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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING) Order No.: S-11-0680-13-CO01
whether there has been a violation of the)
Securities Act of Washington by:)
Clarence C. Young Jr.; Cautious, LLC; West Coast) CONSENT ORDER
Financial, LLC; Safeguard Capital, LLC; Equity)
Interests, LLC; Be Well Today, LLC,)
Respondents.)

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INTRODUCTION

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On January 22, 2013, the Securities Administrator of the State of Washington issued a Statement of Charges and Notice of Intent to Enter Order to Cease and Desist, Deny Future Registrations, Impose Fines, and Charge Costs, Order Number S-12-0680-12-SC01, against Respondents, Clarence C. Young Jr.; Cautious, LLC; West Coast Financial, LLC; Safeguard Capital, LLC; Equity Interests, LLC; and Be Well Today, LLC. The Securities Division and Respondents do hereby enter into this CONSENT ORDER in settlement of the above-captioned matters. Respondents neither admit nor deny the Findings of Fact and Conclusions of Law as stated below.

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FINDINGS OF FACT

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Respondents

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1. Clarence C. Young Jr. (Young) resides in Hansville, WA. Young was a Certified Public Accountant until 1996. His license was suspended due to being unresponsive to a complaint. In the years since, Young has acted as a tax consultant for businesses and individuals. Young operates his tax consulting work under the name of C.C. Young and Associates.

1 2. Cautious, LLC (Cautious) was a Washington limited liability company formed on January 27, 2004
2 that was administratively dissolved as of May 3, 2010. Its principal place of business was located in
3 Edmonds, WA. Young managed Cautious.

4 3. West Coast Financial, LLC (West Coast) was a Washington limited liability company formed on
5 October 28, 2004 that was administratively dissolved as of February 1, 2010. The registered address of West
6 Coast was located in Hansville, WA. Young managed West Coast.

7 4. Safeguard Capital, LLC (Safeguard) was a Washington limited liability company formed on
8 February 14, 2006 that was administratively dissolved as of June 1, 2012. Its principal place of business was
9 located in Hansville, WA. Young managed Safeguard.

10 5. Equity Interests, LLC (EI) was a Washington limited liability company formed on June 23, 2005 that
11 was administratively dissolved as of October 1, 2009. Its principal place of business was located in
12 Hansville, WA. Young managed EI.

13 6. Be Well Today, LLC (Be Well) was a Washington limited liability company formed on July 17,
14 2001 that was administratively dissolved as of November 2, 2009. The registered address of Be Well was
15 located in Hansville, WA. Young managed Be Well. Young's brother, Burl Young, was also a manager of
16 Be Well.

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18 Related Entities

19 7. Amigo Vino, LLC (Amigo) is an active Washington limited liability company formed on April 26,
20 2001. Its principal place of business is located in Hansville, WA. Amigo is a vineyard owned by the Young
21 family. Young and his wife hold a majority interest in Amigo.

22 Summary

23 8. Between January 2004 and January 2007, Young created and managed four pooled investment
24 vehicles, through which he raised approximately \$7,441,132 from at least twenty-six investors by selling
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1 membership interests in limited liability corporations (LLCs). Young's investors were often his clients from
2 his tax consulting business. The transactions he entered into with them were often based more on the trust
3 the clients had in Young than on substantive information about the investments. Young told prospective
4 investors that he knew of a trading program that would provide a high rate of return with no risk to the
5 principal. Young explained to investors that this trading program required a minimum initial investment
6 amount in order to qualify for investment in the trading program. Young formed four LLCs to act as
7 vehicles to pool funds from several investors who would not otherwise be able to qualify for the minimum
8 investment amount. These four entities were Cautious, West Coast, Safeguard, and EI. As manager of each
9 of the four LLCs, Young had control over the LLC pooled funds and invested the LLC pooled funds in
10 larger trading programs of his choosing. Young charged a fee for managing these pooled investment
11 vehicles.

