

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:

Hoss Mortgage Investors, Inc. and
Todd Allan Hoss,

Respondents

Order Number S-09-043-09-TO03

AMENDED SUPERSEDING
STATEMENT OF CHARGES, SUMMARY
ORDER TO CEASE AND DESIST,
SUMMARY ORDER REVOKING
EXEMPTIONS, SUMMARY ORDER
SUSPENDING AND NOTICE OF INTENT
TO REVOKE SECURITIES
SALESPERSON REGISTRATION, AND
NOTICE OF INTENT TO IMPOSE A FINE
AGAINST HOSS

THE STATE OF WASHINGTON TO:

Todd Hoss

INTRODUCTION

On July 8, 2009, the Securities Administrator of the State of Washington entered Order Number S-09-043-09-SC01, Statement of Charges and Notice of Intent to Enter an Order to Cease and Desist, Revoke Securities Registration, Revoke Securities Broker-Dealer Registration, Revoke Securities Salesperson Registration, Revoke Exemptions, and Impose a Fine (“Statement of Charges”) against Respondents, Hoss Mortgage Investors, Inc. (“HMI”) and Todd Allan Hoss (“Hoss”). On November 3, 2009, the Securities Division entered into a Consent Order with HMI, through its judicially appointed receiver.

On August 11, 2009, the Department of Financial Institutions (“DFI”) received a timely application from Hoss for an adjudicative hearing on the Initial Statement of Charges. On August 26, 2009, DFI entered a Superseding Statement of Charges, Stop Order Suspending

1 and Notice of Intent to Revoke Securities Registration, Summary Order to Cease and Desist,
2 Summary Order Revoking Exemptions, Summary Order Suspending and Notice of Intent to
3 Revoke Securities Broker-Dealer and Securities Salesperson Registration, and Notice of
4 Intent to Impose a Fine (“Superseding Statement of Charges”). On September 3, 2009, the
5 Superseding Statement of Charges was served on Hoss.
6

7 The Superseding Statement of Charges included a provision for a continuing
8 investigation and noted that Hoss had failed to provide a complete response to an amended
9 subpoena duces tecum and that he had failed to appear and testify. On March 15, 2010, Hoss
10 produced responses to interrogatories and on August 26, 2010, Hoss gave deposition testimony
11 in this matter by telephone.
12

13 Based upon its completed investigation, the Securities Administrator finds that amending
14 the Superseding Statement of Charges is necessary and appropriate for the protection of
15 investors. The Statement of Charges has been amended to include additional Tentative
16 Findings of Fact and Conclusions of Law.
17

18 **AMENDED STATEMENT OF CHARGES**

19 Please take notice that the Securities Administrator of the State of Washington has reason
20 to believe that Respondent Hoss has violated the Securities Act of Washington and that his
21 violations justify the Securities Administrator to issue the following charges and orders: under
22 RCW 21.20.390 against Hoss to cease and desist from such violations; under RCW 21.20.325
23 to revoke exemptions for Hoss; under RCW 21.20.110 to suspend, with notice of intent to
24 revoke, Hoss’s securities salesperson registration; and under RCW 21.20.110 and RCW
25 21.20.395 to impose a fine against Hoss. The Securities Administrator finds that delay in

1 ordering Respondent Hoss to cease and desist from such violations would be hazardous to the
2 investors and to the public and that these orders should be entered immediately. The Securities
3 Administrator finds as follows:

4
5 **TENTATIVE FINDINGS OF FACT**

6 RESPONDENTS

7 1. Hoss Mortgage Investors, Inc. (“HMI”) is a Washington corporation, with its
8 principal place of business located at 1001 Fourth Avenue Plaza, Suite 3330, in Seattle,
9 Washington. HMI has been in the business of offering and selling investments, in order to
10 finance business purpose loans to high-risk borrowers. HMI has also provided loan
11 management and collection services and has charged a loan servicing fee to its investors.
12

13 2. Todd Allan Hoss (“Hoss”) is the President and the sole shareholder of HMI.

14 REGISTRATION STATUS OF RESPONDENTS

15 3. From January 24, 2007 until January 24, 2009, and from February 27, 2009 until
16 the entry date of this Superseding Statement of Charges and Order, HMI was registered with
17 the Securities Division of the Washington State Department of Financial Institutions
18 (“Securities Division”) under RCW 21.20.210 and WAC chapter 460-33A to sell mortgage
19 paper securities, as defined in WAC 460-33A-015(4). HMI’s mortgage paper securities
20 registration (permit number 70013545) had been scheduled to expire on February 27, 2010.
21

22 4. HMI was registered as a securities broker-dealer under RCW 21.20.040. HMI’s
23 securities broker-dealer registration (permit number 10005029) had been scheduled to
24 expire on February 27, 2010.
25

1 5. Todd Allan Hoss was registered with the Securities Division under RCW 21.20.040
2 as a securities salesperson for HMI. Hoss's securities salesperson registration (permit
3 number 20009496) had been scheduled to expire on February 27, 2010. Before starting
4 HMI, Hoss was registered with the Securities Division as a securities salesperson for more
5 than twenty years. However, until HMI was licensed in 2007, Hoss was not registered to
6 operate his own mortgage paper securities broker-dealer firm.
7

8 HMI'S LOAN AND INVESTMENT BUSINESS

9 6. HMI originated loans to borrowers using funds from HMI's own sources or funds
10 from investors. HMI earned a loan fee, ordinarily approximately 6% of the total loan
11 amount, each time that HMI closed a loan. When HMI made a loan to a borrower, the loan
12 was evidenced by a promissory note that was made payable from the borrower to HMI and
13 was secured by a deed of trust from the borrower to HMI. HMI then sold participation
14 interests in the loan to multiple investors or the whole loan to a single investor.
15
16

17 HMI INVESTMENTS

18 SALE OF "PARTICIPATION LOAN" INVESTMENTS UNDER PERMIT

19 7. HMI was registered with the Securities Division to offer and sell "participation
20 loan" investments, where more than one investor funded the loan. Each investor purchased
21 a fractionalized interest (less than a 100% interest) in a specific loan to a specific HMI
22 borrower. Each investor should have received a recorded assignment of the investor's
23 percentage interest in the deed of trust that was given by the borrower to HMI.
24
25

1 SALE OF “WHOLE LOAN” INVESTMENTS UNDER CLAIMED EXEMPTION

2 8. HMI also offered and sold “whole loan” investments, where a single investor
3 purchases 100% of a specific loan to a specific HMI borrower. Under the exemption in
4 RCW 21.20.320(5), “whole loan” investments are generally exempt from securities
5 registration if they are offered and sold as part of a single investment in a single loan to a
6 single borrower. However, when the investments are offered and sold as a group of
7 investments, the investment might not qualify for the exemption.
8

