

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

**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:

American Equities, Inc.;
Ross Miles;

Respondents

Order No. S-19-2702-20-CO01

CONSENT ORDER

INTRODUCTION

Pursuant to the Securities Act of Washington, RCW 21.20, the Securities Division of the Department of Financial Institutions (“Securities Division”) and Respondents American Equities, Inc. and Ross Miles, do hereby enter into this Consent Order in settlement of the matters alleged herein. American Equities, Inc. and Ross Miles neither admit nor deny the Findings of Fact and Conclusions of Law as stated below.

FINDINGS OF FACT

Respondents

1. American Equities, Inc. (AEI) is a Washington corporation formed in 1979 with a principal place of business in Vancouver, Washington. AEI’s business involved purchasing and servicing real estate contracts and payment streams and selling those contracts and payment streams to individual investors and to investment pools managed by AEI.

2. Ross Miles (Miles) is the founder and President of AEI. Miles is a resident of Washington.

Other Relevant Entities

3. American Eagle Mortgage 600, LLC (AEM 600) is a Washington limited liability company formed on May 25, 2009. AEM 600 was an investment pool that was in the business of acquiring and managing promissory notes that were secured by mortgages or trust deeds. The manager of AEM 600 was

CONSENT ORDER

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

1 AEI. AEM 600 used a business address in Vancouver, Washington. As described below, in May 2019, a
2 receiver was appointed for AEM 600 and several other entities associated with AEI.

3 4. R.C. Hanes Limited Partnership (R.C. Hanes) is a Washington limited partnership formed on
4 September 7, 1995. R.C. Hanes was dissolved and reinstated multiple times, and was mostly recently
5 reinstated on April 20, 2018. R.C. Hanes used a business address in Vancouver, Washington. Miles is the
6 majority owner of R.C. Hanes Management, Inc., the general partner of R.C. Hanes.

7 5. Ridgecrest Development III, LLC (Ridgecrest III) is an Oregon limited liability company
8 formed on December 16, 1999. Ridgecrest III used a business address in Vancouver, Washington. Miles is
9 one of the managers of Ridgecrest.

10 6. Tradewind Homes, LLC (Tradewind Homes) is a Washington limited liability company
11 formed on July 25, 2012. Tradewind Homes used a business address in Vancouver, Washington. Miles is a
12 manager of Tradewind Homes.

13 **Receivership**

14 7. On February 8, 2019, two AEI investors filed a civil action in Clark County Superior Court
15 against Miles and several of his related entities, including AEI and AEM 600. In a separate Clark County
16 Superior Court action, Miles, on behalf of AEI, filed a declaration in May 2019 in support of a petition to
17 appoint a receiver for several entities managed by AEI that were used as investment vehicles (hereinafter, the
18 “investment pools”), including AEM 600. On May 10, 2019, Clyde A. Hamstreet & Associates, LLC (“the
19 Receiver”) was appointed as a receiver for AEM 600 and several other entities.

20 8. The table below lists the investment pools that are part of the receivership and the approximate
21 time period of the fundraising that occurred for each investment pool:

22 /

23 /

	Entity Name	Approximate Time Period of Fundraising
1	American Eagle Mortgage 100, LLC	2003-2007
2	American Eagle Mortgage 200, LLC	2004-2005
3	American Eagle Mortgage 300, LLC	2005-2015
4	American Eagle Mortgage 400, LLC	2006-2007
5	American Eagle Mortgage 500, LLC	2008-2009
6	American Eagle Mortgage 600, LLC	2009-2017
7	American Eagle Mortgage Mexico 100, LLC	2005-2008
8	American Eagle Mortgage Mexico 200, LLC	2005-2013
9	American Eagle Mortgage Mexico 300, LLC	2006-2010
10	American Eagle Mortgage Mexico 400, LLC	2007-2014
11	American Eagle Mortgage Mexico 500, LLC	2009
12	American Eagle Mortgage Mexico 600, LLC	2010-2015
13	American Eagle Mortgage Short Term, LLC	2004-2005
14	American Eagle Mortgage I, LLC	2003
15	American Eagle Mortgage II, LLC	2003-2006

9. On August 1, 2019, the Receiver issued its first report to investors and concluded that the investment pools were insolvent and had been insolvent since at least 2012. The Receiver also found that there had been a significant commingling of funds, that there had been millions of dollars in loans between the investment pools, and that millions of dollars had been loaned from the investment pools to more than a dozen affiliated parties. The Receiver found that the investment pools had assets of approximately \$34 million and liabilities of more than \$77 million - a deficiency of over \$42 million. On January 17, 2020, the Receiver sent a notice to investors indicating that investments in the pools had a value of between 5% and 15% of their face value.