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13 9. Each of the trading programs that Young chose to invest LLC funds in were eventually investigated
14 and helped shut-down by either the U.S. Securities and Exchange Commission (SEC) or the U.S.
15 Commodity Futures Trading Commission (CFTC) due to fraud. Young never disclosed these investigations
16 or any of their outcomes to any of the investors. Despite Young's guarantee that the investors' principal
17 would not be depleted, at least seven investors have requested and been unable to recover their investment
18 from Young. Young never disclosed to investors that he transferred \$5,168,551, amounting to all of
19 Safeguard principal and profits, to Amigo, his family-owned vineyard. Of this \$5,168,551, Young spent
20 \$3,668,551 on his vineyard and the remainder on an investment that was later investigated and helped shut-
21 down by the SEC due to fraud. Young created fictitious stories to explain why he is unable to repay
22 investors, including that the investment funds have been frozen by the SEC and that he has attorneys
23 working on a distribution. Young continues to reassure investors that a distribution is coming soon.
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Nature of the Offering

Cautious and West Coast

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3 10. In the beginning of 2004, Young began soliciting investors to purchase Cautious membership units.
4 Each unit cost \$100,000, though at least one investor was permitted to invest a lesser amount. Young
5 solicited Cautious investments from at least three of his tax consulting clients. These three Cautious
6 investors were not accredited and had no experience with pooled investment vehicles.

7 11. Young gave relatively few details regarding investment in Cautious to investors. Young explained to
8 potential investors that he had located a hedge fund, Directors Performance Fund, LLC (DPF), that required
9 a minimum investment of \$1 million. Young told potential investors that Cautious was a vehicle designed to
10 pool funds from several individual investors in order to qualify for participation. Young told some potential
11 investors that, historically, DPF had earned returns as high as 36% per annum. Young guaranteed to
12 potential investors that their principal would never be at risk of loss. Young did not explain how the
13 principal funds would never be at risk of loss. Young told at least one investor that she could get her
14 investment back at any time.
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16 12. Between July 7, 2004 and January 15, 2005, Cautious wired \$1.35 million into DPF, of which, at
17 least \$725,000 was raised through the sale of Cautious membership units to eight investors, seven of whom
18 resided in Washington at the time of the investment. Investors wired funds into a Cautious bank account
19 located in Washington. Young created receipts for capital contribution and unit ownership to memorialize
20 each individual investor's membership interest and investment amount.

21 13. On or about the time investors wired funds into Cautious, most investors signed the Cautious
22 operating agreement. According to the operating agreement, the purpose of Cautious was to invest in trading
23 programs through Be Well or a similar entity. Be Well members included Young and his brother, Burl
24 Young.
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1 14. Cautious and Be Well entered into an agreement on or about March 31, 2004. Under this agreement,
2 Be Well agreed to introduce Cautious to private placement opportunities. Cautious was not to speak with the
3 transaction principals without Be Well being a party to the conversation. Be Well was responsible for
4 presenting the transaction principals with Cautious's application for investment. In exchange for Be Well's
5 services, Cautious was to pay Be Well 15% of the net profits that Cautious earned from the private
6 placement for the duration of the investment. Young failed to disclose to investors that Cautious entered an
7 agreement to pay an ongoing fee to Be Well for introducing Cautious to the DPF investment. Young failed
8 to disclose to investors that he was a managing member of Be Well.

9 15. The Cautious operating agreement also granted management powers to Young including the
10 discretion to manage and control Cautious. According to this operating agreement, Cautious would pay
11 Young compensation in the form of a management fee equal to five percent of the trading profits earned by
12 Cautious.

13 16. On October 28, 2004, Young created a new entity under the name of West Coast. Young used West
14 Coast as a second vehicle to pool investor funds to invest in DPF. Similar to Cautious, West Coast raised
15 funds through the sale of West Coast membership units. Each unit cost \$100,000, though at least one
16 investor bought a half unit for \$50,000. Young solicited West Coast investments from at least three of his
17 tax consulting clients. Young told investors that DPF required a minimum initial investment of \$1 million.
18 Young told investors that West Coast provided a mechanism for investors, who could not afford to invest
19 the \$1 million individually, to pool their funds to qualify. The main difference between Cautious and West
20 Coast was how Young represented the earnings would be distributed. With Cautious, Young told investors
21 that they could decide to either take a distribution of the earnings or reinvest it annually. With West Coast,
22 Young told investors that they could decide to either take a distribution of the earnings or reinvest it
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1 quarterly. In the end, there was no difference between how Cautious and West Coast distributions were paid
2 out. There was only one occasion when West Coast investors could choose to take a distribution or reinvest.

