

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

4 IN THE MATTER OF DETERMINING
5 whether there has been a violation
6 of the Securities Act of Washington by:

7 Sarah Rose Sorensen;
8 Sigh of Relief, Life and Financial, Inc.;
9 SOR Capital, LLC,

10 Respondents.

Order Number S-14-1538-15-SC01

STATEMENT OF CHARGES AND
NOTICE OF INTENT TO ISSUE AN
ORDER TO CEASE AND DESIST,
IMPOSE FINES, AND CHARGE COSTS

11 THE STATE OF WASHINGTON TO:

Sarah Rose Sorensen
Sigh of Relief, Life and Financial, Inc.
SOR Capital, LLC

12 **STATEMENT OF CHARGES**

13 Please take notice that the Securities Administrator of the State of Washington has reason to
14 believe that the Respondents Sarah Rose Sorensen; Sigh of Relief, Life and Financial, Inc.; and SOR
15 Capital, LLC have each violated the Securities Act of Washington. The Securities Administrator believes
16 those violations justify the entry of an order to cease and desist from such violations pursuant to RCW
17 21.20.390, to impose fines pursuant to RCW 21.20.395, and to recover costs pursuant to RCW 21.20.390.
18 The Securities Administrator finds as follows:

19 **TENTATIVE FINDINGS OF FACT**

20 **Respondents**

21 1. Sarah Rose Sorensen (“Sorensen”) is a resident of Snohomish, Washington. Sorensen
22 has never been registered with the Washington State Securities Division in any capacity. Sorensen has

1 account received two documents containing forged signatures of the client. Sorensen later attempted to
2 repay the client using a check that was returned for insufficient funds.

3 6. Sorensen raised money through a variety of promissory notes issued and/or brokered to
4 Sigh of Relief clients. From July 2011 through May 2012, Sorensen and Sigh of Relief brokered
5 promissory notes so that clients could borrow money from other clients to purchase the budgeting
6 software from her. Sorensen led the lenders to believe they would earn returns of 8% to 10% per year.
7 In addition, between approximately July 2011 and April 2014, Sorensen raised at least \$190,500 from at
8 least two investors, through personal promissory notes and promissory notes that were issued by SOR
9 Capital. Sorensen has represented to the Securities Division that she used some of the funds for Sigh of
10 Relief business expenses and to purchase rental properties held by SOR Capital.

11 **Unregistered Investment Adviser and Investment Adviser Representative**

12 7. During at least July 2014, Sorensen maintained a website for Sigh of Relief that was
13 accessible to the general public (<http://sighofrelieflifeandfinancial.vpweb.com>). The Sigh of Relief
14 website indicated that Sorensen had previous experience as an investment adviser. The website
15 represented that Sorensen “spent several years in the corporate financial world serving as an insurance
16 agent and investment advisor.” In fact, Sorensen has never been registered as an investment adviser or
17 investment adviser representative.

18 8. The website also indicated that Sorensen and Sigh of Relief provided investment advisory
19 services. The website stated that “Sarah Sorensen, a lifelong financial consultant, and her team of
20 professionals offer comprehensive financial services.” The website listed various services offered by
21 Sorensen and Sigh of Relief, including “Retirement / Traditional Investment Review (e.g. 401k, IRA).”
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1 Sorensen has represented to the Securities Division that Sigh of Relief did not in fact provide this
2 service.

3 9. In addition to the website, Sorensen also utilized a profile on LinkedIn.com during at
4 least August 2014, which listed her current employment as the owner of Sigh of Relief. Sorensen's
5 profile stated that Sigh of Relief "clients are increasing their monthly cash flow, building a solid
6 emergency reserve, eliminating bad debt, utilizing good debt, obtaining and diversifying their
7 investments, and transforming their financial lives." Sorensen's skills and expertise listed on her
8 LinkedIn.com profile included "Personal Financial Planning," "Alternative Investments," "Investments,"
9 "IRAs," "Retirement," "Financial Planners," and "Retirement Planning." These portions of Sorensen's
10 profile were accessible to the general public. The profile also contained an invitation to attend a
11 workshop about "achieving financial success, managing money, and alternative investments."