10. On February 19, 2020, the Receiver filed a civil complaint in Clark County Superior Court against multiple defendants, including Miles and AEI. Among other things, the complaint alleged that the investment pools had been insolvent since at least 2011 and were operated by the defendants as part of a Ponzi

1 scheme. On February 27, 2020, the Receiver filed civil complaints in Clark County Superior Court against
2 other defendants, including Ridgecrest III and R.C. Hanes. Those civil actions are still pending.

3 **Nature of the Conduct**

4 *Overview*

5 11. Between approximately 2009 and 2017, AEI raised a total of more than \$20 million as part of
6 an unregistered offering of promissory notes and limited liability company interests issued by AEM 600 to
7 more than 100 investors in multiple states, including Washington. The AEM 600 offering was intended to be
8 exempt from registration pursuant to Regulation D of the federal securities laws, but AEI failed to ensure that
9 a Form D was filed with the Securities and Exchange Commission (SEC) and the Securities Division. The
10 offering materials stated that investor funds would be used to acquire receivables, to pay the costs of the
11 offering, and to cover the working capital needs of the company. As events transpired, AEI used millions of
12 dollars from AEM 600 investors to make numerous loans to other investment pools that were managed by
13 AEI. After AEM 600 became insolvent (no later than 2011), AEI continued to sell new investments to
14 investors until approximately 2017. Many investors are senior citizens in their 70's, 80's, and 90's. Some
15 investors invested most or all of their retirement savings with AEI, and at least some investors are non-
16 accredited.

17 12. As sales of investments in AEM 600 and other investment pools declined, Miles began raising
18 hundreds of thousands of dollars through promissory notes that were issued by himself and other entities that
19 he controlled, including R.C. Hanes, Ridgecrest III, and Tradewind Homes. Investors were told that their
20 promissory notes were secured by deeds of trust that would be recorded against specific properties. Miles
21 failed to ensure that AEI staff recorded the deeds of trusts, and he failed to disclose that some of the properties
22 had prior encumbrances that would be paid off with the investor's funds. In some cases, Miles sold the lot
23 that were supposed to secure the investor's note, and failed to disclose the sale of the property to the investor.

1 13. In and around 2019, several investors stopped receiving monthly interest payments on their
2 investments. When promissory notes became due for repayment, Miles told multiple investors that he did not
3 have the funds to repay them and requested an extension of their notes. Miles and his related entities owe
4 more than \$2 million to promissory note investors and millions more to investors in the investment pools,
5 including AEM 600.

6 *AEM 600 Investment Pool Offering*

7 14. Beginning in 2003, AEI representatives, including but not limited to Miles, offered and sold
8 investments in multiple investment pools managed by AEI. AEI began selling investments in AEM 600 in
9 approximately 2009. Each investor received a non-negotiable promissory note. Investors had the option of
10 entering into 5-year, 10-year, or 15-year promissory notes, which typically offered annual rates of return of
11 7%, 7.5%, or 8%. Some investors entered into promissory note investments with higher returns of 9% or
12 10%. In addition to receiving a promissory note, investors also received an ownership interest in the
13 investment pool.

14 15. Investors were provided with various documents to sign, including an Accredited Subscription
15 Agreement and an Accredited Investor Qualification Questionnaire. Investors filled out a Reinvestment
16 Election Form, in which they could either receive monthly interest payments by check or direct deposit, or
17 elect to reinvest the earnings. Investors also received a Minimum Underwriting Criteria for Receivables, a
18 Limited Liability Company Agreement (“LLC Agreement”), and a Management Agreement.