3 17. After creating West Coast, Young offered investors investment opportunities in both Cautious and
4 West Coast. In this offering, Young provided potential investors with the same information he had provided
5 in the initial offering of Cautious. To at least one potential investor, Young provided DPF performance
6 results from April 2003 to March 2004. The performance results showed a return of 36.05% per annum.
7 Young told this same investor that he estimated that investors would receive a return of 36% per annum in
8 2005. Young also told this investor that if the investor required his money back, Young would have
9 someone in the group buy him out within sixty days. Based in part on this information, this investor invested
10 \$50,000 in West Coast.

11 18. Between January 2005 and September 2005, West Coast wired \$6.15 million into DPF, of which, at
12 least \$5.9 million was raised through the sale of West Coast membership units to at least ten investors, at
13 least eight of whom resided in Washington at the time of the investment. Investors wired funds into a West
14 Coast bank account located in Washington. Young created receipts for capital contribution and unit
15 ownership to memorialize individual investor's membership interest and investment amount. At least two
16 investors understood that Young would earn a fee for organizing the investments.

17 19. Young did not always give investors documentation memorializing the investment with West Coast.
18 Many of the transactions between Young and his investors were based on the trust developed through years
19 of a tax consulting relationship.
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21 20. Some investors did not know whether they had invested in Cautious or West Coast. On at least two
22 occasions, investors thought they had invested in Cautious only to learn later that they had invested in West
23 Coast.
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1 21. On March 2, 2006, the SEC filed a complaint against Directors Financial Group, Ltd. (DFG), DPF's
2 investment adviser. The complaint alleged that DFG committed fraud when it invested DPF funds in a
3 prime bank scheme contrary to DFG's disclosed strategy. The promoters of the scheme represented to DFG
4 that they could make exorbitant guaranteed returns, with no risk to investor's principal, by complex trading
5 in an exclusive market. According to the complaint, DFG did not properly investigate (a) whether the
6 scheme was a suitable investment, and (b) the background of the scheme's promoters. The complaint also
7 alleged that DFG lost complete control over DPF's funds to the promoters of the scheme. After the arrest of
8 three individuals associated with the prime bank scheme, the SEC was able to recover all of DPF's funds.

9 22. On March 2, 2006, the SEC filed an agreed order distributing funds to DPF investors. The court
10 ordered DFG to return \$1,465,208.47 to Cautious which represented Cautious's principal investment of
11 \$1.35 million plus \$115,208.47 in profits DPF earned for Cautious from other investments prior to its
12 investment in the prime bank scheme. The court also ordered DFG to return West Coast's principal
13 investment of approximately \$6.15 million. West Coast was not awarded any profits because DPF did not
14 earn West Coast any profits prior to its investment in the prime bank scheme. On or about March 2, 2006,
15 DFG mailed the court ordered distributions to Young. Young failed to disclose to investors that the
16 distribution received from DPF was a court ordered distribution. On at least one occasion, Young told an
17 investor that he decided to withdraw the Cautious/West Coast funds because it was not generating high
18 enough returns.

19 20 23. On or about March 2, 2006, Young began distributing Cautious and West Coast funds to investors
21 and/or rolling-over Cautious and West Coast funds into his latest pooled investment vehicle, Safeguard.

22 *Misrepresentations and Omissions in the Offer and Sale of Cautious and West Coast Units*

23 24. Young, Cautious, and West Coast failed to provide to investors material information regarding
24 investments in Cautious and West Coast including, but not limited to, a detailed description of the
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1 investment opportunities, the identity and background of the person who would manage the DPF
2 investment, a complete description of Young's business background and experience, the general and
3 specific risks involved in investing in a pooled investment vehicle, a reasonable basis for the profit
4 projections and limitations on the profit projections.

5 25. Young, Cautious, and West Coast failed to disclose to investors that Young filed for Chapter 7
6 bankruptcy in 1992, and that this bankruptcy was discharged in 1993.

7 26. Young, Cautious, and West Coast failed to disclose to investors that in 1996 the Washington State
8 Board of Accountancy suspended Young's certificate and biennial license as a Certified Public Accountant
9 in the State of Washington indefinitely for failing to respond to the Board's inquiries concerning a
10 complaint against him.

11 27. Young, Cautious, and West Coast failed to disclose what investigation Young had undertaken to
12 determine (a) whether DPF was a suitable investment for Cautious/West Coast, (b) the background of the
13 DPF manager, DFG, or (c) whether DFG's trading program was a legitimate investment.

