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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:

Northlake Capital & Development LLC,  
183<sup>rd</sup> Shoreline Apartments, LLC,  
James W. Thorpe,  
Seth T. Heck,  
Shu-Mei Wang,

Respondents

Order No. S-20-2995-22-CO02

CONSENT ORDER AS TO SHU-MEI WANG

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**INTRODUCTION**

On June 1, 2022, 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, Impose Fines, and Charge Costs (“Statement of Charges”), Order Number SDO-S-20-2995-22-SC01, against Respondents Northlake Capital & Development LLC; 183<sup>rd</sup> Shoreline Apartments, LLC; James W. Thorpe; Seth T. Heck; and Shu-Mei Wang. Pursuant to the Securities Act of Washington, RCW 21.20, the Securities Division and Respondent Shu-Mei Wang hereby enter into this Consent Order in settlement of the matters alleged in the Statement of Charges. Respondent Shu-Mei Wang neither admits nor denies the Findings of Fact and Conclusions of Law as set forth below.

**FINDINGS OF FACT**

**Respondents**

1 1. Northlake Capital & Development LLC (“Northlake”) is a Washington limited liability  
2 company that was formed on February 4, 2015. Northlake’s principal place of business is in Seattle,  
3 Washington. Northlake holds itself out as a real estate development company.

4 2. 183<sup>rd</sup> Shoreline Apartments, LLC (“183<sup>rd</sup> Shoreline”) was a Washington limited liability  
5 company that was formed on January 10, 2018 and became delinquent for failure to file an annual report  
6 with the Secretary of State on January 31, 2022 after the company was placed in receivership. 183<sup>rd</sup>  
7 Shoreline was formed to acquire 7 contiguous parcels of real estate to construct a single apartment complex  
8 in Shoreline, Washington. The 7 parcels of land had a total acquisition price of \$6.3 million. The plans  
9 and permit for the apartment building project was for the construction of more than 200,000 square feet of  
10 building improvements with approximately 210 units. The project was never built and 183<sup>rd</sup> Shoreline was  
11 placed in receivership by a lender holding a first priority deed of trust against several of the parcels. From  
12 January 2018 until December 2020, Northlake was the managing member of 183<sup>rd</sup> Shoreline.

13 3. James W. Thorpe (“Thorpe”) resides in Seattle, Washington. Thorpe is the President and  
14 managing member of Northlake.

15 4. Seth T. Heck (“Heck”) resides in Edmonds, Washington. Heck was the Vice President of  
16 Northlake.

17 5. Shu-Mei (“May”) Wang (“Wang”) resides in Bellevue, Washington. Wang loaned Northlake  
18 approximately \$3 million for a variety of projects and she introduced other investors to Northlake. Between  
19 2005 and 2016, Wang was licensed as a Washington real estate agent. Wang’s real estate business gave  
20 her connections to some of the persons that she communicated with to raise capital for Northlake projects.

### 21 Overview

22 6. From 2018 to present, Northlake, Thorpe, Heck, and Wang offered and sold more than \$15  
23 million of investments in real property development projects that were managed by Northlake to at least 28

1 investors. The investments were evidenced by promissory notes that were issued by Northlake and Thorpe.  
2 The notes had terms of one or two years and annual interest rates of 12% and a 10 point loan fee. Northlake  
3 has an Internet website with online videos that promotes its real estate projects. Wang also introduced a  
4 number of investors, known as the “May Lending Group,” to Northlake.

### 5 **Offer and Sale of Renewal Promissory Notes**

6 7. On July 4, 2020, Thorpe sent an email requesting 28 May Lending Group noteholders to renew  
7 more than \$15 million of Northlake real estate promissory notes that were issued or guaranteed by Thorpe.  
8 Thorpe requested extensions and modifications of the existing promissory notes without disclosing the risks  
9 of the renewal investments. Thorpe explained that the Covid-19 crisis was the source of Northlake’s  
10 financial problems. Thorpe did not disclose that during the 2008 recession he had a number of other failed  
11 real estate projects. The original promissory notes had annual interest rates of 12% and a 10 percent loan  
12 fee. Many of the promissory notes were extended for another five years with 5% annual interest.

### 13 **Shoreline Apartments Investment**

14 8. One of Northlake’s real estate projects was an apartment construction project in Shoreline,  
15 Washington. During 2018, the Respondents offered and sold at least \$1.1 million worth of promissory  
16 notes relating to the Shoreline Apartments project to at least five investors, including at least one  
17 Washington resident. The investments were evidenced by promissory notes that were issued by Northlake;  
18 183<sup>rd</sup> Apartments; and Thorpe. The promissory notes had a term of 1 year with annual interest rates of 12%  
19 and a 10 percent loan fee. The promissory notes were not repaid when they came due.

