

STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION

IN THE MATTER OF DETERMINING) Order No.: S-17-2248-18-SC01
Whether there has been a violation of the)
Securities Act of Washington by:) STATEMENT OF CHARGES AND
GETCARBIDS INC.; DGL DEVELOPMENT,) NOTICE OF INTENT TO
LLC; and DANIEL LANGLEY,) ENTER ORDER TO CEASE AND DESIST,
Respondents.) TO IMPOSE FINES,
) AND TO CHARGE COSTS
)

THE STATE OF WASHINGTON TO: **GetCarBids Inc.**
DGL Development, LLC
Daniel Langley

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the state of Washington has reason to believe that Respondents, GetCarBids Inc.; DGL Development, LLC; and Daniel Langley have each violated the Securities Act of Washington. The Securities Administrator believes those violations justify the entry of an order against the Respondents to cease and desist from such violations and to charge costs pursuant to RCW 21.20.390, and under RCW 21.20.395 to impose a fines. The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

Respondent

1. GetCarBids Inc. ("GetCarBids") was a Nevada corporation that was formed on September 24, 2015. During most of the period relevant to this Statement of Charges, GetCarBids's principal place of business was in Bonney Lake, Washington. Its corporate registration with Nevada has been in default status since September 30, 2017. GetCarBids was in the business of developing and marketing an online platform for the sale of new and used cars.

2. DGL Development, LLC ("DGL Development") was a Washington LLC that was formed on July 11, 2008 with a principal place of business at the time in Tacoma, Washington. Daniel Langley formed it hoping to turn it into a consulting business for car dealerships, but that never materialized. DGL Development dissolved in 2009 and had

1 no apparent business activity until Respondents began using it to offer and sell GetCarBids investments, as will be
2 further detailed below.

3 3. Daniel Langley ("Langley") resided in Bonney Lake, Washington and Renton, Washington during the
4 period relevant to this Statement of Charges. He was the founder and sole member of DGL Development. He was also
5 the founder, a director, and president of GetCarBids.

6 Nature of the Conduct

7 *Overview*

8 4. From around August 2015 to at least July 2017, Respondents raised at least \$535,300 by selling
9 GetCarBids common and preferred stock to at least 28 investors. At least 21 of these investors were Washington
10 residents. Respondents sold these investments by telling investors that GetCarBids would develop and soon launch a
11 website called CarBids, an online auction and reverse auction site for car dealerships and retail customers. To date, the
12 platform has not launched. Instead, Langley used most of the investor funds to pay for what appear to be his personal
13 expenses.

14 5. Langley incorporated GetCarBids in September 2015 to develop CarBids. Though the CarBids concept
15 matured over time, particularly after Langley formed a board of directors, Langley envisioned that it would contain two
16 main components: an online auction between car dealerships to buy and sell their excess car inventory, and a reverse
17 auction where car dealerships could bid for the business of retail customers in the market for new or used cars.
18 Eventually, he hoped to expand CarBids to offer car-related services and vendors, such as insurance, financing, and
19 repairs. GetCarBids would generate revenue by charging a fee for each transaction.

20 6. Respondents began selling GetCarBids investments around August 2015, at least a month before
21 Langley incorporated GetCarBids. From the start, Langley used DGL Development, an LLC he formed in 2008, in the
22 investment scheme. Respondents told several investors that DGL Development owned the GetCarBids stock that were
23 being offered and sold to them. Respondents also directed investors to pay DGL Development for their stock, as will
24 be further discussed below.

25 7. Despite some early development work on the CarBids site, Respondents' main focus from 2015 into

1 2017, it appears, was to raise money from investors. Respondents found investors in a variety of ways and from among
2 people that Langley did not previously know. Respondents used pitch meetings and one-on-one meetings to sell
3 investments to potential investors. They also solicited investors at Langley's church in Washington, and at casinos that
4 Langley frequented in Washington and Arizona.

