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

IN THE MATTER OF DETERMINING ) Order No.: S-12-0994-16-FO02  
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, TO  
Chadwick B. King, and ) IMPOSE FINES, AND TO CHARGE COSTS AS TO  
Sarah Louthan a/k/a Cerah Bennett, ) CHADWICK B. KING  
 )  
Respondents. )

7 **THE STATE OF WASHINGTON TO: Chadwick B. King**

8 On February 22, 2013, the Securities Administrator of the state of Washington issued Order No. S-12-0994-  
9 12-SC01, a Statement of Charges and Notice of Intent to Enter Order to Cease and Desist, to Impose Fines, and to  
Charge Costs (Statement of Charges) against Chadwick B. King and Sarah Louthan a/k/a Cerah Bennett.

10 The Statement of Charges, together with a Notice of Opportunity to Defend and Opportunity for Hearing  
11 (Notice of Opportunity for Hearing) and an Application for Adjudicative Hearing (Application for Hearing), was  
12 personally served on Chadwick B. King on July 26, 2016.

13 The Notice of Opportunity for Hearing advised Chadwick B. King that a written application for an  
14 administrative hearing on the Statement of Charges must be received within twenty days from the date of receipt of  
the notice.

15 Chadwick B. King, however, failed to request an administrative hearing, either on the Application for  
16 Hearing, or otherwise, within twenty days of receipt of the Statement of Charges and Notice of Opportunity for  
Hearing.

17 The Securities Administrator therefore will adopt as final, the following Findings of Fact and Conclusions of  
18 Law as written in the Statement of Charges:

19 **FINDINGS OF FACT**

20 Respondents

21 1. Respondent Chadwick B. King (Chad King) was a Washington resident at all times material to the events  
described below.

22 2. Respondent Sarah Diane Louthan a/k/a Cerah Bennet (Sarah Louthan) was a Washington resident at  
23 all times material to the events described below. Sarah Louthan filed for bankruptcy on December 6, 2001,

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ENTRY OF FINDINGS OF FACT AND  
CONCLUSIONS OF LAW AND  
FINAL ORDER TO CEASE AND DESIST,  
TO IMPOSE FINES, AND TO CHARGE  
COSTS AS TO CHADWICK B. KING

1 with the United States Bankruptcy Court in the Western District of Washington, and the court granted her a  
2 discharge from her debts on April 11, 2002.

3 Sarah Louthan's Prior Involvement in a High-Yield Investment Scheme

4 4. In the spring of 2008, Sarah Louthan solicited investments in a high-yield investment scheme. Specifically,  
5 Sarah Louthan told an elderly Washington couple that if they invested \$100,000 with her, then she and her business  
6 partner, Shanna K. Raymond, could double the Washington couple's money within 30 days. Sarah Louthan told the  
7 Washington couple that Shanna K. Raymond would invest the Washington couple's money with a group that would  
8 purchase United States Treasury Bills at a discount and then use those Treasury Bills for further investments. On June  
9 19, 2008, the Washington couple wired \$100,000 to the bank account maintained by Vestlaw, LLC, a limited liability  
10 company that Shanna K. Raymond owned. Sarah Louthan issued the Washington couple a \$100,000 promissory note  
11 on behalf of Vestlaw, LLC, but the Washington couple were never repaid their principal and they did not receive any  
12 return on their investment. On September 10, 2012, Shanna K. Raymond plead guilty in federal court to charges of  
13 wire fraud and money laundering stemming from this Washington couple's investment and other similar investments.

14 Nature of the Offer

15 5. In the fall of 2008, a few months after soliciting investments in Shanna K. Raymond's investment scheme,  
16 Sarah Louthan partnered with Chad King to a solicit substantially similar investment. For a \$200,000 investment, Chad  
17 King and Sarah Louthan claimed that they could purchase \$1,500,000 worth of United States Treasury Bills, which  
18 they would use to obtain a line of credit to purchase at least \$7,000,000 worth of United States Treasury Bills. Chad  
19 King and Sarah Louthan told investors that they would use the \$7,000,000 worth of United States Treasury Bills to  
20 obtain yet another line of credit. Chad King and Sarah Louthan stated that they would then pay investors at least  
21 \$2,000,000 from the second line of credit within three to six months. Chad King and Sarah Louthan stated that they  
22 would keep any remaining profits and assume the debt from the two lines of credit.

23 6. Chad King and Sarah Louthan kept the names of the people and the entities through which they would  
24 implement the Treasury Bill Purchasing Program confidential from prospective investors, and they made at least two  
25 investors attest, before investing, that they were not an informant for or associated with any United States or foreign  
government agency, including "Secret Service, NSA, IRS, FBI, CIA, SEC, Interpol, MI5, CSIS, RCMP, Revenue  
Canada, Inland Revenue Commission, CPA, Scotland Yard, FSA, or US Federal Reserve."

7. Chad King and Sarah Louthan solicited \$200,000 from a Washington couple and \$200,000 from two  
Californians to invest in this Treasury Bill Purchasing Program. Sarah Louthan represented to the investors that she  
had made a lot of money through the program. The Washington investors were not sophisticated investors, and they  
told Chad King and Sarah Louthan that they could not afford to lose their \$200,000 investment. Chad King and Sarah

1 Louthan claimed that there was no risk to investing in the Treasury Bill Purchasing Program and that they would  
2 purchase an “insurance wrap” in order to insure the United States Treasury Bill that they purchased.

