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**STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
SECURITIES DIVISION**

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IN THE MATTER OF DETERMINING ) Order No.: S-09-134-12-FO01  
Whether there has been a violation of the )  
Securities Act of Washington by: ) ENTRY OF FINDINGS OF FACT AND  
Tyler Gonty ) CONCLUSIONS OF LAW AND FINAL ORDER TO  
T&H Northwest, LLC ) CEASE AND DESIST, TO IMPOSE FINES, AND TO  
Respondents. ) CHARGE COSTS

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THE STATE OF WASHINGTON TO: Tyler Gonty  
T&H Northwest, LLC

**INTRODUCTION**

On November 30, 2011, the Securities Administrator of the State of Washington issued Statement of Charges and Notice of Intent to Enter Order to Cease and Desist, to Impose Fines, and to Charge Costs, order number S-09-134-11-SC01, hereinafter referred to as "Statement of Charges." The Statement of Charges, together with a Notice of Opportunity to Defend and Opportunity for Hearing, hereinafter referred to as "Notice of Opportunity for Hearing" and an Application for Adjudicative Hearing, hereinafter referred to as "Application for Hearing," were served on Respondents Tyler Gonty and T&H Northwest, LLC on December 4, 2011. The Notice of Opportunity for Hearing advised Respondents Tyler Gonty and T&H Northwest, LLC that a written application for an administrative hearing on the Statement of Charges must be received within twenty days from the date of receipt of the notice. Respondents Tyler Gonty and T&H Northwest, LLC each failed to request an administrative hearing within twenty days of receipt of the Statement of Charges and Notice of Opportunity for Hearing, either on the Application for Hearing provided, or otherwise.

ENTRY OF FINDINGS OF FACT AND  
CONCLUSIONS OF LAW AND FINAL  
ORDER TO CEASE AND DESIST, TO IMPOSE FINES,  
AND TO CHARGE COSTS

1 The Securities Administrator therefore will adopt as final the following Findings of Fact and  
2 Conclusions of Law as set forth in the Statement of Charges and enter a Final Order against the Respondents  
3 to cease and desist from violations of the Securities Act, to impose fines, and to charge costs.

#### 4 **FINDINGS OF FACT**

##### 5 Respondents

6 1. Tyler Gonty (“Gonty”), a Washington resident, is the Manager and Chief Executive Officer  
7 of T&H Northwest, LLC.

8 2. T&H Northwest, LLC (“T&H”), a Washington limited liability company, doing business as  
9 HellHouse Media (“HellHouse”), is purportedly in the business of producing and selling adult movies,  
10 websites, and merchandise.

##### 11 Nature of the Conduct

12 3. Beginning no later than September 2006 and continuing through at least June 2009, Gonty,  
13 through T&H, raised in excess of \$700,000 from over 80 investors, including Washington residents. Gonty  
14 offered investors: (1) stock in T&H; (2) promissory notes issued by T&H; and (3) participation interests in  
15 specific movie and website productions. Investors learned of the investment opportunity through  
16 advertisements that Gonty placed on the websites, [seattleweekly.backpage.com](http://seattleweekly.backpage.com) and [craigslist.com](http://craigslist.com).  
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18 4. Gonty told at least one investor that based that his investment in a movie could return 120% a  
19 year upon the prior year’s performance. Gonty also provided the investor with pro forma income statements  
20 for T&H stating that in 2008, T&H had a net income of -\$197,826 but that the 2009 projected income was  
21 nearly \$1,000,000, and the projected income for 2012 was over \$4,000,000. The investor subsequently  
22 invested \$10,000 for 20% of the revenue of a specific movie that T&H would produce. The investor also  
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1 invested \$17,000 for 10% of the revenue of two websites produced by T&H, and \$25,000 for a 6%  
2 ownership interest in T&H.

3 5. Gonty provided a money-back guarantee to at least one other investor who invested more  
4 than \$37,000 for a 50% ownership interest in four websites. Gonty signed four separate Asset Investment  
5 Agreements for the websites stating that he personally guaranteed the return of the investor's investment.  
6 Additionally, Gonty promised that in the event that the website was ever sold, the investor would receive  
7 half of the sales proceeds, with a minimum return of more than twice the amount that was invested.

8 6. Another investor invested \$90,000 in T&H after being promised a return of 10% per week  
9 and 5% ownership interest in a specific website. According to the promissory note signed by Gonty, the  
10 investor could request the return of their investment funds just fourteen days after their initial investment.

11 7. Most T&H investors invested in the production of a specific movie or website. Investors  
12 were entitled to a percentage of the revenue from the movie or website depending on how much they  
13 invested. According to the HellHouse website, in 2009, a \$1,000 investment would purportedly return  
14 approximately \$100 per month (an annualized rate of return of 120%). The website further stated that the  
15 production time for a movie was approximately 120 days from planning to release. On multiple occasions,  
16 the movies described in the offerings were not actually produced and the investor's participation interests  
17 were transferred to another movie that was to be produced by Gonty.

