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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:

TV Liberty Investments, LLC,

Thomas G. Biehl,

Respondents

Order Number S-12-1108-13-CO01

CONSENT ORDER

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INTRODUCTION

Pursuant to the Securities Act of Washington, chapter 21.20 RCW, the Securities Division of the Department of Financial Institutions (“Securities Division”) and Respondents, TV Liberty Investments, LLC and Thomas G. Biehl, do hereby enter into this Consent Order in settlement of the matters alleged herein. Respondents TV Liberty Investments, LLC and Thomas G. Biehl neither admit nor deny the Findings of Fact and Conclusions of Law stated below.

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FINDINGS OF FACT

Respondents

1. TV Liberty Investments, LLC (“TV Liberty”) is a Washington limited liability company that was formed on September 13, 1999. From at least 1999 through 2009, TV Liberty was in the business of originating high-interest loans to borrowers who could provide real property security interests for the loans. The loans were evidenced by promissory notes that were made payable to TV Liberty and were generally secured by deeds of trust, with TV Liberty as the named beneficiary. To finance the loans, TV

1 Liberty offered and sold promissory note investments to investors. TV Liberty is still an active company,
2 with its principal place of business located in Sunnyside, Washington.

3 2. Thomas G. Biehl (“Biehl”) is a Washington resident. Biehl has been licensed as a real estate
4 agent in Washington since 1974 and he has been a realtor in the Yakima Valley for more than thirty years.
5 Biehl and his wife each own 50% of the TV Liberty LLC membership interests and Biehl is the managing
6 member of TV Liberty.

7 Offering of Promissory Note Investments

8 3. From at least 1999 through 2009, Respondents, Biehl and TV Liberty, each offered and sold
9 promissory note investments with principal amounts totaling more than \$2.7 million to at least nineteen
10 investors. Many of the investors were long-time investors with Respondents. Many of the investors were
11 also older and/or retired persons who had invested a significant portion of their savings with Respondents.
12 Most of the investors were either residents of Yakima Valley or had family members who resided there.

13 4. When offering and selling TV Liberty promissory note investments, Respondents, Biehl and
14 TV Liberty, each represented to investors that their investment would be used to finance a single loan to a
15 specific borrower and would be secured by specific real property collateral. Respondents each represented
16 to investors that the investments would provide a higher than market rate of return. Respondents each
17 represented to investors that their investments were safe because they were secured by real property.

18 5. From 1999 to approximately 2004, Respondents, Biehl and TV Liberty, generally assigned a
19 borrower promissory note and deed of trust to the investor who had financed the loan, so the investments
20 were secured. However, from approximately 2004 to at least 2009, Respondents, Biehl and TV Liberty,
21 intentionally stopped securing the investments. Instead, Respondents began giving investors a promissory
22 note that was issued by TV Liberty and a deed of trust from TV Liberty that was captioned “for security
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1 purposes only.” The TV Liberty deeds of trust were never recorded and TV Liberty was not the owner of
2 the real property, so the investors never had any real property interests to secure their investments.

3 6. The investors were depending upon Respondents, Biehl and TV Liberty, to provide a return
4 on the investments. The investors relied upon the Respondents to record real property security interests to
5 protect their investments. The investors also relied upon the Respondents to find and screen the
6 borrowers, negotiate the terms of the borrower loans, evaluate the real property security for the loans,
7 prepare the loan documents, maintain insurance coverage for any structures that secured the loans, handle
8 the collections for any delinquent loans, and foreclose on the real property that secured any uncollectable
9 loans.

10 7. TV Liberty investor promissory notes had terms that ranged from at least one year to twelve
11 years. Generally, the investor promissory notes had 9% or 10% annual interest, with required monthly
12 payments to be applied first to interest and then to principal. The borrower promissory notes had a higher
13 interest rate because Respondent TV Liberty generally kept 1% of the interest that was paid on the
14 borrower loans. Respondent TV Liberty also charged the borrowers a loan fee, generally of 9% or more,
15 that was held back from the loan proceeds that were disbursed to the borrowers.
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17 8. In some cases, Respondents made or directed monthly payments to investors. In other cases,
18 Respondents used local escrow companies to collect the borrower loan payments and disburse monthly
19 payments to investors. The use of third party escrow companies gave some investors greater confidence
20 that their investments were being handled properly.

21 Conversion of Loan Payoffs

22 9. From approximately 2004 until at least 2009, Respondents, Biehl and TV Liberty, accepted
23 loan payoffs from more than 25 borrowers and did not remit the payoffs to the investors who had financed
24 the loans. The total principal amount of the paid-off loans was more than \$1,000,000. Instead of repaying
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1 the investors, Respondents continued to make monthly payments to the investors, as if the loans were still
2 outstanding. Meanwhile, Respondents, Biehl and TV Liberty, released TV Liberty's real property security
3 interest for the loans that were paid off.

4 Offer and Sale of Duplicate Investments

5 10. From at least 2005 until 2009, Respondents, Biehl and TV Liberty, each offered and sold
6 investments to more than one investor to finance the same underlying loan. Respondents each offered and
7 sold at least ten duplicate investments with principal amounts totaling more than \$500,000 for loans that
8 had already been funded. Respondents, Biehl and TV Liberty, each failed to disclose to investors that
9 another investor had already purchased an investment to finance the same loan, with the same real
10 property listed as security for the loan. Respondents each failed to disclose to investors that Respondents
11 had never recorded any real property security interest to protect the investors. Respondents also failed to
12 disclose the intended use of the investor funds.

