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: Community Impact Technologies, Inc., d/b/a Semble; Respondent.	) Order No.: S-16-2073-17-CO01)) CONSENT ORDER)))))))

INTRODUCTION

On February 27, 2017, 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 ("Statement of Charges"), Order Number S-16-2073-17-SC01, against Respondent Community Impact Technologies, Inc., d/b/a Semble. Pursuant to the Securities Act of Washington, RCW 21.20, the Securities Division and Respondent Community Impact Technologies, Inc. hereby enter into this Consent Order in settlement of the matters set forth in the Statement of Charges and as alleged below. Respondent Community Impact Technologies, Inc. neither admits nor denies the Findings of Fact and Conclusions of Law as stated below.

FINDINGS OF FACT

1.   Community Impact Technologies, Inc., d/b/a Semble ("Semble") is a Nevada entity formed on September 13, 2011, with its principal place of business in Bellevue, Washington. Semble's primary business is assisting nonprofits in raising money to fund new projects or renovations, by either (a) helping them to get loans from banks, or (b) facilitating the issuance of investment notes to supporters of the nonprofit.

Nature of the Conduct

Overview

2. The Washington State Securities Act ("the Securities Act") contains broker-dealer registration requirements designed to protect investors. For example, the registration provisions help to ensure that broker-dealer personnel are properly trained, that the broker-dealer is financially healthy, that investors receive adequate disclosures, and that the broker-dealer is complying with applicable regulatory standards. These protections, and their counterparts in other states and on the federal level, have been a key part of securities markets for over eighty years.

3. Since approximately January 2012, Semble has acted as an unregistered broker-dealer engaged in the business of effecting transactions in securities. Semble facilitates offerings of notes by nonprofits to their supporters ("supporter notes"), marketing the notes as "social impact investments" which allow investors to receive an investment return while supporting a desirable project. Semble has effected securities transactions of supporter notes in approximately 42 projects, totaling approximately $35.8 million. To facilitate these offerings, Semble uses its online platform to provide a wide variety of services to the issuers before, during, and after the supporter note offerings. Semble dedicates a portion of its website to allow nonprofits to advertise these services to their supporters.

4. Semble generally facilitates supporter note offerings under RCW 21.20.310(11). This section of the Securities Act provides an exemption allowing nonprofits to sell securities to existing supporters of the nonprofit without registering the securities, subject to certain filing requirements. However, the Securities Act still requires registration for broker-dealers which transact the exempt securities. As detailed below, Semble provides the key services associated with broker-dealers, but is not registered as such.

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Services Provided by Semble

5.   Semble provides several services to help an issuer prepare for a supporter note offering. Initially, Semble provides a free consultation, analyzing the entity's finances to determine whether to pursue bank lending, to issue supporter notes, or to seek a combination of the two. If the nonprofit decides to contract with Semble to assist in raising money from investors, Semble charges a "setup fee" from $2,500 to $5,000, based on the "size of the loan and potential complexities of the project." In supporter note offerings, Semble gives the nonprofit advice on how to structure the offering by setting up a new LLC which will also be involved in the transaction. Semble also assists in drafting the offering documents for the supporter notes, makes exemption filings with the Securities Division, and, in the majority of investment offerings, helps the nonprofit create a marketing campaign for the supporter notes. For the marketing campaign, Semble may edit video content for the nonprofit to advertise the offering or written materials to be sent by the issuer to potential supporter note investors.

