

**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:

Overlake Capital, LLC;
Overlake Capital Real Estate Fund I, LLLP;
Overlake Capital Real Estate Fund II, LLLP;
Overlake Capital Absolute Fund I, LLLP;
Overlake Capital REO 122, LLC;
Overlake Capital REO 123, LLC;
Overlake Capital REO 124, LLC;
Overlake Capital REO 127, LLC;
Overlake Capital REO 128, LLC;
Seattle R/E Investments 61, LLC;
Beaumont 23, LLC;
Caraway Run, LLC;
Paradise Harbour, LLC;
817 32nd Ave, LLC;
Paul T. Thacker;
Blake E. Robbins,

Respondents.

Order No.: S-17-2256-19-CO01

CONSENT ORDER AS TO OVERLAKE
CAPITAL, LLC; OVERLAKE CAPITAL
REAL ESTATE FUND I, LLLP; OVERLAKE
CAPITAL REAL ESTATE FUND II, LLLP;
OVERLAKE CAPITAL ABSOLUTE FUND I,
LLLP; OVERLAKE CAPITAL REO 122, LLC;
OVERLAKE CAPITAL REO 123, LLC;
OVERLAKE CAPITAL REO 124, LLC;
OVERLAKE CAPITAL REO 127, LLC;
OVERLAKE CAPITAL REO 128, LLC;
SEATTLE R/E INVESTMENTS 61, LLC;
BEAUMONT 23, LLC; CARAWAY RUN,
LLC; PARADISE HARBOUR, LLC; 817
32ND AVE, LLC; AND PAUL T. THACKER

INTRODUCTION

On December 12, 2018, 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 Issue an Order to Cease and Desist, Impose Fines, and Charge Costs (“Statement of Charges”), Order Number S-17-2256-18-SC01, against the Respondents Overlake Capital, LLC, Overlake Capital Real Estate Fund I, LLLP, Overlake Capital Real Estate Fund II, LLLP, Overlake Capital Absolute Fund I, LLLP, Overlake Capital REO 122, LLC, Overlake Capital REO 123, LLC, Overlake Capital REO 124, LLC, Overlake Capital REO 127, LLC, Overlake Capital REO 128, LLC, Seattle R/E Investments 61, LLC, Beaumont 23, LLC, Caraway Run, LLC, Paradise Harbour, LLC, 817 32nd Ave, LLC, Paul T. Thacker and Blake E.

1 Robbins. Pursuant to the Securities Act of Washington, Chapter 21.20 RCW, the Securities Division and
2 the Respondents Overlake Capital, LLC, Overlake Capital Real Estate Fund I, LLLP, Overlake Capital Real
3 Estate Fund II, LLLP, Overlake Capital Absolute Fund I, LLLP, Overlake Capital REO 122, LLC, Overlake
4 Capital REO 123, LLC, Overlake Capital REO 124, LLC, Overlake Capital REO 127, LLC, Overlake
5 Capital REO 128, LLC, Seattle R/E Investments 61, LLC, Beaumont 23, LLC, Caraway Run, LLC, Paradise
6 Harbour, LLC, 817 32nd Ave, LLC, and Paul T. Thacker do hereby enter into this Consent Order in
7 settlement of the matters alleged herein. These Respondents neither admit nor deny the Findings of Fact and
8 Conclusions of Law stated below.

9 FINDINGS OF FACT

10 Respondents

11 1. Overlake Capital, LLC (“Overlake Capital”) was a Washington limited liability company
12 formed in January 2009, with a principal place of business in Bellevue, Washington. Overlake Capital was
13 formerly known as Empower Management, LLC until April 2014. Overlake Capital was administratively
14 dissolved by the Washington Secretary of State in June 2017.

15 2. Overlake Capital Real Estate Fund I, LLLP (“Charter Fund”) was a Washington limited
16 liability limited partnership formed in September 2012. It was formerly known as Empower Funding VII,
17 LLLP until April 2014. The Charter Fund was administratively dissolved by the Washington Secretary of
18 State in February 2017.

19 3. Overlake Capital Real Estate Fund II, LLLP (“Flagship Fund”) is not a registered business
20 entity in the state of Washington or any other jurisdiction.

21 4. Overlake Capital Absolute Fund I, LLLP (“Absolute Fund”) was a Washington limited liability
22 limited partnership formed in February 2015. The Absolute Fund was administratively dissolved by the
23 Washington Secretary of State in July 2017.
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1 5. Overlake Capital REO 122, LLC (“Overlake Capital REO 122”) was a Washington limited
2 liability company formed in February 2015. Overlake Capital REO 122 was administratively dissolved by
3 the Washington Secretary of State in July 2018.

4 6. Overlake Capital REO 123, LLC (“Overlake Capital REO 123”) was a Washington limited
5 liability company formed in February 2015. Overlake Capital REO 123 was administratively dissolved by
6 the Washington Secretary of State in July 2016.

7 7. Overlake Capital REO 124, LLC (“Overlake Capital REO 124”) was a Washington limited
8 liability company formed in February 2015. Overlake Capital REO 124 was administratively dissolved by
9 the Washington Secretary of State in July 2017.

10 8. Overlake Capital REO 127, LLC (“Overlake Capital REO 127”) was a Washington limited
11 liability company formed in February 2015. Overlake Capital REO 127 was administratively dissolved by
12 the Washington Secretary of State in July 2018.

13 9. Overlake Capital REO 128, LLC (“Overlake Capital REO 128”) was a Washington limited
14 liability company formed in February 2015. Overlake Capital REO 128 was administratively dissolved by
15 the Washington Secretary of State in July 2018.

