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**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:

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

Respondents.

Order No. S-18-2450-19-SC01

STATEMENT OF CHARGES AND NOTICE OF
INTENT TO ENTER ORDER TO CEASE AND
DESIST, TO IMPOSE FINES, AND TO CHARGE
COSTS

THE STATE OF WASHINGTON TO:

WinWin Investments
David Sun Park
Monica Park
Kennety Hwan Kim

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the state of Washington has reason to believe that Respondents WinWin Investments, David Sun Park, Monica Park, and Kennety Hwan Kim have each violated the Securities Act of Washington. The Securities Administrator believes these violations justify the entry of an order against Respondents to cease and desist from such violations and to charge costs pursuant to RCW 21.20.390, and to impose fines pursuant to RCW 21.20.395. The Securities Administrator finds as follows:

TENTATIVE 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,

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.

1 13. In or around June 2015, Monica Park approached Investor A about investing in another
2 property that Park wanted to flip. Monica Park told Investor A that this deal was bigger than the earlier
3 investment, and that it required a \$5,000 investment. Investor A agreed to invest because her earlier
4 investment with the Parks had been doubled. On June 12, 2015, Investor A met with Park and Monica Park
5 and gave them \$5,000 in cash. To evidence Investor A’s investment, Park gave Investor A a promissory note
6 in which Park signed as the borrower and Monica Park signed as the witness. The note promised to repay
7 Investor A’s \$5,000 principal with 10% accrued interest by December 12, 2015.

8 14. In or around late June 2015, Park approached Investor A for an additional investment. Park
9 told Investor A that he had another property he wanted to flip that would require a \$5,000 investment. On
10 June 24, 2015, Investor A met with Park and Monica Park and gave them \$5,000 in cash. In response, the
11 Parks gave Investor A a second promissory. This note promised to repay Investor A’s \$5,000 principal with
12 10% accrued interest by December 24, 2015.

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

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

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

5 *Investor B*

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

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

18 20. A short sale occurs when a homeowner owes more on his or her mortgage than the property is
19 worth. To complete a short sale, the mortgage lender must agree to accept a sale price that is less than what
20 the homeowner owes on the mortgage. The mortgage lender may or may not waive the seller's payment of
21 the remaining debt. Short sales are time consuming, complicated transactions that require the participation of
22 a licensed mortgage loan originator, attorney, or real estate broker with specialized expertise in short sales.

1 At the time that Investor B saw the ad in the newspaper, Park was not a licensed real estate broker, and Kim
2 did not have experience in negotiating short sales.

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

7 22. On or around October 13, 2015, Investor B contacted Kim in response to the ad. During the
8 initial phone call, Kim told Investor B that he could double Investor B's investment funds in six months. On
9 or around November 26, 2015, Investor B met with Park and Kim. Park and Kim told Investor B that there
10 was a house available in Federal Way for him to invest in, and that Investor B would make a quick profit of
11 \$6,000 on a \$20,000 investment. Kim and Park told Investor B that there were other investors involved in the
12 property. Investor B agreed to invest, and he gave Park a \$20,000 check. Investor B also paid a \$1,000
13 "processing" fee, which Kim received. To evidence the investment, Park signed a promissory note to Investor
14 B in which Park, WinWin, and Kim promised to repay Investor B's \$20,000 principal by May 26, 2016.

15 23. On or around February 3, 2016, Investor B met with Park and Kim to view a second investment
16 property in Federal Way. Park and Kim told Investor B that Investor B would receive a minimum profit of
17 \$22,000 on a \$40,000 investment. Park and Kim told Investor B that he would be the only investor on the
18 property. Investor B agreed to invest and gave Park a \$40,000 check made out to WinWin Investments.
19 Investor B again paid a \$1,000 "processing" fee, which Kim received. Park signed a promissory note to
20 Investor B in which Park, dba WinWin Investments, promised to repay Investor B's \$40,000 principal by
21 August 3, 2016. Park also gave Investor B two post-dated checks representing Investor B's return. The checks
22 totaled \$62,000, and they were dated December 31, 2016 and January 31, 2017.

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

7 25. On or around May 26, 2016, Investor B contacted Park and Kim because the first promissory
8 note was due. Neither Park nor Kim made any payments on the promissory note. On or around June 7, 2016,
9 Investor B met with Park and Kim about the unpaid promissory note, and Park signed a statement promising
10 to pay Investor B \$26,000 on or before June 30, 2016. Park also gave Investor B a check for \$26,000, postdated
11 to two and a half weeks later.

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

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

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

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

11 *Investor C*

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

22 31. On or around October 11, 2017, Park told Investor C that he had a property in Puyallup for her
23 to invest in. Park showed Investor C the contracts that he had with the property's owner and the final buyer.

1 Park told Investor C that the owner owed \$28,000 in overdue mortgage payments, which is what the initial
2 investors would pay for the property. Park told Investor C that the return on the investment would be \$80,000.
3 Park told Investor C that she could invest half of the investment amount and would get half of the return.
4 Investor C agreed to invest, and she gave Park a cashier's check for \$14,000. To evidence the investment,
5 Park gave Investor C promissory note signed by Park in which he promised to repay Investor C's \$14,000
6 principal by April 11, 2018.