5 8. Respondents did not have any screening criteria for investors to determine their investment experience
6 or ability to bear the risk of loss. Many investors were not accredited investors or were otherwise unsophisticated
7 investors.

8 9. Respondents aided their sales efforts by providing some investors with offering documents, but were
9 not consistent in what they provided. They provided one early investor with pro forma financial projections that they
10 did not provide to any other investor, to the Division's knowledge. Respondents also provided some later investors with
11 a pitch deck - a PowerPoint slideshow that provided information about GetCarBids' concept, potential market, and
12 financial projections. However, Respondents failed to give many investors, particularly those who invested earlier, with
13 any offering or disclosure documents before they invested. They also failed to provide several unaccredited investors
14 with any financial statements.

15 10. Respondents promised many investors that the CarBids website would launch in 2017, and that it would
16 breakeven and generate profit within the first year. In financial projections that Respondents provided to an investor
17 around August 2015, they projected that GetCarBids would bring in nearly \$3.7 million in revenue in the first year of
18 operations. By the seventh year, Respondents projected that GetCarBids would earn gross revenues of over \$270
19 million. In the pitch deck that they provided to investors around Spring 2017, Respondents projected that GetCarBids
20 would earn almost double that - \$500 million - by the seventh year. Respondents made numerous other earnings
21 projections in the pitch deck predicting millions in annual revenue. Respondents failed to provide investors with the
22 basis or assumptions that they used to arrive at these financial projections.

23 11. Respondents also falsely represented to investors that GetCarBids already had key components of its
24 business in place, enabling it to quickly generate revenue. Respondents told several investors that it had already received
25 millions of dollars in investments. In the pitch deck, Respondents stated that GetCarBids had secured \$10 million in

1 funding January 2017 that it would use to develop the website and hire staff, among other things. Respondents continued
2 distributing this pitch deck to investors into at least March 2017. GetCarBids never received any such funding and, to
3 the Division's knowledge, has raised less than \$1 million in total investments.

4 12. Respondents also falsely represented in the pitch deck that GetCarBids had "current signed deals" with
5 four companies who would offer the CarBids platform to its employees, resulting in a ready source of 2.3 million retail
6 customers for GetCarBids. Three of these companies were major multi-national corporations. Respondents stated that
7 the deals with these companies allowed GetCarBids "to build [its] retail practice quickly with millions of members
8 offering immediate value to the signed dealerships and vendors." In reality, GetCarBids never entered into any
9 agreements with at least three, if not all four, of the companies.

10 13. Similarly, Respondents misrepresented to several investors that GetCarBids had lined up or had
11 commitments from hundreds of car dealerships to participate in the CarBids site. In the pitch deck, for example,
12 Respondents represented that it had "signed deals with over 200 NW dealerships." GetCarBids never had any "signed
13 deals" with any car dealerships nor any commitments from hundreds of dealerships, as Respondents claimed to
14 investors.

15 14. Respondents misrepresented to several investors that they could see a return on their investments when
16 GetCarBids launched its initial public offering (IPO) and that their stock would drastically increase in value as a result.
17 For example, they promised one investor who invested in the summer of 2016 that the IPO would occur in January 2017
18 and that the investor's common stock would increase from the purchase price of 45 cents per share to \$7-8 per share
19 right after the IPO. The investor pulled money from his IRA to pay for his investment and was concerned about the
20 resulting tax liability. Respondents told the investor that the January 2017 IPO and the large return the investor would
21 receive by selling his stock would take care of the tax issue. Respondents failed to disclose to this investor the risk of
22 the IPO not occurring and instead misled the investor into believing that the IPO was a certainty. Respondents also
23 failed to provide this and several other investors with the basis for their post-IPO stock valuations.

24 15. Overall, Respondents did not provide many investors with the general risks of investing, nor with the
25 specific risks of investing in an online car-buying platform.