16 10. Seattle R/E Investments 61, LLC (“Seattle R/E Investments 61”) was a Washington limited
17 liability company formed in January 2015. Seattle R/E Investments 61 was administratively dissolved by the
18 Washington Secretary of State in June 2018.

19 11. Beaumont 23, LLC (“Beaumont 23”) was a Washington limited liability company formed in
20 February 2015. Beaumont 23 was administratively dissolved by the Washington Secretary of State in July
21 2018.
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1 12. Caraway Run, LLC (“Caraway Run”) was a Washington limited liability company formed in
2 September 2015. Caraway Run was administratively dissolved by the Washington Secretary of State in
3 February 2018.

4 13. Paradise Harbour, LLC (“Paradise Harbour”) was a Washington limited liability company
5 formed in September 2015. Paradise Harbour was administratively dissolved by the Washington Secretary of
6 State in February 2017.

7 14. 817 32nd Ave, LLC (“817 32nd Ave”) is not a registered business entity in the state of
8 Washington or any other jurisdiction.

9 15. Paul T. Thacker (“Thacker”) is a resident of Renton, Washington. Thacker was a managing
10 member of Overlake Capital from inception to dissolution. Thacker has never been registered with the
11 Securities Division in any capacity.

12 16. Blake E. Robbins (“Robbins”) is a resident of Kirkland, Washington. Robbins was a managing
13 member of Overlake Capital from inception until he announced his intention to depart in approximately June
14 2016. A buyout of his ownership interest in Overlake Capital was finalized in November 2016. Robbins has
15 never been registered with the Securities Division in any capacity.

17 **Introduction**

18 17. Between approximately 2012 and 2016, Overlake Capital raised approximately \$7 million
19 dollars from the sale of real estate investments to approximately 28 investors, including approximately 21
20 Washington residents. The investments were in the form of limited partnership interests in the Charter Fund
21 and Flagship Fund, promissory notes with the Absolute Fund, and limited liability company membership
22 interests in “joint venture”¹ real estate projects. Approximately \$3 million dollars was invested in the three
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24 ¹ These real estate investments were referred to as “joint ventures.” However, the investors signed Limited Liability Company
25 Operating Agreements to purchase membership interests in manager-managed LLCs. The investors did not have any authority to
manage the operations of the joint ventures and were passive contributors of capital in the projects.

1 funds and approximately \$4 million dollars was invested in the joint venture projects. Overlake Capital was
2 the Manager of the funds and joint venture real estate projects. Beginning in approximately 2015, the funds
3 and joint ventures were not profitable for investors. To date, approximately \$4 million dollars in principal
4 has not been paid back to investors in the funds and joint venture projects, although investors may recoup
5 more of their principal from three remaining properties. At least one investor, who had never invested in a
6 similar investment before, invested the majority of his retirement savings with Overlake Capital.

7 **Background & Overview**

8 18. In 2012, Thacker and Robbins began selling investments in the Charter Fund. The Charter
9 Fund primarily lent investor funds to the joint venture projects that remodeled and developed residential
10 properties. The Charter Fund had an approximate projected annual return of 14%. Thacker and Robbins
11 represented to most investors that if they invested a minimum of \$250,000 in the Charter Fund, they could
12 also invest in the joint venture projects, which had a higher return. Between 2012 and 2016, approximately
13 13 investors, including nine Washington residents, invested a total of approximately \$2.4 million dollars in
14 the Charter Fund.

15 19. In approximately 2012, the Charter Fund investors began to invest in the joint venture projects.
16 Between approximately 2014 and 2016, several investors were also allowed to invest in the joint venture
17 projects without first investing in the Charter Fund. A total of approximately 25 investors, including
18 approximately 20 Washington residents, invested approximately \$4 million dollars in 26 joint venture
19 properties between 2012 and 2016. The joint venture projects had an approximate projected return of 29% to
20 44% in approximately four to nine months.

21 20. Between 2014 and 2016, investors also invested in two additional funds implemented by
22 Thacker and Robbins. In approximately 2014, the Absolute Fund was established as a liquid investment that
23 joint venture investors could invest their funds in between investments in joint venture projects. Between
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1 2014 and 2016, four investors invested a total of over approximately \$600,000 in the Absolute Fund before
2 transferring most of the funds into joint venture projects. In 2015, the Flagship Fund was established as an
3 equity fund that would use investor funds to develop new residential properties. In April 2016, one investor
4 invested \$150,000 in the Flagship Fund.

5 21. By the summer of 2016, Overlake Capital was in financial distress. In June 2016, Robbins
6 announced his intention to end his business partnership with Thacker and leave Overlake Capital (a buyout of
7 his ownership interest in Overlake Capital was finalized in November 2016). By mid-2016, multiple joint
8 venture projects purchased in 2015 were behind schedule and had exceeded their projected budgets, and the
9 Charter Fund had not received repayment of the funds it lent to the joint venture projects. Subsequently,
10 Thacker raised additional capital for the largest joint venture project and he sold another interest in the Charter
11 Fund. To date, nine of the properties acquired in 2015 and 2016 have been sold and none were profitable for
12 investors.