12 **Unauthorized Withdrawal from a Client's IRA**

13 10. In approximately May 2012, a Seattle, Washington resident became a client of Sigh of
14 Relief ("Client A"). Client A was a long-time family friend of Sorensen. Sorensen met with Client A
15 and discussed her budgeting software and investment opportunities relating to rental properties. Client
16 A told Sorensen that she was interested in trying the budgeting software.

17 11. Sorensen recommended that Client A roll over her traditional IRA to a Roth IRA.
18 Sorensen assisted Client A in completing an application to establish a self-directed Roth IRA with a new
19 third-party custodian. Client A liquidated her traditional IRA account, and on approximately June 4,
20 2012, \$12,034.13 was transferred to the newly-opened self-directed Roth IRA account. Days later, on or
21 about June 7, 2012, Sorensen called Client A and told her that she needed to sign some additional
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1 documents soon. Sorensen did not describe or explain the forms that Client A needed to sign. Client A
2 trusted Sorensen and assumed that the documents related to the budgeting program. Since Client A did
3 not live near Sorensen's office, Sorensen arranged for her mother to bring the documents to Client A to
4 sign.

5 12. Client A met Sorensen's mother at a gas station and quickly signed the documents,
6 including a promissory note. The promissory note signed by Client A, dated June 7, 2012, named her as
7 the lender. The promissory note was created from a template, with blank fields to be filled in for several
8 of the terms. When Client A signed the note, most, if not all, of the blank fields were not filled in,
9 including for the borrower's name, the interest rate, and the loan amount. Client A did not realize at the
10 time she signed this document that she was signing a document to lend funds. After Client A signed the
11 documents, Sorensen's mother collected them to return them to Sorensen.

12 13. The promissory note signed by Client A, with the empty blank fields subsequently filled
13 in, was submitted to the IRA custodian for Client A's new account. The note listed the borrower as
14 Sorensen's husband, whom she was separated from at the time (the couple later divorced). The
15 promissory note also contained the purported signature of Sorensen's husband on the note. The loan was
16 for \$8,000 with a 7% per annum interest rate. Monthly installments of \$100 were to be paid beginning
17 in September 2012.

18 14. In addition to the promissory note, an Asset Purchase Directive form and an Outgoing
19 Wire Instructions form were also submitted to the IRA custodian. Sorensen filled in the content of both
20 of these forms. While Client A's purported signature appears on both forms, Client A has stated to the
21 Securities Division that the signatures on those two forms are forgeries, and that she did not authorize
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1 anyone to sign those forms on her behalf. Pursuant to the wire instructions form, \$8,000 from Client A's
2 account was wired to a joint account at Chase Bank that was in the name of Sorensen and her husband.
3 Sorensen's husband was not aware of a loan from Client A. According to Sorensen's husband, Sorensen
4 owed him \$8,000.

5 15. Client A later discovered that \$8,000 had been withdrawn from her account without her
6 knowledge. Client A learned of the unauthorized withdrawal after being contacted by the IRA custodian
7 regarding the balance of her account. Client A contacted Sorensen via email for an explanation. Client
8 A later received an e-mail response, which appeared to be written by Sorensen, indicating the funds had
9 been borrowed to purchase a car. Client A asked Sorensen for her ex-husband's contact information (by
10 this time, Sorensen and her husband were divorced), but Sorensen did not provide it. To date, Sorensen
11 has not paid any interest or principal on the promissory note. In approximately July 2014, Sorensen sent
12 a check to Client A in the amount of \$8,000. The check was returned by the bank for insufficient funds.

13 **Promissory Notes**

14 *Personal Promissory Notes with Sorensen*

15 16. In approximately July 2011, Client B, a family friend of Sorensen who resides in Monroe,
16 Washington, became a client of Sigh of Relief. Sorensen discussed "hard money loans" with Client B
17 and solicited Client B to enter into a promissory note with her. Sorensen represented that Client B
18 would earn a return of 8% per year. Sorensen did not disclose to Client B how she would use the funds,
19 or how she would generate a return.