14 28. Young and Cautious failed to disclose to investors that Cautious entered into a contract with Be Well
15 to introduce Cautious to larger trading programs like DPF. Young and Cautious failed to disclose to
16 investors that if Cautious invested in a trading program introduced by Be Well, then Be Well would receive
17 15% of Cautious's total earnings for the duration of the investment. Young and Cautious failed to disclose
18 that he was a managing member of Be Well and that his brother, Burl Young, was also a member.

19 29. Young and Cautious misrepresented to at least one Cautious investor that this investment could not
20 fail.
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22 *Safeguard*

23 30. No later than January 27, 2006, Young began offering Cautious and West Coast investors a new
24 investment opportunity. The details of this new investment opportunity were vague. In an email sent to
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1 Cautious/West Coast investors, Young said that the new investment was through a man named Jeff Sykes
2 (Sykes). He explained that Sykes had managed a \$25 million fund for eight years and that his investment
3 group had averaged a 3-4% return per month. Young also told investors that he could arrange a guaranteed
4 rate of 18-24% per annum return. In this same email, Young told investors that Cautious and West Coast
5 would receive distributions in February 2006 and that he needed to know what to do with investor funds.
6 Young provided investors with four options: (a) investors could elect to reinvest all of their Cautious/West
7 Coast distribution into this new investment opportunity, (b) investors could withdraw a portion of their
8 Cautious/West Coast capital and reinvest the rest in the new opportunity, (c) investors could withdraw all of
9 their Cautious/West Coast capital, or (d) investors could reinvest all of their Cautious/West Coast capital
10 and invest additional capital in the new opportunity.

11 31. On or about February 14, 2006, Young began soliciting investors to purchase Safeguard membership
12 units. The Safeguard membership offer was substantially similar to that of Cautious and West Coast. Each
13 unit cost \$100,000, though investors were permitted to invest lesser amounts. Young formed Safeguard to
14 act as a feeder fund for an investment with Gemstar, Sykes's private equity and venture capital fund.
15 Gemstar required a minimum initial investment of \$1 million. Safeguard provided a mechanism for
16 investors, who could not afford to invest the \$1 million individually, to pool their funds to qualify.

17 32. Between January 2006 and December 2006, Safeguard raised at least \$1.5 million from fifteen
18 investors, at least twelve of whom resided in Washington at the time of the investment. At least five
19 Safeguard investors were former Cautious/West Coast investors who rolled-over their investment into
20 Safeguard. The roll-over funds accounted for at least \$750,000 of Safeguard funds. In addition to the roll-
21 over funds, Young raised at least \$750,000 in new investments wired into Safeguard. At least five Safeguard
22 investors had not previously invested in Cautious/West Coast. Of these five new investors, Young acted as
23 an accountant for at least three of them. Many of these new investors were not accredited and had no
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1 experience with pooled investment vehicles. Young created receipts for capital contribution and unit
2 ownership to memorialize individual investors' membership interest and investment amount.

3 33. Young provided at least one investor a Safeguard operating agreement. This operating agreement is
4 substantially similar to the one Young provided to Cautious investors. According to the operating
5 agreement, the purpose of Safeguard was to invest in trading programs through Be Well or a similar entity.
6 Be Well members included Young and his brother, Burl Young. This operating agreement granted
7 management powers to Young including the discretion to manage and control Safeguard. This operating
8 agreement also provided for compensation to Young in the form of a management fee equal to five percent
9 of the trading profits earned by Safeguard.

10 34. On one occasion, Young sold a Safeguard membership interest to tax consulting clients, who he had
11 learned recently came into \$100,000 from a home sale, by telling them he had a "sure thing" and that as a
12 favor to them he would "let them in on it." Young told these clients that his investment group has been
13 successful for several years. Young did not tell his clients the precise name of the investment, but Young did
14 tell them that the investment involved day trading and/or a hedge fund. These clients wired funds to
15 Safeguard, but Young never invested these funds in a hedge fund, but rather, Young transferred the funds to
16 Amigo, his vineyard. Young failed to disclose to these clients that he transferred their funds into Amigo.

17 35. On another occasion, Young sold \$200,000 worth of Safeguard membership units to a seventy-six
18 year old tax consulting client and retired naval officer, which accounted for about 40% of the retired naval
19 officer's net worth. This risk-averse investor had limited experience with investing and chose to invest with
20 Young partly because Young guaranteed that his principal would not be depleted.