13 22. Thacker and Robbins made inaccurate representations and did not adequately inform all
14 investors when selling investments in the funds and joint venture projects. Thacker and Robbins did not
15 provide joint venture investors with accurate time estimates for completion of the construction on the joint
16 venture projects. In 2016, Thacker and Robbins sold joint venture and Charter Fund investments without
17 disclosing that multiple joint venture projects were experiencing significant delays or were behind schedule.
18 Thacker and Robbins failed to disclose to investors that their funds would not be separately accounted for per
19 each fund or joint venture project. Not all investor funds were used as represented to the investors, including
20 the funds invested by one Charter Fund investor and the Flagship Fund investor. In addition, Thacker used
21 some of the investor funds in a manner inconsistent with investor expectations after Robbins' departure from
22 Overlake Capital.
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Offer and Sale of Investment Funds

23. Between approximately September 2012 and November 2016, Overlake Capital sold investments in three real estate related funds. Approximately 15 investors invested a total of approximately \$3 million dollars in the Charter Fund, Flagship Fund, and Absolute Fund.

The Charter Fund

24. In September 2012, Thacker and Robbins began to raise funds for the Overlake Capital Real Estate Fund I, LLLP (“Charter Fund”). Thacker and Robbins intended to raise \$5 million dollars from an offering of limited partnership interests in the Charter Fund. The Charter Fund primarily lent money to the Overlake Capital joint venture projects. As the Manager, Overlake Capital was entitled to receive an annual management fee of 2% of the capital invested in the fund.

25. Thacker and Robbins met several investors through an angel investor network that Overlake Capital was a member of. In 2014 and 2015, Thacker gave two presentations on Overlake Capital’s real estate investments at the angel investor expositions. Several investors were also referred to Overlake Capital by friends and acquaintances of Thacker and Robbins, and two investors heard about Overlake Capital because they were interested in purchasing properties that Overlake Capital had for sale. Most investors met with Thacker and Robbins to discuss the investment.

26. Between approximately September 2012 and May 2016, Thacker and Robbins provided investors with a Private Placement Memorandum (“PPM”) for the Charter Fund. However, when Thacker sold the last Charter fund investment in November 2016, he failed to provide the investor with a PPM. The offering document stated that the Charter Fund had a fixed interest rate ranging from 3.98% to 9.98% per annum depending on the amount invested. Investors would also receive a preferred dividend of 40% or 60% of the additional net profits. At least two investors were told that if they invested a minimum of \$250,000, they could expect a total annual return of approximately 14%.

1 27. Robbins misleadingly represented to at least three potential investors that the investment was
2 low risk because the funds lent by the Charter Fund would be secured by first position deeds of trust. However,
3 the Charter Fund was not always a first position lender to the joint venture properties. Also, Robbins and
4 Thacker did not record deeds of trust on the properties that the Charter Fund lent funds to.

5 28. Between September 2012 and November 2016, approximately 13 investors, including nine
6 Washington residents, invested approximately \$2.4 million dollars in the Charter Fund. Investors signed
7 limited partnership interest subscription agreements and sent their funds via wire transfer or check to an
8 Overlake Capital bank account.

9 29. Beginning in at least January 2016, Thacker and Robbins failed to fully disclose the fund's
10 financial condition to all investors. Thacker and Robbins failed to make material disclosures to two investors
11 regarding the status of the loans that the Charter Fund had made to the joint venture projects, including that
12 multiple joint ventures were significantly delayed or behind schedule, and the risk that the Charter Fund may
13 not be repaid its principal or interest. Thacker also failed to disclose this information to the last Charter Fund
14 investor in November 2016.

15 30. In 2016, Thacker sent account statements to four investors and one potential investor which
16 inaccurately stated that the Charter Fund had made a profit that year. The account statements, drafted by
17 Thacker, stated that the return for the first three quarters in 2016 ranged from 10.04% to 13.95%. Thacker
18 failed to disclose that the return was calculated based on what was expected to be paid back to the Charter
19 Fund with interest, and not on actual funds received. In October 2016, Thacker also sent the second quarter
20 2016 statement, stating a 10.18% return for the period, to a prospective investor who requested a sample of
21 the past performance of the Charter Fund. Thacker inaccurately represented the profitability of the Charter
22 Fund to this investor prior to his investment in November 2016.
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1 31. Between approximately July 2013 and January 2017, six investors received quarterly interest
2 distributions totaling approximately \$370,000. The majority of investors opted to compound their returns
3 rather than receive quarterly distributions. Between approximately May 2016 and January 2017, five investors
4 received either a full or partial redemption of their principal totaling approximately \$530,000. To date,
5 approximately 11 investors have not been paid back their principal in full. In December 2017 and January
6 2018, two joint venture properties were sold and some proceeds were distributed to the Charter Fund investors.

7 *The Flagship Fund*

8 32. In 2015, Thacker and Robbins established the Overlake Capital Real Estate Fund II, LLLP
9 (“Flagship Fund”). Thacker and Robbins intended to raise \$15 million dollars in an offering of limited
10 partnership interests in the Flagship Fund. The Flagship Fund was intended to develop new single and multi-
11 family residential properties acquired and managed by Overlake Capital. Investor funds were to be used to
12 directly finance the development of the properties.

13 33. In approximately March 2016, a Georgia resident saw a press release online regarding Overlake
14 Capital’s upcoming presentation at the 2015 angel investor exposition. The investor initiated contact with
15 Overlake Capital and spoke on the telephone with Robbins. Robbins discussed the investment opportunities
16 offered by Overlake Capital, and sent the investor information on the Flagship Fund, including a Flagship
17 Fund brochure dated from the second quarter 2015.