20 17. Client B agreed to initially invest \$3,500. On approximately July 28, 2011, Sorensen
21 drafted and executed an unsecured promissory note, with an interest rate of 8% per annum and a
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1 maturity date of December 1, 2011. A few months later, Sorensen solicited Client B for another hard
2 money loan, and Client B invested an additional \$7,000. On approximately November 11, 2011,
3 Sorensen drafted and executed a second unsecured promissory note with an 8% per annum interest rate,
4 but no maturity date. The first principal and interest installment was to be made by May 1, 2012.
5 Sorensen used at least part of the funds for Sigh of Relief business expenses including overhead.
6 Sorensen also used some of the funds to purchase tax liens and to pay for her living expenses.

7 18. Sorensen failed to provide Client B with material information regarding the notes,
8 including, but not limited to, the general and specific risks involved, personal financial statements, and a
9 description of the use of funds. Sorensen also failed to disclose that she filed for bankruptcy in May
10 2011 and that the bankruptcy was discharged in September 2011.

11 19. Sorensen defaulted on payments that were due on both notes. Sorensen did not make any
12 payments on the notes until approximately January 2013. To date, Sorensen has made payments totaling
13 approximately \$2,450 on the notes. Client B is still owed approximately \$8,050 principal plus interest.

14 *Promissory Notes Brokered by Sigh of Relief*

15 20. Between approximately July 1, 2011 and May 14, 2012, Sorensen and Sigh of Relief
16 brokered seven unsecured promissory notes so that clients could afford to purchase the budgeting
17 software. Sorensen solicited other clients to invest funds through promissory notes, with the expectation
18 that they could earn returns of 8% to 10% per year. The investor's funds were loaned to clients who paid
19 the funds to the third party vendor to purchase the budgeting software for approximately \$3,500.
20 Sorensen earned a commission of \$1,400 from each sale from the vendor.

1 budgeting software, and was not aware that she had received funds from another client for this purchase.
2 After one borrower defaulted, Sorensen re-sold the budgeting software to a new client without notifying
3 the lender. Sorensen did not execute a new promissory note for the transaction. The new borrower
4 began making monthly payments on the original note with the prior borrower. The new borrower sent
5 payments directly to the investor's self-directed IRA. The new borrower later defaulted on the note.
6 Sorensen did not disclose to the investor that she could re-sell the borrower's budgeting software
7 without brokering a new promissory note. To date, five of the borrowers have defaulted on the notes.
8 None of the promissory notes have been paid off in full.

9 *Promissory Notes Issued by SOR Capital*

10 25. In approximately 2014, Sorensen raised approximately \$180,000 through the sale of two
11 promissory notes issued by SOR Capital to Client C, a resident of Mill Creek, Washington. Client C
12 was a family friend of Sorensen who became a client of Sigh of Relief in approximately 2012 and
13 purchased multiple rental properties from Sorensen. Sorensen told Client C that she was looking to raise
14 approximately \$2 million dollars, and was offering a secure investment involving SOR Capital.
15 Sorensen did not disclose to Client C the specific intended use of the proceeds, and only generally stated
16 possible uses for the funds, such as financing businesses and/or private lending.

17 26. In approximately January 2014, Client C agreed to initially invest \$120,000 in a
18 promissory note investment issued by SOR Capital. Sorensen provided Client C with an unsecured
19 promissory note for this investment, with a 10% per annum interest rate and a one year maturity date. A
20 few months later, in approximately April 2014, Client C invested an additional \$60,000 in SOR Capital.
21 Sorensen provided Client C with an unsecured promissory note for \$180,000, which reflected both
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1 investments. The terms of the note remained the same, with a 10% per annum interest rate and a one
2 year maturity date. According to the terms of the note, Client C would receive interest-only payments of
3 \$1,500 per month, beginning in May 2014, with a balloon payment that was due on April 1, 2015.

4 Sorensen signed this note as the President of SOR Capital.

5 27. Sorensen failed to provide Client C with material information regarding this investment,
6 including, but not limited to, the general and specific risks involved, financial statements for SOR
7 Capital, and a specific description of the use of funds. Sorensen failed to disclose that she filed for
8 bankruptcy in May 2011 and that the bankruptcy was discharged in September 2011. Sorensen also
9 failed to disclose that she had defaulted on the promissory notes with Client B and that several of the
10 notes brokered between clients for the purchase of the budgeting software were in default.