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

11 33. On or around October 18, 2017, Park told Investor C that he had another property for her to
12 invest in. The property was in University Place, and Park showed Investor C the contracts he had with the
13 owner and the final buyer. Park told Investor C that the property's owner owed \$38,000 in overdue mortgage
14 payments, and that the return was \$60,000. Investor C told Park that she could only invest \$12,000, and Park
15 told Investor C that she would still receive half of the return. Investor C agreed to invest, and she gave Park a
16 \$12,000 cashier's check. In return, Park gave Investor C a promissory note signed by Park in which Park
17 promised to pay Investor C's \$12,000 principal by April 18, 2018

18 34. According to public records, the University Place property's assessed value was about
19 \$402,500, and the owner owed about \$378,000 on the mortgage. The owner owed about \$33,000 in overdue
20 mortgage payments. A \$38,000 investment was a fraction of the property's value and the amount the owner
21 owed on the mortgage. There are no records indicating that Park, or Investor C, purchased or sold either of
22 the homes that Investor C purportedly invested in.

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1 35. Park did not repay Investor C when the promissory notes came due in April 2018. In May
2 2018, Park told a Pierce County Sherriff's deputy that he did not use Investor C's funds for the real estate
3 investment. Instead, Park used the funds to pay his gambling debt. On May 8, 2018, the Pierce County
4 Prosecutor charged Park with a count of first degree theft for Investor C's investment. To date, Park has not
5 made any payments to Investor C.

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

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

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

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

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1 **Registration Status**

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

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

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

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

10
11 Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:

12 **CONCLUSIONS OF LAW**

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

15 2. WinWin Investments, David Sun Park, Monica Park, and Kennety Hwan Kim have each
16 violated RCW 21.20.140 because, as set forth in the Tentative Findings of Fact, Respondents offered or sold
17 securities for which no registration is on file with the Securities Administrator.

18 3. David Sun Park, Monica Park, and Kennety Hwan Kim have each violated RCW 21.20.040
19 because, as set forth in the Tentative Findings of Fact, Park, Monica Park, and Kim offered or sold said
20 securities while not being registered as a securities salesperson or broker-dealer in the state of Washington.

21 4. WinWin Investments, David Sun Park, Monica Park, and Kennety Hwan Kim have each
22 violated RCW 21.20.010 because, as set forth in the Tentative Findings of Fact, Respondents made untrue
23

1 statements of material fact or omitted to state material facts necessary to make the statements made, in light
2 of the circumstances in which they were made, not misleading.

3 **NOTICE OF INTENT TO ORDER THE RESPONDENTS TO CEASE AND DESIST**

4 Pursuant to RCW 21.20.390(1), and based upon the above Tentative Findings of Fact and Conclusions
5 of Law, the Securities Administrator intends to order that Respondents WinWin Investments, David Sun Park,
6 Monica Park, and Kennety Hwan Kim, their agents, and their employees each shall cease and desist from
7 violations of RCW 21.20.010 and RCW 21.20.140, and that Respondents David Sun Park, Monica Park, and
8 Kennety Hwan Kim, their agents, and their employees each shall cease and desist from violations of RCW
9 21.20.040.

10 **NOTICE OF INTENT TO IMPOSE FINES**

11 Pursuant to RCW 21.20.395, and based upon the above Tentative Findings of Fact and Conclusions
12 of Law, the Securities Administrator intends to order that WinWin Investments, David Sun Park, and Monica
13 Park shall be jointly and severally liable for and shall pay a fine of \$35,000, and that Kennety Hwan Kim shall
14 be liable for and shall pay a fine of \$5,000.

15 **NOTICE OF INTENT TO CHARGE COSTS**

16 Pursuant to RCW 21.20.390, and based upon the above Tentative Findings of Fact and Conclusions
17 of Law, the Securities Administrator intends to order that Respondents WinWin Investments and David Sun
18 Park shall be jointly and severally liable for and shall pay the costs, fees, and other expenses incurred in the
19 administrative investigation and hearing of this matter, in an amount not less than \$1,500.

20 **AUTHORITY AND PROCEDURE**

21 This Statement of Charges is entered pursuant to the provisions of Chapter 21.20 RCW and is subject
22 to the provisions of Chapter 34.05 RCW. Respondents WinWin Investments, David Sun Park, Monica Park,
23 and Kennety Hwan Kim may each make a written request for a hearing as set forth in the NOTICE OF

1 OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Order. If a
2 respondent does not make a hearing request in the time allowed, the Securities Administrator intends to adopt
3 the above Tentative Findings of Fact and Conclusions of Law as final and to enter a permanent order to cease
4 and desist as to that respondent, to impose any fines sought against that respondent, and to charge any costs
5 sought against that respondent.

6 Signed and Entered this 11th day of April 2019.

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10 _____
11 William M. Beatty
12 Securities Administrator

13 Approved by:

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15 _____
16 Suzanne Sarason
17 Chief of Enforcement

18 Presented by:

19 

20 _____
21 Holly Mack-Kretzler
22 Financial Legal Examiner