

1
2
3
4
5
6
7
8
9

**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

10
11
12
13
14
15
16
17
18
19
20
21
22
23

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

WinWin Investments,
David Sun Park,
Monica Park,
Kennety Hwan Kim,

Respondents

Order No. S-18-2450-19-CO02

CONSENT ORDER AS TO
KENNETY HWAN KIM

24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100

INTRODUCTION

On April 11, 2019, 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-18-2450-19SC01, against Respondents WinWin Investments, David Sun Park, Monica Park, and Kennety Hwan Kim.

Pursuant to the Securities Act of Washington, Chapter 21.20 RCW, the Securities Division and Respondent Kennety Hwan Kim do hereby enter into this Consent Order in settlement of the matters set forth in the Statement of Charges and as alleged below. Respondent Kennety Hwan Kim neither admits nor denies the Findings of Fact and Conclusions of Law as stated below.

FINDINGS OF FACT

Respondents

1. WinWin Investments (“WinWin”) is a sole proprietorship that was located in Lakewood, Washington. WinWin was in the business of real estate foreclosures and investments.
2. David Sun Park (“Park”) is a resident of Pierce County and the president of WinWin Investments. Park was licensed as a real estate broker from March 3, 2017 until about February 28, 2018,

CONSENT ORDER AS TO
KENNETY HWAN KIM

DEPARTMENT OF FINANCIAL INSTITUTIONS
Securities Division
PO Box 9033
Olympia, WA 98507-9033
360-902-8760

1 when his sponsoring firm terminated his license for accepting about \$37,000 directly from a client for the
2 purchase of real estate.

3 3. Monica Park is a Pierce County resident and Park's wife.

4 4. Kennety Hwan Kim, aka Ken Kim, ("Kim") is a resident of Pierce County. Kim has been
5 licensed as a real estate broker since December 1998 with multiple periods of inactivity. Between March 6,
6 2012 and March 6, 2013, Kim's real estate license was suspended for failing to cooperate with an investigation
7 into whether Kim brokered the sale of a hotel and then improperly received an ownership interest in the hotel.

8 **Park's Prior Civil and Criminal Actions**

9 5. On September 27, 2000, the Snohomish County Prosecutor's Office charged Park with second
10 degree theft for taking funds from his employer and making it look like a robbery. On November 9, 2000,
11 Park pleaded guilty to second degree theft. Park was sentenced to four months in prison and ordered to pay
12 \$2,088 in restitution.

13 6. On July 2, 2001, the King County Prosecutor's Office charged Park with two counts of second
14 degree theft. On August 21, 2001, Park pleaded guilty to two counts of second degree theft.

15 7. On June 5, 2008, a civil complaint was filed against Park in Pierce County Superior Court. The
16 plaintiff alleged that Park sold the plaintiff promissory notes related to a real estate investment totaling
17 \$20,000 and then failed to repay the notes. On June 27, 2008, a default judgment was entered against Park,
18 and he was found liable for a judgment of \$27,457.98.

19 8. On January 8, 2009, the Pierce County Prosecutor's Office charged Park with first degree theft
20 for accepting funds from an acquaintance to help her with her financial problems and then using the funds for
21 Park's own purposes. On July 10, 2009, Park pleaded guilty to first degree theft. Park was sentenced to
22 fourteen months in prison and ordered to pay \$12,048 in restitution.

23 9. On February 15, 2018, the Pierce County Prosecutor's Office charged Park with three counts
of unlawful issuance of checks or drafts for repaying a real estate investor with checks written on an account

1 that had insufficient funds or was closed. On October 29, 2018, the Prosecutor's Office amended the charges
2 to one count of first degree theft, and Park pleaded guilty to first degree theft.

3 10. On May 8, 2018, the Pierce County Prosecutor's Office charged Park with first degree theft
4 for using funds from a real estate investor for his own purposes. On October 29, 2018, the Prosecutor's Office
5 amended the charges to add a count of first degree theft against Park for failing to repay promissory notes to
6 an earlier real estate investor. On October 29, 2018, Park pleaded guilty to two counts of first degree theft.

