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**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: )  
Journey Financial Inc; Doyle Treat Nelson; )  
Kenneth Exelby Jr.; Ashley Nelson; and Gary )  
Oldham, )  
Respondents. )

Order No. S-10-010-14-CO01

CONSENT ORDER

as to

KENNETH EXELBY, JR.

**INTRODUCTION**

On October 15, 2014, the Securities Administrator of the Securities Division of the Department of Financial Institutions (“Securities Division”) issued a Statement of Charges and Notice of Intent to Issue an Order to Cease and Desist, Impose Fines, and Recover Costs, Order Number S-10-010-14-SC01, against Respondents Journey Financial Inc; Doyle Treat Nelson; Kenneth Exelby Jr.; Ashley Nelson; and Gary Oldham. Pursuant to the Securities Act of Washington, RCW 21.20, the Securities Division of the Department of Financial Institutions (“Securities Division”) and Respondent, Kenneth Exelby Jr., do hereby enter into this CONSENT ORDER in settlement of the matters alleged herein. Respondent, Kenneth Exelby Jr., neither admits nor denies the Findings of Fact and Conclusions of Law as stated below.

**FINDINGS OF FACT**

Respondents

1. Journey Financial, Inc. (“Journey Financial”) is a former Washington corporation with its principal place of business in Tacoma, Washington. Journey was registered with the Department of Financial Institutions-Consumer Services Division as a mortgage broker, NMLS# 37864, from October 24, 2008 to December 31, 2009.
2. Doyle Treat Nelson (“Nelson”) was the Chief Executive Officer of Journey Financial, Inc.
3. Kenneth Exelby, Jr. (“Exelby”) was the President of Journey Financial, Inc. Exelby, CRD #2370373, was employed as a securities salesperson in Washington from 1993 to 2004.
4. Gary William Oldham (“Oldham”) was the Chief Financial Officer and a board member of Journey Financial, Inc. Oldham resigned from Journey Financial in May, 2008. Prior to and during 2008 and 2009, Respondent Oldham was a tax preparer doing business as Tax Consultants Incorporated of Washington (“Tax Consultants”), UBI Number 601207066. Journey Financial was also a tax client of Oldham and he prepared at least

1 one year's tax return for the company. Oldham also leased Journey Financial approximately \$50,000 of office  
2 equipment.

### 3 Nature of the Offering

4 5. In 2007, Doyle Nelson and Ken Exelby operated Journey Financial, a mortgage loan brokerage  
5 company that expanded from one to several locations in Washington State. In 2008, Respondents Journey Financial  
6 Inc., Doyle Treat Nelson, Kenneth Exelby Jr., and Gary Oldham raised approximately \$490,000 from at least eight  
7 Washington residents through the sale of Journey preferred stock and promissory notes, some of which was  
8 "converted" to Journey preferred stock. Respondents sold approximately \$215,000 of promissory notes to investors,  
9 \$50,000 of which was converted to preferred stock. Respondents solicited investors primarily through personal  
10 meetings, telephone calls and email messages. Respondent Oldham, d.b.a. Tax Consultants, ran a tax preparation  
11 service in Federal Way, Washington, where he solicited at least six of his tax clients to invest with Journey Financial  
12 and referred them to Doyle Treat Nelson or Kenneth Exelby.

13 6. Respondents told prospective investors that their money would be used for expansion of Journey  
14 Financial. Respondent Nelson described a Journey Financial loan to one investor as a "bridge loan" and that the  
15 company was planning on opening offices in California, Washington and Florida. Respondent Exelby also used the  
16 term "bridge loan" in a letter in which he solicited an investor for an additional loan to Journey Financial. Respondent  
17 Oldham explained to one investor that the company needed a loan for operating costs and represented that Journey  
18 Financial was starting a mortgage loan servicing business and needed a "bridge loan" for a period of two to twelve  
19 months.

20 7. A number of investors were long time tax clients of Gary Oldham and several considered him to be  
21 not only a trusted adviser, but a friend. Oldham solicited several investors with documents using his Tax Consultants  
22 business letterhead regarding the Journey Financial investments. Oldham created and provided several investors with  
23 a one-page document entitled "Memorandum," dated March 5, 2008. In the Memorandum, Oldham states that "I am  
24 on the board of directors & will be watching the funds and operations. This is a safe investment and provides 18%  
25 earnings." Oldham told investors that he had personally invested in Journey Financial.

