



State of Washington

**DEPARTMENT OF FINANCIAL INSTITUTIONS**

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

No. S-15-1624-17-FO02

MINIHYA CORPORATION and RAYMOND  
WILLIS,

ORDER DENYING PETITION FOR  
RECONSIDERATION AND AFFIRMATION  
OF FINAL ORDER DATED NOVEMBER  
16, 2016

Respondent.

---

THIS MATTER came before Gloria Papiez, Acting Director ("Acting Director") of the Department of Financial Institutions ("Department"), upon petition for reconsideration, dated November 29, 2016 ("Petition"), of a Final Default Order by the Department's Division of Securities ("Division") dated November 16, 2016 ("Final Order") against Respondents MINIHYA CORPORATION and RAYMOND WILLIS ("Respondents"); and the Acting Director having given this matter due consideration as hereinafter described and having determined that the Petition has no merit in light of the Record on Reconsideration enumerated below;

NOW, THEREFORE, the Acting Director makes the following determination by way of denying the Petition:

1.0 RECORD ON REVIEW

The Director has considered the entire record on reconsideration, including, without limitation, the following documents (collectively, "Record on Reconsideration"):

1.1 The Statement of Charges and Notice of Intent to Enter Order to Cease and Desist, to Impose Fines, and to Charges Costs, dated December 18, 2015 ("Statement of Charges");

1.2 The Application for Adjudicative Hearing, dated January 13, 2016 (“Hearing Request”);

1.3 The Notice of Pre-Hearing Conference, dated February 23, 2016 (“First Notice”), setting March 16, 2016, as the date for a teleconference before Administrative Law Lisa N.W. Dublin (“ALJ Dublin”);

1.4 The Notice of Appearance of Jong Lee, Assistant Attorney General (“Division’s Counsel”), dated February 19, 2016;

1.5 The Response Regarding Notice of Appearance, dated February 25, 2016, wherein attorney Jean Jorgensen, WSBA #34964, indicates that she has not as of that date appeared in this matter (“Jorgensen Non-Appearance”); and

1.6 The Order Granting Continuance and Notice of Prehearing Conference, dated March 22, 2016, and setting April 4, 2016, as a new date for a Pre-Hearing Conference (“Continuance Order” and “Second Notice,” respectively);

1.7 The Pre-hearing Conference Order and Notice of Hearing, dated April 11, 2016 (“Hearing Notice”);

1.8 Jean Jorgensen’s Notice of Intent to Withdraw as Attorney of Record, dated May 20, 2016 (“Notice of Withdrawal”);

1.9 Notice by Division’s Counsel to ALJ Dublin of Settlement in Principle, dated August 15, 2016 (“Notice of Settlement in Principle”);

1.10 Notice of Status Conference, dated September 23, 2016 (“Notice of Status Conference”);

1.11 Order Dismissing Appeal, dated September 30, 2016 (“Order Dismissing Appeal”);

1.12 Final Order of Acting Director of the Department, dated November 16, 2016 (“Final Default Order”);

1.13 Appellant’s Request for Reconsideration, and Vacation of Default and Final Order, dated November 29, 2016 (“Petition for Reconsideration”), filed by attorney Michael B. Galletch, Esq. (“Respondents’ Counsel”);

1.14 Declaration of Raymond Willis in Support of Petition for Reconsideration, dated November 28, 2016 (“Declaration of Raymond Willis”);

1.15 Notice from Office of the Acting Director of the Department, dated December 5, 2016, agreeing to consider the Petition for Reconsideration and setting a deadline for Division's Counsel to file a Reply to the Petition for Reconsideration ("Notice of Acting Director's Office");

1.16 Securities Division's Reply to Respondents' Request for Reconsideration and Vacation of Default and Final Order, dated December 14, 2016, and supporting *Exhibits A through H* ("Reply to the Petition for Reconsideration");

1.17 Declaration of Huong Lam in support of Reply to Petition for Reconsideration, dated December 14, 2016 ("Declaration of Huong Lam"), which is *Exhibit F* to the Reply to Petition for Reconsideration; and

1.18 Declaration of Jong M. Lee in support of Reply to Petition for Reconsideration, dated December 14, 2016 ("Declaration of Jong Lee").

