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

IN THE MATTER OF DETERMINING ) Order No.: S-14-1406-15-CO01  
whether there has been a violation of the )  
Securities Act of Washington by: )  
CBMed, LLC; Roland Clarke aka Rory Clarke, ) CONSENT ORDER  
Respondents. )

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**INTRODUCTION**

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On December 14, 2015, the Securities Administrator of the Securities Division of the Department of Financial Institutions (“Securities Division”) issued a Statement of Charges and Notice of Intent to Enter Order to Cease and Desist, To Impose Fines and To Charge Costs, Order No. S-14-1406-15-SC01 (“Statement of Charges”), against Respondents CBMed, LLC and Roland Clarke aka Rory Clarke. Pursuant to the Securities Act of Washington, RCW 21.20, the Securities Division and Respondents CBMed, LLC and Roland Clarke aka Rory Clarke do hereby enter into this CONSENT ORDER in settlement of the matters set forth in the Statement of Charges and as alleged herein. Respondents CBMed, LLC and Roland Clarke aka Rory Clarke 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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**I.**

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**Respondents**

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1. CBMed, LLC (“CBMed”) was a Washington limited liability company with its principal place of business in Mercer Island, Washington. CBMed was formed on November 18, 2009 and was administratively dissolved on March 3, 2014. It was in the business of providing billing, scheduling and other administrative support for medical professionals with mobile practices that visited on elderly patients in adult family homes and assisted living facilities.

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2. Roland Clarke aka Rory Clarke (“Clarke”) was a Washington resident during the period relevant to this Statement of Charges. Clark was a managing member and President of CBMed.

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**II.**

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**Related Entity**

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3. CorMedical, Inc. (“CorMedical”) was a Washington corporation with its principal place of business in Bellevue, Washington. CorMedical was formed on October 31, 2008 and was dissolved on February 2, 2015.

1 Clarke initially ran the CBMed business through CorMedical, Inc. Beginning around December 2010, Clarke  
2 reorganized the corporate structure of his business by purportedly merging CorMedical into CBMed. CBMed was to  
3 remain as the surviving entity. After the purported merger, however, Clarke never dissolved CorMedical but ran the  
4 business through CBMed, using CorMedical as an unregistered trade name. After the reorganization, CorMedical had  
5 no business activity other than maintaining a business bank account. From this point forward, unless otherwise  
6 specified, the combined CorMedical and CBMed business will be referred to as “CBMed.”

7 **III.**

8 **Nature of the Offering**

9 4. From about February 2010 to January 2014, Respondent sold CBMed LLC membership units,  
10 promissory notes or a combination of both to at least 26 investors, at least 21 of whom were Washington residents.  
11 Respondents raised at least \$458,000 from these investments. During this period, Respondents also offered CBMed  
12 LLC membership units and promissory notes to at least 24 offerees who did not purchase. At least seven of these  
13 offerees were Washington residents. Most, if not all, of the investors have lost their entire investment.

14 5. CBMed contracted with doctors and nurse practitioners who visited geriatric patients living at adult  
15 family homes or assisted living facilities in the Greater Seattle area. CBMed’s business plan included finding and  
16 enrolling patients in its program for a small fee, charging a monthly “care coordination” fee to the facility, and  
17 sending their contracted providers to visit those patients. CBMed would then assist its contracted providers with  
18 developing their visitation routes, scheduling, and processing the insurance billing and other administrative paperwork  
19 for the patient visits. Generally, CBMed received 20% to 40% of incoming insurance reimbursement funds and its  
20 contracted providers received the remaining amount.

21 6. CBMed was not able to derive much revenue from enrollment or care coordination fees because it  
22 could not find and enroll many patients into its program, or the adult family homeowners did not consistently pay the  
23 fees. Instead, a majority of the patients that CBMed providers saw came from the existing practice of a doctor that  
24 CBMed contracted with. Because most, if not all, of the patients that CBMed’s providers visited were covered by  
25 Medicare, CBMed’s revenue came almost entirely from Medicare reimbursements.

7. Clarke found investors mostly from his friends and acquaintances. However, he also solicited  
investments from people he had just met, and asked existing investors to refer potential investors to him.

8. Clarke communicated information about the investment to potential investors largely through face-to-  
face meetings and email. He provided several investors with different versions of a Business Summary or Executive  
Summary that discussed the investment and included financial statements. Clarke did not provide any documents to  
other investors prior to their investments.