9 9. Even if HMI’s “whole loan” investments are exempt from securities registration, the
10 investments are still subject to the anti-fraud provisions of the Washington Securities Act, as
11 set forth in RCW 21.20.010. Under the anti-fraud provisions, when offering and selling
12 securities, HMI must give an investor all material information necessary for the investor to
13 determine the nature and risks of the investment and HMI must not engage in any act,
14 practice, or course of business which operates or would operate as a fraud or deceit upon the
15 investor.
16

17 HMI’S “WHOLE LOAN” INVESTMENT PRACTICES PUT INVESTORS AT RISK

18 10. During 2007, 2008, and 2009, when offering and selling HMI “whole loan”
19 investments, HMI represented to investors that they were purchasing an investment that was
20 secured by real property. However, because HMI generally did not transfer or assign the
21 note to the investor, and often did not record an assignment of the deed of trust that
22 purportedly secured the investment, the investor might be considered an unsecured creditor
23 of HMI at the time the investment was made.
24
25

1 11. When offering and selling HMI “whole loan” investments, sometimes the only
2 documentation that HMI gave to the investor was an invoice for the investment. Typically,
3 the invoice included an HMI loan number, a purported borrower’s last name, the amount of
4 the investment, the due date for the promissory note that purportedly underlies the
5 investment, the annual interest rate for the investment (which is generally less than the
6 interest rate for the note that underlies the investment, because HMI keeps the “spread,” or
7 the differential between the note interest rate and the interest rate that is paid by HMI to the
8 investor), a description of the lien position for the deed of trust that purportedly secures the
9 investment, and the balance that is due from the investor to HMI. An investor who received
10 an invoice for his or her investment without any further documentation must rely on HMI to
11 evaluate, secure, and protect his or her investment.
12
13

14 12. When offering and selling “whole loan” investments, HMI and Hoss each
15 represented to investors that the deeds of trust that purportedly secured HMI’s “whole loan”
16 investments were “held in street name” by HMI, but HMI and Hoss did not document
17 whether the notes and deeds of trust for HMI’s “whole loan” investments were held by an
18 independent escrow agent or in a trust relationship or whether the deeds of trust were held
19 only by HMI. In addition, HMI and Hoss have not demonstrated that HMI holds notes and
20 deeds of trust that correspond with all of the outstanding investments that have been sold by
21 HMI and Hoss.
22
23

24 INADEQUATE DISCLOSURES FOR HMI “WHOLE LOAN” INVESTMENTS

25 13. When offering and selling an HMI “whole loan” investment, HMI has failed to
provide adequate disclosure information to the investor. When HMI does not deliver a note

1 to the investor and does not assign and record a deed of trust in the name of the investor,
2 HMI has failed to disclose that the investor might be an unsecured creditor of HMI at the
3 time that the investment is made. HMI has failed to disclose that the investor might be
4 subject to the claims of other HMI and Hoss creditors. HMI has failed to disclose the
5 intended and the actual use of the investor's funds. HMI has failed to provide the investor
6 with any financial information, including a loan application, a credit report, and a financial
7 statement, from the purported borrower. HMI has failed to provide the investor with
8 property title information, including title insurance policies, for the real property that is
9 represented to secure the investment. HMI has failed to give the investor property valuation
10 information, including property appraisals and complete property descriptions, for the real
11 property that is represented to secure the investment.
12
13

14 FRAUDULENT CONDUCT BY HMI AND HOSS

15 14. When offering and selling investments, HMI and Hoss have each sold the same
16 particular investment to more than one investor, without telling the subsequent investor that
17 the same investment had already been sold to someone else. HMI and Hoss have each
18 represented to investors that they were purchasing investments that were secured by real
19 estate deeds of trust, but HMI and Hoss have each willfully misrepresented the position of
20 the deeds of trust or have willfully failed to record the deeds of trust to protect the investors.
21 HMI and Hoss have each sold more than 100% of the interest in a particular loan and have
22 failed to grant security interests to the later investors. HMI and Hoss have each offered and
23 sold investments that were ostensibly being made to fund loans to borrowers, but the loans
24 were never made. HMI and Hoss have each offered and sold interests in loans to
25

1 unidentified borrowers, possibly for fictitious loan transactions. HMI and Hoss have each
2 reconveyed deeds of trust that should have protected investor interests, without repaying the
3 affected investors.
4

5 PROBLEMS WITH SPECIFIC HMI INVESTMENTS

6 A.) SIERRA II, LLC INVESTMENT

7 \$2,400,000 Sierra II, LLC Participation Loan

8 15. In January 2008, HMI originated loan #28065 to an HMI borrower named Sierra
9 II, LLC. The amount of the loan was \$2,400,000. Sierra II, LLC gave HMI a \$2,400,000
10 promissory note and a \$2,400,000 first position deed of trust against real property located at
11 1421 Seattle Hill Road in Bothell, Washington. On April 15, 2008, HMI recorded the deed
12 of trust in favor of HMI and on April 17, 2008 and April 22, 2008, HMI recorded
13 assignments of the deed of trust to HMI investors. The recorded assignments show that by
14 April 22, 2008, HMI had already sold participation interests totaling \$2,400,000 (100% of
15 the loan) to HMI investors in HMI loan #28065 to Sierra II, LLC.
16
17

18 Offer and Sale of a Written Repurchase Guarantee

19 16. During March 2009, when offering and selling a \$42,000 participation interest in the
20 HMI Sierra II, LLC loan, HMI and Hoss each represented in writing to "Investor A" that HMI
21 would repurchase the investment within 60 days if the investor was ever dissatisfied with any
22 aspect of the transaction. The repurchase guarantee has not been honored. The repurchase
23 guarantee was not offered and sold as part of a registered securities offering. In the March 31,
24 2009 quarterly financial statement that HMI filed with the Securities Division, HMI did not
25 disclose any repurchase guarantees to investors.