## 2.0 ACTING DIRECTOR'S CONSIDERATIONS

The Acting Director elected to consider the Petition for Reconsideration in the interest of assuring due process, reserving, however, the privilege of ultimately denying the Petition for Reconsideration upon review and deliberation. On the basis of review of the Record on Reconsideration, and after deliberation, the Acting Director finds that the Petition for Reconsideration is without merit for the reasons set forth as follows:

2.1 The Contention of "No Findings of Fact or Conclusions of Law". Had the Acting Director exercised her *discretion* to ignore the Petition for Reconsideration, it would have been deemed denied within twenty (20) days of its filing.<sup>1</sup> However, the sole reason the Acting Director did not simply ignore the Petition for Reconsideration is the contention by Respondents' Counsel that the Order Dismissing Appeal and the Final Default Order were improper based on his contention that the required findings of fact and conclusions of law were absent from these orders. In the particular manner in which it has been presented, this appears to be an issue of first impression before the Acting Director. For this reason, the Notice of Acting Director's Office instructed the Division's Counsel that if the Division was going to file a Reply to the Petition for Reconsideration, the Division Counsel must address *all issues* raised by Respondents' Counsel. Unfortunately, the Division's Counsel did not address this issue in his Reply to the Petition for

---

<sup>1</sup> RCW 34.05.470(3).

Reconsideration. Therefore, the Acting Director must consider this issue without benefit of any legal argument from the Division.

This issue presents a question of law. The Administrative Procedures Act declares that—

“[i]nitial and final orders shall include a statement of findings and conclusions, and the reasons and basis therefor, on all the material issues of fact, law, or discretion presented on the record, including the remedy or sanction . . . .”<sup>2</sup>

However, in evaluating whether agency findings and conclusions satisfy the above-referenced requirement of the Administrative Procedure Act, “adequacy, not eloquence, is the test.”<sup>3</sup>

The Acting Director notes that the Statement of Charges itself contains “TENTATIVE FINDINGS OF FACT” and “CONCLUSIONS OF LAW,” which are set forth with specificity. The Statement of Charges also contains specific “NOTICE OF INTENT” as to imposing a cease and desist order, a fine of up to \$20,000, and the charging of costs of no less than \$5,000. The Order Dismissing Appeal contained specific findings of fact as to failure to appear as required and conclusions of law as to the consequences for failure to do so. The Final Default Order also contained findings of fact and conclusions of law, wherein the Acting Director declared: “Pursuant to RCW 34.05.461, the Director hereby adopts the Statement of Charges which is attached hereto.”<sup>4</sup> In other words, the findings of fact and conclusions of law set forth in the Statement of Charges were specifically adopted and made part of the Final Default Order. Accordingly, to say that there were no findings of fact or conclusions of law in each and every material order affecting Respondents has no basis whatsoever.

Respondents’ Counsel fails to note that a default order is in lieu of a contested hearing and is permissible under the condition authorized by statute.<sup>5</sup> The requirements of a default order, whether an initial one entered by the administrative law judge<sup>6</sup> or a final one entered by an agency director,<sup>7</sup> are specified by statute, as follows:

“If a party fails to attend or participate in a hearing or other stage of an adjudicative proceeding, other than failing to timely request

---

<sup>2</sup> RCW 34.05.461(3).

<sup>3</sup> *Nationscapital Mortg. Corp. v. State Dept. of Financial Institutions*, 133 Wash.App. 723, 751, 137 P.3d 78, 93 (Div. 2 – 2006), citing *US West Commc’ns, Inc. v. Wash. Utils. & Transp. Comm’n*, 86 Wash.App. 719, 731, 937 P.2d 1326 (1997).

<sup>4</sup> See Section 3.0, at pp. 2-3, of the Final Default Order. Also, Section 1.0 of the Final Default Order contained findings of fact and conclusions of law as to why a default order was being imposed.

<sup>5</sup> RCW 34.05.440(2).

<sup>6</sup> The Order Dismissing Appeal, issued by ALJ Dublin.

<sup>7</sup> The Final Default Order, issued by the Acting Director.

an adjudicative proceeding . . . the presiding officer may serve upon all parties a default or other dispositive order, which shall include a statement of the grounds for the order.”<sup>8</sup>

Therefore, based on the above, the Acting Director concludes that the Order Dismissing Appeal issued by ALJ Dublin and the Final Default Order issued by the Acting Director satisfied the requisite Findings of Fact and Conclusions of Law required for an initial order of default and a final order of default under the Administrative Procedures Act.