21 36. Depending on the investor, Young either had investors wire money into the Safeguard bank account
22 located in Washington or, because Young controlled the Cautious and West Coast bank accounts, Young
23 transferred investor funds from Cautious and West Coast to Safeguard. On at least one occasion, Young
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1 transferred the funds without the investor's knowledge. Between March 2006 and September 2006,
2 Safeguard invested \$2,395,000 in Gemstar, of which, at least \$1.5 million was derived from investors and
3 \$250,000 was purportedly derived from Amigo.

4 37. Young did not provide at least three Safeguard investors with an operating agreement for Safeguard
5 prior to their investment. Young did not provide investors with a prospectus, projections, or other offering
6 materials for Safeguard or Gemstar. Young told some investors that he could arrange a guaranteed rate of
7 18-24% return. Young guaranteed another investor a set rate of return of 30-40% per annum.

8 38. Between July 2006 and July 2008, Gemstar distributed \$5,168,551 to Safeguard. These payments
9 generated a total profit of \$2,773,551 for Safeguard. Between approximately June 2006 and November
10 2008, Young transferred all \$5,168,551 Safeguard received from Gemstar into Amigo, his family-owned
11 vineyard. Between February 2008 and April 2008, Amigo invested \$1.5 million of the Safeguard funds with
12 iVest International Holdings, Inc. (iVest), another trading program. Young spent the remaining Safeguard
13 funds developing the vineyard (land, posts, wire, drip systems, plants, etc.). Young failed to disclose to
14 investors that he was transferring investor funds from Safeguard into Amigo. Young failed to disclose that
15 he was using Safeguard funds to develop his vineyard.
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17 39. On May 11, 2009, the SEC filed a complaint against Gemstar and Sykes alleging fraud. The same
18 day the SEC filed its complaint, a court appointed a receiver to recover funds on behalf of defrauded
19 Gemstar investors. The receiver attempted to recover, from Young, the \$2,773,551 in excess profits
20 distributed by Gemstar to Safeguard. The receiver did not recover any excess profits from Young,
21 Safeguard, or Amigo. On July 3, 2012, the SEC filed a motion for final distribution to Gemstar investors.
22 According to this motion, the receiver concluded that "Young and his entities were impecunious and that
23 further collection efforts against him would not be worthwhile." Young failed to disclose to investors that
24 the SEC had filed a complaint against Gemstar for fraud. Young failed to disclose to investors that a court-
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1 appointed receiver attempted, and ultimately failed, to collect the profit-distributions Safeguard received
2 from Gemstar.

3 40. On August 26, 2009, the SEC filed a complaint against iVest alleging that it was a prime bank
4 scheme set up to defraud investors. The SEC contacted Young regarding a return of some of his principal
5 investment, but Young declined to work with them.

6 41. From 2008 to the present day, investors have been asking Young for distributions of their capital
7 investments and their profits. Young has told investors that their money is frozen in an SEC investigation
8 and that he has lawyers working on a distribution. Young continues to misrepresent to investors that a
9 distribution is coming soon.

10 *Misrepresentations and Omissions in the Offer and Sale of Safeguard Units*

11 42. Young and Safeguard failed to provide to investors material information regarding investments in
12 Safeguard including, but not limited to, a detailed description of the investment opportunities, the
13 background and, in some cases, the identity of the person who would manage the Gemstar investment, a
14 complete description of Young's business background and experience, and the general and specific risks
15 involved in investing in a pooled investment vehicle.
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17 43. Young and Safeguard failed to disclose to investors that Young filed for Chapter 7 bankruptcy in
18 1992, and that this bankruptcy was discharged in 1993.

19 44. Young and Safeguard failed to disclose to investors that in 1996 the Washington State Board of
20 Accountancy suspended Young's certificate and biennial license as a Certified Public Accountant in the
21 State of Washington indefinitely for failing to respond to the Board's inquiries concerning a complaint
22 against him.

23 45. Young and Safeguard failed to disclose to at least one investor that Safeguard was a feeder fund,
24 similar to Cautious and West Coast, designed to invest in Gemstar. This investor believed that Safeguard
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1 was the name of a hedge fund. Young and Safeguard failed to disclose to this investor that the investor's
2 money was to be invested in Gemstar.