1 Misrepresentations or Omissions

2 17. When offering and selling the \$42,000 Sierra II repurchase guarantee, HMI and Hoss
3 each failed to disclose to Investor A that the repurchase guarantee was not offered and sold as
4 part of a registered securities offering. HMI and Hoss each failed to give the investor financial
5 information showing the value of the guarantee. HMI and Hoss each failed to disclose the risk
6 of relying on the guarantee.
7

8 Offer and Sale of an \$862,800 "Participation" Investment in the Sierra II, LLC Loan

9 18. On May 1, 2008, despite having already sold 100% of the participation interests in
10 the Sierra II, LLC loan #28065, HMI and Hoss offered and sold another \$862,800
11 participation investment interest in the loan to "Investor B," who was over 90 years old.
12 HMI and Hoss each represented that Investor B would have a 35.95% interest in the loan
13 and that the investor would have a first position deed of trust to secure the investment, so
14 that no other deed of trust would have a higher claim. HMI and Hoss each represented that
15 the investment would pay 15% annual interest. Investor B did not participate in the
16 management of the loan and Investor B was relying on HMI for loan management and
17 collection services. Since April 2009, Investor B has not received any monthly interest
18 payments from the investment. To date, the investment has not been repaid.
19
20
21

22 Misrepresentations or Omissions

23 19. When offering and selling the \$862,800 participation investment in HMI Sierra II,
24 LLC loan #28065, HMI and Hoss each failed to disclose that 100% of the Sierra II, LLC
25 participation loan had already been sold to other investors and that Investor B received no
interest in the loan and no real property security interest in the first position deed of trust.

1 new deeds of trust from Sierra II, LLC to HMI. One deed of trust was for \$862,800. The
2 other deed of trust was for \$170,000, which represented the investor's original investment
3 of \$100,000, plus a contribution of \$70,000 from the investor's son. HMI and Hoss gave
4 each investor an assignment of the new deeds of trust. The deeds of trust were recorded on
5 May 14, 2009, and the assignments of the deeds of trust were recorded on May 18, 2009.
6 From a review of the public records, it appears that the \$862,800 deed of trust is in second
7 position and the \$170,000 deed of trust is in third position.
8

9 B.) VON LOSSOW INVESTMENTS

10 \$220,000 HMI Loan to Von Lossow

11
12 23. In January 2008, HMI and Hoss originated a loan to an HMI borrower named Von
13 Lossow. The amount of the loan was \$220,000. Von Lossow gave HMI a \$220,000
14 promissory note and a \$220,000 first position deed of trust against real property located at
15 8525 NE Juanita Drive in Kirkland, Washington. In January 2008, HMI recorded the
16 \$220,000 deed of trust.
17

18 Offer and Sale of the Same \$220,000 HMI Von Lossow Investment to Two Different
19 Investors

20 24. In February 2008, HMI and Hoss offered and sold the "whole" \$220,000 Von
21 Lossow note and deed of trust to "Investor D," but HMI and Hoss never assigned the Von
22 Lossow note and deed of trust to Investor D. In October 2008, HMI and Hoss again offered
23 and sold the "whole" \$220,000 Von Lossow note and deed of trust to "Investor E," but HMI
24 and Hoss never assigned the Von Lossow note and deed of trust to Investor E and the Von
25 Lossow investment was never shown on Investor E's monthly HMI account statements.

HMI represented to Investor D and to Investor E that their \$220,000 Von Lossow

1 investments would pay 15% annual interest. Investor D and Investor E did not participate in
2 the management of the Von Lossow loan and they were each relying on HMI for loan
3 management and collection services. The two investments were not offered and sold as part
4 of a registered securities offering.
5

6 Misrepresentations or Omissions

7 25. When offering and selling the two \$220,000 Von Lossow investments, HMI and
8 Hoss represented that Investor D and Investor E would each have a \$220,000 note from Von
9 Lossow and a first position deed of trust against real property located at 8525 NE Juanita
10 Drive in Kirkland, Washington to secure their investment. HMI and Hoss each failed to
11 disclose that the two investments were unsecured because the Von Lossow note and deed of
12 trust was never assigned to either of the investors. HMI and Hoss each failed to disclose to
13 Investor E that HMI and Hoss had already sold the same investment to Investor D. HMI
14 and Hoss each failed to disclose the actual use of the investors' funds.
15

16 Later Activities by Hoss and by HMI

17 26. In December 2008, HMI and Hoss reconveyed to the borrower the deed of trust
18 that secured the \$220,000 Von Lossow loan, without telling Investor D or Investor E that
19 the property had been sold and without repaying either of the investors. HMI continued to
20 make monthly interest payments to both of the investors, as if the \$220,000 Von Lossow
21 loan was still outstanding. Later, after Investor E discovered that the Von Lossow property
22 had been sold, Investor E confronted Hoss and demanded the repayment of the investment.
23 HMI and Hoss gave Investor E a check in February 2009 to repay the investment in full.
24
25 Several weeks later, after Investor D discovered that the Von Lossow property had been

1 sold, Investor D confronted Hoss to demand the repayment of the investment. In April
2 2009, HMI and Hoss assigned a substitute \$240,000 deed of trust from HMI to Investor D
3 against property located in San Juan County, Washington.
4

5 HMI Written Repurchase Guarantee

6 27. When offering and selling the \$220,000 Von Lossow repurchase guarantee, HMI and
7 Hoss each failed to disclose that the repurchase guarantee was not offered or sold as part of a
8 registered securities offering. HMI and Hoss did honor the repurchase guarantee to Investor E.
9 However, in the audited financial statements that HMI has filed with the Securities Division,
10 HMI did not disclose any repurchase guarantees to investors.
11

12 \$88,000 and \$15,000 Von Lossow Promissory Notes

13 28. During May 2009, while being interviewed by telephone, Von Lossow told a
14 Securities Division employee that sometime after Von Lossow signed the \$220,000 promissory
15 note to HMI, he also signed an \$88,000 promissory note and a \$15,000 promissory note to
16 HMI. Von Lossow said that he wanted to have a “line of credit” that he could use if he was
17 unable to sell the Kirkland house that secured his \$220,000 HMI loan. However, because the
18 Kirkland house did sell in 2008, Von Lossow said that he never received any loan proceeds
19 from the \$88,000 note or from the \$15,000 note that he signed and gave to HMI.
20

21 Offer and Sale of an \$88,000 Von Lossow Investment

22 29. In October 2008, HMI and Hoss offered and sold an \$88,000 Von Lossow
23 investment to “Investor F.” HMI and Hoss represented to the investor that the investment
24 would be used to fund an \$88,000 loan to a borrower named Von Lossow. HMI and Hoss
25 represented that Investor F would have a second position deed of trust to secure the

1 investment. HMI and Hoss represented that the investment would pay 17% annual interest.
2 Investor F did not participate in the management of the investment and Investor F was
3 relying on HMI for loan management and collection services. The investment was not
4 offered and sold as part of a registered securities offering. Since April 2009, Investor F has
5 not received any monthly interest payments for the investment and Investor F has stopped
6 receiving monthly account statements from HMI. To date, the investment has not been
7 repaid.
8

