STATE OF WASHINGTON DEPARTMENT OF FINANCIAL INSTITUTIONS SECURITIES DIVISION

IN THE MATTER OF DETERMINING)	Order No. S-10-010-14-FO01
Whether there has been a violation of the)	
Securities Act of Washington by:)	ENTRY OF FINDINGS OF FACT AND CONCLUSIONS
)	OF LAW AND FINAL ORDER TO CEASE AND DESIST,
Journey Financial, Inc., Doyle T. Nelson, Kenneth)	IMPOSE FINES, AND RECOVER COSTS AS TO
Exelby, Jr., and Gary William Oldham,)	
)	DOYLE TREAT NELSON
Respondents.)	

On October 15, 2014, 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, S-10-010-14-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, Doyle Treat Nelson by First Class U.S. Mail on or about October 30, 2014.

The Notice of Opportunity for Hearing advised Respondent, Doyle Treat Nelson, 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.

On November 20, 2014, Respondent, Doyle Treat Nelson returned the Application for Hearing form to the Securities Administrator by U.S. Mail and waived his right to an administrative hearing in lieu of submitting a written statement for consideration by the Director of the Department of Financial Institutions or the Securities Administrator.

After considering the written statement and reviewing the investigative record, the Securities Administrator finds no material grounds for amendment of the Statement of Charges and adopts as final the Findings of Fact and Conclusions of Law as set forth in the Statement of Charges and enters a final order against the Respondent Doyle Treat Nelson to cease and desist from violations of the Securities Act.

The Securities Administrator finds as follows:

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.

ENTRY OF FINDINGS OF FACT AND CONCLUSIONS OF LAW AND FINAL ORDER TO CEASE AND DESIST, IMPOSE FINES, AND RECOVER COSTS AS TO DOYLE TREAT NELSON DEPARTMENT OF FINANCIAL INSTITUTIONS
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- 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 one year's tax return for the company. Oldham also leased Journey Financial approximately \$50,000 of office equipment.

Nature of the Offering

- 5. In 2007, Doyle Nelson and Ken Exelby operated Journey Financial, a mortgage loan brokerage company that expanded from one to several locations in Washington State. In 2008, Respondents Journey Financial Inc., Doyle Nelson, Kenneth Exelby Jr., and Gary Oldham raised approximately \$490,000 from at least eight Washington residents through the sale of Journey preferred stock and promissory notes, some of which was "converted" to Journey preferred stock. Respondents sold approximately \$215,000 of promissory notes to investors, \$50,000 of which was converted to preferred stock. Respondents solicited investors primarily through personal meetings, telephone calls and email messages. Respondent Oldham, d.b.a. Tax Consultants, ran a tax preparation service in Federal Way, Washington, where he solicited at least six of his tax clients to invest with Journey Financial and referred them to Doyle Nelson or Ken Exelby.
- 6. Respondents told prospective investors that their money would be used for expansion of Journey Financial. Respondent Nelson described a Journey Financial loan to one investor as a "bridge loan" and that the company was planning on opening offices in California, Washington and Florida. Respondent Exelby also used the term "bridge loan" in a letter in which he solicited an investor for an additional loan to Journey Financial. Respondent Oldham explained to one investor that the company needed a loan for operating costs and represented that Journey Financial was starting a mortgage loan servicing business and needed a "bridge loan" for a period of two to twelve months.
- 7. A number of investors were long time tax clients of Gary Oldham and several considered him to be not only a trusted adviser, but a friend. Oldham solicited several investors with documents using his Tax Consultants business letterhead regarding the Journey Financial investments. Oldham created and provided several investors with a one-page document entitled "Memorandum," dated March 5, 2008. In the Memorandum, Oldham states that "I am on the board of directors & will be watching the funds and operations. This is a safe investment and provides 18% earnings." Oldham told investors that he had personally invested in Journey Financial.

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- 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 "an accredited investor" (having an annual income of over \$200,000 or 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. Respondents Oldham and Nelson are not currently registered as a securities salesperson or broker-dealer in the state of Washington and have not previously been so registered. Respondent Nelson 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.

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III.

The offer and/or sale of said securities were in violation of RCW 21.20.010 because Respondent Doyle Treat Nelson 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.

Doyle Treat Nelson 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.

FINAL ORDER

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

IT IS HEREBY ORDERED that the Respondent, Doyle Treat Nelson, his agents and employees each shall 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 the Respondent, Doyle Treat Nelson, his agents and employees each shall cease and desist from violating RCW 21.20.010, the anti-fraud section of the Securities Act of Washington.

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

IT IS FURTHER ORDERED that the Respondent, Doyle Treat Nelson, shall liable for and pay a fine of \$5,000.

IT IS FURTHER ORDERED that the Respondent, Doyle Treat Nelson, shall liable for and pay investigative costs of \$6,500.

AUTHORITY AND PROCEDURE

This FINAL ORDER is entered pursuant to the provisions of RCW 21.20.390 and 21.20.395, and is subject to the provisions of RCW 21.20.440 and Chapter 34.05 RCW. The Respondent has the right to petition the superior court for judicial review of this agency action under the provisions of Chapter 34.05 RCW. For the requirements for Judicial Review, see RCW 34.05.510 and sections following. Pursuant to RCW 21.20.395, a certified copy of this Order may be filed in Superior Court. If so filed, the clerk shall treat the Order in the same manner as a Superior

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1	Court judgment as to the fine, and the fine may be recorded, enforced, or satisfied in like manner.				
	WILLFUL VIOLATION C	OF THIS ORDER IS A CRIMINAL OFFI	ENSE.		
2	SIGNED and ENTERED this <u>3rd</u>	day of <u>December</u>	, 2014 by:		
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5		position, +	2		
6		William M. Beatty Securities Administrator			
7					
8	Approved by:	Presented by:			
9					
10	An Elm	Martin Cordell			
11	Suzanne Sarason Chief of Enforcement	Cordell, Martin Financial Legal Examiner			
12	Reviewed by:				
13	The view of the same of the sa				
14	Jack McClellan Financial Legal Examiner Supervisor				
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