18 34. According to the Flagship Fund brochure, the investor would receive 60% or 70% of the profit
19 (depending on the amount invested) from the real estate projects. Overlake Capital would receive the
20 remainder of the profit. The brochure stated that the “target” annual net return that investors could expect to
21 receive was 17% or 21.25% on their principal (depending on the amount invested). Overlake Capital failed
22 to provide a reasonable basis for, and assumptions underlying, the profit projections.
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1 35. Robbins provided the investor with misleading information that the Flagship Fund already had
2 several projects underway. The Flagship Fund brochure stated that the fund had “already been seeded by
3 Overlake, and is developing single and multi-family properties in high-demand neighborhoods in Seattle and
4 Bellevue.” The brochure listed three projects as “currently underway” and two projects as “recently
5 completed.” In fact, the Flagship Fund never acquired any interest in any of the listed properties (all which
6 were joint venture projects).

7 36. In April 2016, the investor invested \$150,000 in the Flagship Fund. The investor signed a
8 limited partnership interest subscription agreement and wired her funds to an Overlake Capital bank account.
9 Robbins failed to disclose to the investor that she was the only investor in the fund.

10 37. In 2016, Thacker sent the investor two inaccurate account statements that listed current
11 Flagship Fund projects. The account statement for the period ending in June 2016 listed two properties that
12 the Flagship Fund had purportedly acquired equity in. In fact, these properties were joint venture properties
13 that the Flagship Fund never acquired any interest in. The next account statement, for the period ending in
14 September 2016, listed another property that the Flagship Fund had purportedly acquired equity in. The
15 Flagship Fund never acquired any interest in this property either (although Overlake Capital intended to
16 purchase this property, the purchase never transpired).

17 38. In March 2018, this investor received approximately \$5,700 of her \$150,000 principal back
18 from Overlake Capital. The source of funds were from the sale of two joint venture properties in December
19 2017 and January 2018.

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21 *The Absolute Fund*

22 39. In approximately 2014, Overlake Capital began to offer investments in the Overlake Capital
23 Absolute Fund I, LLLP (“Absolute Fund”). The Absolute Fund was intended to be a liquid investment vehicle
24 that joint venture investors could invest their funds in between investments in the joint venture projects. The
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1 Absolute Fund investment, in the form of a promissory note, had a fixed interest rate ranging from 1.98% to
2 5.98% per annum (depending on the amount invested). Investments of less than \$100,000 were liquid in 30
3 days or less.

4 40. Thacker and Robbins solicited four investors to invest in the Absolute Fund. Three of the
5 investors had previously invested in the Charter Fund and two of the investors had already started investing
6 in the joint venture projects. Robbins also solicited a new investor that he met through networking. Between
7 approximately September 2014 and May 2016, the four investors invested a total of over approximately
8 \$600,000 in the Absolute Fund. At least one investor signed a promissory note to evidence his investment.

9 41. Three of the investors invested the majority of the funds in their Absolute Fund account into
10 joint venture properties. One investor decided not to invest in the joint ventures, and liquidated his \$15,000
11 principal approximately four months after his investment. In approximately 2014 and 2015, Thacker
12 represented to two of the investors that over \$130,000 in principal and interest from three completed joint
13 venture projects that they had invested in was deposited back into their Absolute Fund accounts (which the
14 investors then invested in additional joint venture projects). One investor received interest payments on his
15 Absolute Fund account balance that totaled approximately \$5,500. As of June 2016, one investor had a
16 remaining account balance of approximately \$10,000.

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18 *Use of Investor Funds*

19 42. Thacker and Robbins primarily used three bank accounts into which investor funds were
20 deposited. After Robbins left Overlake Capital, Thacker established another bank account into which one
21 Charter Fund investor's funds were deposited. Separate bank accounts were not established for the three
22 funds. The funds that investors invested in the Charter Fund, Flagship Fund, and Absolute Fund were
23 commingled with each other and with funds from investors in the joint venture projects.

1 43. Investor funds in the Flagship Fund were not used as represented to the investor. The investor's
2 funds in the Flagship Fund were not used to develop new single and multi-family residential properties that
3 the Flagship Fund had an interest in. Instead, this investor's funds were commingled with funds for the joint
4 venture projects, and at least part of the investor's funds were used to pay interest payments to lenders and
5 remodel costs on joint venture projects that the Flagship Fund had no interest in.

6 44. One Charter Fund investor's funds were not used as represented to the investor. On June 20,
7 2016, an investor invested \$250,000 in the Charter Fund. The funds were deposited into an account in the
8 name of Overlake Capital LLC, which had a balance of approximately \$30,000. The next day, on June 21,
9 2016, Robbins caused the funds to be used to make a \$250,000 payment to another investor as a redemption
10 of that investor's Charter Fund principal.

11 **Offer and Sale of Joint Venture Investments**

12 45. Between approximately November 2012 and November 2016, Overlake Capital sold
13 approximately \$4 million dollars in investments in joint venture real estate projects. Approximately 25
14 investors, including approximately 20 Washington residents, invested in 26 joint venture properties. The joint
15 venture projects remodeled distressed residential properties and developed new single and multi-family
16 residential properties. The investments were in the form of limited liability company membership interests.
17 The projects purchased by Overlake Capital in 2015 and 2016 exceeded their projected budgets and timelines
18 for completion. Thacker and Robbins continued to sell joint ventures in 2016 but failed to disclose that
19 multiple projects were significantly delayed or behind schedule. In fall 2016, when Robbins' buyout from
20 Overlake Capital was being finalized, Thacker raised additional capital for the largest joint venture project.
21 Thacker failed to disclose material information to investors in this project and he used some of the investor
22 funds in a manner inconsistent with investor expectations.
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Overview of the Joint Ventures

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2 46. Between 2012 and 2014, Overlake Capital sold investments in approximately 15 joint venture
3 projects located in Western Washington and Oregon. Thacker and Robbins raised approximately \$1 million
4 dollars in investor funds from six investors for these projects. All of these projects had only one investor, and
5 the largest property was purchased for approximately \$350,000. The majority of investors received a return
6 on their investment from these projects.