9 Misrepresentations or Omissions

10 30. When offering and selling the \$88,000 Von Lossow investment, HMI and Hoss
11 each failed to disclose that the purported borrower, Von Lossow, did not receive any loan
12 proceeds from an \$88,000 loan from HMI. HMI and Hoss each failed to disclose to
13 Investor F that the investment was unsecured. HMI and Hoss each failed to disclose the
14 intended and the actual use of the investor's funds.
15

16 Offer and Sale of a \$15,000 HMI Von Lossow Investment

17 31. In October 2008, HMI and Hoss offered and sold a \$15,000 Von Lossow
18 investment to "Investor G." HMI and Hoss each represented to the investor that the
19 investment would be used to fund a \$15,000 loan to a borrower named Von Lossow. HMI
20 and Hoss each represented that the investment would be secured by a second position deed
21 of trust against real property located at 8525 NE Juanita Drive in Kirkland, Washington.
22 HMI and Hoss represented that the investment would pay 17% annual interest. Investor G
23 did not participate in the management of the investment and Investor G was relying on HMI
24 for loan management and collection services. The investment was not offered and sold as
25

1 part of a registered securities offering. Since April 2009, Investor G has not received any
2 monthly interest payments for the investment and Investor G has stopped receiving monthly
3 account statements from HMI. To date, the investment has not been repaid.
4

5 Misrepresentations or Omissions

6 32. When offering and selling the \$15,000 Von Lossow investment, HMI and Hoss
7 each failed to disclose that the purported borrower, Von Lossow, did not receive any loan
8 proceeds from a \$15,000 loan from HMI. HMI and Hoss each failed to disclose to Investor
9 G that the investment was unsecured. HMI and Hoss each failed to disclose the intended
10 and the actual use of the investor's funds.
11

12 C.) DE CHANTAL OR OLYMPIC MEADOWS OR NORTH PACIFIC LAND AND
13 TIMBER INC. ("NPLT") OR DEER PARK INVESTMENTS

14 HMI De Chantal Loans

15 33. As of the entry date of this Statement of Charges, public records show that HMI
16 has loaned more than \$3,000,000 to a borrower named De Chantal and has taken back more
17 than 50 deeds of trust as security for the loans. The deeds of trust were granted to HMI by
18 North Pacific Land and Timber Inc., the trustee for the Olympic Meadows Land Trust,
19 against four parcels of land in Clallam County, including land that was to become a
20 development known as Deer Park. The loan proceeds were to be used to improve the four
21 parcels of land.
22
23

24 HMI De Chantal Investments

25 34. It appears that HMI offered and sold investments in the De Chantal promissory
notes and deeds of trust to HMI investors. The Securities Division has found that in 2007

1 and 2008, HMI and Hoss have offered and sold at least 20 De Chantal investments totaling
2 more than \$800,000 to at least ten HMI investors. When offering and selling the
3 investments, HMI and Hoss represented that the investors were purchasing “whole note”
4 investments, but that HMI would hold the notes. HMI and Hoss represented that the
5 investments would pay at least 15% annual interest. The investors did not participate in the
6 management of their investments and they were relying on HMI for loan management and
7 collection services. None of the investments were offered or sold as part of a registered
8 securities offering. Since April 2009, the investors have not received monthly interest
9 payments for their investments and the investors have not received monthly account
10 statements from HMI. To date, the investments have not been repaid.
11

12 Misrepresentations or Omissions

13
14 35. When offering and selling the De Chantal note and deed of trust investments,
15 HMI and Hoss each represented that the investments would be secured by deeds of trust.
16 However, HMI and Hoss each failed to disclose that because the notes and deeds of trust
17 were not assigned to the investors, the investors were unsecured creditors of HMI when the
18 investments were offered and sold. In some cases, the investors received documentation for
19 investments that had no corresponding recorded deeds of trust. It also appears that the
20 parcels of land that were intended to secure the investments have been over-encumbered by
21 HMI and that there might be inadequate value in the real property to serve as security for
22 some of the investments.
23
24
25

1 Offer and Sale of a \$10,222 Investment in a \$538,000 Deer Park Participation Loan

2 36. In October 2008, HMI offered and sold to “Investor H” a \$10,222 participation
3 investment interest in Deer Park 2008 HMI loan #28083 for \$538,000. HMI and Hoss each
4 represented that Investor H would have a 1.90% interest in the loan and that Investor H
5 would have a first position deed of trust, so that no other deed of trust would have a higher
6 claim. HMI and Hoss each represented that the investment would pay 15% annual interest.
7 Investor H did not participate in the management of the loan and Investor H was relying on
8 HMI for loan management and collection services. Since April 2009, Investor H has not
9 received any monthly interest payments from the investment. To date, the investment has
10 not been repaid.
11

12 \$538,000 Deer Park Deed of Trust

13 37. The Clallam County Auditor’s Office shows a \$538,000 recorded deed of trust
14 dated September 30, 2008, from North Pacific Land and Timber Inc. to HMI. The deed of
15 trust was signed by Alain De Chantal. The deed of trust refers to Loan #28086, but it
16 appears likely that Investor H was supposed to have been secured by an interest in that
17 particular deed of trust because there were no other recorded deeds of trust for \$538,000.
18 On June 26, 2009, there was a full reconveyance of the \$538,000 deed of trust. Investor H
19 was never notified by HMI or by Hoss about the reconveyance.
20
21

22 Misrepresentations or Omissions

23 38. When offering and selling to Investor H the \$10,222 participation investment in
24 the 2008 Deer Park loan, HMI and Hoss each failed to disclose that the investment was
25

1 unsecured because HMI and Hoss did not assign the investor's percentage interest in the
2 \$538,000 deed of trust that was purported to secure the investment.

3 D.) WOODS LAKE INVESTMENT

4 \$810,000 HMI Woods Lake Loan

5
6 39. In February 2009, HMI negotiated an \$810,000 loan to De Chantal. This loan
7 was secured by an \$810,000 deed of trust that was recorded by HMI against property
8 located at Woods Lake in Snohomish County, Washington. However, as of July 2, 2009,
9 HMI had funded only about \$600,000 of the Woods Lake loan.
10

11 Regulation D Filing for the Woods Lake Investment

12 40. The offer and sale of the \$810,000 Woods Lake investment was not part of a
13 registered securities offering, but HMI did make a Rule 506, Regulation D exemption filing
14 with the Securities & Exchange Commission. However, HMI did not make any exemption
15 filing with the Securities Division, as required by WAC 460-44A-503 and 506.
16