1 16. To date, the CarBids website has not launched and no IPO has occurred. GetCarBids' corporate
2 registration is in default with the state of Nevada and it is unknown what its current business activities are. No investor
3 has received any return on their investment, to the Division's knowledge.

4 *DGL Development's Role in GetCarBids Investment*

5 17. Respondents required investors to purchase their GetCarBids stock through DGL Development by
6 paying DGL Development and, at times, by executing investment-related contracts with DGL Development.
7 Respondents told some investors that the investment was set up in this manner because DGL Development owned the
8 GetCarBids stock that the investor was purchasing. Around the time that he incorporated GetCarBids in September
9 2015, Langley issued 60% of GetCarBids' 200 million shares of authorized common stock to himself and the remaining
10 40% to "DGL Developments LLC," even though DGL Development was dissolved at the time, for a purchase price of
11 \$12,000 each.¹ Langley admitted that neither he nor DGL Development paid any money for the stock. Respondents did
12 not provide several other investors with any information whatsoever to explain DGL Development's involvement in the
13 investment.

14 18. Respondents failed to disclose to several investors that DGL Development was dissolved and had no
15 legal existence. They also did not disclose to these investors the risks of purchasing stock from, or entering into contracts
16 with, a legally non-existent entity, including the risk that the stock purchase and contract could be deemed legally
17 invalid.

18 19. Respondents also failed to disclose to investors who purchased preferred stock that GetCarBids had
19 never authorized the issuance of preferred stock. GetCarBids had only authorized common stock. Respondents sold at
20 least 125,000 shares of preferred stock to at least five investors, raising at least \$75,000.

21 20. Instead of clarifying the relationship of DGL Development to the investment or disclosing that it was
22 dissolved, Respondents often represented to investors that DGL Development and GetCarBids were the same entity.
23 Though Respondents often did not enter into any contracts with investors at the time they invested, if ever, many of the
24

25 ¹ DGL Development's legal name is "DGL Development, LLC," not "DGL Developments LLC."

1 agreements that they did execute represented DGL Development and GetCarBids as the same company. For example,
2 in many stock assignment agreements that Respondents entered into with investors, they referred to the entities as "DGL
3 Development (AKA GetCarBids Inc.)." In other agreements, Respondents listed DGL Development as the owner of the
4 GetCarBids stock it was selling, but also stated that GetCarBids was "standing in the name of DGL Development."
5 Respondents' lack of clarity regarding the entities led several investors to wrongly believe that DGL Development was
6 the same entity as GetCarBids, that it was the parent company of GetCarBids, or that DGL Development was Langley's
7 alter ego and not a separate legal entity itself.

8 21. In sworn testimony before the Securities Division, Langley stated that he considered the funds raised
9 from the investments to belong to DGL Development (or himself, as he was its sole member) because DGL
10 Development owned the stock that Respondents sold to investors. Langley also testified that he considered any
11 investment funds used for the GetCarBids business to be a loan from DGL Development to GetCarBids. Langley
12 admitted that he had not decided on the terms of any such loan, nor was any loan ever memorialized in a written
13 agreement. Respondents failed to disclose to several investors that their investment funds would be treated as a loan
14 from DGL Development to GetCarBids.

15 *Use of Investor Funds*

16 22. By directing investors to pay DGL Development under the guise that they were purchasing DGL
17 Development-owned stock, Langley was able to deposit most, if not all, of the investor funds into a DGL Development
18 bank account that only he controlled. Of the \$535,300 minimum that Respondents raised by selling GetCarBids stock,
19 Langley deposited about \$486,290 into the DGL Development account. The remaining \$49,010 in investor funds are
20 unaccounted for.

21 23. Langley was the sole manager of DGL Development and GetCarBids' finances and had sole spending
22 authority for both companies. Langley did not open a bank account for GetCarBids until March 2017. He funded that
23 account almost entirely from transfers of investor funds from the DGL Development account. Until he opened the
24 GetCarBids account, GetCarBids expenses were paid out of the DGL Development account. Langley also used the DGL
25 Development account as his own personal account.