7 **Nature of the Conduct**

8 *Overview*

9 11. Between February 2015 and October 2017, Park offered and sold real estate investments
10 totaling \$106,800 to three Washington residents. WinWin, Monica Park, and Kim each offered or sold real
11 estate investments to at least one of these Washington residents. Respondents failed to disclose material
12 information to investors, including the risks of investing with Park, Park's background, Park's failure to repay
13 earlier investors, and Park's use of funds.

14 *Investor A*

15 12. Between February and July 2015, Park and Monica Park offered and sold four real estate
16 investments totaling \$20,800 to Investor A. Investor A was Monica Park's employer. In February 2015,
17 Monica Park told Investor A that Park was a real estate agent for WinWin Investments and made money
18 flipping houses. Monica Park told Investor A that Park had a house that he was trying to flip but needed
19 investors. Monica Park told Investor A that Investor A could double her money with an \$800 investment, and
20 Investor A agreed to invest. About three months later, Monica Park returned \$1,600 to Investor A.

21 13. In or around June 2015, Monica Park approached Investor A about investing in another
22 property that Park wanted to flip. Monica Park told Investor A that this deal was bigger than the earlier
23 investment, and that it required a \$5,000 investment. Investor A agreed to invest because her earlier
investment with the Parks had been doubled. On June 12, 2015, Investor A met with Park and Monica Park

1 and gave them \$5,000 in cash. To evidence Investor A's investment, Park gave Investor A a promissory note
2 in which Park signed as the borrower and Monica Park signed as the witness. The note promised to repay
3 Investor A's \$5,000 principal with 10% accrued interest by December 12, 2015.

4 14. In or around late June 2015, Park approached Investor A for an additional investment. Park
5 told Investor A that he had another property he wanted to flip that would require a \$5,000 investment. On
6 June 24, 2015, Investor A met with Park and Monica Park and gave them \$5,000 in cash. In response, the
7 Parks gave Investor A a second promissory. This note promised to repay Investor A's \$5,000 principal with
8 10% accrued interest by December 24, 2015.

9 15. In or around July 2015, Park approached Investor A and told her that he was working on a big
10 deal involving a property in Bellevue. Park told Investor A that he could make Investor A some "real money,"
11 but that Investor A would have to make a much larger investment. Park told Investor A that she would need
12 to invest \$10,000 to be part of the investment. On July 16, 2016, Investor A met with Park and Monica Park,
13 and Investor A gave them \$10,000 in cash. The Parks gave Investor A a promissory note that promised to
14 repay Investor A's \$10,000 principal with 10% accrued interest by January 16, 2016.

15 16. Park did not repay Investor A when the promissory notes came due in December 2015 and
16 January 2016. Investor A asked Park for updates on the investments, but Park stopped responding to Investor
17 A after about six months. On October 29, 2018, the Pierce County Prosecutor charged Park with a count of
18 first degree theft for Investor A's investment. To date, Park has not made any payments to Investor A.

19 17. Park failed to disclose material information to Investor A related to the investment, including
20 the risks of investing with Park. Park failed to disclose that he was not a licensed real estate agent, that Park
21 learned about real estate flipping from a seminar, and that he had limited knowledge about the investment
22 scheme.

Investor B

1
2 18. Between October 2015 and February 2016, Park offered and sold two real estate investments
3 totaling \$60,000 to Investor B. In or around October 2015, Investor B saw an ad soliciting real estate investors
4 in a local Korean language newspaper. The ad was created by Park and WinWin. Initially, Park distributed
5 the ad as a flyer in or around Tacoma, Washington. After Kim and Park started working together, Kim's name
6 and phone number were added, and Kim placed the ad in the Korean language newspaper.

7 19. In the ad, Kim and WinWin stated that anyone could make \$1 million in real estate, and that
8 Seattle real estate was the foremost investment market because of good short sale opportunities. Kim and
9 WinWin stated that investors would make 100% profit on their first \$5,000 investment and, as demonstrated
10 by a chart in the ad, would make 50% profit on additional investments until they reached a total return of \$1.2
11 million. In the ad, Kim and WinWin stated that they would train anyone to make these real estate investments,
12 that Kim and WinWin purchased properties in danger of foreclosure in short sales, and that they were looking
13 for investors to flip the properties.