17 Offer and Sale of a \$50,058 Woods Lake Investment

18 41. On January 23, 2009, HMI and Hoss each offered and sold a \$50,058 participation
19 investment in the \$810,000 Woods Lake promissory note and first position deed of trust to
20 "Investor I." HMI and Hoss each represented to Investor I that the investor's funds would
21 be used as part of the financing for an \$810,000 loan to HMI's borrower, De Chantal. HMI
22 and Hoss each represented to Investor I that the loan proceeds would be used to improve De
23 Chantal's Woods Lake property, located in Snohomish County. HMI and Hoss each
24 represented that the investment would pay 15% annual interest, but Investor I has never
25 received any payments from the investment, even though HMI was supposed to collect up-

1 front interest reserves for the loan. The Woods Lake investment was not listed on Investor
2 I's HMI monthly account statements from January 2009 through April 2009, after which
3 statements ceased. Investor I did not participate in the management of the loan and Investor
4 I was relying upon HMI and Hoss for loan management and collection services. To date,
5 the investment has not been repaid.
6

7 Misrepresentations or Omissions

8 42. When offering and selling the \$50,058 Woods Lake investment, HMI and Hoss
9 each represented that the offering of the investment was registered with the Securities
10 Division. HMI and Hoss each failed to disclose that Investor I was an unsecured creditor of
11 HMI when the investment was made because HMI and Hoss each failed to assign the note
12 and deed of trust to the investor. HMI and Hoss each failed to disclose to Investor I that
13 HMI had not fully funded the Woods Lake loan and that insufficient funding of the loan
14 might jeopardize the Woods Lake development project and the borrower's ability to repay
15 the loan.
16
17

18 Offer and Sale of a \$163,215 Woods Lake Investment

19 43. On January 30, 2009, HMI offered a \$163,215 participation investment in the
20 \$810,000 Woods Lake promissory note and first position deed of trust to "Investor J." HMI
21 and Hoss each represented to Investor J that the investor's funds would be used as part of
22 the financing for an \$810,000 loan to HMI's borrower, De Chantal. HMI and Hoss each
23 represented that the loan proceeds would be used to improve De Chantal's Woods Lake
24 property, located in Snohomish County. HMI and Hoss each represented that the
25 investment would pay 15% annual interest, but Investor J has never received any payments

1 from the investment, even though HMI was supposed to collect up-front interest reserves for
2 the loan. The Woods Lake investment was not listed on Investor J's HMI monthly account
3 statements from February 2009 through April 2009, after which statements ceased. Investor
4 J did not participate in the management of the loan and Investor J was relying upon HMI
5 and Hoss for loan management and collection services. To date, the investment has not
6 been repaid.

8 Misrepresentations or Omissions

9 44. When offering and selling the \$163,215 HMI Woods Lake investment, HMI and
10 Hoss each represented that the offering of the investment was registered with the Securities
11 Division. HMI and Hoss each failed to disclose that Investor J was an unsecured creditor of
12 HMI when the investment was made because HMI and Hoss each failed to assign the note
13 and deed of trust to Investor J. HMI and Hoss each failed to disclose to Investor J that HMI
14 had not fully funded the Woods Lake loan and that insufficient funding of the loan might
15 jeopardize the Woods Lake development project and the borrower's ability to repay the
16 loan.
17

19 HMI Written Repurchase Guarantee

20 45. When offering and selling the \$163,215 Woods Lake investment, HMI and Hoss
21 each represented in writing to Investor J that HMI would repurchase the investment within
22 sixty days if the Woods Lake loan went into default. The repurchase agreement was supposed
23 to remain confidential and not be disclosed by Investor J, or it would become null and void.
24 Based upon the purported repurchase guarantee, Investor J increased the amount of the
25 investment from \$100,000 to \$163,215. The repurchase guarantee was not sold as part of a

1 registered securities offering. The repurchase guarantee was not disclosed in the March 31,
2 2009 quarterly financial statement that HMI has filed with the Securities Division.

3 Misrepresentations or Omissions

4 46. When offering and selling the \$163,215 Woods Lake repurchase guarantee, HMI and
5 Hoss each failed to disclose to Investor J that the repurchase guarantee was not offered and
6 sold as part of a registered securities offering. HMI and Hoss each failed to give the investor
7 financial information showing the value of the guarantee. HMI and Hoss each failed to
8 disclose the risk of relying on the guarantee.
9

10 E.) MINDEN INVESTMENT

11 Offer and Sale of the \$240,000 Investment

12 47. In April 2009, HMI and Hoss each offered and sold a \$240,000 “whole loan”
13 investment in the Minden promissory note and deed of trust to “Investor K.” HMI and Hoss
14 each represented that the investment would be secured by a first position deed of trust, but
15 HMI and Hoss never assigned the Minden note and deed of trust to Investor K. Investor K
16 did not participate in the management of the Minden loan and Investor K was relying on
17 HMI and Hoss for loan management and collection services. To date, the investment has
18 not been repaid.
19

20 Misrepresentations or Omissions

21 48. When offering and selling the \$240,000 Minden investment to Investor K, HMI
22 and Hoss each failed to disclose that the investment was unsecured because the Minden note
23 and deed of trust was never assigned to Investor K and, in fact, HMI and Hoss later assigned
24 the Minden deed of trust to another HMI investor.
25

1 HMI Written Repurchase Guarantee

2 49. When offering and selling the \$240,000 Minden investment, HMI and Hoss each
3 represented to Investor K in a written “Buy Back Agreement” that HMI would repurchase the
4 investor’s \$240,000 Minden investment plus make other payments, for a total amount of
5 \$251,200, on or before July 1, 2009. The repurchase agreement was supposed to remain
6 confidential and not be disclosed by the investor or the agreement would become null and void.
7 The repurchase guarantee was not offered or sold as part of a registered securities offering.
8 The repurchase guarantee was not disclosed in the March 31, 2009 quarterly financial
9 statement that HMI has filed with the Securities Division.
10
11

12 Misrepresentations or Omissions

13 50. When offering and selling the \$240,000 Minden repurchase guarantee, HMI and
14 Hoss each failed to disclose to Investor K that the repurchase guarantee was not offered or sold
15 as part of a registered securities offering. HMI and Hoss each failed to give the investor
16 financial information showing the value of the guarantee. HMI and Hoss each failed to
17 disclose the risk of relying on the guarantee.
18

19 F.) MOUNTAIN SHADOW INVESTMENT

20 \$340,000 Mountain Shadow Participation Loan

21 51. During 2009, HMI started to originate a \$340,000 loan to an HMI borrower named
22 Normurk, LLC. The loan proceeds were to be used to develop the Mountain Shadow Mobile
23 Home Park in Pierce County. The loan was to be secured by a second position deed of trust
24 against the mobile home park property. On December 24, 2008, HMI recorded the \$340,000
25 deed of trust from Normurk, LLC to HMI. However, according to investor conversations with

1 Ronald Krumvieda, the managing member of Normurk, LLC, the borrower never received the
2 full loan amount.

3 Regulation D Filing for the Mountain Shadow Investment

4
5 52. The offer and sale of the \$340,000 Woods Lake investment was not part of a
6 registered securities offering, but HMI did make a Rule 506, Regulation D exemption filing
7 with the Securities & Exchange Commission. However, HMI did not make any exemption
8 filing with the Securities Division, as required by WAC 460-44A-503 and -506.