18 8. In April 2009 a Securities Division investigator responded via email to a T&H advertisement  
19 on the [seattleweekly.backpage.com](http://seattleweekly.backpage.com) website seeking investors for an "Award Winning Adult Media  
20 Company." The advertisement stated that T&H "is one of the fastest growing in the business, with more  
21 that 3 years of established profit and growth..." The investigator later received a response from Gonty  
22 directing him to an advertisement on the HellHouse website that described the investment offering.  
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1 According to offering documents on the HellHouse website, T&H was attempting to raise \$500,000 from  
2 investors. The offering documents stated that investors had the option of investing in specific projects  
3 (movies, websites, and products) or in shares of T&H.

4 9. Several T&H investors have received little or no return on their investment. Gonty told at  
5 least one investor that if the investor filed suit against him for non-payment, that he would file for  
6 bankruptcy.

#### 7 Misrepresentations and Omissions

8 10. The Respondents failed to disclose material information to investors about the investment  
9 opportunities described above, including but not limited to, financial statements, the basis and assumptions  
10 underlying the financial projections provided to investors, the use of investors' funds, and past investment  
11 performance.

12 11. Additionally, the Respondents made misleading statements to investors about profitability of  
13 T&H and the movies and websites that it produced. Furthermore, Gonty failed to disclose the basis on  
14 which he could personally guarantee their investment.  
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#### 16 Registration Status

17 12. Respondent, T&H Northwest, LLC is not currently registered to sell securities in the state of  
18 Washington and has not previously been so registered.

19 13. Respondent, Tyler Gonty is not currently registered as a securities salesperson or broker-  
20 dealer in the state of Washington and has not previously been so registered.

21 Based upon the Findings of Fact, the following Conclusions of Law are made:  
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**CONCLUSIONS OF LAW**

1. The offer or sale of the stock, promissory notes, and participation interests, as described above, constitutes the offer or sale of a security as defined in RCW 21.20.005(14) and (17).

2. The offer and/or sale of said securities were made in violation of RCW 21.20.010, the anti-fraud statute, because, as set forth in the Findings of Fact, Respondents made untrue statements of material fact, and omitted to state material facts necessary in order to make the statements made, in light of the circumstances in which they were made, not misleading.

3. Tyler Gonty has violated RCW 21.20.040 by offering or selling said securities while not registered as a securities salespersons or broker-dealers in the state of Washington.

4. The offer or sale of said securities is in violation of RCW 21.20.140 because no registration for such offer or sale is on file with the Securities Administrator.

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**FINAL ORDER**

Based upon the foregoing and finding it in the public interest:

IT IS HEREBY ORDERED that Tyler Gonty and T&H Northwest, LLC and their agents and employees shall each cease and desist from offering and/or selling securities in any manner in violation of RCW 21.20.140, the section of the Securities Act of Washington requiring registration.

IT IS FURTHER ORDERED that Tyler Gonty and T&H Northwest, LLC and their agents and employees shall each cease and desist from violating RCW 21.20.010, the anti-fraud section of the Securities Act of Washington.

IT IS FURTHER ORDERED that Respondent Tyler Gonty and his agents and employees shall each cease and desist from violating RCW 21.20.040, the broker-dealer and securities salesperson registration section of the Securities Act of Washington.

1 IT IS FURTHER ORDERED that Respondents Tyler Gonty and T&H Northwest, LLC shall be  
2 jointly and severally liable for and shall pay a fine of \$20,000.

3 IT IS FURTHER ORDERED that Respondents Tyler Gonty and T&H Northwest, LLC shall be  
4 jointly and severally liable for and shall pay investigative costs of \$2,500.

5 **AUTHORITY AND PROCEDURE**

6 This FINAL ORDER is entered pursuant to the provisions of 21.20.390, and is subject to the  
7 provisions of Chapter 34.05 RCW. Respondents have the right to petition the superior court for judicial  
8 review of this agency action under the provisions of Chapter 34.05 RCW. For the requirements for Judicial  
9 Review, see RCW 34.05.510 and sections following. Pursuant to RCW 21.20.395, a certified copy of this  
10 Order may be filed in Superior Court. If so filed, the clerk shall treat the Order in the same manner as a  
11 Superior Court judgment as to the fine, and the fine may be recorded, enforced, or satisfied in like manner.  
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13 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**


14 SIGNED and ENTERED this 6th day of January 2012.

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18 William M. Beatty  
19 Securities Administrator

20 Approved by:

20 Presented by:

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23 Suzanne Sarason  
24 Chief of Enforcement

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23 Tyler Letey  
24 Financial Legal Examiner

25 ENTRY OF FINDINGS OF FACT AND  
CONCLUSIONS OF LAW AND FINAL  
ORDER TO CEASE AND DESIST, TO IMPOSE FINES,  
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Reviewed By:



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Robert Kondrat  
Financial Legal Examiner Supervisor