2.2 The Adequacy of Service, Failure to Appear, and Failure to Move for Vacation. Having reviewed the Record on Reconsideration, including the documents and exhibits enumerated in *Subsections 1.1 through 1.18* above, the Acting Director makes the following findings of fact and conclusions of law:

2.2.1 Findings of Fact. From the preponderance of the evidence, as expressed in the documents and exhibits enumerated in *Subsections 1.1 through 1.18* above, it appears to the Acting Director, as follows:

- a. MiniHYA Corporation (“Corporation”) is a Wyoming corporation. From its incorporation on August 28, 2013, until its latest annual report filed July 29, 2016, the only officer or director of the Corporation listed is Respondent Raymond Willis.
- b. Corporate records from Wyoming have always listed a Wyoming address as MiniHYA’s business address and mailing address. Its registered agent also lists a Wyoming address.
- c. However, the only address the Division appears to have ever been able to reach Raymond Willis or the Corporation during the Division’s investigation was the address located at 344 61<sup>st</sup> Avenue, Seattle, Washington (“Seattle Address”).
- d. Raymond Willis was personally served with a subpoena on the Division’s fourth attempt, through a process server. Previous attempts included a certified mailing to the Seattle Address that was returned to the Division.
- e. Attempts at mailing to the Wyoming address were returned to the Division.
- f. The Office of Administrative Hearings consistently served notice on Respondents at the Seattle Address. At no time did Respondents or their former attorney, Jean Jorgensen, object to service at the Seattle Address.

---

<sup>8</sup> RCW 34.05.440(2).

- g. The Respondents' own former attorney, Jean Jorgensen, declares in her Notice of Withdrawal that the Seattle Address is the last known address of Respondents.
- h. On or about May of 2016, attorney Jean Jorgensen withdrew her representation of Respondents for the purposes of the administrative hearing but continued limited representation of the Respondents for settlement purposes until September 21, 2016. In attorney Jorgensen's notice terminating the limited representation, she designates Raymond Willis as the contact person for the matter involving both him and the Corporation.
- i. On or about August 15, 2016, believing that the parties had settled in principle, Division's Counsel sent a letter to the OAH requesting the August 16-18, 2016, hearing dates be stricken and a status conference be scheduled for September 23, 2016. It was requested that if settlement was not concluded by then, that a hearing schedule be re-set at that time. A copy of this letter was mailed to Raymond Willis and Jean Jorgensen. On or about August 18, 2016, the Office of Administrative Hearings granted that request and set a status conference for September 23, 2016, as evidenced by the Notice of Status Conference.
- j. On or about August 25, 2016, the proposed Consent order and Remittance Form were sent to attorney Jean Jorgensen for review.
- k. On or about September 20, 2016, attorney Jorgensen sent a completely rewritten consent order on behalf of the Respondents with a notice that she had not reviewed it.
- l. On September 21, 2016, attorney Jean Jorgensen sent a letter informing the Division and Division's Counsel that her limited representation of Respondents had ended. She again designated Raymond Willis as the sole contact person for both Respondents in the matter.
- m. Settlement was not successful.
- n. On September 23, 2016, a status conference was held before ALJ Dublin. No one appeared on behalf of either Respondent. The Division moved for default against respondents for failure to participate.
- o. On or about September 30, 2016, ALJ Dublin issued the Order Dismissing Appeal, which was mailed as of that date to the Seattle Address.
- p. No motion to vacate the Order Dismissing Appeal was ever filed with the Office of Administrative Hearings or served on Division's Counsel.

- p. On or about November 21, 2016, the Division was contacted by Respondents' Counsel regarding this matter. This was the first contact by Respondents or any representatives for Respondents since September 21, 2016.
- q. There is a California corporation called "MINIHYA CORPORATION." It came into existence on March 22, 2016, as a California corporation, listing its address as 355 S. Grande Avenue, Los Angeles, California 90071. It lists Raymond Willis as its chief executive officer. This corporate entity did not exist at the time relevant to the acts and omissions complained of in the Statement of Charges.