6.   After assisting with the initial setup for the supporter note offering, Semble offers its online platform to the issuer to conduct the sale of notes. Semble allows the issuer to advertise the investment offering on a page on its website, and on behalf of the issuer, publicizes the offering to a list of potential investors provided by the issuer. On the page, Semble allows the issuer to provide details relating to the investment, such as the proposed use of funds, the total amount sought, and the interest rate offered by the issuer. Semble includes financial statements prepared by the nonprofit on its platform, including projections for cash flows from the new project, and instructions for investors to set up an IRA or to roll over money from a 401(k), if permitted. Semble assists clients in advertising the offering to potential investors through a supporter list provided by the issuer, and fields questions from potential investors through its website. Investors create an account on Semble's platform to make a commitment (initially nonbinding) for a certain investment amount. Semble's platform also includes a credit profile which potential investors complete as part of the signup

process. Semble has, in some cases, charged a fee to the nonprofit issuer "based on the size and complexity of the project" for the use of its online platform.

7.   Generally, the issuer will set a minimum amount of total investment commitments for the offering to be completed (for instance, the issuer might seek $1 million, but be willing to go ahead with a scaled-down project if they raise $500,000). If the issuer receives a sufficient total commitment, Semble provides various services to complete the transaction and to service the supporter notes post-closing. Semble also handles all funds for the supporter notes, both for the investor's initial payment and, if requested separately by the issuer, for the ongoing payments on the notes. Semble opens and administers a master "FBO" account for the issuer, along with sub-accounts for each investor. Its responsibilities then include "collecting sale proceeds and issuing the notes on behalf of the issuer . . . collecting borrower loan payments and directing them to the underlying note investors," and "facilitat[ing] any subsequent transfer of notes post-issuing." Semble charges a fee between 0.15% and 0.30% of the total size of the offering for these services. Funds in the FBO account are then transferred to an independent escrow agent, who closes the transaction.

Registration Status

8.   Semble is not, and has never been, registered as a broker-dealer in the state of Washington.

CONCLUSIONS OF LAW

1.   The offer and/or sale of the supporter notes described above constitute the offer and/or sale of a security as defined in RCW 21.20.005(14) and (17).

2.   Because Semble's activities described above constitute engagement in the business of effecting transactions in securities for the account of others, Semble is a broker-dealer as defined in RCW 21.20.005(1).

3.   Semble has violated RCW 21.20.040 by engaging in the business of effecting transactions in securities while unregistered as a broker-dealer in the state of Washington.

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

CONSENT ORDER

IT IS AGREED AND ORDERED that Respondent Community Impact Technologies, Inc, and its agents and employees, each shall cease and desist from violating RCW 21.20.040, the securities salesperson and broker-dealer registration section of the Securities Act of Washington.

IT IS FURTHER AGREED AND ORDERED that Respondent Community Impact Technologies, Inc. shall be liable for and shall pay a fine of $1,000 prior to the entry of this Consent Order.

IT IS FURTHER AGREED AND ORDERED that Community Impact Technologies, Inc. shall be liable for and shall pay investigative costs of $1,000 on or before entry of this Consent Order.

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

IT IS FURTHER AGREED that Respondent Community Impact Technologies, Inc., entered into this Consent Order freely and voluntarily and with a full understanding of its terms and significance.

IT IS FURTHER AGREED that in consideration of the foregoing, Respondent Community Impact Technologies, Inc. waives its right to a hearing and to judicial review of this matter pursuant to RCW 21.20.440 and Chapter 34.05 RCW.

IT IS FURTHER AGREED that this Order does not affect Semble's ability to do business in Washington, assuming compliance with state and federal securities laws.

WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

Signed this ___14th_____ day of ___February_____, 2017.

Signed by:

Community Impact Technologies, Inc., d/b/a Semble

_/s_____
Todd Tarbert
Chief Executive Officer

Approved as to form by:

_/s_____
James Parsons, Attorney for Community Impact Technologies, Inc.,
WSBA #12539

SIGNED and ENTERED this _____21st_____ day of ___February_____, 2017.

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William M. Beatty
Securities Administrator

Approved by: Presented by:

_____   _____
Suzanne Sarason   Adam N. Yeaton
Chief of Enforcement   Financial Legal Examiner

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Reviewed by:

_____
Jack McClellan
Financial Legal Examiner Supervisor