9 Offer and Over-sale of the Mountain Shadow Investment

10
11 53. From December 2008 through April 2009, HMI and Hoss offered and sold
12 approximately \$400,000 worth of investments in the \$340,000 Mountain Shadow investment.
13 When offering and selling the investments, HMI and Hoss represented that investor funds
14 would be used to develop the Mountain Shadow Mobile Home Park property. HMI and Hoss
15 represented that the Mountain Shadow investments would be secured by a \$340,000 second
16 position deed of trust against the property.

17 Misrepresentations or Omissions

18
19 54. When offering and selling approximately \$400,000 worth of investments in the
20 \$340,000 Mountain Shadow participation loan, HMI and Hoss each failed to disclose that the
21 offering of the investments was not registered with the Securities Division. HMI and Hoss
22 each failed to disclose to investors that more than 100% of the loan had been sold. HMI and
23 Hoss each failed to disclose that not all of the investors' funds went to the borrower. HMI and
24 Hoss each failed to disclose the actual use of the investors' funds.
25

1 Offer and Sale of a Written Repurchase Guaranty

2 55. When offering and selling a \$15,000 participation investment in the Mountain
3 Shadow loan, HMI and Hoss each represented in writing to "Investor L" that HMI would
4 repurchase the investment if HMI was sixty days late in making payments on the investment.
5 The repurchase agreement has not been honored. The repurchase agreement was not offered
6 and sold as part of a registered securities offering. In the audited financial statements that HMI
7 has filed with the Securities Division, HMI did not disclose any repurchase guarantees to
8 investors.
9
10

11 Misrepresentations or Omissions

12 56. When offering and selling the \$15,000 Mountain Shadow repurchase agreement,
13 HMI and Hoss each failed to disclose to Investor L that the repurchase agreement was not
14 offered and sold as part of a registered securities offering. HMI and Hoss each failed to give
15 the investor financial information showing the value of the guarantee. HMI and Hoss each
16 failed to disclose the risk of relying on the guarantee.
17

18 G.) CORNERSTONE INVESTMENTS

19 Offer and Sale of Cornerstone Investments

20 57. During 2008, HMI and Hoss offered and sold to at least four investors promissory
21 note and deed of trust investments, totaling more than \$200,000, from a borrower
22 purportedly named Cornerstone. HMI and Hoss represented to the investors that the
23 investments would pay at least 15% annual interest. The investors did not participate in the
24 management of the Cornerstone loans and the investors were relying upon HMI for loan
25 management and collection services. The investments were not sold as part of a registered

1 securities offering. Since April 2009, the investors have not received the monthly interest
2 payments for their investments and the investors have stopped receiving HMI monthly
3 account statements. To date, the investments have not been repaid.
4

5 Misrepresentations or Omissions

6 58. When offering and selling the Cornerstone investments, HMI and Hoss each
7 represented to investors that they would have a first position deed of trust to secure their
8 investments. HMI and Hoss each failed to assign first position deeds of trust to secure the
9 investments. HMI and Hoss each failed to identify the purported borrower. HMI and Hoss
10 each failed to disclose the intended and the actual use of the investors' funds.
11

12 Later Representations by Hoss

13 59. Several months after the Cornerstone investments were made, Hoss told at least
14 two of the Cornerstone investors that they were supposed to have a first position deed of
15 trust against an unfinished house in Bellevue that is known as the Cheban property.
16 However, the Cheban property was not owned by Cornerstone. The property was owned by
17 a builder named Sergey Cheban. On August 26, 2008, Cheban quit claimed the property to
18 HMI 1 LLC, an affiliate of HMI that was managed by Hoss.
19

20 H.) PORT ORCHARD "COMMERCIAL LOAN" INVESTMENT

21 Offer and Sale of the Investment

22 60. In September 2008, HMI and Hoss offered and sold to Investor G a \$24,012.50
23 investment in a \$725,000 Port Orchard "participation" loan. HMI and Hoss failed to
24 identify the borrower for the loan. HMI and Hoss represented that the investment would be
25 secured by a first position deed of trust and would pay 15% annual interest. The investment

1 was not sold as part of a registered securities offering. The investment never appeared on
2 the investor's HMI monthly account statements and the investor has never received any
3 payments for the investment. To date, the investment has not been repaid.
4

5 Misrepresentations or Omissions

6 61. When offering and selling the \$24,012.50 Port Orchard "commercial loan"
7 investment to Investor G, HMI and Hoss each failed to disclose the identity of the borrower
8 for the loan that was purportedly being originated by HMI. HMI and Hoss each represented
9 to Investor G that the investment would be secured by a first position deed of trust, but HMI
10 and Hoss each failed to disclose to Investor G that HMI did not have any recorded deeds of
11 trust in Kitsap County, where the loan was purportedly being made, and that the investment
12 was unsecured. HMI and Hoss each failed to disclose the actual use of the investor's funds.
13

14 OPERATIONAL PROBLEMS FOR HMI

15 62. As a mortgage paper securities broker-dealer that is registered with the Securities
16 Division, HMI is required to submit quarterly financial reports and statements to the
17 Securities Division. On May 12, 2009, HMI submitted its March 31, 2009, balance sheet to
18 the Securities Division. The balance sheet showed that HMI's checking account was
19 overdrawn by \$26,867.62. On May 13, 2009, the Securities Division sent HMI a letter
20 requesting an explanation for the overdraft and proof of the current account balance. HMI's
21 attorney sent a June 17, 2009, letter representing that HMI's checking account was not
22 actually overdrawn and representing that HMI would provide a copy of the current account
23 balance "in a day or two." As of the entry date of this Amended Superseding Statement of
24 Charges and Order, HMI has not provided the Securities Division with a copy of the
25

1 account balance or an explanation of HMI's financial position. Additionally, as of the entry
2 date of this Amended Superseding Statement of Charges and Order, HMI is delinquent in its
3 reporting obligations because HMI has not filed its June 30, 2009, quarterly financial
4 statement with the Securities Division.
5