11 28. Sorensen represented to the Securities Division that she used Client C's funds to acquire
12 two rental properties in Tennessee and Missouri that are held by SOR Capital. Sorensen also stated that
13 investor funds were used to rehabilitate the Missouri property.

14 29. As of the date of this Statement of Charges, Sorensen is making monthly payments to
15 Client C. In approximately February 2015, Sorensen signed a new promissory note with Client C to
16 replace the prior note with SOR Capital that was due in April 2015. The new promissory note is in
17 Sorensen's name individually.

18 **Registration Status**

19 30. Sigh of Relief, Life and Financial, Inc. is not registered to sell promissory notes in the
20 State of Washington and has not previously been so registered.

1 31. SOR Capital, LLC is not registered to sell promissory notes in the State of Washington
2 and has not previously been so registered.

3 32. Sigh of Relief, Life and Financial, Inc. is not registered as an investment adviser in the
4 State of Washington and has not previously been so registered.

5 33. Sarah Rose Sorensen is not registered as a securities salesperson, broker-dealer,
6 investment adviser, or investment adviser representative in the State of Washington and has not
7 previously been so registered.

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

9 **CONCLUSIONS OF LAW**

10 1. The offer and/or sale of the unsecured promissory notes, as described above, constitutes
11 the offer and/or sale of a security as defined in RCW 21.20.005(14) and (17), in the form of a note,
12 evidence of indebtedness, and/or investment contract.

13 2. Respondents Sarah Rose Sorensen, Sigh of Relief, Life and Financial, Inc., and SOR
14 Capital, LLC violated RCW 21.20.140 because, as set forth in the Tentative Findings of Fact,
15 Respondents offered and/or sold securities for which no registration is on file with the Securities
16 Administrator.

17 3. Respondent Sarah Rose Sorensen violated RCW 21.20.040 because, as set forth in the
18 Tentative Findings of Fact, she offered and/or sold said securities while not registered as a securities
19 salesperson or broker-dealer in the State of Washington.

20 4. Respondents Sarah Rose Sorensen, Sigh of Relief, Life and Financial, Inc., and SOR
21 Capital, LLC violated RCW 21.20.010 because, as set forth above, when offering and selling the
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1 promissory notes they made misstatements of material facts and/or omitted to state material facts
2 necessary in order to make the statements made, in light of the circumstances under which they were
3 made, not misleading. Sarah Rose Sorensen also violated RCW 21.20.010 by employing a scheme to
4 defraud Client A, and by engaging in an act, practice, or course of business that operated as a fraud or
5 deceit upon Client A.

6 5. Sarah Sorensen and Sigh of Relief, Life and Financial, Inc. have acted as an investment
7 adviser representative as defined in RCW 21.20.005(9) and an investment adviser as defined in RCW
8 21.20.005(8), respectively, by representing that they provided investment advisory services. By doing so
9 while not registered as an investment adviser representative or investment adviser, or exempt from such
10 registration in the State of Washington, Sarah Sorensen and Sigh of Relief, Life and Financial, Inc. have
11 violated RCW 21.20.040(4).

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13 **NOTICE OF INTENT TO ISSUE AN ORDER TO CEASE AND DESIST**

14 Pursuant to RCW 21.20.390(1), and based upon the above Tentative Findings of Fact and
15 Conclusions of Law, the Securities Administrator intends to order that the Respondents Sarah Rose
16 Sorensen; Sigh of Relief, Life and Financial, Inc.; and SOR Capital, LLC shall cease and desist from
17 violation of RCW 21.20.140, RCW 21.20.040, and 21.20.010.

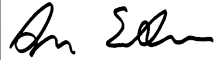
18 **NOTICE OF INTENT TO IMPOSE FINES**

19 Pursuant to RCW 21.20.395, and based upon the above Tentative Findings of Fact and
20 Conclusions of Law, the Securities Administrator intends to order that:

- 21 1. Respondent Sarah Rose Sorensen shall be liable for and pay a fine of \$30,000;

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Approved by:



Suzanne Sarason
Chief of Enforcement

Presented by:



Bridgett Fisher
Financial Legal Examiner

Reviewed by:



Robert Kondrat
Financial Legal Examiner Supervisor