# STATE OF WASHINGTON DEPARTMENT OF FINANCIAL INSTITUTIONS SECURITIES DIVISION

SEC	URITES DIVISION
IN THE MATTER OF DETERMINING	) Order No.: S-19-2697-19-SC01
Whether there has been a violation of the Securities Act of Washington by:	) STATEMENT OF CHARGES AND
Securities Act of Washington by.	) NOTICE OF INTENT TO
My Covenant Love Inc.,	) ENTER ORDER TO CEASE AND DESIST,
Kenneth Renard Smith,	) TO IMPOSE FINES,
Martha Solomon,	) AND TO CHARGE COSTS
,	)
Respondents	
THE STATE OF WASHINGTON TO:	My Covenant Love Inc. Kenneth Renard Smith Martha Solomon
STATE	MENT OF CHARGES

Please take notice that the Securities Administrator of the state of Washington has reason to believe that Respondents, My Covenant Love Inc., Kenneth Renard Smith, and Martha Solomon have each violated the Securities Act of Washington. The Securities Administrator believes those violations justify the entry of an order against the Respondents to cease and desist from such violations and to charge costs pursuant to RCW 21.20.390, and under RCW 21.20.395 to impose fines. The Securities Administrator finds as follows:

## TENTATIVE FINDINGS OF FACT

## **Respondents**

1. My Covenant Love Inc. ("MCL") is a Florida corporation formed on February 22, 2012 with its principal place of business in Brooksville, Florida. MCL is also registered in Texas as a foreign corporation with a principal place of business in Killeen, Texas. MCL represented to investors that it was developing a social media platform that would be used for educational, religious, and family-based activities.

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- 2. Kenneth Renard Smith ("Smith") held himself out as the President of MCL and as a pastor. Smith resided in Killeen, Texas.
- 3. Martha Solomon ("Solomon") held herself out as an elected executive board member of MCL. Solomon resided in Chicago, Illinois.

#### Overview

4. From at least February 2018 through April 2018, the Respondents offered and sold a total of more than \$25,000 of MCL investments to at least 10 Washington investors. When making their MCL investments, at least one of the investors was directed by Solomon to transfer their funds to a bank account held by Smith.

# **Weekly Conference Calls**

5. In 2018, Solomon held weekly teleconferences to promote MCL and to solicit investments in the company. The phone calls were conducted in the Tigrigna language, which is spoken in Eritrea, Africa. Solomon solicited investments from Eritrean immigrants who had limited savings to invest. The investors trusted Solomon because she spoke their language. During the phone calls, Solomon represented that by investing in MCL, investors would be empowering their community and making an investment with a social return. Solomon also represented that investors would earn a significant personal return on the investment, so they could improve their own standard of living.

## **Purported Investor Benefits**

6. Without providing specific information, Respondents represented to investors that MCL would pay some of the investors' bills (including rent or mortgage, utilities, insurance, and legal expenses). Respondents also represented that within approximately six months after investing, the investors would earn a return of \$2,100 per month for life for every \$1,700 that they invested in MCL. If the investors wanted to recruit seven additional people to invest, the investors would only have to make an initial investment of

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\$1,000 to receive \$2,100 per month for life. During a phone call, Solomon represented that MCL's lifetime monthly benefits would be transferable. Solomon also told at least one investor that MCL's monthly benefits would come from the advertising revenues for MCL's social media platform.

# **Material Misrepresentations and Nondisclosures**

- 7. When offering and selling MCL investments, Solomon misrepresented the risks of the investments and each of the Respondents failed to disclose material risks about the investments. During phone calls, Solomon falsely stated that the MCL investments were guaranteed and that MCL investments had no risk. The Respondents each failed to provide the investors with any financial statements or financial operating history for the company. In some cases, the Respondents failed to disclose the intended use of the investors' funds. The Respondents each failed to disclose whether any compensation would be received by Solomon or by Smith.
- 8. The Respondents each failed to disclose significant background information about Solomon and Smith. The Respondents failed to disclose that in May 2014, Solomon was subject to a civil judgment from Commonwealth Edison for more than \$18,000 and in September 2014, Solomon was subject to a civil judgment from Portfolio Recovery for more than \$12,000. The Respondents each failed to disclose that Smith had filed a voluntary petition for Chapter 13 bankruptcy on August 6, 2002. The Respondents each failed to disclose that in April 1995, Smith received a judgment for a criminal misdemeanor for an endless chain scheme and in October 1996, Smith received a judgment for a criminal misdemeanor for theft of services between \$200 and \$750.