7 47. Between approximately January 2015 and May 2016, Overlake Capital purchased eleven
8 additional properties in less than a year and a half. These projects were located in the greater Seattle area and
9 several of the projects had multiple investors. Thacker and Robbins raised over approximately \$3 million
10 dollars of investor funds for these projects, including in their largest property located at 14th St. NE Clyde
11 Hill, Washington (hereinafter referred to as the “Clyde Hill” property), that was purchased for approximately
12 \$1.4 million dollars. These projects were primarily financed with a base loan and construction financing from
13 a third-party lender, which was supplemented by capital from joint venture investors and the Charter Fund.

14 48. Overlake Capital formed limited liability companies as the named owner of the properties, and
15 sold LLC membership interests to investors. For the eleven properties that Overlake Capital purchased
16 between approximately January 2015 and May 2016, membership interests were sold in the following ten
17 limited liability companies: Overlake Capital REO 122, Overlake Capital REO 123, Overlake Capital REO
18 124, Overlake Capital REO 127, Overlake Capital REO 128, Seattle R/E Investments 61, Beaumont 23,
19 Caraway Run, Paradise Harbour, and 817 32nd Ave. For two properties, membership interests in the same
20 limited liability company were sold to investors. The table below details the number of investors and total
21 investments made by investors in each joint venture between 2015 and 2016. Three investors re-invested their
22 principal and interest from earlier investments in profitable joint venture projects in 2013 and 2014.
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Property Location	LLC Entity Name	# of Investors	Investment Dates (approx.)	Total Investments (approx.)
34th Ave NW, Seattle	Overlake Capital REO 123, LLC	1	January 2015	\$267,140
Richmond Beach Dr. NW, Shoreline	Overlake Capital REO 127, LLC	1	February 2015	\$214,000
32nd Ave., Seattle	817 32nd Ave, LLC	1	March 2015	\$159,218
116th Ave. NE, Kirkland	Seattle R/E Investments 61, LLC	1	April 2015	\$239,170
15th St. NE, Bellevue	Overlake Capital REO 127, LLC	3	June – July 2015	\$375,000
227th Ave NE, Woodinville	Overlake Capital REO 122, LLC	4	July – September 2015	\$292,482
138th Ave. SE, Renton	Overlake Capital REO 124, LLC	1	August 2015	\$126,533
88th Ave. SE, Mercer Island	Overlake Capital REO 128, LLC	5	November 2015	\$478,901
12th Ave NW, Seattle	Beaumont 23, LLC	3	December 2015 – January 2016	\$225,000
14th St. NE, Clyde Hill	Caraway Run, LLC	15	January – November 2016	\$1,069,010
86th Pl. W, Edmonds	Paradise Harbour, LLC	2	April 2016	\$140,000
			Total	\$3,586,454

49. Overlake Capital was the manager of the limited liability companies, and received a development fee for each joint venture. The development fee was approximately 3% of the estimated value of the property when completed. Overlake Capital would also receive 50% of the net profit (the other 50% would be distributed to investors).

Solicitation of Investors

50. Between approximately November 2012 and May 2016, Thacker and Robbins solicited approximately eleven Charter Fund and Flagship Fund investors to invest in the joint venture projects. Thacker and Robbins also solicited eight additional investors and allowed them to invest without first

1 investing in the Charter Fund or Flagship Fund. Several of these investors heard about Overlake Capital from
2 prior investors and by attending Overlake Capital's presentations at the angel investor expositions.

3 51. Many investors met with Thacker and/or Robbins to discuss the investment. Thacker and
4 Robbins represented to investors that their investment funds would be used for the expenses of the specific
5 property that they invested in. Thacker and Robbins represented to investors that the Seattle real estate market
6 was profitable, and that Overlake Capital had a good track record and had achieved returns for their investors
7 in the past. Most investors were not provided with any written risk disclosures.

8 52. Thacker and Robbins provided investors with a brochure with information and pictures of the
9 project they were investing in. The brochures stated the projected return on investment, which ranged from
10 29% to 44% (depending on the project). The brochures also stated the projected time to complete the
11 construction of the project, which ranged from approximately four to nine months (depending on the project).
12 However, the brochures failed to disclose that the projects could take significantly longer than their projected
13 construction time frame, as time was needed to obtain construction permits (for most properties) and to sell
14 the properties. The brochures also failed to disclose the risk that the projects could experience substantial
15 delays.
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17 53. Thacker and Robbins represented to investors and potential investors that they would receive
18 a return on their investment in a short time period. Those estimates would later prove to be inaccurate, but
19 were predicated on prior profitable projects. In October 2014, Thacker represented to a potential investor that
20 a project had a "33% return on cash in 5 months!" In November 2015, Robbins represented to a potential
21 investor that a project had "expected earnings of ~38% ROI in about 9 months[.]" In December 2015, Robbins
22 told a joint venture investor that "[b]ecause we will exit this deal inside of a year (somewhere between 6-9
23 months), the *annualized* return for investors will be around ~57-75%" (emphasis in original).
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54. The investors sent their funds via wire transfer or check to an Overlake Capital bank account, and signed Limited Liability Company Operating Agreements. The agreements stated that the limited liability companies would be manager-managed, and that the members would not participate in the operation of the company.