19 16. AEI provided AEM 600 investors with other offering materials, including a Confidential
20 Private Placement Disclosure Document dated November 5, 2009 that was also referred to as an “Accredited
21 Offering Memorandum” (hereinafter Offering Memorandum). Offering materials represented that AEI was
22 responsible for forming AEM 600 and for obtaining funding for it by offering investments for sale. Offering
23 materials also summarized the terms of the offering, the use of proceeds, risk factors, and other information.

1 17. The Offering Memorandum represented that AEI would use the proceeds from the sale of
2 investments to acquire secured real estate paper (“Receivables”) for AEM 600. The Offering Memorandum
3 represented that AEM 600 was a manager-managed LLC that would “loan funds, acquire, hold, manage,
4 service, collect, replace, and in certain circumstances, liquidate or dispose of the Receivables, consisting of a
5 specific set of security documents and any accompanying promissory notes secured by such documents”
6 The Offering Memorandum also represented that proceeds of the offering would “be used exclusively to
7 acquire the Receivables, pay the costs associated with the Offering, and cover working capital needs of the
8 Company.”

9 18. AEI failed to disclose to AEM 600 investors that a substantial portion of their funds would be
10 transferred as loans to other AEI investment pools and other related parties. Information gathered by the
11 Receiver indicates that by March 2019, AEM 600 was owed more than \$9 million by other investment pools
12 and approximately \$1 million by AEI and business entities related to Miles. Records indicate that by May
13 2019, AEM 600 had made hundreds of loans to other AEI investment pools.

14 19. For example, on August 20, 2014, investor B.F., a resident of Oklahoma, invested nearly all
15 of her retirement savings (more than \$600,000) in AEM 600. B.F. received a ten-year promissory note which
16 indicated that she would earn a return of 10% per year. B.F. arranged for a wire transfer in the amount of
17 \$615,606.40 to be sent from her IRA account to an account in the name of AEM 600 in Vancouver,
18 Washington. About a week after the deposit of B.F.’s investment funds, several checks were written out of
19 the AEM 600 account as loans to other investment pools, as shown in the table included below.

Date	Check no.	Recipient	Amount
8/27/14	4553	American Eagle Mortgage – 100	\$43,000
8/27/14	4554	American Eagle Mortgage -200	\$7,500
8/27/14	4555	American Eagle Mortgage – 300	\$2,500
8/27/14	4556	American Eagle Mortgage – 400	\$2,250
8/27/14	4557	American Eagle Mortgage – Mex. 100	\$11,300
8/27/14	4558	American Eagle Mortgage – Mex. 400	\$84,400

20
21
22
23
CONSENT ORDER

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

8/27/14	4559	American Eagle Mortgage – Mex. 500	\$4,700
8/27/14	4560	American Eagle Mortgage – Mex. 600	\$20,000

20. AEI representatives, including but not limited to Miles, provided information to investors showing that its prior investments had outperformed the stock market. AEI failed to disclose the financial condition or solvency of AEI and AEM 600. AEI failed to provide AEM 600 investors with financial statements or other disclosure regarding the loans that had been made to other investment pools and other affiliated persons and entities. AEI failed to provide AEM 600 investors with an updated version of its 2009 Offering Memorandum, or otherwise provide material information regarding the results of its operations.

Other Promissory Note Investments

Introduction

21. Between at least 2007 and 2018, Miles raised more than \$1 million through other promissory note investments that he sold to investors in Washington and Oregon. Many of these investors are senior citizens in their 70's, 80's, and 90's. The promissory notes had a term that ranged from three months to five years and paid an annual return of 7% to 10%. Some notes were issued by Miles, while other notes were issued by other entities that he controlled, including AEI, R.C. Hanes, Ridgecrest III, and Tradewind Homes. Investors typically received monthly interest-only payments by direct deposit. AEI staff prepared and processed the paperwork associated with the sale of these investments, including promissory notes and deeds of trust. AEI staff also sent correspondence to promissory note investors on AEI letterhead.

