

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:) Order Number S-09-467-10-SC01
)
) STATEMENT OF CHARGES AND NOTICE
TNK Mortgage Service, LLC, Michael Roy) OF INTENT TO ENTER ORDER TO CEASE
Thacker a/k/a Mike Thacker and William) AND DESIST, TO IMPOSE FINES AND
Forrest Knoppi a/k/a Bill Knoppi;) RECOVER COSTS
)
Respondents)

THE STATE OF WASHINGTON TO: TNK Mortgage Service, LLC, Michael Roy
Thacker a/k/a Mike Thacker and William
Forrest Knoppi a/k/a Bill Knoppi

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents, TNK Mortgage Service, LLC, Michael Roy Thacker a/k/a Mike Thacker and William Forrest Knoppi a/k/a Bill Knoppi, have each violated the Securities Act of Washington and that their violations justify the entry of an order of the Securities Administrator under RCW 21.20.390 against each to cease and desist from such violations. The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

Respondents

1. TNK Mortgage Service, LLC (TNK) was a Washington State limited liability company from 2006 to 2009 and registered during that same period with the Dept. of Financial

1 Institutions as a mortgage broker, license number 510-MB-30330 (NMLS:111208). Its former
2 principal place of business was in Port Orchard, Washington.

3 2. Michael Roy Thacker a/k/a Mike Thacker (Thacker) was a co-owner of TNK
4 Mortgage Service, LLC.

5 3. William Forrest Knoppi (Knoppi) a/k/a Bill Knoppi was a co-owner of TNK Mortgage
6 Service, LLC.

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8 Nature of the Offering

9 Investor A

10 4. In 2007, Thacker approached Investor A, a Washington resident, a relative of one of
11 TNK's clients, about investing in a promissory note secured by a deed of trust. Investor A was
12 working as a "handyman" on a house that was owned by his relative and being rented by
13 Thacker. Over a series of conversations at the relative's house, Thacker persuaded Investor A to
14 refinance his home and use the proceeds to invest in a promissory note.

15 5. Thacker told Investor A that he would get his money back in four months.

16 6. Thacker told Investor A that the money would be used to fund a ski resort
17 development and that Thacker and TNK were working with some "high rollers in Asia" in
18 getting permits for a ski resort in Idaho.

19 7. On or about September 27, 2007, Investor A gave Thacker a check for \$100,000 that
20 was made payable to Thacker. Investor A received a promissory note signed by Knoppi and
21 Thacker for \$100,000 that paid 12% interest per annum and was due on January 27, 2008.

22 8. Investor A, who is financially unsophisticated and did not participate in the
23 management of TNK, has not received any return of his investment with the exception of a
24 single interest payment of approximately \$11,000.
25

Investor B

9. In 2008, Knoppi approached a long time acquaintance, neighbor and Washington resident (Investor B) and offered him the opportunity to invest in a promissory note secured by a deed of trust.

10. Knoppi told Investor B that he was offering short term loans that would be secured by real estate and “guaranteed” Investor B that he would be repaid in four months.

11. Knoppi told Investor B that the money invested would be used for the construction of housing and drove Investor B to the look at the property in Kitsap County, Washington where the construction was to take place.

12. On or about March 21, 2008, Investor B gave Knoppi a personal check made out to TNK Mortgage for \$5,000 and subsequently in return received a promissory note issued by TNK Mortgage Service, LLC and signed by Knoppi as TNK Mortgage “Owner” in the amount of \$6,000 due on April 20, 2008.

13. On or about March 30, 2008, Investor B gave Knoppi two additional personal checks made out to TNK Mortgage in the amounts of \$3,680.40 and \$11,885.40 to invest in additional TNK promissory notes that were to be used to fund a septic and/or well system and for construction of housing.

14. Investor B, who is financially unsophisticated and did not participate in the management of TNK, was repaid on his first investment, but has not received payment for his second and third investments.

Investor C

15. Investor C is a family member of Knoppi who in 2006 decided to have him assist her in the management of her investments. Investor C invested through Knoppi based in part

1 because of his representations that he and TNK were investing in mortgages that were short
2 term loans with “good collateral.” Knoppi also told Investor C that she could make returns of 10
3 to 14%. Investor C subsequently invested in a series of “loans” recommended or chosen for her
4 by Knoppi. Investor C gave Knoppi signature authority on her bank account so that he could
5 more easily make investments on her behalf and transfer funds to a TNK bank account.

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7 16. In 2007, Knoppi invested over \$600,000 of Investor C’s savings in a series of
8 promissory notes to a variety of borrowers that included Thacker, other homeowners and
9 commercial developers. In a few instances, Knoppi contacted Investor C and provided some
10 information about the loans to be made, but many of the loans were made without consulting
11 Investor C, who had given Knoppi authority to withdraw money from her checking account and
12 transfer it to a TNK bank account. Because of her trust in Knoppi, Investor C allowed him to
13 make loans on her behalf without determining the details of the transactions such as the identity
14 of the borrowers or the “collateral” for the loans.