Failure to Disclose Projects Delayed & Behind Schedule

55. The projects sold to investors in 2015 and 2016 took significantly longer than the projected construction time frame, which ranged from four to nine months. Overlake Capital closed on the purchase of most of the properties within a few weeks of raising capital from investors for the project.² However, the construction on most of the projects did not start right away, and the projects experienced various unanticipated delays, including from unreliable contractors and in obtaining permits. The table below details the projected construction time frame of each property as originally communicated to investors, and the actual length of the projects calculated from the date the property was purchased to the date the property was sold. Many of the projects took close to or over two years, and the longest project to date took three years and four months (although two projects, acquired approximately three years ago, are still not complete). The last two projects were sold without any new construction or remodel work being done.

Property Location	Projected Construction Length (approx.)	Date of Property Purchase (approx.)	Date of Property Sale (approx.)	Project Length from Date of Property Purchase to Sale (approx.)
34th Ave NW, Seattle	6 months	December 23, 2014	September 28, 2016	1 year, 9 months
Richmond Beach Dr. NW, Shoreline	4 - 6 months	February 4, 2015	December 15, 2016	1 year, 10 months
32nd Ave., Seattle	4 - 6.5 months	February 5, 2015	December 22, 2016	1 year, 10 months
116th Ave. NE, Kirkland	4 months	February 26, 2015	July 2, 2018	3 years, 4 months

² The exception was the 12th Ave NW Seattle joint venture. This property was purchased in March 2015, but investments were not sold in this joint venture until December 2015 – January 2016 (nine months later).

12th Ave NW, Seattle	6 months	March 31, 2015	January 10, 2018	2 years, 9 months
227th Ave NE, Woodinville	8 months	May 28, 2015	December 13, 2017	2 years, 6 months
15th St. NE, Bellevue	8 months	July 1, 2015	---	---
138th Ave SE, Renton	6 months	July 28, 2015	December 19, 2016	1 year, 4 months
88th Ave. SE, Mercer Island	9 months	November 20, 2015	---	---
14th St. NE, Clyde Hill	9 months	February 12, 2016	October 25, 2017	1 year, 8 months
86th Pl. W, Edmonds	8 - 9 months	May 5, 2016	June 27, 2017	1 year, 1 month

56. By approximately September 2015, the first property purchased in approximately 2015, 34th Ave NW Seattle, had exceeded the eight month completion time frame that was communicated to the investor. By approximately January 2016, the next three properties purchased in 2015 had either exceeded their projected construction time frame or had experienced a significant delay. By approximately March 2016, the next two properties that were purchased in 2015 had also exceeded their projected construction time frame or had experienced a significant delay.

57. In 2016, Thacker and Robbins continued to sell joint venture investments without disclosing to investors that multiple projects purchased in approximately 2015 were experiencing delays and were behind schedule. In January 2016, when Thacker and Robbins sold investments in the 12th Ave. NW Seattle joint venture and began to solicit investments for the Clyde Hill joint venture, they failed to disclose to investors that the first four projects purchased in approximately 2015 were either significantly delayed or behind schedule. In approximately May 2016, when Thacker and Robbins solicited the last investments in the Clyde Hill joint venture, they failed to disclose that the first six projects purchased in approximately 2015 were either significantly delayed or behind schedule.

Additional Capital Raised by Thacker in 2016

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2 58. By the summer of 2016, Overlake Capital was in financial distress. In June 2016, Robbins
3 announced his intention to end his business partnership with Thacker and leave Overlake Capital (a buyout of
4 his ownership interest in Overlake Capital was finalized in November 2016). By mid-2016, multiple joint
5 venture projects were behind schedule and had exceeded their projected budgets. By approximately July
6 2016, the main Overlake Capital bank account was overdrawn and Overlake Capital defaulted on the bridge
7 loan obtained from a third-party lender to finance the Clyde Hill new construction project.

8 59. Thacker decided to sell additional equity in the Clyde Hill joint venture in order to complete
9 the project. Previously, between January and May 2016, Thacker and Robbins raised a total of \$719,000 from
10 nine investors for this project. In February 2016, during the initial capital raise, Overlake Capital purchased
11 the Clyde Hill property for approximately \$1.4 million dollars. The project originally had a projected project
12 length of nine months.

13 60. In approximately October 2016, Thacker recruited an individual to find investors for the Clyde
14 Hill property. Thacker provided the finder with a brochure for the additional offering, which the finder
15 translated into Chinese and posted in an investment group on WeChat (a Chinese messaging and social media
16 app). Five Washington resident members of the WeChat investment group were interested in the investment,
17 and the finder also referred an acquaintance residing in China to invest. As a referral fee, the finder received
18 an approximate 0.97% membership interest in the Clyde Hill property. The finder's fee was not disclosed to
19 at least one investor.
20

21 61. The finder referred most investors to meet with Thacker for additional information regarding
22 the investment. Thacker told investors that Overlake Capital had already purchased the Clyde Hill property
23 and had construction permits. However, Thacker failed to fully disclose to all investors that the bridge loan
24
25

1 obtained to finance the property was in default. Thacker also failed to disclose that Robbins was negotiating
2 a buyout of his ownership interest in Overlake Capital.

3 62. Thacker failed to fully disclose to investors that a first round of investments had already been
4 sold. The brochure provided to investors by the finder simply listed \$647,000 as “Already Invested”
5 (\$647,000 was the target offering amount of the first round). Thacker did not disclose to investors that this
6 amount had been invested approximately five to ten months prior in a separate offering on the project. No
7 further written explanation was provided to investors regarding prior investors or that the nine month projected
8 project length that was communicated to the prior investors had not been met.