22. Miles typically represented to investors that their promissory note would be secured by a first position deed of trust. Some investors received a deed of trust that was to be recorded against one or more specific lots in a subdivision known as Tradewind that is located in Boardman, Oregon. The Tradewind subdivision has approximately 25 lots, and most of the lots have a mobile home that is located on the property. Some lots in the subdivision were owned by Miles and his wife, while other lots were owned by his business,

1 R.C. Hanes. Other investors received notes and deeds of trust that were issued by Ridgecrest III. These deeds
2 of trust were to be recorded against lots in a development named Ridgecrest that is located in St. Helens,
3 Oregon. At least one investor received multiple notes that were secured deeds of trust that were to be recorded
4 against lots in a development named Confer Ridge, which is located near Kalama, Washington.

5 23. As detailed below, Miles failed to ensure that AEI staff recorded some of the deeds of trusts
6 that purportedly secured the promissory notes that he issued to investors. Miles failed to disclose to some
7 investors that their deed of trust was not in first lien position, and was subordinate to other deeds of trust that
8 had been previously recorded, and that their funds would be used to repay other notes that were secured by
9 previously recorded deeds of trust on the property. In some cases, Miles sold some of the properties that were
10 supposed to secure the investor's promissory note. Miles failed to disclose to some investors that he sold the
11 properties and he continued to make interest-only payments to them. In 2019, Miles stop making monthly
12 interest payments to some of his investors. Miles informed some of his investors that he was unable to repay
13 their note.

14 *Failure to Record Deeds of Trust*

15 24. As discussed below, Miles provided investors with one or more deeds of trust as security for
16 their promissory note, but in some cases, he failed to ensure that AEI staff recorded the deed of trust, which
17 left their note unsecured in the event of default.

18 25. In September 2016, investors R.P. and P.P. (a 91-year-old resident and an 86-year-old resident
19 of Washougal, Washington) invested a total of \$240,000 with Miles. Miles issued three promissory notes to
20 them. Each note had a term of approximately one year and was secured by a separate deed of trust. Each
21 deed of trust was to be recorded against a single lot in the Tradewind subdivision (Lots 17, 18, and 23). Miles
22 failed to ensure that the deed of trust for Lot 17 was recorded and later sold the property in 2017, as described
23 below. Miles failed to disclose to R.P. and P.P. that their promissory note was unsecured. In 2020, after

1 being investigated by the Securities Division, Miles recorded a deed of trust against a different property in the
2 Tradewind subdivision (Lot 10), to secure the promissory note that he issued to R.P. and P.P. in 2016.

3 26. On February 2017, Miles executed three five-year promissory notes with investor P.P., a
4 resident of Ridgefield, Washington. Two notes were issued by Miles and one note was issued by R.C. Hanes.
5 Each note was in the amount of \$112,071.13 and indicated that it was secured by a single lot in the Tradewind
6 subdivision (Lots 3, 5, and 14). Miles failed to ensure that any of those deeds of trust were recorded and did
7 not disclose to P.P. that her promissory notes were not secured by any real property. In December 2019 (after
8 being investigated by the Securities Division), when it was brought to his attention that the deeds of trust had
9 not been recorded, Miles caused the deeds of trust to be recorded.

10 27. In June 2017, investor D.M. (a widow who resides in Vancouver, Washington) invested
11 \$200,000 with Miles. Miles issued a promissory note to D.M. and provided a deed of trust that represented
12 that his promissory note was secured by Lots 2, 7, and 9 in the Tradewind subdivision. Miles failed to ensure
13 that this deed of trust was recorded and failed to disclose to D.M. that his investment was unsecured. D.M.
14 was later repaid in approximately November 2017.