14 20. A short sale occurs when a homeowner owes more on his or her mortgage than the property is
15 worth. To complete a short sale, the mortgage lender must agree to accept a sale price that is less than what
16 the homeowner owes on the mortgage. The mortgage lender may or may not waive the seller's payment of
17 the remaining debt. Short sales are time consuming, complicated transactions that require the participation of
18 a licensed mortgage loan originator, attorney, or real estate broker with specialized expertise in short sales.
19 At the time that Investor B saw the ad in the newspaper, Park was not a licensed real estate broker, and Kim
20 did not have experience in negotiating short sales.

21 21. Real estate brokers owe a duty to deal honestly and in good faith with all parties to a real estate
22 transaction. It is dishonest and improper, and could result in disciplinary action, for a real estate broker to flip
23 a short sale property. Flipping occurs when the broker plans to purchase a property in a short sale and then
immediately sell the property at a higher price to an already identified purchaser.

1 22. On or around October 13, 2015, Investor B contacted Kim in response to the ad. During the
2 initial phone call, Kim told Investor B that he could double Investor B's investment funds in six months. On
3 or around November 26, 2015, Investor B met with Park and Kim. Park and Kim told Investor B that there
4 was a house available in Federal Way for him to invest in, and that Investor B would make a quick profit of
5 \$6,000 on a \$20,000 investment. Kim and Park told Investor B that there were other investors involved in the
6 property. Investor B agreed to invest, and he gave Park a \$20,000 check. Investor B also paid a \$1,000
7 "processing" fee, which Kim received. To evidence the investment, Park signed a promissory note to Investor
8 B in which Park, WinWin, and Kim promised to repay Investor B's \$20,000 principal by May 26, 2016.

9 23. On or around February 3, 2016, Investor B met with Park and Kim to view a second investment
10 property in Federal Way. Park and Kim told Investor B that Investor B would receive a minimum profit of
11 \$22,000 on a \$40,000 investment. Park and Kim told Investor B that he would be the only investor on the
12 property. Investor B agreed to invest and gave Park a \$40,000 check made out to WinWin Investments.
13 Investor B again paid a \$1,000 "processing" fee, which Kim received. Park signed a promissory note to
14 Investor B in which Park, dba WinWin Investments, promised to repay Investor B's \$40,000 principal by
15 August 3, 2016. Park also gave Investor B two post-dated checks representing Investor B's return. The checks
16 totaled \$62,000, and they were dated December 31, 2016 and January 31, 2017.

17 24. According to public records, the second house that Park and Kim showed Investor B had an
18 appraised value of about \$323,000, the owner owed about \$440,000 on the mortgage, and the owner owed
19 about \$38,000 in overdue mortgage payments. Investor B's \$40,000 investment would cover the owner's
20 overdue mortgage payments, but it was a fraction of the home's value and what the owner owed on the
21 mortgage. There are no records indicating that Park, or Investor B, purchased or sold either of the homes that
22 Investor B purportedly invested in.

23 25. On or around May 26, 2016, Investor B contacted Park and Kim because the first promissory
note was due. Neither Park nor Kim made any payments on the promissory note. On or around June 7, 2016,

1 Investor B met with Park and Kim about the unpaid promissory note, and Park signed a statement promising
2 to pay Investor B \$26,000 on or before June 30, 2016. Park also gave Investor B a check for \$26,000, postdated
3 to two and a half weeks later.

4 26. When each of the postdated checks came due, Investor B deposited them into his bank account,
5 but each of the checks was returned unpaid. The first check was returned for insufficient funds, and the last
6 two checks were returned because Park's bank account was closed. On February 18, 2018, the Pierce County
7 Prosecutor charged Park with three counts of unlawful issuance of checks for Investor B's investment. To
8 date, Park and Kim have not made any payments to Investor B.