3 46. Young and Safeguard failed to disclose to at least seven investors that his last two investment
4 groups, Cautious and West Coast, had previously invested pooled funds in DPF, a hedge fund that was
5 ultimately investigated by the SEC for fraud. Young and Safeguard failed to disclose that the SEC filed a
6 complaint against DFG alleging that DFG invested DPF funds into a prime bank scheme. Young and
7 Safeguard misrepresented to at least one investor that Cautious and West Coast were successful investments
8 when, in actuality, the distribution Cautious and West Coast received from DPF was a court-ordered
9 distribution.

10 47. Young and Safeguard failed to disclose to investors what investigation Young had undertaken to
11 determine (a) whether Gemstar was a suitable investment for Safeguard, (b) the background of the Gemstar
12 manager, Sykes, or (c) whether Sykes's trading program was a legitimate investment.

13 48. Young and Safeguard failed to disclose to investors that the same individual who referred Young to
14 the promoter of the fraudulent DPF investment also referred Young to the promoter of the Gemstar
15 investment.

16 49. Young and Safeguard misrepresented to at least one investor that the investor's funds would be
17 invested in a larger trading program when, in actuality, it went directly to Young's vineyard.

18 50. Young and Safeguard represented to at least one investor that Safeguard was a "sure thing" and
19 guaranteed a rate of return of 30-40% per annum. To another investor, Young and Safeguard represented an
20 opportunity for a guaranteed rate of 18-24% return. Young and Safeguard failed to provide investors with a
21 reasonable basis for the profit projections and limitations on the profit projections.
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EI

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2 51. In or about November 2006, Young began soliciting investors to purchase EI membership units. The
3 EI membership offer was substantially similar to that of Cautious, West Coast, and Safeguard. Like
4 Cautious, West Coast, and Safeguard, Young managed EI funds. Each EI unit cost \$100,000, though every
5 investor purchased less than one unit. Young mostly solicited EI investments from Cautious, West Coast,
6 and Safeguard investors including at least three of his tax consulting clients. Young formed EI to act as a
7 feeder fund for an investment with Winsome Investment Trust (Winsome). Winsome managed a
8 commodities pool which would participate in a commodity futures pool operated by U.S. Ventures, LC
9 (USV). Winsome required a minimum initial investment of \$100,000. EI provided a mechanism for
10 investors, who could not afford to invest the \$100,000 individually, to pool their funds to qualify.

11 52. Young did not explain to investors that EI entered an agreement to pay an ongoing fee to a third-
12 party for introducing EI to the Winsome investment. EI and this third-party entered into an agreement on or
13 about November 14, 2006. Under this agreement, the third-party agreed to introduce EI to private placement
14 opportunities in amounts not less than \$100,000. In exchange, the third-party would receive 5% of the net
15 profits that EI earned through any transactions EI entered into through the third-party's introductions for the
16 duration of the private placement.

17 53. At least one investor in EI did not receive or sign an operating agreement for EI. Young told
18 investors that EI would invest in a hedge fund, but did not identify the name of the investment. Young did
19 not provide investors with a prospectus, projections, or other offering materials for EI or Winsome. To at
20 least one investor, Young described the investment as a "sure thing" with a guaranteed rate of return of 30-
21 40% per annum.

22 54. Between November 2006 and March 2007, EI wired \$175,000 into Winsome, of which, at least
23 \$145,000 was raised through the sale of EI membership units to 10 investors, at least six of whom resided in
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1 Washington at the time of the investment. Six of the EI investors were also members of Safeguard. Investors
2 wired funds into an EI bank account located in Washington.

3 55. On January 24, 2011, the CFTC filed a complaint against Winsome and USV alleging fraud. The
4 same day the CFTC filed its complaint, a court appointed a receiver to recover funds on behalf of defrauded
5 investors. Young failed to disclose to investors that the CFTC had filed a complaint against Winsome and
6 USV for fraud.

7 56. The receiver does not believe EI received any distributions from Winsome or USV, though it is
8 possible because Winsome issued approximately \$1,000,000 in cashier's checks, the recipients of which are
9 unknown.