15 28. On August 23, 2017, investor S.L. (a 92-year-old resident of Vancouver, Washington) invested
16 \$249,900 as part of three promissory note investments that were each in the amount of \$83,300. Two of the
17 promissory notes were issued by R.C. Hanes and one promissory note was issued by Miles. An AEI
18 representative provided S.L. with offering documents that represented that each of his promissory notes would
19 be secured by a first position deed of trust. S.L. was provided with three deeds of trust that indicated that his
20 promissory notes were secured by Lots 8, 12, and 13 in the Tradewind subdivision (each note was purportedly
21 secured by a single lot in the subdivision). Miles and R.C. Hanes failed to disclose to investor S.L. that his
22 promissory note would be unsecured. Miles failed to ensure that any of the deeds of trust issued to S.L. were
23

1 recorded until September 2019, after S.L. contacted an attorney. After the attorney contacted AEI, Miles
2 caused deeds of trust for Lots 8 and 12 to be recorded.

3 *Failure to Disclose Prior Liens Against Properties that Secured the Notes*

4 29. Miles stated to some investors that their promissory notes were secured by a first position deed
5 of trust that would be recorded against a specific lot in the Tradewind subdivision. In some instances, Miles
6 failed to disclose that some of the lots were already encumbered by other deeds of trust that were recorded to
7 secure notes that were previously issued by Miles to prior investors, and were to be repaid with the investor's
8 funds. Miles failed to disclose the risks of having a subordinated deed of trust. Among other things, Miles
9 failed to disclose the fact that investors with a subordinated deed of trust may have to make payments on prior
10 lien obligations or may have to buy out superior encumbrances in order to preserve their real property security
11 interest. Miles also failed to disclose that investors with a subordinated deed of trust could lose their security
12 interest if a property was foreclosed and there were inadequate proceeds to pay off the subordinated lien.

13 30. As described above, in August 2017, investor S.L. invested \$249,000 as part of three
14 promissory note investments. An AEI representative provided S.L. with a document entitled "Summary
15 Information" for three different properties in the Tradewind subdivision (Lots 8, 12, and 13). Each property
16 purportedly secured a single promissory note in the amount of \$83,300. The Summary Information document
17 represented that S.L.'s the note was secured by a first position deed of trust. Miles failed to disclose to S.L.
18 that, at the time that the promissory notes were executed, Lots 12 and 13 were already encumbered by a deed
19 of trust that was recorded earlier that year in May 2017 and that Lot 8 was already encumbered by a deed of
20 trust that recorded against the property in June 2017. The promissory notes secured by those earlier deeds of
21 trust were repaid with S.L.'s funds.

22 31. Months later, in April 2019, an AEI representative met with S.L. at the AEI office in Vancouver
23 and provided him with a handwritten note that stated: "You are secured by 3 properties in Boardman owned

1 by Tradewinds (Ross Miles). Your payments will continue until August 24 at which time you will either be
2 paid off or extend.” In fact, none of S.L’s promissory notes were secured at that time, because Miles had
3 failed to ensure that any of the deeds of trust were recorded.

4 *Miles Sold Some of the Properties that were Supposed to Secure Investor Promissory Notes*

5 32. In some cases, Miles sold the properties that were supposed to secure the promissory notes that
6 he issued to investors. In some cases, Miles failed to disclose to the investors that he sold the property that
7 secured their note, and he continued to make interest payments to them. Miles failed to use the proceeds from
8 the sale of the property to repay his investors, in spite of the fact that the promissory notes included a “due on
9 sale” clause.

10 33. In January 2017, Miles sold Lot 17, which was supposed to secure one of the \$80,000
11 promissory notes that he issued to R.P. and P.P. in September 2016. Miles sold the property for \$136,000 and
12 he received proceeds of approximately \$124,000. Miles did not disclose the sale of Lot 17 to R.P. and P.P.
13 Miles did not use the proceeds from the sale of Lot 17 to repay the note that he issued to R.P. and P.P. Miles
14 continued to make interest-only payments to R.P. and P.P. through 2019.

15 34. In February 2017, Miles sold Lot 18, which was supposed to secure one of the \$80,000
16 promissory notes that he issued to R.P. and P.P. in September 2016. Miles sold the property for \$142,000,
17 and he received proceeds of approximately \$130,000. Miles continued to make interest payments to R.P. and
18 P.P. on their note through 2019. In 2020, as a replacement for the security for the remaining balance of the
19 promissory note, Miles recorded a deed of trust in favor of R.P. and P.P on Lot 10.