9 27. Park and Kim failed to disclose material information to Investor B related to the investment,
10 including the risks of investing with Park. Park and Kim failed to disclose that Park was not a licensed real
11 estate agent, that Kim did not have experience negotiating short sales, that negotiating a short sale required a
12 licensed real estate broker with specialized expertise, and that short sales were time consuming and could take
13 longer than six months. Park and Kim also failed to disclose that it was unlikely that a bank would accept a
14 short sale price that was a fraction of the home's value and what the owner owed on the mortgage.

15 28. Kim failed to disclose material information to Investor B related to the profits that Kim
16 represented to Investor B. Kim failed to provide Investor B with a basis for saying that he could double
17 Investor B's investment funds, and Kim failed to disclose that he had not seen an investor get a return from
18 Park's real estate investment scheme.

19 29. Park, Kim, and WinWin failed to disclose material information to Investor B related to the
20 newspaper ad. Park, Kim, and WinWin failed to disclose that Park created the ad without any support for the
21 representations made in the ad, and they failed to provide a basis for the representations and projections in the
22 ad. Park, Kim, and WinWin failed to disclose that Park learned about flipping short sales from a seminar and
23 had limited knowledge about the investment scheme. Park, Kim, and WinWin also failed to disclose that
flipping a short sale property violated a real estate broker's fiduciary duties.

Investor C

1
2 30. In October 2017, Park offered and sold two real estate investments totaling \$26,000 to Investor
3 C. In the summer of 2017, Investor C met Park at an open house while Park was a real estate agent. Park and
4 Investor C became friends, and Park told Investor C that he was involved in flipping houses as an investment.
5 Investor C did not have experience investing in real estate. Park told Investor C that he purchased properties
6 in a short sale and then immediately sold the properties for a higher price. Park told Investor C that the short
7 sale price was the amount that the owner owed in overdue mortgage payments. Park told Investor C that it
8 took 30 to 90 days to get a response from the bank about the proposed short sale price. After the bank approved
9 the short sale, Park sold the property for its full value to a buyer already arranged by Park. Park told Investor
10 C that she would invest by contributing to the short sale price. Investor C would get a return when Park sold
11 the house to the final buyer. Park told Investor C that she would get a return in six months or less.

12 31. On or around October 11, 2017, Park told Investor C that he had a property in Puyallup for her
13 to invest in. Park showed Investor C the contracts that he had with the property's owner and the final buyer.
14 Park told Investor C that the owner owed \$28,000 in overdue mortgage payments, which is what the initial
15 investors would pay for the property. Park told Investor C that the return on the investment would be \$80,000.
16 Park told Investor C that she could invest half of the investment amount and would get half of the return.
17 Investor C agreed to invest, and she gave Park a cashier's check for \$14,000. To evidence the investment,
18 Park gave Investor C promissory note signed by Park in which he promised to repay Investor C's \$14,000
19 principal by April 11, 2018.

20 32. According to public records, the Puyallup property was worth more than what the owner owed
21 on the mortgage. The property had an assessed value of about \$420,000, and the owner owed about \$275,000
22 on the mortgage. The owner was about \$23,400 behind on mortgage payments. A \$28,000 investment was a
23 fraction of the home's value and the amount the owner owed on the mortgage.

1 33. On or around October 18, 2017, Park told Investor C that he had another property for her to
2 invest in. The property was in University Place, and Park showed Investor C the contracts he had with the
3 owner and the final buyer. Park told Investor C that the property's owner owed \$38,000 in overdue mortgage
4 payments, and that the return was \$60,000. Investor C told Park that she could only invest \$12,000, and Park
5 told Investor C that she would still receive half of the return. Investor C agreed to invest, and she gave Park a
6 \$12,000 cashier's check. In return, Park gave Investor C a promissory note signed by Park in which Park
7 promised to pay Investor C's \$12,000 principal by April 18, 2018

8 34. According to public records, the University Place property's assessed value was about
9 \$402,500, and the owner owed about \$378,000 on the mortgage. The owner owed about \$33,000 in overdue
10 mortgage payments. A \$38,000 investment was a fraction of the property's value and the amount the owner
11 owed on the mortgage. There are no records indicating that Park, or Investor C, purchased or sold either of
12 the homes that Investor C purportedly invested in.