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*Misrepresentations and Omissions*

1           9.       Clarke sold at least 23 CBMed promissory notes totaling over \$185,000. The notes matured in 90  
2 days to over three years, and carried interest rates of 2% to 12% per annum. Clarke initially sold notes that paid 8%  
3 interest per annum, then decreased the interest rate for a period before finally increasing the rate to over 10% for the  
4 later investors. For at least three notes totaling \$43,000, CBMed pledged all of its assets or accounts receivables as  
5 collateral. CBMed defaulted on most, if not all, of the notes. Clarke did not disclose to several Washington investors  
6 prior to their investments the existence of the notes, the total amount of the outstanding notes, the collateral and/or  
7 that CBMed was in default. These notes were not disclosed in any financial statements that Clarke distributed to  
8 Washington investors.

9           10.       In addition to issuing CBMed promissory notes to investors, Clarke took out several personal loans  
10 from friends. He obtained at least six such personal loans, at least three of which he memorialized with promissory  
11 notes that he issued in his personal capacity. One note arose from a business acquaintance who wanted to help  
12 manage the company and injected himself into the affairs of the company. When he and Clarke parted ways after a  
13 disagreement, Clarke signed a promissory note in February 2010 for over \$84,000, the amount that the acquaintance  
14 put into the company. Clarke soon defaulted on the note, and the acquaintance obtained a default judgment against  
15 Clarke in June 2011 for over \$95,000. Clarke did not disclose the existence of these personal loans and resulting  
16 notes, as well as the default judgment, to several Washington investors prior to their investments.

17           11.       In 2012, Clarke filed for personal bankruptcy. He received a discharge later that year. Clarke failed  
18 to disclose the bankruptcy to several Washington investors prior to their investments.

19           12.       In oral and written representations to certain investors, Clarke represented that CBMed's exit strategy  
20 was to eventually be sold to a large hospital or medical organization. Particularly, in late 2013, when CBMed lost its  
21 only doctor under unexpected circumstances and was on the verge of closing, Clarke represented to at least one  
22 Washington investor that the sale of CBMed to a large hospital was a near-certainty and that she would recoup her  
23 investment and earn a return upon the sale. Clarke failed to disclose to this investor that he had only had one meeting  
24 of interest with that hospital and that no offer had been extended to Clarke to purchase the company. That investor  
25 invested \$20,000 in a CBMed promissory note and lost her entire investment.

          13.       To this same investor, Clarke stated that CBMed's only contracted doctor at the time would be  
retiring soon, but that CBMed had contracted with the doctor's brother, also a doctor, to take over. In fact, Clarke had  
learned at least the month before that the doctor's medical license was in jeopardy due to the doctor's drug abuse  
issues and realized that CBMed was "dead," unless he could sell the company soon. Also, Clarke's arrangement with  
the doctor's brother to take over was only a temporary arrangement. Without at least one doctor under contract,  
CBMed would not be able to operate because a doctor was needed to sign off on certain common medical requests,  
such as prescriptions. Clarke did not disclose any of these issues to the investor prior to her investment.

1 14. Also to this same investor, Clarke told her that he would use her investment funds to cover temporary  
2 cash flow issues and to prop up the company so that it would look more attractive to the buyer. Instead, Clarke used  
3 \$4,000 of her \$20,000 investment to repay a personal loan, which he did not disclose to the investor prior to her  
4 investment.

5 15. In oral and written representations to investors, Clarke represented that the geriatric care industry was  
6 poised for explosive growth due to the aging population, and that CBMed, as one of the first entrants into this market,  
7 had more business than it could handle. He often represented that CBMed was close to breakeven and its business  
8 would grow in the coming years. In the financial statements that Clarke distributed to some investors, he included  
9 three-year projections. These projections generally showed net profits doubling or tripling every year, to a high of  
10 \$1.8 million net profit projected for 2016. Clarke failed to provide the basis and assumptions underlying these  
11 projections. In addition, CBMed was never profitable, constantly experienced cash flow issues and always needed  
12 investor funds to stay afloat. Clarke had to solicit investments from current and potential investors throughout  
13 CBMed's entire operational history.

14 16. Clarke priced the CBMed LLC units he offered and sold to investors on internal valuations of the  
15 company. He initially sold units at \$46 per unit, then increased the price to \$116, \$333 and finally to \$517 per unit.  
16 Clarke provided valuations to investors that generally tracked this trend, beginning at \$500,000 before eventually  
17 increasing to over \$3 million. Clarke did not provide investors with much, if any, of the basis or assumptions  
18 underlying these valuations. In his 2012 bankruptcy petition, which he completed under penalty of perjury, Clarke  
19 valued the 1,673 CBMed LLC units that he owned at \$3,000 and stated, "Value given is liquidation value; the  
20 business has no value from earnings." Around the time that he filed for bankruptcy, Clarke sold LLC units for \$517  
21 per unit. In addition, less than two months before his bankruptcy filing, Clarke told an offeree that the recent addition  
22 of new contracted providers and the resulting increase in business would bring the company valuation to over \$3  
23 million.

