

1 **STATE OF WASHINGTON**  
2 **DEPARTMENT OF FINANCIAL INSTITUTIONS**  
3 **SECURITIES DIVISION**

4 IN THE MATTER OF DETERMINING ) Order No. S-10-010-14-SC01  
5 Whether there has been a violation of the )  
6 Securities Act of Washington by: ) STATEMENT OF CHARGES AND NOTICE OF INTENT  
7 ) TO ENTER ORDER TO CEASE AND DESIST, TO  
8 Journey Financial, Inc., Doyle T. Nelson, Kenneth ) IMPOSE FINES AND TO CHARGE COSTS  
9 Exelby, Jr., and Gary William Oldham, )  
10 )  
11 )  
12 Respondents. )

13 THE STATE OF WASHINGTON TO: Journey Financial, Inc., Doyle T. Nelson, Kenneth Exelby,  
14 Jr., and Gary William Oldham;

15 **STATEMENT OF CHARGES**

16 Please take notice that the Securities Administrator of the state of Washington has reason to believe that  
17 Respondents Journey Financial Inc., Doyle T. Nelson, Kenneth Exelby, Jr., and Gary William Oldham (the  
18 “Respondents”) have each violated the Securities Act of Washington and that their violations justify the entry of an  
19 order of the Securities Administrator under RCW 21.20.390 against each to cease and desist from such violations and  
20 to charge costs, and under RCW 21.20.395 to impose a fine. The Securities Administrator finds as follow:

21 **TENTATIVE FINDINGS OF FACT**

22 Respondents

23 1. Journey Financial, Inc. (“Journey Financial”) is a former Washington corporation, formed in June,  
24 2007, with its principal place of business in Tacoma, Washington. Journey Financial was registered with the  
25 Department of Financial Institutions-Consumer Services Division as a mortgage broker, NMLS# 37864, from October  
26 24, 2008 to December 31, 2009.

27 2. Doyle T. Nelson (“Nelson”) was the Chief Executive Officer of Journey Financial, Inc.

28 3. Kenneth Exelby, Jr. (“Exelby”) was the President of Journey Financial, Inc. Exelby, was employed as  
29 a securities salesperson in Washington from 1993 to 2004 and whose Central Registration Depository Number was  
30 2370373.

31 4. Gary William Oldham (“Oldham”) was the Chief Financial Officer and a board member of Journey  
32 Financial, Inc. from 2007 to 2008. Prior to and during 2008 and 2009, Respondent Oldham was a tax preparer doing  
33 business as Tax Consultants Incorporated of Washington (“Tax Consultants”). Journey Financial was also a tax client  
34 of Oldham and he prepared at least one year’s tax return for the company. Oldham also leased Journey Financial  
35

1 approximately \$50,000 of office equipment. In 2003, Oldham filed for and received a “Discharge of Debtor” in a  
2 Chapter 7 bankruptcy proceeding in the U.S. Bankruptcy Court for the Western District of Washington.

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 early 2008, Respondents Journey  
6 Financial Inc., Doyle Nelson, Kenneth Exelby Jr., and Gary Oldham raised approximately \$490,000 from at least  
7 eight Washington residents through the sale of Journey preferred stock and promissory notes, of which approximately  
8 \$215,000 represented promissory notes. Respondents offered at least three investors Journey Financial preferred  
9 stock. Respondents Journey Financial, Oldham, Nelson and Exelby offered and sold at least five investors twelve  
10 month promissory notes ranging from 18% to 20% per annum interest. Respondent Oldham, d.b.a. Tax Consultants,  
11 ran a tax preparation service in Federal Way, Washington, where he solicited at least six of his tax clients to invest  
12 with Journey Financial and referred them to Doyle Nelson or Ken Exelby. Respondents solicited investors primarily  
13 through personal meetings, telephone calls and email messages.

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

21 7. A number of investors were long time tax clients of Gary Oldham and several considered him to be  
22 not only a trusted adviser, but a friend. Oldham solicited several investors with documents using his Tax Consultants  
23 business letterhead regarding the Journey Financial investments. Oldham created and provided several investors with  
24 a one-page document entitled “Memorandum,” dated March 5, 2008. In the Memorandum, Oldham states that “I am  
25 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.

8. After failing to timely pay several promissory note holders monthly interest only payments on their  
notes, Respondents offered the 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 and was issued share certificates in  
the fall of 2008.

9. Investors did not participate in the management of Journey Financial. Most investors were not  
“accredited investors” (investors with an annual income of over \$200,000 or a net worth exceeding \$1,000,000 at the  
time of purchase).

10. While Respondents paid promissory note investors initially a limited number of interest only payments, they 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, information about the company's financial condition and about Oldham's 2003 Chapter 7 bankruptcy filing and discharge.

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 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 Respondents Journey Financial, Nelson, Exelby, and Oldham 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.

1 Doyle T. Nelson, Kenneth Exelby, Jr., and Gary William Oldham have violated RCW 21.20.040(1) by  
2 offering and/or selling said securities while not being registered as a broker-dealer or securities salesperson in the  
3 state of Washington.

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

5 Pursuant to RCW 21.20.390(1) and based upon the above Tentative Findings of Fact and Conclusions of Law,  
6 the Securities Administrator intends to order that Respondents, Journey Financial, Inc., Doyle T. Nelson, Kenneth  
7 Exelby, Jr., and Gary William Oldham, each shall cease and desist from violations of RCW 21.20.010 and RCW  
8 21.20.140 and that Respondents Doyle T. Nelson, Kenneth Exelby, Jr., and Gary William Oldham each shall cease  
9 and desist from violations of RCW 21.20.040.

10 **NOTICE OF INTENT TO IMPOSE A FINE**

11 Pursuant to RCW 21.20.395, and based upon the above Tentative Findings of Fact and Conclusions of Law,  
12 the Securities Administrator intends to order that Respondents Journey Financial, Inc., Doyle T. Nelson, Kenneth  
13 Exelby, Jr., and Gary William Oldham, shall each be jointly and severally liable for and shall pay a fine of \$5,000.

14 **NOTICE OF INTENT TO CHARGE COSTS**

15 Pursuant to RCW 21.20.390, and based upon the Tentative Findings of Fact and Conclusions of Law, the  
16 Securities Administrator intends to order that Respondents, Journey Financial, Inc., Doyle T. Nelson, Kenneth  
17 Exelby, Jr., and Gary William Oldham, shall each be jointly and severally liable for and shall pay investigative costs  
18 of not less than \$6,500.

19 **AUTHORITY AND PROCEDURE**

20 This Statement of Charges is entered pursuant to the provisions of Chapter 21.20 RCW and is subject to the  
21 provisions of Chapter 34.05 RCW. The Respondents, Journey Financial, Inc., Doyle T. Nelson, Kenneth Exelby, Jr.,  
22 and Gary William Oldham, may each make a written request for a hearing as set forth in the NOTICE OF  
23 OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Order. If a respondent  
24 does not make a hearing request in the time allowed, the Securities Administrator intends to adopt the above Tentative  
25 Findings of Fact and Conclusions of Law as final and to enter a permanent order to cease and desist as to that  
respondent, to impose any fines sought against that respondent, and to charge any costs sought against that  
respondent.

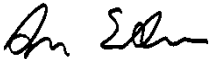
Signed and Entered this 15th day of October, 2014.



William M. Beatty  
Securities Administrator

Approved by:

Presented by:



Suzanne Sarason  
Chief of Enforcement

Cordell, Martin  
Financial Legal Examiner

Reviewed by:



Jack McClellan  
Financial Legal Examiner Supervisor