13 35. Park did not repay Investor C when the promissory notes came due in April 2018. In May
14 2018, Park told a Pierce County Sherriff's deputy that he did not use Investor C's funds for the real estate
15 investment. Instead, Park used the funds to pay his gambling debt. On May 8, 2018, the Pierce County
16 Prosecutor charged Park with a count of first degree theft for Investor C's investment. To date, Park has not
17 made any payments to Investor C.

18 36. Park failed to disclose material information to Investor C related to the investment, including
19 the risks of investing with Park, Park's background, Park's failure to repay earlier investors, and Park's use
20 of funds. Park failed to disclose the risks of investing with Park. He failed to disclose that he did not have the
21 specialized expertise needed to negotiate a short sale, that he learned about flipping short sales at a seminar,
22 and that he had limited knowledge about the investment scheme. Park failed to disclose that short sales were
23 complicated and time consuming and could take longer than six months. Park also failed to disclose that it
was a violation of his fiduciary duties as a real estate broker to flip a short sale property.

1 37. Park failed to disclose material information about his background to Investor C. Park failed to
2 disclose that he had been convicted of theft three times between 2000 and 2009. Park also failed to disclose
3 that he was the subject of a \$27,000 judgment from 2008 for failing to repay a promissory note that he sold
4 to a real estate investor.

5 38. Park failed to disclose material information related to the outcome of Park's earlier
6 investments. Park failed to disclose that he did not repay Investor A or Investor B despite promising to do so.
7 Park also failed to disclose that he purported to repay Investor B with three checks that were returned due to
8 insufficient funds or a closed bank account.

9 39. Park misrepresented the use of funds to Investor C. Park told Investor C that her funds would
10 be used to invest in real estate. In reality, Park used Investor C's funds to pay his gambling debts.

11 **Registration Status**

12 40. WinWin Investments is not currently registered to sell its securities in the state of Washington
13 and has not previously been so registered, nor has it filed a claim of exemption from registration.

14 41. David Sun Park is not currently registered as a securities salesperson or broker-dealer in the
15 state of Washington and has not previously been so registered.

16 42. Monica Park is not currently registered as a securities salesperson or broker-dealer in the state
17 of Washington and has not previously been so registered.

18 43. Kennety Hwan Kim is not currently registered as a securities salesperson or a broker-dealer in
19 the state of Washington and has not previously been so registered.

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

21 **CONCLUSIONS OF LAW**

22 1. The offer or sale of real estate investments as described above constitutes the offer or sale of a
23 security as defined in RCW 21.20.005(14) and RCW 21.20.005(17).

1 Order, \$1,000 on or before 30 days from the entry of this Consent Order, and \$500 on or before 60 days from
2 the entry of this Consent Order.

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

4 IT IS FURTHER AGREED that Respondent Kennety Hwan Kim entered into this Consent Order
5 freely and voluntarily and with a full understanding of its terms and significance.

6 IT IS FURTHER AGREED that in consideration of the foregoing, Respondent Kennety Hwan Kim
7 waives his right to a hearing and to judicial review of this matter pursuant to RCW 21.20.440 and Chapter
8 34.05 RCW.

9 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

10
11 Signed this 10th day of May 2019.

12 Signed by:

13
14
15 /s/
Kennety Hwan Kim Individually

16
17
18 SIGNED and ENTERED this 22nd day of May 2019.

19
20
21 

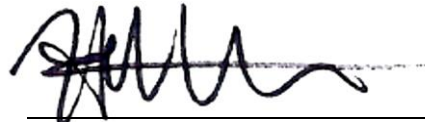
22
23 William M. Beatty
Securities Administrator

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23

Approved by:


Presented by:

Suzanne Sarason
Chief of Enforcement



Holly Mack-Kretzler
Financial Legal Examiner

Reviewed by:



Brian Guerard
Financial Legal Examiner Supervisor