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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-09-467-12-FO01
Whether there has been a violation of the	)	
Securities Act of Washington by:	)	ENTRY OF FINDINGS OF FACT AND CONCLUSIONS
TNK Mortgage Service LLC; Michael Roy	)	OF LAW AND FINAL ORDER TO CEASE AND DESIST,
Thacker; and William Forrest Knoppi aka Bill	)	TO IMPOSE FINES AND RECOVER COSTS AS TO:
Knoppi,	)	WILLIAM FORREST KNOPPI aka BILL KNOPPI
	)	
<u>Respondents.</u>	)	

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On June 26, 2012, the Securities Administrator of the state of Washington issued S-09-467-10-SC01 hereinafter referred to as the 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 Respondent William Forrest Knoppi, by First Class U.S. Mail that was posted on June 27, 2012. The Notice of Opportunity for Hearing advised Respondent William Forrest Knoppi 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. Respondent William Forrest Knoppi 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.

The Securities Administrator therefore will adopt as final the following Findings of Fact and Conclusions of Law as set forth in the Statement of Charges and enter a final order against the Respondent to cease and desist from violations of the Securities Act.

The Securities Administrator makes the following Findings of Fact and Conclusions of Law:

**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 Institutions as a mortgage broker, license number 510-MB-30330 (NMLS:111208). Its former principal place of business was in Port Orchard, Washington.
2. Michael Roy Thacker a/k/a Mike Thacker (Thacker) was a co-owner of TNK Mortgage Service, LLC.
3. William Forrest Knoppi (Knoppi) a/k/a Bill Knoppi was a co-owner of TNK Mortgage Service, LLC.

Nature of the Offering

Investor A

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3 4. In 2007, Thacker approached Investor A, a Washington resident, a relative of one of TNK’s clients, about  
4 investing in a promissory note secured by a deed of trust. Investor A was working as a “handyman” on a house that  
5 was owned by his relative and being rented by Thacker. Over a series of conversations at the relative’s house, Thacker  
6 persuaded Investor A to refinance his home and use the proceeds to invest in a promissory note.

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

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

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

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

Investor B

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

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

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

22 12. On or about March 21, 2008, Investor B gave Knoppi a personal check made out to TNK Mortgage for  
23 \$5,000 and subsequently in return received a promissory note issued by TNK Mortgage Service, LLC and signed by  
24 Knoppi as TNK Mortgage “Owner” in the amount of \$6,000 due on April 20, 2008.

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

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

#### 6 Investor C

7 15. Investor C is a family member of Knoppi who in 2006 decided to have him assist her in the management  
8 of her investments. Investor C invested through Knoppi based in part because of his representations that he and TNK  
9 were investing in mortgages that were short term loans with "good collateral." Knoppi also told Investor C that she  
10 could make returns of 10 to 14%. Investor C subsequently invested in a series of "loans" recommended or chosen for  
11 her by Knoppi. Investor C gave Knoppi signature authority on her bank account so that he could more easily make  
12 investments on her behalf and transfer funds to a TNK bank account.

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

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

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

#### 23 Misrepresentations and Omissions

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

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

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

6 Failure to Respond to Subpoenas

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

11 Registration Status

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

15 24. Knoppi and Thacker are not currently registered as securities salespersons or broker-dealers in the state of  
16 Washington and have not previously been so registered.

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

18 **CONCLUSIONS OF LAW**

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

21 2. William Forrest Knoppi violated RCW 21.20.140 because he offered and/or sold securities for which there  
22 was no registration on file with the Securities Administrator.

23 3. William Forrest Knoppi violated RCW 21.20.040 by offering or selling said securities while not registered  
24 as a securities salesperson or broker-dealer in the state of Washington.

1 4. The offer or sale of said securities was made in violation of RCW 21.20.010 because, as described above,  
2 Respondent William Forrest Knoppi made untrue statements of material fact or omitted to state material facts  
3 necessary to make the statements made, in light of the circumstances under which they were made, not misleading.

4 **FINAL ORDER**

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

6 IT IS HEREBY ORDERED that the Respondent William Forrest Knoppi, his agents and employees each shall  
7 cease and desist from offering and/or selling securities in any manner in violation of RCW 21.20.140, the securities  
8 registration section of the Securities Act of Washington.

9 IT IS FURTHER ORDERED that the Respondent William Forrest Knoppi, his agents and employees each  
10 shall cease and desist from violating RCW 21.20.040, the registration of securities salespersons and broker-dealers  
11 section of the Securities Act of Washington.

12 IT IS FURTHER ORDERED that the Respondent William Forrest Knoppi, his agents and employees each  
13 shall cease and desist from violating RCW 21.20.010, the anti-fraud section of the Securities Act of Washington.

14 IT IS FURTHER ORDERED that the Respondent William Forrest Knoppi, shall be liable for and pay a fine  
15 in the amount of \$30,000.

16 IT IS FURTHER ORDERED that the Respondent William Forrest Knoppi shall be liable for and pay costs in  
17 the amount of \$7,500.

18 **AUTHORITY AND PROCEDURE**

19 This FINAL ORDER is entered pursuant to the provisions of RCW 21.20.110 and 21.20.390, and is subject to  
20 the provisions of RCW 21.20.120 and Chapter 34.05 RCW. Respondent has the right to petition the superior court for  
21 judicial review of this agency action under the provisions of RCW 34.05. For the requirements for Judicial Review,  
22 see RCW 34.05.510 and sections following. Pursuant to RCW 21.20.395, a certified copy of this Order may be filed  
23 in Superior Court. If so filed, the clerk shall treat the Order in the same manner as a Superior Court judgment as to  
24 the fine, and the fine may be recorded, enforced, or satisfied in like manner.

25 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

SIGNED and ENTERED this 2nd day of October, 2012.



WILLIAM M. BEATTY  
Securities Administrator

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Approved By:



SUZANNE SARASON  
Chief of Enforcement

Presented By:



MARTIN CORDELL  
Financial Legal Examiner

Reviewed by:



JACK MCCLELLAN  
Financial Legal Examiner Supervisor