran an ad on the craigslist website for the Seattle-Tacoma area seeking an investor for an 18 acre subdivision project located in Lower Nahiku, Maui, Hawaii.

1           3.       Investor A, a Washington resident, responded to the advertisement via email and  
2 requested further detail.   White emailed Investor A and explained that the loan for the Lower  
3 Nahiku development project had gone into foreclosure and White wanted an investor to ensure  
4 that he did not lose the property.   White sought \$393,000 from an investor in order to bring his  
5 loan current, make 18 months of advance mortgage payments, and pay various other fees to  
6 finish subdivision of the property.   White also told Investor A that he had a majority ownership  
7 in a real estate development in Florida.  
8

9           4.       White stated in an email that he planned to divide the 18 acres into three parcels  
10 (2.83 acres, 3.17 acres, 12 acres).   White offered the 2.83 acre parcel in return for the \$393,000.  
11 White planned to release the parcel to the investor after he brought the loan current and finished  
12 the subdivision process.   White informed Investor A that he had all the necessary permits to  
13 subdivide the land.   White estimated the process to take approximately 3 months.  
14

15           5.       According to the email from White, after completion of the subdivision the 3.17  
16 acre parcel should sell for \$750,000 to \$1,250,000.   White told Investor A that after subdivision  
17 he valued the 2.83 acre parcel at approximately \$1,000,000.  
18

19           6.       On or about May 22, 2008 White sent Investor A an agreement (“Reservation  
20 Agreement”) signed by White which outlined the rough details of the investment and directed the  
21 investor to wire a \$5,000 binder to White to secure a position in the project.   The investor then  
22 had until June 6, 2008 to perform due diligence on the property.   If the investor cancelled in  
23 writing by June 6, 2008 the Reservation Agreement provided for a full refund of the \$5,000  
24 binder.   If the investor did not cancel, the Reservation Agreement called for White and the  
25 investor to enter into a “Partnership Agreement” agreed to by both parties.   The investor then had  
to supply the remaining \$388,000.

1           7.       Investor A said that he only had to provide funding for the project. White  
2 proposed to handle all other details involved in subdividing the property and transferring the  
3 parcel to the investor.

4           8.       Investor A wired \$5,000 to White on or about May 23, 2008. Investor A then  
5 flew to Hawaii to view and research the property. Just prior to leaving for Hawaii White  
6 informed Investor A that the project might be missing a minor permit involving some  
7 conservation land on the property. Investor A states that White made getting the permit sound  
8 like a mere formality.  
9

10          9.       Once in Hawaii, Investor A states that he learned that some of the permits White  
11 claimed to have had either expired or bordered on expiration. Investor A also spoke with a local  
12 attorney and a local real estate broker about the property. Those individuals told Investor A that  
13 the process of trying to obtain a permit to subdivide conservation land would likely take years  
14 rather than months. Additionally, the permit to subdivide would have to go through a public  
15 comment period likely to generate vehement objections from the local community.  
16

17          10.      Investor A decided not to invest and sent an email via his girlfriend to White  
18 declining the deal on June 6, 2008. White has not returned the \$5,000 binder to Investor A as  
19 agreed to under the Reservation Agreement.

20          11.      The advertisement for the property no longer appears on craigslist, but as of the  
21 date of this Statement of Charges, White continues to advertise the investment on various other  
22 websites, including [www.landandfarm.com](http://www.landandfarm.com); [www.stumblehere.com](http://www.stumblehere.com); and [www.landwatch.com](http://www.landwatch.com).  
23 The terms differ slightly from those presented to Investor A. White now seeks up to \$550,000  
24 for the Lower Nahiku project and promises the return of principal, plus 10% interest, and a 5  
25 acre parcel.

1 Misrepresentations and Omissions

2 12. Respondent Bruce White failed to provide material information regarding  
3 investment in the Lower Nahiku project, including but not limited to: financial statements, the  
4 general risks of investing, and the specific risks of investing in a subdivision project in Hawaii.

5 13. Respondent Bruce White misrepresented that he obtained all the preliminary  
6 permits and approvals for the Lower Nahiku project when in fact White lacked necessary permits  
7 to subdivide the land.  
8

9 14. Respondent Bruce White failed to disclose that the subject property included  
10 conservation land that likely cannot be subdivided.

11 Registration Status

12 15. Bruce White is not currently registered to offer or sell securities in the State of  
13 Washington and has not previously been so registered.

14 16. Bruce White is not currently registered as a securities salesperson or broker-dealer  
15 in the state of Washington and has not previously been so registered.  
16

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

20 **CONCLUSIONS OF LAW**

21 1. The offer or sale of the parcel in the Lower Nahiku project as described above  
22 constitutes the offer or sale of a security as defined in RCW 21.20.005(10) and (12).

23 2. Respondent, Bruce White, violated RCW 21.20.140, the securities registration  
24 provision of the Securities Act, because he offered and/or sold securities for which there was no  
25 registration on file with the Securities Administrator.

1           3.       Respondent Bruce White violated RCW 21.20.040, the securities salesperson  
2 registration provision of the Securities Act, because he offered and/or sold securities while not  
3 registered as a securities salesperson or broker-dealer in the state of Washington.

4           4.       The offer or sale of said securities violated RCW 21.20.010 because, as set forth  
5 in the Tentative Findings of Fact, Respondent Bruce White, in connection with the offer or sale  
6 of said securities directly or indirectly made untrue statements of material fact or omitted to state  
7 material facts necessary in order to make the statements made, in light of the circumstances  
8 under which they were made, not misleading.  
9

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11           **NOTICE OF INTENT TO ORDER THE RESPONDENT TO CEASE AND DESIST**

12           Based on the above Tentative Findings of Fact and Conclusions of Law, the Securities  
13 Administrator intends to order, pursuant to RCW 21.20.390(1), that Respondent Bruce White;  
14 his agents and employees, shall each cease and desist from violations of RCW 21.20.010, RCW  
15 21.20.040, and RCW 21.20.140.

16                           **NOTICE OF INTENT TO IMPOSE FINES**

17           Pursuant to RCW 21.20.395, and based upon the Tentative Findings of Fact and  
18 Conclusions of Law, the Securities Administrator intends to order that Respondent Bruce White  
19 shall be liable for and pay a fine of \$5,000.  
20

21                           **NOTICE OF INTENT TO CHARGE COSTS**

22           Pursuant to RCW 21.20.390(5), and based upon the Tentative Findings of Fact and  
23 Conclusions of Law, the Securities Administrator intends to order that the Respondent Bruce  
24 White shall be liable for and pay the Securities Division the costs, fees, and other expenses  
25 incurred in the conduct of the administrative investigation and hearing of this matter.

1 **AUTHORITY AND PROCEDURE**

2 This Statement of Charges is entered pursuant to the provisions of the RCW 21.20.390  
3 and RCW 21.20.395 and is subject to the provisions of RCW 34.05. The Respondent, Bruce  
4 White, may make a written request for a hearing as set forth in the NOTICE OF  
5 OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this  
6 Statement of Charges.

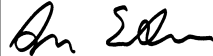
7  
8 If the Respondent does not request a hearing, the Securities Administrator intends to  
9 adopt the above Tentative Findings of Fact and Conclusions of Law as final, and enter a  
10 permanent cease and desist order, impose fines, and charge costs at to the Respondent.

11 Dated and Entered this 6th day of March, 2009

12  
13 

14 MICHAEL E. STEVENSON  
15 Securities Administrator

16 Approved by:

17 

18 Suzanne Sarason  
19 Chief of Compliance

20 Presented by:

21 

22 Jack McClellan  
23 Financial Legal Examiner