9 63. Thacker failed to provide accurate information to investors regarding the profitability of
10 Overlake Capital’s joint venture projects. Thacker told one investor that the worst project that Overlake
11 Capital did took longer than expected but that it was still profitable. Thacker also sent three investors a
12 reconciliation statement for a joint venture that was sold in September 2015 with an approximate 33% return
13 to the investor. However, Thacker failed to disclose to these investors that Overlake Capital had recently sold
14 the 34th Ave NW Seattle joint venture property, in September 2016, and that the investor on that project did
15 not make a profit. Thacker also failed to disclose to these investors that at least five of the projects purchased
16 in 2015 were either substantially delayed or behind schedule.

17 64. Between October and November 2016, six investors invested additional capital totaling
18 approximately \$350,000 in the Clyde Hill joint venture. These investors signed Limited Liability Company
19 Operating Agreements and sent their funds via wire transfer or electronic bank transfer to an Overlake Capital
20 bank account.
21

22 *Use of Investor Funds*

23 65. Thacker and Robbins primarily used two bank accounts into which investor funds were
24 deposited. After Robbins left Overlake Capital, Thacker established another bank account into which the
25

1 second round Clyde Hill investor funds were deposited. Separate bank accounts were not established for each
2 joint venture project. The funds that investors invested in the joint ventures were commingled with each other
3 and with funds from investors in the Charter Fund, Flagship Fund, and Absolute Fund.

4 66. Thacker used some of the investor funds that he raised from the second round of investments
5 in the Clyde Hill joint venture in a manner inconsistent with investor expectations. The six investors that
6 invested approximately \$350,000 between October 25 and November 4, 2016 deposited their funds into an
7 Overlake Capital bank account that had a prior balance of approximately \$50,000. Between October 25 and
8 November 10, 2016, Thacker used over \$150,000 of the funds in the account for expenses not related to the
9 Clyde Hill project. Thacker used approximately \$37,000 to pay expenses on other joint venture projects and
10 he used approximately \$36,000 to make a payment of principal to another joint venture investor. Thacker
11 also used \$80,000 as partial payment to Robbins for half of the Overlake Capital partnership, in an effort to
12 salvage the business and ongoing projects.

13
14 *Property Sales*

15 67. Between September 2016 and July 2018, nine of the eleven properties were sold. None of the
16 properties were profitable for investors. When two of the first properties sold between September 2016 and
17 December 2016, two investors received back their principal from Overlake Capital. In December 2016, two
18 more properties were sold but the investors did not receive any of their principal back. Part of the sale proceeds
19 from one of the joint ventures was used to pay back the funds borrowed from the Charter Fund.

20 68. Beginning in approximately June 2017, investors have received back a small percentage of
21 their principal from the sale of the joint venture properties. Between June 2017 and January 2018, four
22 properties were sold and investors received back approximately 10% to 55% of their principal (the Clyde Hill
23 investors received back approximately 10% to 15% of their principal). The proceeds from two property sales
24 were also used to make partial payments to investors in the Charter Fund and Flagship Fund. Investors may
25

1 recoup more of their principal from the three remaining properties, including one property that was recently
2 sold in July 2018 and another property that is listed for sale.

3 **Registration Status**

4 1. Paul T. Thacker has never been registered as a securities salesperson or broker-dealer in the
5 State of Washington.

6 2. Blake E. Robbins has never been registered as a securities salesperson or broker-dealer in the
7 State of Washington.

8 3. Overlake Capital Real Estate Fund I, LLLP was not registered to sell limited partnership
9 interests in the State of Washington during the relevant period, nor has it filed a claim of exemption from
10 registration.

11 4. Overlake Capital Real Estate Fund II, LLLP was not registered to sell limited partnership
12 interests in the State of Washington during the relevant period nor has it filed a claim of exemption from
13 registration.

14 5. Overlake Capital Absolute Fund I, LLLP was not registered to sell promissory notes in the
15 State of Washington during the relevant period, nor has it filed a claim of exemption from registration.

16 6. Overlake Capital REO 122, LLC, Overlake Capital REO 123, LLC, Overlake Capital REO
17 124, LLC, Overlake Capital REO 127, LLC, Overlake Capital REO 128, LLC, Seattle R/E Investments 61,
18 LLC, Beaumont 23, LLC, Caraway Run, LLC, Paradise Harbour, LLC, and 817 32nd Ave, LLC were not
19 registered to sell limited liability company interests in the State of Washington during the relevant period, nor
20 have they filed a claim of exemption from registration.
21

22 Based upon the above Findings of Fact, the following Conclusions of Law are made:
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CONCLUSIONS OF LAW

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1. The offer and/or sale of the limited partnership interests, promissory notes, and limited liability company interests, as described above, constitutes the offer and/or sale of a security as defined in RCW 21.20.005(10) and (12).

2. Overlake Capital Real Estate Fund I, LLLP, Overlake Capital Real Estate Fund II, LLLP, Overlake Capital Absolute Fund I, LLLP, Overlake Capital REO 122, LLC, Overlake Capital REO 123, LLC, Overlake Capital REO 124, LLC, Overlake Capital REO 127, LLC, Overlake Capital REO 128, LLC, Seattle R/E Investments 61, LLC, Beaumont 23, LLC, Caraway Run, LLC, Paradise Harbour, LLC, and 817 32nd Ave, LLC have each violated RCW 21.20.140 because, as set forth in the Tentative Findings of Fact, they offered and/or sold securities for which no registration is on file with the Securities Administrator, and for which no valid claim of exemption exists.