15 17. Knoppi and Thacker eventually advised Investor C that her money had been loaned to
16 approximately nine borrowers on a short term basis.

17 18. Investor C, who is financially unsophisticated and did not participate in the
18 management of TNK, has been not repaid the majority of the principal on her investments.

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22 Misrepresentations and Omissions

23 19. Respondents misrepresented to Investor A that his investment money was to be
24 loaned a borrower to fund a ski resort development, when it fact the money was loaned to
25 another borrower for a different purpose.

1 20. Respondents misrepresented to Investor B and Investor C that their investments
2 would be secured by a deed of trust when no deed of trust was recorded for the benefit of
3 Investors B or C.

4 21. Respondents failed to provide Investors A, B and C with material information such as
5 the risks of the investments, information about the property which were to secure loans, financial
6 statements or borrower credit information that would allow them to assess Respondents' and
7 borrowers' ability to repay the notes.
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9 Failure to Respond to Subpoenas

10 22. In April, 2010, TNK and Knoppi were served by certified mail with Securities
11 Division subpoenas to provide documents relating to investments offered and sold and Knoppi
12 was ordered to appear and testify regarding the offer and sale of investments by TNK. TNK and
13 Knoppi failed provide the subpoenaed documents and Knoppi failed to appear and testify.

14 Registration Status

15 23. TNK Mortgage Service, Thacker and Knoppi are not currently registered to offer or
16 sell securities in the state of Washington and have not previously been so registered nor have
17 they filed a claim of exemption from registration.

18 24. Knoppi and Thacker are not currently registered as securities salespersons or broker-
19 dealers in the state of Washington and have not previously been so registered.
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21 Based upon the Tentative Findings of Fact, the following Conclusions of Law are made:

22 **CONCLUSIONS OF LAW**

23 1. The offer or sale of promissory notes described above constitutes the offer or sale of a
24 security as defined in RCW 21.20.005(14) and (17), to wit: a note, evidence of indebtedness
25 and/or an investment contract.

1 2. TNK Mortgage Service, Thacker and Knoppi violated RCW 21.20.140 because they
2 offered and/or sold securities for which there was no registration on file with the Securities
3 Administrator.

4 3. Knoppi and Thacker have each violated RCW 21.20.040 by offering or selling said
5 securities while not registered as a securities salesperson or broker-dealer in the state of
6 Washington.

7 4. The offer or sale of said securities was made in violation of RCW 21.20.010 because,
8 as described above, Respondents, TNK Mortgage Service, Thacker and Knoppi, made untrue
9 statements of material fact or omitted to state material facts necessary to make the statements
10 made, in light of the circumstances under which they were made, not misleading.

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

13 Based on the above Tentative Findings of Fact and Conclusions of Law, the Securities
14 Administrator intends to order that Respondents, TNK Mortgage Service, Thacker, and Knoppi,
15 their agents and employees, each to cease and desist from violations of RCW 21.20.010, RCW
16 21.20.040, and RCW 21.20.140.

17 **NOTICE OF INTENT TO IMPOSE FINES**

18 Pursuant to RCW 21.20.395 and based upon the Tentative Findings of Fact and
19 Conclusions of Law, the Securities Administrator intends to order that Respondents, TNK
20 Mortgage Service, LLC, Michael Roy Thacker and William Forrest Knoppi, shall each be jointly
21 and severally liable for and pay a fine of \$30,000.

22 **NOTICE OF INTENT TO RECOVER COSTS**

23 Pursuant to RCW 21.20.390 (5) and based upon the Tentative Findings of Fact and
24 Conclusions of Law, the Securities Administrator intends to order that Respondents, TNK
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1 Mortgage Service, Thacker and Knoppi, shall be jointly and severally liable for and shall pay the
2 Securities Division the costs, fees and other expenses incurred in the conduct of the
3 administrative investigation and hearing of this matter of not less than \$12,735.

4 **AUTHORITY AND PROCEDURE**

5 This Statement of Charges is entered pursuant to the provisions of Chapter 21.20 RCW
6 and is subject to the provisions of RCW 34.05.

7 The Respondents, TNK Mortgage Service, LLC, Michael Roy Thacker and William
8 Forrest Knoppi, may each make a written request for a hearing as set forth in the NOTICE OF
9 OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this
10 order.
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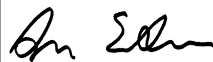
12 If a Respondent does not request a hearing in the time allowed, the Securities
13 Administrator intends to adopt the above Tentative Findings of Fact and Conclusions of Law as
14 final and enter an order to cease and desist permanent as to that Respondent and to impose any
15 fine and charge any costs that are sought against that Respondent.
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17 Dated this 26th day of June, 2012.

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20 WILLIAM M. BEATTY
21 Securities Administrator

22 Approved By:

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24 SUZANNE SARASON
25 Chief of Enforcement

Presented By:



MARTIN CORDELL
Financial Legal Examiner

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Reviewed by:



JACK MCCLELLAN
Financial Legal Examiner Supervisor