10 57. At least one EI/Safeguard investor asked Young for distributions of the investor's capital
11 investments and profits. Young gave this investor several excuses as to why he could not release the funds.
12 On August 4, 2010, this investor sued Young, Safeguard, and EI for return of the investor's funds. The
13 complaint alleged that Young committed fraud, negligent misrepresentation, breach of fiduciary duties, and
14 other violations of Washington law. This complaint was settled out of court.
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16 *Misrepresentations and Omissions in the Offer and Sale of EI Units*

17 58. Young and EI failed to provide to investors material information regarding investments in EI
18 including, but not limited to, a detailed description of the investment opportunities, the identity and
19 background of the persons who would manage the Winsome investment, a complete description of Young's
20 business background and experience, and the general and specific risks involved in investing in a pooled
21 investment vehicle.

22 59. Young and EI failed to disclose to investors that Young filed for Chapter 7 bankruptcy in 1992, and
23 that this bankruptcy was discharged in 1993.
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1 60. Young and EI failed to disclose to investors that in 1996 the Washington State Board of
2 Accountancy suspended Young's certificate and biennial license as a Certified Public Accountant in the
3 State of Washington indefinitely for failing to respond to the Board's inquiries concerning a complaint
4 against him.

5 61. Young and EI failed to disclose what investigation he had undertaken to determine (a) whether
6 Winsome was a suitable investment for EI, (b) the background of the Winsome manager, or (c) whether the
7 Winsome trading program was a legitimate investment.

8 62. Young and EI failed to disclose to investors that EI entered into a contract with a third-party to
9 introduce EI to larger trading programs like Winsome. Young and EI failed to disclose to prospective
10 investors that if EI invested in a trading program introduced by this third-party, the third-party would
11 receive 5% of EI's total earnings for the duration of the investment.

12 63. Young and EI failed to disclose to at least three EI investors that two of his prior investment groups,
13 Cautious and West Coast, had previously invested pooled funds in DPF, a hedge fund that was ultimately
14 investigated by the SEC for fraud. Young and EI failed to disclose that the SEC filed a complaint against
15 DFG alleging that DFG invested DPF funds into a prime bank scheme.

16 64. Young and EI misrepresented to at least one EI/Safeguard investor that Young would deliver the
17 investor's principal and profits within two days of the investor's request. Young did not return this
18 investor's principal and profits within two day of the investor's request. In fact, Young did not provide the
19 investor with any funds until after the investor sued Young.

20 65. Young and EI represented to at least one investor a guaranteed rate of return of 30-40% per annum
21 without providing a reasonable basis for the profit projections and limitations on the profit projections.
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Registration Status

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2 1. Cautious, LLC is not currently registered to sell its securities in the state of Washington and has not
3 previously been so registered.

4 2. West Coast Financial, LLC is not currently registered to sell its securities in the state of Washington
5 and has not previously been so registered.

6 3. Safeguard Capital, LLC is not currently registered to sell its securities in the state of Washington and
7 has not previously been so registered.

8 4. Equity Interests, LLC is not currently registered to sell its securities in the state of Washington and
9 has not previously been so registered.

10 5. Clarence C. Young Jr. is not currently registered as a securities broker-dealer, salesperson,
11 investment adviser, or investment adviser representative in the state of Washington and has not previously
12 been so registered.

13 6. Be Well Today, LLC is not currently registered as a securities broker-dealer in the state of
14 Washington and has not previously been so registered.

CONCLUSIONS OF LAW

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

18 1. The offer or sale of LLC membership units, as described above, constitute the offer and/or sale of a
19 security as defined in RCW 21.20.005(14) and (17).

20 2. Clarence C. Young Jr.; Cautious, LLC; West Coast Financial, LLC; Safeguard Capital, LLC; and
21 Equity Interests, LLC have violated RCW 21.20.140, the securities registration section of the Securities Act
22 of Washington, because no registration for such an offer and/or sale is on file with the Securities
23 Administrator, state of Washington.

1 3. Clarence C. Young Jr. violated RCW 21.20.040 by offering or selling said securities while not
2 registered as a securities salesperson or broker-dealer in the state of Washington.

3 4. The offer or sale of said securities violated RCW 21.20.010, as described above, because
4 Respondents, Clarence C. Young Jr.; Cautious, LLC; West Coast Financial, LLC; Safeguard Capital, LLC;
5 and Equity Interests, LLC, made untrue statements of a material fact or omitted to state material facts
6 necessary in order to make the statements made, in the light of the circumstances under which they were
7 made, not misleading.