6 63. After April 2009, HMI stopped sending monthly account statements and monthly
7 interest payments to numerous HMI investors. As of August 5, 2009, the Securities
8 Division has received complaints from sixteen HMI investors who did not receive their
9 monthly account statements or their monthly payments from May 2009 to present. In
10 addition, at least two HMI investors have made investments that were never listed on their
11 HMI monthly account statements, even though they made the investments prior to April
12 2009, when monthly account statements were still being sent to the investors. HMI and
13 Hoss also have issued payment guarantees to investors and the guarantees have not been
14 met.
15

16 64. HMI has allegedly received monthly payments from borrowers and has failed to
17 disburse those payments to the appropriate HMI investors. HMI has allegedly issued more
18 than \$40,000 worth of NSF checks to at least one of its borrowers.
19

20 65. Despite HMI's financial problems, HMI sponsored a hydroplane in the August
21 2009 Seafair races. It is unclear what the source of funds was for the sponsorship.
22

23 PENDING CIVIL LITIGATION

24 66. As of the entry date of this Amended Superseding Statement of Charges and Order,
25 HMI was subject to a pending civil complaint for damages totaling approximately
\$1,900,000. On August 10, 2009, a default judgment of approximately \$1,900,000 was

1 entered against Hoss in the same matter. HMI and Hoss were also each subject to a separate
2 civil complaint seeking damages of approximately \$162,000. HMI and Hoss have each
3 failed to disclose to the Securities Division that they were subject to the pending civil
4 litigation.
5

6 HMI 1 LLC INVESTMENTS

7 Offer and Sale of HMI 1 LLC Membership Investments

8 67. During 2008, Hoss and a registered securities salesperson for HMI offered and
9 sold investments totaling approximately \$1,175,000 in HMI 1 LLC, a Washington limited
10 liability company, to at least four Washington investors. At that time, Hoss was the
11 managing member of HMI 1 LLC.
12

13 68. HMI 1 LLC and Hoss offered and sold LLC membership interests in HMI 1 LLC
14 to the investors. HMI 1 LLC and Hoss represented to the investors that Hoss would manage
15 the activities of the LLC and that the investors would have no managerial responsibilities.
16 HMI 1 LLC and Hoss represented to the investors that they would receive 15% annual
17 interest on their HMI 1 LLC investments.
18

19 69. HMI 1 LLC and Hoss represented to the investors that HMI 1 LLC was raising a
20 total of \$1,900,000. HMI 1 LLC and Hoss represented to the investors that their funds
21 would be pooled together and used to purchase from Westsound Bank a \$1,700,000
22 promissory note and first position deed of trust from Sergey Cheban for a loan to complete
23 the construction of the Cheban house. HMI 1 LLC and Hoss represented to the investors
24 that the value of the Cheban home would be approximately \$3.3 million after completion.
25

HMI 1 LLC and Hoss represented that the LLC would have a first position deed of trust to

1 secure the members' investment. HMI 1 LLC and Hoss represented to the HMI 1 LLC
2 investors that HMI would subordinate deeds of trust totaling approximately \$570,000 that
3 had been previously recorded by HMI against the Cheban property.
4

5 Dishonest and Unethical Conduct by Hoss Regarding HMI 1 LLC Investments

6 70. In February 2009, HMI 1 LLC sent Form K-1 tax returns to each of the HMI 1
7 LLC members. In April 2009, one of the investors called a membership meeting to remove
8 Hoss as the managing member of HMI 1 LLC. Shortly thereafter, Hoss claimed that one of
9 the members, who had invested approximately \$575,000 in HMI 1 LLC, had actually made
10 a personal loan to Hoss, rather than investing in HMI 1 LLC, and that Hoss was entitled to
11 vote for that investor's membership interest. In May 2009, the investor told a Securities
12 Division employee that she never made a personal loan to Hoss and that she has never even
13 met Hoss. The investor said that she purchased a membership interest in HMI 1 LLC.
14

15 71. On or about August 26, 2008, without the knowledge of the HMI 1 LLC
16 investors, Hoss accepted a quit claim deed and a deed in lieu of foreclosure from Cheban.
17 As a result, the HMI 1 LLC investors' interest in the Cheban property became subject to
18 approximately \$570,000 worth of prior recorded HMI deeds of trust.
19

20 72. On or about February 23, 2009, without the knowledge of the HMI 1 LLC
21 investors, Hoss signed documents authorizing HMI 1 LLC to borrow approximately
22 \$700,000 from Seattle Funding Group. Hoss gave Seattle Funding Group a \$700,000 first
23 position deed of trust against the Cheban property to secure the HMI 1 LLC loan. The deed
24 of trust listed Hoss as the sole member of HMI 1 LLC. Shortly after Hoss borrowed the
25

1 \$700,000 from Seattle Funding Group, Hoss repaid \$220,000 to one of the HMI Von
2 Lossow investors.

3 FAILURE TO SUPERVISE

4
5 73. RCW 21.20.110(1)(j) authorizes the Securities Division to sanction an executive
6 officer and a registered salesperson of a mortgage paper securities broker-dealer for failing
7 to reasonably supervise their salespersons or employees. The purpose of this provision is to
8 protect the investing public. As a controlling person of a mortgage paper securities broker-
9 dealer, the executive officer has the responsibility to provide management oversight to
10 ensure that subordinates comply with all of the laws and rules governing the conduct of
11 mortgage paper securities salespeople. The executive officer also has the responsibility to
12 establish procedures to prevent and detect wrongdoing and to enforce those procedures.

13
14 74. On August 26, 2010, Hoss gave testimony during a deposition in this
15 administrative matter. Hoss testified that he was away from the HMI office for much of the
16 time. Hoss testified that during 2008 he went on several vacations, including twelve trips to
17 Hawaii, and he stated that “I was gone for most of 2008.” Hoss’s testimony demonstrated
18 that he failed to establish and he did not maintain adequate financial controls for HMI.
19 Hoss testified that he had a hard time balancing his own checkbook and that he was not
20 involved “at all” in the reconciliation of the HMI collection escrow account, the bank
21 account that was used to deposit payments from borrowers that were made primarily for the
22 benefit of investors. Hoss also testified that when loan numbers were assigned to loan
23 transactions, the numbers were not sequential. When asked how the loan numbers had been
24 assigned, Hoss answered that “We just made them up.” Hoss further testified that there
25

1 were no safeguards to prevent the same loan number from being used more than once and
2 that some loans “accidentally got numbered the same number as another loan....” Hoss also
3 testified that, as a gesture of courtesy to investors, he had signed an invoice that had been
4 prepared by John Nagle, the CEO of HMI. Hoss failed to discover, among other things, that
5 the \$220,000 investment that was represented as being secured by a first position deed of
6 trust had already been sold to another investor. At the time of sale, neither investor was
7 given any real property deed of trust to secure their investment.
8