3. Paul T. Thacker and Blake E. Robbins violated RCW 21.20.040 by offering and selling securities while not registered as a securities salesperson or broker-dealer in the State of Washington.

4. Overlake Capital, LLC, Overlake Capital Real Estate Fund I, LLLP, Overlake Capital Real Estate Fund II, LLLP, Overlake Capital Absolute Fund I, LLLP, Paul T. Thacker, and Blake E. Robbins have each violated RCW 21.20.010 because, as set forth in the Tentative Findings of Fact, they each made misstatements of material fact or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

CONSENT ORDER

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

IT IS AGREED AND ORDERED that the Respondents Overlake Capital Real Estate Fund I, LLLP, Overlake Capital Real Estate Fund II, LLLP, Overlake Capital Absolute Fund I, LLLP, Overlake Capital REO 122, LLC, Overlake Capital REO 123, LLC, Overlake Capital REO 124, LLC, Overlake Capital REO 127,

1 LLC, Overlake Capital REO 128, LLC, Seattle R/E Investments 61, LLC, Beaumont 23, LLC, Caraway Run,
2 LLC, Paradise Harbour, LLC, and 817 32nd Ave, LLC shall each cease and desist from violation of RCW
3 21.20.140, the securities registration section of the Securities Act of Washington.

4 IT IS FURTHER AGREED AND ORDERED that the Respondent Paul T. Thacker shall cease and
5 desist from violation of RCW 21.20.040, the securities salesperson and broker-dealer registration section of
6 the Securities Act of Washington.

7 IT IS FURTHER AGREED AND ORDERED that the Respondents Overlake Capital, LLC, Overlake
8 Capital Real Estate Fund I, LLLP, Overlake Capital Real Estate Fund II, LLLP, Overlake Capital Absolute
9 Fund I, LLLP, and Paul T. Thacker shall each cease and desist from violation of RCW 21.20.010, the anti-
10 fraud provision of the Securities Act of Washington.

11 IT IS FURTHER AGREED that the Respondents Overlake Capital, LLC, Overlake Capital Real Estate
12 Fund I, LLLP, Overlake Capital Real Estate Fund II, LLLP, Overlake Capital Absolute Fund I, LLLP,
13 Overlake Capital REO 122, LLC, Overlake Capital REO 123, LLC, Overlake Capital REO 124, LLC,
14 Overlake Capital REO 127, LLC, Overlake Capital REO 128, LLC, Seattle R/E Investments 61, LLC,
15 Beaumont 23, LLC, Caraway Run, LLC, Paradise Harbour, LLC, 817 32nd Ave, LLC, and Paul T. Thacker
16 enter into this Consent Order freely and voluntarily and with a full understanding of its terms and significance.
17

18 IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this order.

19 IT IS FURTHER AGREED that in consideration of the foregoing, the Respondents each waive their
20 right to a hearing and to judicial review of this matter pursuant to RCW 21.20.440 and Chapter 34.05 RCW.
21

22 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE
23
24
25

1 SIGNED this 3rd day of July, 2019.

2 Approved for Entry by:

3 _____/s/_____
4 Aaron P. Brecher, Attorney for Respondents
5 Washington State Bar No. 47212

6 Signed by:

7 Overlake Capital, LLC

8
9 _____/s/_____
10 Paul T. Thacker, Manager

11 Signed by:

12 Overlake Capital Real Estate Fund I, LLLP

13
14 _____/s/_____
15 Paul T. Thacker, Manager

16 Signed by:

17 Overlake Capital Real Estate Fund II, LLLP

18
19 _____/s/_____
20 Paul T. Thacker, Manager

21 Signed by:

22 Overlake Capital Absolute Fund I, LLLP

23
24 _____/s/_____
25 Paul T. Thacker, Manager

1 Signed by:

2 Overlake Capital REO 122, LLC

3 _____/s/
4 Paul T. Thacker, Manager

5 Signed by:

6 Overlake Capital REO 123, LLC

7 _____/s/
8 Paul T. Thacker, Manager

9 Signed by:

10 Overlake Capital REO 124, LLC

11 _____/s/
12 Paul T. Thacker, Manager

13 Signed by:

14 Overlake Capital REO 127, LLC

15 _____/s/
16 Paul T. Thacker, Manager

17 Signed by:

18 Overlake Capital REO 128, LLC

19 _____/s/
20 Paul T. Thacker, Manager

1 Signed by:

2 Seattle R/E Investments 61, LLC

3 _____/s/
4 Paul T. Thacker, Manager

5 Signed by:

6 Beaumont 23, LLC

7 _____/s/
8 Paul T. Thacker, Manager

9 Signed by:

10 Caraway Run, LLC

11 _____/s/
12 Paul T. Thacker, Manager

13 Signed by:

14 Paradise Harbour, LLC

15 _____/s/
16 Paul T. Thacker, Manager

17 Signed by:

18 817 32nd Ave, LLC

19 _____/s/
20 Paul T. Thacker, Manager

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Signed by:


_____/s/_____
Paul T. Thacker, individually

DATED AND ENTERED this 11th day of July, 2019.

By: 


William M. Beatty
Securities Administrator

Approved by:




Suzanne Sarason
Chief of Enforcement

Presented by:



Bridgett Fisher
Financial Legal Examiner

Reviewed by:



Jack McClellan
Financial Legal Examiner Supervisor