3 8. In October 2008, Chad King and Sarah Louthan created Washington limited liability companies for the  
4 purpose of, they claimed, facilitating the investments. Each group of investors had their own limited liability company  
5 with Chad King and Sarah Louthan. None of the limited liability companies had an operating agreement, each limited  
6 liability company existed solely for the purposes of the investment, and no investor had any authority over the day-to-  
7 day management of a limited liability company.

8 9. Chad King and Sarah Louthan opened a separate bank account at a Seattle, Washington, bank branch for each  
9 limited liability company and instructed each investor to direct his or her investment to his or her specific limited  
10 liability bank account. Chad King and Sarah Louthan told the Washington investors that their money would never  
11 leave the bank account and that if it did need to leave the bank account, then all four of them would have to agree to it  
12 in writing.

13 10. On October 22, 2008, the Washington investors transferred a total of \$200,000 into the bank account of the  
14 Washington limited liability company that Chad King and Sarah Louthan formed for them. Despite Chad King and  
15 Sarah Louthan’s claims that the Washington investors’ funds would never leave the limited liability bank account,  
16 Chad King and Sarah Louthan almost immediately transferred the entire \$200,000 investment out of the account,  
17 including a \$50,000 transfer to King Commercial Capital LLC, an entity owned by Chad King. The Washington  
18 investors did not learn of these transfers until months later.

19 11. In November of 2008, the two California investors, along with four of their friends in their investing group,  
20 deposited a total of \$200,000 into the bank account of the Washington limited liability company that Chad King and  
21 Sarah Louthan had formed for them.

22 12. Chad King and Sarah Louthan failed to pay any of the investors within three to six months, as promised. Chad  
23 King and Sarah Louthan continued to promise payment within a matter of days, but excused non-payment for years  
24 because of glitches, legal hurdles, financial setbacks, the Depository Trust Company, faulty paperwork, day-traders,  
25 the Central Bank of Switzerland, and medical emergencies. Chad King and Sarah Louthan stopped communicating  
with all of the investors around February of 2011. To date, no investor has recovered his or her principal or realized  
any return on his or her investment.

26 Misrepresentations and Omissions in Connection with the Sale of Securities

27 13. Respondents Chad King and Sarah Louthan both falsely represented that they would invest investor money in  
28 a Treasury Bill Purchasing Program to provide investors with a 1,000 percent return on their investment within three to  
29 six months.

14. Respondents Chad King and Sarah Louthan further falsely represented the safety of the Washington residents' investment, as described in paragraph seven and nine.

15. Respondents Chad King and Sarah Louthan failed to disclose material information to investors about the Treasury Bill Purchasing Program, including but not limited to the basis and assumptions underlying the financial projections provided to investors, the sources through which Chad King and Sarah Louthan were to purchase United States Treasury Bills or obtain a line of credit with United States Treasury Bills, and the means by which Chad King and Sarah Louthan would pay the debt accrued from the two lines of credit that they represented that they would obtain.

16. Respondent Sarah Louthan failed to disclose to investors that she had filed for bankruptcy in 2001 and that she had solicited investors to invest in a similar failed high-yield investment scheme in the spring of 2008.

Registration Status

17. Respondents Chad King and Sarah Louthan are not currently registered to sell securities in the state of Washington and have not previously been so registered. Furthermore, there is no notification of their exemption from registration on file with the state of Washington.

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

**CONCLUSIONS OF LAW**

1. The offer or sale of securities as described above constitutes the offer and sale of a security as defined in RCW 21.20.005(14) and (17).

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

3. The offer and sale of these securities were in violation of RCW 21.20.010 because, as described above, Respondent Chadwick B. King made untrue statements of material fact or omitted to state material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading.

**FINAL ORDER**

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

IT IS HEREBY ORDERED that Respondent Chadwick B. King shall cease and desist from violating RCW 21.20.140, the securities salesperson registration section of the Securities Act of Washington.

IT IS FURTHER ORDERED that Respondent Chadwick B. King 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 Respondent Chadwick B. King shall be liable for and pay a fine in the amount of \$20,000.

1 IT IS FURTHER ORDERED that Respondent Chadwick B. King shall be liable for and pay investigative costs  
2 in the amount of \$10,000.

3 **AUTHORITY AND PROCEDURE**

4 This Final Order is entered pursuant to the provisions of RCW 21.20.110 and RCW 21.20.390, and is subject  
5 to the provisions of RCW 21.20.120 and Chapter 34.05 RCW.

6 Respondent Chadwick B. King has the right to petition the superior court for judicial review of this agency  
7 action under the provisions of RCW 34.05. The requirements for judicial review can be found in RCW 34.05.510 and  
8 the sections that follow.

9 Pursuant to RCW 21.20.395, a certified copy of this Final Order may be filed in Superior Court. If so filed, the  
10 clerk shall treat the Final Order in the same manner as a Superior Court judgment as to the fine, and the fine may be  
11 recorded, enforced, or satisfied in like manner.

12 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

13 SIGNED and ENTERED this 23rd day of August 2016.

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16 William M. Beatty  
17 Securities Administrator

18 Approved by:

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21 Suzanne Sarason  
22 Chief of Enforcement

23 Presented by:

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Eric Palosaari  
Financial Legal Examiner

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Reviewed by:



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Jack McClellan  
Financial Legal Examiner Supervisor