24 17. Clarke failed to disclose to many Washington investors the general and specific risks of the  
25 investments. These risks include retaining only one doctor under contract where CBMed's business required always  
26 having a doctor on staff, the effect that federal legislation could have on Medicare reimbursement rates and CBMed's  
27 resulting revenue, undercapitalization, and CBMed's ability to retain enough medical practitioners under contract to  
28 meet demand in an industry where salaries are competitive.

#### 29 IV.

#### 30 Registration Status

31 18. CBMed, LLC is not currently registered to sell securities in Washington and has not previously been  
32 registered to do so.

33 19. Roland Clarke aka Rory Clarke is not currently registered to sell securities as a securities salesperson

1 or broker-dealer in Washington and has not previously been registered to do so.

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

3 **CONCLUSIONS OF LAW**

4 1. The offers and/or sales of the CBMed, LLC promissory notes and LLC membership units, as  
5 described above, constitute the offer and/or sale of a security as defined in RCW 21.20.005(14) and (17).

6 2. CBMed, LLC and Roland Clarke aka Rory Clarke each violated RCW 21.20.140 because they  
7 offered and/or sold securities for which no registration is on file with the Securities Administrator.

8 3. Roland Clarke aka Rory Clarke violated RCW 21.20.040 by offering and/or selling said securities  
9 while not registered as a securities salesperson or broker-dealer in the state of Washington.

10 4. CBMed, LLC and Roland Clarke aka Rory Clarke each violated RCW 21.20.010, because, as set  
11 forth in the above Tentative Findings of Fact, they made untrue statements of material facts or omitted material facts  
12 necessary in order to make the statements made, in light of the circumstances under which they were made, not  
13 misleading.

14 **CONSENT ORDER**

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

16 IT IS AGREED AND ORDERED that Respondents CBMed, LLC, Roland Clarke aka Rory Clarke, and their  
17 agents and employees each shall cease and desist from violating RCW 21.20.010, the anti-fraud section of the  
18 Securities Act of Washington.

19 IT IS FURTHER AGREED AND ORDERED that Respondent Roland Clarke aka Rory Clarke shall cease  
20 and desist from violating RCW 21.20.040, the securities salesperson and broker-dealer registration section of the  
21 Securities Act of Washington.

22 IT IS AGREED AND ORDERED that Respondents CBMed, LLC, Roland Clarke aka Rory Clarke, and their  
23 agents and employees each shall cease and desist from violating RCW 21.20.140, the securities registration section of  
24 the Securities Act of Washington.

25 IT IS FURTHER AGREED AND ORDERED that prior to the entry of this Consent Order, Respondent  
26 Roland Clarke aka Rory Clarke shall be liable for and shall pay a fine of \$2,000 and investigative costs of \$1,000.

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

28 IT IS FURTHER AGREED that Respondents CBMed, LLC and Roland Clarke aka Rory Clarke entered into  
29 this Consent Order freely and voluntarily and with a full understanding of its terms and significance.

30 IT IS FURTHER AGREED that in consideration of the foregoing, Respondents CBMed, LLC and Roland  
31 Clarke aka Rory Clarke waive their right to a hearing and to judicial review of this matter pursuant to RCW 21.20.440  
32 and Chapter 34.05 RCW.

1 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

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3 Signed this 14<sup>th</sup> day of January, 2016.

4  
5 Signed by:

6 CBMED, LLC

7  
8 /s/

9 ROLAND CLARKE aka RORY CLARKE  
10 Managing Member

11 Signed by:

12 /s/

13 ROLAND CLARKE aka RORY CLARKE, Individually

14 Approved as to form by:

15 /s/

16 John L. Bley, WSBA #15230  
17 Attorney for Respondents

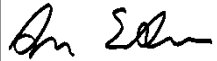
18 SIGNED and ENTERED this 26th day of January, 2016.

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22 WILLIAM M. BEATTY  
23 Securities Administrator

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Approved by:



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SUZANNE SARASON  
Chief of Enforcement

Presented by:

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HUONG LAM  
Financial Legal Examiner

Reviewed by:



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JACK MCCLELLAN  
Financial Legal Examiner Supervisor

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CONSENT ORDER

DEPARTMENT OF FINANCIAL INSTITUTIONS  
Securities Division  
PO Box 9033  
Olympia WA 98507-9033  
360-902-8760