20 35. In October 2017, Miles sold Lot 23, which was supposed to secure an \$80,000 promissory note
21 that he issued to R.P. and P.P in September 2016. Miles sold the property for \$147,500, and he received
22 proceeds of approximately \$49,000. As part of the sale, AEI also received a payment of approximately
23 \$80,000. Miles did not repay R.P. and P.P. with the proceeds from this sale. Instead, the next month

1 (November 2017), Miles issued a new promissory note to R.P. and P.P. for \$80,000. The promissory note
2 had a term of approximately one year and paid a return of 8.5%. This new promissory note was not secured
3 by any property, and it represented that it was secured only “by a Signature of even date.” As part of the note,
4 R.P. and P.P. were to receive monthly interest payments of approximately \$566 per month.

5 36. In August 2018, Miles sold Lot 13, which was supposed to secure an \$83,300 promissory note
6 that he issued to S.L. in August 2017. Miles sold the property for \$142,600 and a payment of approximately
7 of \$129,000 was made to his business, Tradewind Homes. Miles did not disclose the sale of Lot 13 to investor
8 S.L. and he did not use the proceeds to repay S.L. in spite of the fact that his note included a “due on sale”
9 clause. Miles continued making interest payments to S.L. in 2019. In September 2019, as a replacement for
10 the security of Lot 13, S.L. agreed to secure his interest with a real estate contract on Lot 19.

11 *Failure to Disclose Use of Investor Funds*

12 37. Miles deposited investor funds that he raised through promissory notes into his personal bank
13 account and into accounts in the name of his businesses, AEI, Ridgecrest III, R.C. Hanes, and Tradewind
14 Homes. Miles told some investors that he would use their funds to remodel the mobile homes that were
15 located on the lots that secured their notes. Miles led some investors to believe that after completing the
16 remodeling of the mobile homes, he would sell the property, and use the profits to repay their notes. Miles
17 failed to disclose to investors that he would use their funds to make loans to his other businesses and
18 investment pools. Miles also failed to disclose that he would use some of their funds to repay prior investors.

19 38. In September 2016, Miles deposited \$240,000 from R.P. and P.P. into his personal bank
20 account. In the weeks following this deposit, Miles made multiple loans to AEI, including a \$26,500 loan to
21 cover bills, a “Short Term Loan” of \$31,000, and a \$25,000 payment to “cover bills and autopays.” [sic]

22 39. On August 23, 2017, investor S.L. wrote a \$249,900 check as part of three promissory note
23 investments, as described above. S.L.’s investment check was made out to American Equities, and the check

1 was later endorsed and deposited into an account in the name of Tradewind Homes. Records from Miles
2 indicate that prior to the deposit of S.L.'s \$249,900 check, the account had a balance of approximately \$3,805.
3 The next day, three checks totaling approximately \$250,000 were paid to AEI and American Equities Contract
4 Collections. Records indicate that Miles subsequently used approximately \$150,000 of S.L.'s funds to repay
5 investors R.K. and P.W. (who invested \$150,000 in May 2017) and investor L.M. (who invested \$85,000 in
6 June 2017). Miles failed to disclose to S.L. that his funds would be used to repay other investors.

7 40. In December 2018, Miles raised \$50,000 from investors R.K. and P.W., a retired couple in
8 Ridgefield, Washington. Miles represented that he was remodeling "my homes in Boardman and then selling
9 them." Miles further stated that he needed approximately \$20,000 "for complete update per home." Miles
10 stated that he was selling the homes from approximately \$130,000 to \$149,000 when they were finished and
11 could pay an 8% return on the investment. R.K. and P.W. wired \$50,000 to a bank account in the name of
12 Tradewind Homes, LLC. Rather than being used to remodel the properties in Boardman, records indicate that
13 Miles transferred a large portion of their investment funds to his other businesses, including AEI and AEMM.

14 **Registration Status**

15 41. American Equities, Inc. is not currently registered to sell securities in the state of Washington
16 and has not previously been so registered, nor has it filed a claim of exemption from registration.

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

19 43. American Eagle Mortgage 600, LLC is not currently registered to sell securities in the state of
20 Washington and has not previously been so registered, nor has it filed a claim of exemption from registration.