## No Returns on MCL Investments and an Unexpected Change of Entity (UpLyftt)

9. None of the identified Washington investors received any payments from MCL or any return on their MCL investments. On or about May 7, 2018, the investors received a surprise email. The email announced that a company named UpLyftt was launching a brand new social media marketing platform.

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The email invited the investors to join UpLyftt. The email also stated that "[E]ffective immediately, we are no longer associated with MCL (My Covenant Love), in any capacity." When they made their investments in MCL, the Washington investors had never heard of UpLyftt and the Respondents each failed to disclose any relationship between MCL and UpLyftt.

# **Registration Status**

- 10. MCL is not currently registered to sell its securities in the state of Washington and has not previously been so registered.
- 11. Smith is not currently registered as a securities salesperson or broker-dealer in the state of Washington and has not previously been so registered.
- 12. Solomon is not currently registered as a securities salesperson or broker-dealer in the state of Washington and has not previously been so registered.

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

## **CONCLUSIONS OF LAW**

- 1. The offer and/or sale of the investments described above constitute the offer and/or sale of a security as defined in RCW 21.20.005(14) and (17).
- 2. MCL, Smith, and Solomon have each violated RCW 21.20.140, because, as set forth in the Tentative Findings of Fact, Respondents offered and/or sold securities for which no registration is on file with the Securities Administrator.
- 3. Smith and Solomon have each violated RCW 21.20.040 by offering and/or selling said securities while not being registered as a securities salesperson or broker-dealer in the state of Washington.
- 4. MCL, Smith, and Solomon have each violated RCW 21.20.010, because, as set forth in the Tentative Findings of Fact, Respondents made untrue statements of material fact or omitted to state material

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facts necessary to make the statements made, in light of the circumstances in which they were made, not misleading.

## NOTICE OF INTENT TO ORDER THE RESPONDENTS TO CEASE AND DESIST

Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order, pursuant to RCW 21.20.390(1), that Respondents My Covenant Love Inc., Kenneth Renard Smith, and Martha Solomon, and their agents and employees each shall cease and desist from violations of RCW 21.20.010 and RCW 21.20.140, and that Respondents Kenneth Renard Smith and Martha Solomon, and their agents and employees each shall cease and desist from violations of RCW 21.20.040.

#### NOTICE OF INTENT TO IMPOSE FINES

Pursuant to RCW 21.20.395, and based upon the Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that Respondent Kenneth Renard Smith and Respondent Martha Solomon shall each be liable for and shall each pay a fine of \$10,000.

## NOTICE OF INTENT TO CHARGE COSTS

Pursuant to 21.20.390, and based upon the Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that Respondent Kenneth Renard Smith and Respondent Martha Solomon shall each be liable for and shall each pay costs, fees, and other expenses incurred in the administrative investigation of this matter in an amount not less than \$2,500.

#### **AUTHORITY AND PROCEDURE**

This Statement of Charges is entered pursuant to the provisions of Chapter 21.20 RCW and is subject to the provisions of Chapter 34.05 RCW. The Respondents My Covenant Love Inc., Kenneth Renard Smith, and Martha Solomon, may each make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this

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Order. If a Respondent does not make a hearing request in the time allowed, the Securities Administrator intends to adopt the above Tentative Findings of Fact and Conclusions of Law as final and to enter a permanent order to cease and desist as to that Respondent, to impose any fines sought against that respondent, and to charge any costs sought against that Respondent.

Signed and Entered this 3rd day of July, 2019



William M. Beatty Securities Administrator

Presented by:

Janet So

Financial Legal Examiner

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Suzanne Sarason Chief of Enforcement

Reviewed by:

Approved by:

Brian J. Guerard

Financial Legal Examiner Supervisor

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