13 Misuse of Investor Funds

14 11. From approximately 2004 until 2009, Respondent Biehl misused investment proceeds.
15 Respondents, TV Liberty and Biehl, each misrepresented to investors that their funds were being used to
16 finance loans to borrowers who were providing real property security interests for the investments.
17 Instead, Biehl was using proceeds from the investments for his own use and to operate his own real estate
18 sales office. When offering and selling promissory note investments, Respondents, TV Liberty and Biehl,
19 each failed to disclose to investors the misuse of investor funds.
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21 Additional Misrepresentations or Omissions

22 12. When offering and selling TV Liberty promissory note investments, Respondents, Biehl and
23 TV Liberty, Respondents each misrepresented to investors that the investments were secured by real
24 property. Respondents sometimes misled investors by giving them pictures of real property that would
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1 ostensibly secure their investment, but Respondents each failed to provide any real property security
2 interests for the investments. Respondents each misrepresented the safety of the investments.
3 Respondents each failed to disclose the risks of the investments. Respondents each failed to disclose the
4 track record of TV Liberty and the misuse of investor funds. Respondents each failed to give investors
5 any financial information, including financial statements, for TV Liberty.

6 Registration Status

7 13. TV Liberty Investments, LLC is not currently registered to sell its securities in the state of
8 Washington and has not previously been so registered.

9 14. Thomas G. Biehl is not currently registered as a securities salesperson or broker-dealer in the
10 state of Washington and has not previously been so registered.

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

12 **CONCLUSIONS OF LAW**

13 1. The offer and sale of the investments described above constitute the offer and sale of a
14 security, as defined in RCW 21.20.005(14) and RCW 21.20.005(17), in the form of an investment contract
15 and a promissory note.

16 2. As set forth in the Findings of Fact, Respondents, TV Liberty Investments, LLC and Thomas
17 G. Biehl, have each violated RCW 21.20.140, the securities registration provision of the Securities Act of
18 Washington, by offering and selling securities for which there was no registration on file with the
19 Securities Administrator.

20 3. As set forth in the Findings of Fact, Respondent, Thomas G. Biehl, has violated RCW
21 21.20.040, the securities salesperson registration provision of the Securities Act of Washington, by
22 offering and selling said securities while not registered as a securities salesperson or broker-dealer in the
23 state of Washington.
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1 4. As set forth in the Findings of Fact, Respondents, TV Liberty Investments, LLC and Thomas
2 G. Biehl, have each violated RCW 21.20.010, the anti-fraud section of the Securities Act of Washington,
3 because in connection with the offer and sale of said securities, Respondents each made untrue statements
4 of a material fact or omitted to state material facts necessary in order to make the statements made, in the
5 light of the circumstances under which they were made, not misleading.

6 **CONSENT ORDER**

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

8 IT IS AGREED AND ORDERED that Respondents TV Liberty Investments, LLC and Thomas G.
9 Biehl, and their agents and employees, shall each cease and desist from violating RCW 21.20.010, the
10 anti-fraud provision of the Securities Act of Washington.

11 IT IS FURTHER AGREED AND ORDERED that Respondents TV Liberty Investments, LLC and
12 Thomas G. Biehl, and their agents and employees, shall each cease and desist from violating RCW
13 21.20.140, the securities registration provision of the Securities Act of Washington.

14 IT IS FURTHER AGREED AND ORDERED that Respondent Thomas G. Biehl, and his agents and
15 employees, shall each cease and desist from violating RCW 21.20.040, the securities salesperson
16 registration provision of the Securities Act of Washington.

17 IT IS FURTHER AGREED AND ORDERED that Respondent, Thomas G. Biehl, shall be liable for
18 and shall pay a fine of \$100,000. However, payment of the fine shall be deferred until the principal
19 amount of all of the current outstanding TV Liberty Investments, LLC promissory note investments have
20 been repaid in full.

21 IT IS FURTHER AGREED AND ORDERED that Respondent, Thomas G. Biehl, shall be liable for
22 and shall pay investigative costs of \$5,000. However, payment of the costs shall be deferred until the
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1 principal amount of all of the current outstanding TV Liberty Investments, LLC promissory note
2 investments have been repaid in full.

3 IT IS FURTHER AGREED that Respondents TV Liberty Investments, LLC and Thomas G. Biehl
4 hereby enter into this Consent Order freely and voluntarily and with a full understanding of its terms and
5 significance.

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

7 IT IS FURTHER AGREED that, in consideration of the foregoing, Respondents TV Liberty
8 Investments, LLC and Thomas G. Biehl each waive their rights to a hearing in this matter and to judicial
9 review of this matter pursuant to RCW 21.20.440 and chapter 34.05 RCW.

10 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE

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12 SIGNED this __.4th____ day of ____December____, 2013

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14 Signed by:

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16 TV Liberty Investments, LLC

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18 By /s/
19 Thomas G. Biehl, Managing Member

20 Signed by:

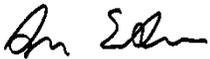
21
22 /s/
23 Thomas G. Biehl, Individually

SIGNED AND ENTERED this 6th day of December, 2013



WILLIAM M. BEATTY
Securities Administrator

Approved by:



Suzanne E. Sarason
Chief of Enforcement

Presented by:



Janet So
Enforcement Attorney

Reviewed by:



Robert Kondrat
Financial Legal Examiner Supervisor