8 5. Clarence C. Young Jr. acted as an investment adviser as defined in RCW 21.20.005(8) by
9 maintaining the pooled investment vehicles of Cautious, LLC; West Coast Financial, LLC; Safeguard
10 Capital, LLC; and Equity Interests, LLC on behalf of others for compensation.

11 6. Clarence C. Young Jr. violated RCW 21.20.040 by acting as an investment adviser while not so
12 registered in the state of Washington.

13 7. Clarence C. Young Jr. violated RCW 21.20.020, as described above, by engaging in acts, practices,
14 or courses of business which operated as a fraud or deceit upon those that he advised, for consideration, as
15 to the value of securities, their purchase, or sale.

16 8. Be Well Today, LLC, as described above, acted as a broker-dealer in the state of Washington as
17 defined by RCW 21.20.005(1), by engaging in the business of effecting transactions in securities by
18 introducing Cautious, LLC to private placement opportunities and presenting Cautious, LLC's application
19 for investment to the private placement transaction principals.
20

21 9. Be Well Today, LLC violated RCW 21.20.040, as described above, by acting as a broker-dealer
22 while not so registered in the state of Washington.

23 **CONSENT ORDER**

24 Based upon the foregoing and finding it in the public interest:
25

1 IT IS AGREED AND ORDERED that Respondents, Clarence C. Young Jr.; Cautious, LLC; West
2 Coast Financial, LLC; Safeguard Capital, LLC; and Equity Interests, LLC, their agents and employees, each
3 shall cease and desist from violating RCW 21.20.140, the provision of the Securities Act of Washington
4 making it unlawful to sell unregistered securities.

5 IT IS FURTHER AGREED AND ORDERED that Clarence C. Young Jr. and Be Well Today, LLC,
6 their agents and employees, each shall cease and desist from violating RCW 21.20.040, the section of the
7 Securities Act of Washington requiring registration of securities salespersons, broker-dealers, investment
8 advisers, and investment adviser representatives.

9 IT IS FURTHER AGREED AND ORDERED that Respondents, Clarence C. Young Jr.; Cautious,
10 LLC; West Coast Financial, LLC; Safeguard Capital, LLC; and Equity Interests, LLC, their agents and
11 employees, each shall cease and desist from violating RCW 21.20.010, the anti-fraud section of the
12 Securities Act of Washington.

13 IT IS FURTHER AGREED AND ORDERED that Clarence C. Young Jr. shall cease and desist from
14 violating RCW 21.20.020, the investment adviser anti-fraud section of the Securities Act of Washington.

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

16 IT IS FURTHER AGREED that Respondents enter into this Consent Order freely and voluntarily
17 and with a full understanding of its terms and significance.

18 IT IS FURTHER AGREED that in consideration of the foregoing, Respondents waive their right to a
19 hearing and to judicial review of this matter pursuant to RCW 21.20.440 and Chapter 34.05 RCW.
20
21
22
23
24
25

WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

Signed this 26th day of April 2013.

Signed by:

By ___/s/ Clarence C. Young Jr.____
Clarence C. Young Jr., Individually

Signed by:

Cautious, LLC

By ___/s/ Clarence C. Young Jr.____
Clarence C. Young Jr., Managing Member

Signed by:

West Coast Financial, LLC

By ___/s/ Clarence C. Young Jr.____
Clarence C. Young Jr., Managing Member

Signed by:

Safeguard Capital, LLC

By ___/s/ Clarence C. Young Jr.____
Clarence C. Young Jr., Managing Member

Signed by:

Equity Interests, LLC

By ___/s/ Clarence C. Young Jr.____
Clarence C. Young Jr., Managing Member

1 Signed by:

2 Be Well Today, LLC

3 By /s/ Clarence C. Young Jr.
4 Clarence C. Young Jr., Managing Member

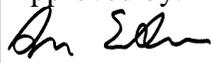
5
6 Approved as to Form by:

7 /s/ Thomas McDonough
8 Thomas McDonough, Attorney for Respondents
9 WSBA No. 11110

10 SIGNED and ENTERED this 6th day of May 2013.

11
12 

13
14 William M. Beatty
15 Securities Administrator

16 Approved by:
17 

18
19 Suzanne Sarason
20 Chief of Enforcement

21 Presented by:
22 

23 Brian J. Guerard
24 Financial Legal Examiner

25 Reviewed by:


Jack McClellan
Financial Legal Examiner Supervisor