24. When Respondents sold the investments, they misrepresented to many investors how they would use the investment funds or omitted this information altogether. Respondents told some investors that their investment funds would generally be used for the GetCarBids business or to develop the online platform, but provided no specifics. In particular, Respondents did not disclose to many investors that Langley would be paid a salary, could take draws from the investment funds at his sole discretion, or would otherwise personally benefit financially from their investments.

25. Langley testified to the Division that GetCarBids and DGL Development had virtually no overhead and that GetCarBids' expenses consisted mainly of web development, travel expenses, and a few one-time electronic equipment purchases.² Though Respondents spent some investor funds on these expenses, they spent the majority of investor funds on what appear to be Langley's personal expenses. The following table summarizes the total deposits and most, but not all, of Langley's non-business expenditures from the DGL Development account from September 2015 through August 2017, during the period that Respondents were selling GetCarBids investments:

**DGL Development Checking Account - Sept. 1, 2015 to August 31, 2017
(Approximate Totals)**

<i>Deposits by Category</i>		<i>Expenditures by Category (Non-Business)</i>	
Investor Funds	\$486,290	Cash & ATM Withdrawals (Non-Casino)	\$195,289.91
Cash/ATM Deposits ³	\$59,940	Casino & ATM Withdrawals at Casino	\$153,365.17
Transfers/Refunds/Misc.	\$18,648.53	Retail/Services	\$34,007.27
Funds From Existing Investors (Unknown Purpose)	\$10,000	Dining	\$11,328.69
		Automobile/Maintenance	\$10,449.34
Total Deposits	\$576,678.53	Total Expenditures (Non-Business, Minimum)	\$404,440.38

² From September 2015 through August 2017, Langley spent around \$25,251.69 on travel, including hotel, airfare, and gas. Langley admitted that he did not have a system in place to track personal versus business expenses. The travel expenses included three trips that Langley took to Las Vegas costing at least \$9,000. Langley claimed that at least one of these trips to Las Vegas was to meet with potential investors.

³ The sources of the \$59,940 in cash that Langley deposited are currently unknown. As stated earlier, some \$49,010 in investor funds cannot be accounted for but may be included in the deposited cash.

1 26. The following snapshots are illustrative of how Langley spent investor funds:

2 a. In 2016, around \$96,200 was deposited into the DGL Development account, at least \$95,000
3 of which was from one investor. Langley had only \$107.10 in the account before these deposits. Over
4 the next 24 days, Langley withdrew \$36,209 of the deposited amount in cash and spent another \$21,066
5 at the casino. He also used \$10,000 to repay a prior loan and spent at least \$6,400 on other personal
6 expenses.

7 b. In a 41-day period in 2016, approximately \$50,170 was deposited into the DGL Development
8 account. Investor funds accounted for \$50,000 of that amount. The account balance before these
9 deposits was \$7.88. During this period, Langley spent \$18,911 at the casino, withdrew \$18,300 in cash,
10 and spent at least \$7,869 on other personal expenses.

11 c. In a 34-day period in early 2017, around \$95,250 was deposited into the DGL Development
12 account, at least \$92,000 of which came from three investors. The DGL Development account was
13 overdrawn by \$250.26 before these deposits. Langley withdrew \$38,102 of the deposited amount in
14 cash and spent \$13,303 at the casino. He also spent an additional \$16,746 of the deposited amount on
15 other personal expenses.

16 27. Respondents failed to disclose to the investor that invested in all three of the above examples how
17 Langley would use the investors' funds. Specifically, they did not disclose to this investor that Langley would use the
18 investor's investment for his personal financial benefit. This investor believed his investment would be used for the
19 GetCarBids business.

20 *Registration Status*

21 28. GetCarBids Inc. is not currently registered to sell its securities in the state of Washington and has not
22 previously been so registered, nor has it filed a claim of exemption from registration.