2.2.2 Conclusions of Law. Based upon the Findings of Fact in *Subsection 2.2.1*, the Acting Director makes the following conclusions of law:

- a. Service on MINIHYA CORPORATION was achieved by service on the representative of the Corporation, Raymond Willis.
- b. Respondent Raymond Willis appears to the Acting Director to be an "alter ego" of Respondent MiniHYA Corporation and is liable for the wrongful acts and omissions of MiniHYA Corporation as set forth in the Statement of Charges and incorporated by reference in Order Dismissing Appeal and the Final Default Order.
- c. The Seattle Address was a proper and appropriate address used by the Office of Administrative Hearings, by the Division, and by Division's Counsel for serving both Respondents with the Notice of Status Conference, the Order Dismissing Appeal, Default Final Order, and other notices and communications.
- d. Service by mail is proper.<sup>9</sup>
- e. The burden is on the Respondents to prove by clear and convincing evidence that service was improper.<sup>10</sup> Raymond Willis has failed to meet that burden. His claims in the Petition for Reconsideration and in his supporting declaration are, in the view of the Acting Director, lacking in credibility or otherwise insufficient to overcome the afore-mentioned evidentiary burden.

---

<sup>9</sup> WAC 10-08-110.

<sup>10</sup> *American Exp. Centurion Bank v. Stratman*, 172 Wash.App 667, 672, 292 P.3d 128 (2012).

f. Respondents had seven (7) days from service by mail of the Order Dismissing Appeal to file a Motion to Vacate with ALJ Dublin, stating the grounds relied upon.<sup>11</sup> Respondents' Counsel has mistakenly argued that this Petition for Reconsideration is a motion to vacate the Order Dismissing Appeal. It is not. No motion to vacate, which must be directed to the presiding officer who entered it (ALJ Dublin), was ever filed. After more than twenty (20) days had expired from the Order Dismissing Appeal as required by Administrative Rule,<sup>12</sup> the Acting Director issued a Final Default Order on November 16, 2016.

2.3 The Untimeliness of the Petition for Reconsideration. As to the timing for filing the Petition for Reconsideration, the Acting Director makes the following determinations:

2.3.1 Findings of Fact. The Final Order was issued and served by mail on November 16, 2016. Respondents' Counsel contacted the Division on or about November 21, 2016. However, the Petition for Reconsideration is dated November 29, 2016, and was not filed with the Office of the Acting Director until November 30, 2016. This filing date was fourteen (14) days *after* the issuance of the Final Order.

2.3.2 Conclusions of Law. "Within ten days of the service of a final order, any party may file a petition for reconsideration" of an agency's final order.<sup>13</sup> The Acting Director has already determined above in *Subsection 2.2* that substantial evidence, coupled with the law, support the position that service by mail of the Final Order properly occurred as of November 16, 2016. Mr. Galletech's contacting the Division on November 21, 2016, did not operate to toll the statutory requirement of filing the Petition for Reconsideration with the Acting Director (if at all) within ten (10) days of service by mail of the Final Order. Therefore, the Petition for Reconsideration is untimely, and the Acting Director denies the Petition for Reconsideration on that account alone.

### 3.0 FINDINGS OF FACT AND CONCLUSIONS OF LAW

The Acting Director hereby makes the following Findings of Fact and Conclusions of Law:

---

<sup>11</sup> RCW 34.04.440(3).

<sup>12</sup> WAC 10-8-211(2).

<sup>13</sup> RCW 34.05.470(1).



3.1 Findings of Fact. The Acting Director adopts *Subsections 2.2.1 and 2.3.1* of this Order and further affirms and incorporates herein by this reference the Findings of Fact of the Order Dismissing Appeal and the Final Default Order.

3.2 Conclusions of Law. The Acting Director adopts *Subsections 2.1, 2.2.2 and 2.3.2* of this Order and further affirms and incorporates herein by this reference the Conclusions of Law of the Order Dismissing Appeal and the Final Default Order.


4.0 ORDER DENYING RECONSIDERATION

IT IS HEREBY ORDERED, as follows:

4.1 The Petition for Reconsideration dated November 29, 2016, is hereby denied; and

4.2 The Final Order dated November 16, 2016, is affirmed and incorporated herein as if fully set forth.

DATED this 12<sup>th</sup> day of January, 2017.

  
GLORIA PAPIEZ, Acting Director