8. Respondents Journey Financial, Oldham, Nelson and Exelby offered and sold at least five investors  
twelve month promissory notes ranging from 18% to 20% per annum interest. Respondents offered at least three  
investors Journey Financial preferred stock. Respondents also offered promissory note holders the opportunity to  
convert their notes into preferred stock and at least one investor converted two promissory notes into Journey  
Financial preferred shares.

9. Investors did not participate in the management of Journey Financial. Most investors were not  
"accredited investors" as they had neither an annual income of over \$200,000 nor a \$1,000,000 net worth.

10. While promissory note investors initially received a limited number of interest only payments, Respondents have not repaid investors any of their principal or subsequent accrued interest. Respondents have not paid preferred shareholders any returns on their investments. Journey Financial, Inc. has been an inactive corporation since 2011.

#### Misrepresentations and Omissions

11. Respondents Journey Financial, Oldham, Nelson and Exelby misrepresented to some investors that the proposed loan investments were safe and would be able to return 18% to 20% when they had no basis in fact for such statements. Journey Financial, Oldham, Nelson and Exelby did not discuss any risks associated with the investment with some of the investors. Journey Financial, Oldham, Nelson and Exelby did not provide investors with a prospectus or offering circular with the material information for the Journey Financial investment including, but not limited to, financial statements and Oldham's bankruptcy.

#### Registration Status

12. Respondent, Journey Financial, Inc. is not currently registered to sell securities in the state of Washington and has not previously been so registered. There is no notification of exemption on file with the state of Washington.

13. Respondent Exelby was not registered as a securities salesperson or broker-dealer in the state of Washington after 2004.

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

### **CONCLUSIONS OF LAW**

#### **I.**

The offer or sale of loans, notes and preferred stock as described above constitute the offer and/or sale of a security as defined in RCW 21.20.005(14) and (17).

#### **II.**

The offer and/or sale of said securities is in violation of RCW 21.20.140 because no registration for such an offer and/or sale is on file with the Securities Administrator, state of Washington.

#### **III.**

The offer and/or sale of said securities were in violation of RCW 21.20.010 because Respondent Kenneth Exelby, Jr. made misrepresentations regarding the safety and potential returns of the investments and/or failed to disclose material facts to prospective investors, including, but not limited to, the risks of the offering, financial information for the issuer Journey Financial, and the bankruptcy of Respondent Oldham.

#### **IV.**

Kenneth Exelby, Jr., has violated RCW 21.20.040(1) by offering and/or selling said securities while not being registered as a broker-dealer or securities salesperson in the state of Washington.

**CONSENT ORDER**

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

IT IS AGREED AND ORDERED that Respondent Kenneth Exelby Jr. shall cease and desist from violating RCW 21.20.010, the anti-fraud and registration section of the Securities Act of Washington.

IT IS AGREED AND ORDERED that Respondent Kenneth Exelby Jr. shall cease and desist from violating RCW 21.20.140, the securities registration section of the Securities Act of Washington.

IT IS AGREED AND ORDERED that Respondent Kenneth Exelby Jr. shall cease and desist from violating RCW 21.20.040, the securities salesperson and broker-dealer registration section of the Securities Act of Washington.

IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this Consent Order.

IT IS FURTHER AGREED that Respondent, Kenneth Exelby Jr., entered into this Consent Order freely and voluntarily and with a full understanding of its terms and significance.

IT IS FURTHER AGREED that in consideration of the foregoing, Respondent, Kenneth Exelby Jr., waives his right to a hearing and to judicial review of this matter pursuant to RCW 21.20.440 and Chapter 34.05 RCW.

WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

Signed this 7th day of January, 2015 by:

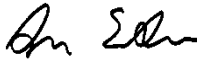
/s/  
KENNETH EXELBY, JR.

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SIGNED and ENTERED this 14th day of January, 2015



WILLIAM M. BEATTY  
Securities Administrator


Approved by:

  
SUZANNE SARASON  
Chief of Enforcement

Presented by:

  
MARTIN CORDELL  
Financial Legal Examiner

Reviewed by:

  
JACK MC CLELLAN  
Financial Legal Examiner Supervisor