21 44. Ridgecrest Development III, LLC is not currently registered to sell securities in the state of
22 Washington and has not previously been so registered, nor has it filed a claim of exemption from registration.
23

1 45. R.C. Hanes, Limited Partnership is not currently registered to sell securities in the state of
2 Washington and has not previously been so registered, nor has it filed a claim of exemption from registration.

3 46. Tradewind Homes, LLC is not currently registered to sell securities in the state of Washington
4 and has not previously been so registered, nor has it filed a claim of exemption from registration.

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

6 **CONCLUSIONS OF LAW**

7 1. The offer and/or sale of the investments described above constitute the offer and/or sale of a
8 security as defined in RCW 21.20.005(14) and (17).

9 2. Respondents American Equities, Inc. and Ross Miles have each violated RCW 21.20.140,
10 because, as set forth in the Findings of Fact, the Respondents offered and/or sold securities for which no
11 registration is on file with the Securities Administrator.

12 3. Respondent Ross Miles has violated RCW 21.20.040 by offering and/or selling said securities
13 while not being registered as a securities salesperson or broker-dealer in the state of Washington.

14 4. Respondents American Equities, Inc. and Ross Miles have each violated RCW 21.20.010,
15 because, as set forth in the Findings of Fact, they made untrue statements of material fact or omitted to state
16 material facts necessary to make the statements made, in light of the circumstances in which they were
17 made, not misleading.

18 **CONSENT ORDER**

19 IT IS FURTHER AGREED AND ORDERED that Respondents American Equities, Inc. and Ross
20 Miles, their agents and employees each shall cease and desist from violating RCW 21.20.140.

21 IT IS FURTHER AGREED AND ORDERED that Respondent Ross Miles and his agents and
22 employees each shall cease and desist from violating RCW 21.20.040.

23
CONSENT ORDER

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

1 IT IS FURTHER AGREED AND ORDERED that Respondents American Equities, Inc. and Ross
2 Miles, their agents and employees each shall cease and desist from violating RCW 21.20.010.

3 IT IS FURTHER AGREED AND ORDERED that Respondent American Equities, Inc. shall be liable
4 for and shall pay a fine of \$100,000, payment of which is deferred until all investors in American Eagle
5 Mortgage 600, LLC; R.C. Hanes Limited Partnership; Ridgecrest Development III, LLC; and Tradewind
6 Homes, LLC have been repaid in full.

7 IT IS FURTHER AGREED AND ORDERED that Respondent Ross Miles shall be liable for and shall
8 pay a fine of \$100,000, payment of which is deferred until all investors in American Eagle Mortgage 600,
9 LLC; R.C. Hanes Limited Partnership; Ridgecrest Development III, LLC; and Tradewind Homes, LLC have
10 been repaid in full.

11 IT IS FURTHER AGREED AND ORDERED that Respondents American Equities, Inc. and Ross
12 Miles shall be liable for and shall pay investigative costs of \$15,000 on or before entry of this Consent Order.

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

14 IT IS FURTHER AGREED that Respondents American Equities, Inc. and Ross Miles entered into
15 this Consent Order freely and voluntarily and with a full understanding of its terms and significance.

16 IT IS FURTHER AGREED that in consideration of the foregoing, Respondents American Equities,
17 Inc. and Ross Miles each waive their right to a hearing and to judicial review of this matter pursuant to RCW
18 21.20.440 and Chapter 34.05 RCW.

19 /

20 /

21 /

22 /

23 /

CONSENT ORDER

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

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

2 Signed this 21st day of October, 2020

3
4 Signed by:
5 American Equities, Inc.


6 By /s/
7 Ross Miles, President

8
9 Signed by:
10 /s/
11 Ross Miles, Individually


12
13 Signed and Entered this 29th day of October 2020.

14
15 

16
17 William M. Beatty
18 Securities Administrator

19 Approved by:
20 

21
22 Suzanne Sarason
23 Chief of Enforcement

Presented by:
24 

25 Robert Kondrat
Financial Legal Examiner

CONSENT ORDER

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