9 2010 ARIZONA SECURITIES DIVISION CEASE AND DESIST ORDER

10
11 75. On April 19, 2010, the Securities Division of the Arizona Corporation Commission
12 filed a Temporary Order to Cease and Desist against Todd Hoss. The Arizona Corporation
13 Commission alleged that beginning in March 2010, Hoss offered securities to prospective
14 investors and represented to investors that he was attempting to raise money to fund a \$7.7
15 million loan for purchasing a mansion located in Houston, Texas. The prospective investors
16 solicited by Hoss were residents of Washington. The Arizona Corporation Commission
17 alleged that Hoss violated the registration and anti-fraud provisions of the Arizona Securities
18 Act and that he failed to disclose to prospective investors that he was the subject of a pending
19 enforcement action in the state of Washington. On or about August 25, 2010, a permanent
20 Order to Cease and Desist was entered against Hoss and he was ordered to pay a \$10,000
21 administrative penalty.
22
23

24 NEED FOR SUMMARY ACTION

25 76. The Securities Administrator finds that an emergency exists, that Respondent Hoss’s
continued violations of the Securities Act constitute a threat to the investing public, and that a

1 summary order to cease and desist from those violations are in the public interest and necessary
2 for the protection of the investing public.

3 Based on the Tentative Findings of Fact, the following Conclusions of Law are made:
4

5 **CONCLUSIONS OF LAW**

6 1. As set forth above in the Tentative Findings of Fact, the offer or sale of the
7 notes, investments in notes and deeds of trust, mortgage paper securities, or a guarantee of
8 the foregoing, or LLC membership interests each constitutes the offer or sale of a security as
9 defined in RCW 21.20.005(10) and (12), whether in the form of a note, an investment
10 contract, an evidence of indebtedness, or otherwise.
11

12 2. As set forth above in the Tentative Findings of Fact, Respondent Hoss made
13 untrue statements of material fact or omitted to state material facts necessary in order to
14 make the statements made, in the light of the circumstances under which they are made, not
15 misleading, in violation of RCW 21.20.010, the anti-fraud section of the Securities Act of
16 Washington. As set forth above in the Tentative Findings of Fact, Hoss has also engaged in
17 an act, practice, or course of business which operates or would operate as a fraud or deceit
18 upon investors, in violation of RCW 21.20.010.
19

20 3. As set forth above in paragraph 33 through paragraph 35 of the Tentative
21 Findings of Fact, Hoss offered and sold unregistered securities in violation of RCW
22 21.20.140, the securities registration section of the Securities Act of Washington.
23

24 4. As set forth above in paragraphs 16, 27, 45, 49, and 55 of the Tentative
25 Findings of Fact, Hoss offered and sold unregistered securities in violation of RCW
21.20.040, the securities registration section of the Securities Act of Washington.

1 5. As set forth above in paragraphs 16, 27, 45, 49, and 55 of the Tentative
2 Findings of Fact, Hoss guaranteed a customer against loss in a securities transaction effected
3 by HMI with or for such customer in violation of WAC 460-21B-060(15) and 460-22B-
4 090(14).

5
6 6. As set forth above in the Tentative Findings of Fact, when offering and selling
7 securities, Hoss willfully violated or willfully failed to comply with a provision of the
8 Securities Act, which is a basis for suspending or revoking a securities broker-dealer license
9 and a securities salesperson registration pursuant to RCW 21.20.110(1)(b).

10
11 7. As set forth above in the Tentative Findings of Fact, Hoss has committed
12 dishonest or unethical practices in the securities business, which violates the rules set forth
13 in WAC 460-21B-060 and WAC 460-22B-090 and is a basis for suspending or revoking a
14 securities broker-dealer registration and a securities salesperson registration pursuant to
15 RCW 21.20.110(1)(g).

16
17 8. As set forth above in paragraphs 73 and 74 of the Tentative Findings of Fact,
18 Hoss has failed to supervise reasonably a salesperson or employee who has committed
19 violations of the Securities Act of Washington or a rule or order issued under that chapter,
20 which is a basis for suspending or revoking a securities broker-dealer license and a
21 securities salesperson registration pursuant to RCW 21.20.110(1)(j).

22
23 9. As set forth above in paragraph 75 of the Tentative Findings of Fact, Hoss has
24 violated RCW 21.20.110(1)(b) by willfully violating a rule or order under the Securities Act
25 of Washington.

Based on the foregoing, the Securities Administrator takes the following actions:

1 **NOTICE OF INTENT TO IMPOSE A FINE**

2 Pursuant to RCW 21.20.110(4) and RCW 21.20.395, and based on the above Tentative
3 Findings of Fact and Conclusions of Law, the Securities Administrator intends to order
4 that Todd Allan Hoss shall be liable for and shall pay a fine of \$100,000.
5

6 **AUTHORITY AND PROCEDURE**

7 This Amended Superseding Statement of Charges, Summary Order to Cease and Desist,
8 Summary Order Revoking Exemptions, Summary Order Suspending and Notice of Intent to
9 Revoke Securities Salesperson Registration, and Notice of Intent to Impose a Fine Against
10 Hoss is entered pursuant to the provisions of chapter 21.20 RCW and is subject to the
11 provisions of chapter 34.05 RCW. Respondent Todd Allan Hoss may make a written request
12 for a hearing, as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND
13 OPPORTUNITY FOR HEARING accompanying this Order.
14

15 If a Respondent fails to make a timely hearing request, the Securities Administrator
16 intends to adopt the above Tentative Findings of Fact and Conclusions of Law as final and to
17 impose the sanctions that are sought against that respondent: to order the respondent to cease
18 and desist; to enter a final order revoking securities registration; to enter a final order revoking
19 securities broker-dealer and securities salesperson registration; to enter a final order revoking
20 the securities exemptions set forth in RCW 21.20.320 (1), (5), (8), (9), (11), and (17); and to
21 impose a fine.
22
23

24 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE**

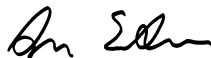
1 DATED AND ENTERED this 21st day of September, 2010

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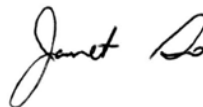
4
5 _____
6 WILLIAM M. BEATTY
7 Securities Administrator

8 Approved by:

9 Presented by:

10 

11 _____
12 Suzanne E. Sarason
13 Chief of Enforcement

14 

15 _____
16 Janet So
17 Enforcement Attorney

18 Reviewed by:

19 

20 _____
21 Robert Kondrat
22 Financial Legal Examiner Supervisor