23 29. DGL Development, LLC has also not currently registered as a securities salesperson or broker-dealer in the
24 state of Washington and has not previously been so registered.

1 30. Daniel Langley is not currently registered as a securities salesperson or broker-dealer in the state of
2 Washington and has not previously been so registered.

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

4 **CONCLUSIONS OF LAW**

5 1. The offer and/or sale of the GetCarBids common and preferred stock described above constitute the
6 offer and/or sale of a security as defined in RCW 21.20.005(14) and (17).

7 2. GetCarBids Inc.; DGL Development, LLC; and Daniel Langley have each violated RCW 21.20.140,
8 because, as set forth in the Tentative Findings of Fact, they offered and/or sold securities for which no registration is on
9 file with the Securities Administrator.

10 3. DGL Development, LLC and Daniel Langley have each violated RCW 21.20.040 by offering and/or
11 selling said securities while not being registered as a securities salesperson or broker-dealer in the state of Washington.

12 4. GetCarBids Inc.; DGL Development, LLC; and Daniel Langley have each violated RCW 21.20.010(1),
13 because, as set forth in the Tentative Findings of Fact, they employed a device, scheme, or artifice to defraud investors.

14 5. GetCarBids Inc.; DGL Development, LLC; and Daniel Langley have each violated RCW 21.20.010(2),
15 because, as set forth in the Tentative Findings of Fact, they made untrue statements of material fact or omitted to state
16 material facts necessary to make the statements made, in light of the circumstances in which they were made, not
17 misleading.

18 5. GetCarBids Inc.; DGL Development, LLC; and Daniel Langley have each violated RCW 21.20.010(3),
19 because, as set forth in the Tentative Findings of Fact, they engaged in an act, practice, or course of business which
20 operated or would have operated as a fraud or deceit upon investors.

21 **NOTICE OF INTENT TO ORDER THE RESPONDENT TO CEASE AND DESIST**

22 Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends
23 to order, pursuant to RCW 21.20.390(1), that:

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a. Respondents GetCarBids Inc.; DGL Development, LLC; Daniel Langley; and each of their agents and employees shall cease and desist from violations of RCW 21.20.010 and RCW 21.20.140; and

b. Respondents DGL Development, LLC; Daniel Langley; and each of their agents and employees shall cease and desist from violations of RCW 21.20.040.

NOTICE OF INTENT TO IMPOSE FINES

Pursuant to RCW 21.20.395, and based upon the Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that Respondents GetCarBids Inc.; DGL Development, LLC; and Daniel Langley shall be jointly and severally liable for and shall pay a fine of \$100,000.

NOTICE OF INTENT TO CHARGE COSTS

Pursuant to RCW 21.20.390, and based upon the Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that Respondents GetCarBids Inc.; DGL Development, LLC; and Daniel Langley shall be jointly and severally liable for and shall pay the costs, fees, and other expenses incurred in the administrative investigation and hearing of this matter, in an amount of not less than \$25,000.

AUTHORITY AND PROCEDURE

This Statement of Charges is entered pursuant to the provisions of Chapter 21.20 RCW and is subject to the provisions of Chapter 34.05 RCW. Respondents GetCarBids Inc.; DGL Development, LLC; and Daniel Langley may each make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Order. If a Respondent does not make a hearing request in the time allowed, the Securities Administrator intends to adopt the above Tentative Findings of Fact and Conclusions of Law as final and to enter a permanent order to cease and desist as to that Respondent, to impose any fines sought against that respondent, and to charge any costs sought against that Respondent.

Signed and Entered this 21st day of February, 2018.



William M. Beatty

WILLIAM M. BEATTY
Securities Administrator

Approved by:

Suzanne Sarason

SUZANNE SARASON
Chief of Enforcement

Presented by:

Huong Lam

HUONG LAM
Financial Legal Examiner

Reviewed by:

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JACK MCCLELLAN
Financial Legal Examiner Supervisor