20 9. When offering and selling the Shoreline Apartments investments, the Respondents failed to  
21 disclose material risks of the investments. They failed to disclose that Northlake was commingling funds  
22 for all of its projects. They did not disclose that Northlake did not escrow the investors’ funds to insure that  
23 the investors would have a recorded real property security interest to secure their investments. The

1 Respondents failed to provide title reports that would disclose the current ownership and any liens that were  
2 filed against the real property that was supposed to secure the investments. The Respondents did not provide  
3 any written financial statements for Northlake and they did not disclose Northlake's current financial  
4 condition and operating history. They failed to disclose sales commissions that were being paid to Wang  
5 for introducing investors to Northlake and Thorpe.

6 10. Wang introduced at least two mainland Chinese investors to the Shoreline Apartments  
7 investment. Wang represented to the investors that their investments would be secured by a deed of trust  
8 on real property in Shoreline, Washington. When the investors came to the United States, Wang drove with  
9 them to the Shoreline property and showed them around. Wang told the investors that they could always  
10 foreclose on the property in the event of default. None of the Respondents disclosed to these investors  
11 before they invested that Wang was receiving a 10% sales commission on their investments.

12 11. The Respondents met with the two mainland Chinese investors to discuss raising capital for  
13 the Shoreline Apartments project. During the meeting, Thorpe and Heck claimed that Northlake was a  
14 successful real estate development company that owned more than 20 real properties with a total purchase  
15 price of more than \$26 million. In a follow-up email, Heck and Wang represented that Northlake's  
16 properties would have a "finished value" of more than \$96 million. The Respondents never disclosed the  
17 current value of the properties or the value of any encumbrances against the properties. The Respondents  
18 did not provide any financial statements for Northlake or for 183<sup>rd</sup> Shoreline Apartments, LLC. The  
19 Respondents did not disclose the companies' liabilities, their financial condition, or their operating history.  
20 The Respondents never provided any financial statements or credit information or credit history for Thorpe.

21 12. The Respondents also failed to disclose to the mainland Chinese investors that at the time of  
22 their investments, the issuers of the promissory notes did not own the real property that was supposed to  
23 secure their investments. 183<sup>rd</sup> Shoreline Apartments, LLC did not own all seven parcels of land until

1 months after the investments were made. When the deeds of trust were recorded, the property was subject  
2 to prior liens that later exceeded the market value of the property, leaving many investors with no real  
3 property equity to secure their investments.

4 13. Between September 2018 and July 2019, the seven parcels for the Shoreline Apartments  
5 project were purchased by 183<sup>rd</sup> Shoreline Apartments, LLC. Some of the properties were encumbered by  
6 senior liens that were held by the land sellers and by a commercial lender. In August of 2019, the seven  
7 parcels were combined into a single parcel. In August 2021, the project was sold through a receivership.

### 8 **Other Undisclosed Information**

#### 9 *Thorpe's Prior Personal Bankruptcy and Failed Real Estate Projects*

10 14. When offering and selling real estate promissory note investments issued by Northlake, the  
11 Respondents each failed to disclose to investors that Thorpe had previously filed for bankruptcy and that  
12 he had several prior unsuccessful real estate development projects. On January 11, 2011, Thorpe filed for  
13 Chapter 7 bankruptcy in the Western District of Washington. The bankruptcy filing listed at least 8 failed  
14 real estate projects with at least 14 investors who had invested more than \$8 million that was guaranteed  
15 by Thorpe.

#### 16 *Wang's Suspension as a Mortgage Broker or Consumer Loan Company Affiliate*

17 15. When offering and selling real estate promissory note investments issued by Northlake, the  
18 Respondents each failed to disclose that Shu-Mei Wang's license as a mortgage broker or consumer loan  
19 company representative had been suspended for ten years pursuant to an April 11, 2016 Consent Decree  
20 with the Consumer Services Division of the Washington State Department of Financial Institutions.

### 21 **Registration Status**

22 16. Northlake and 183<sup>rd</sup> Shoreline are not currently registered and have never been registered to  
23 sell their securities in the state of Washington.

1 17. Thorpe and Wang are not currently registered and have never been registered as a securities  
2 salesperson or broker-dealer in the state of Washington.

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

4 **CONCLUSIONS OF LAW**

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

7 2. Northlake; 183<sup>rd</sup> Shoreline; Thorpe; Heck; and Wang each violated RCW 21.20.140, the  
8 securities registration section of the Securities Act of Washington, by offering and/or selling securities for  
9 which no registration is on file with the Securities Administrator.

10 3. Thorpe and Wang each violated RCW 21.20.040, the licensee registration section of the  
11 Securities Act of Washington, by offering and/or selling said securities while not being registered as a  
12 securities salesperson or broker-dealer in the state of Washington.

13 4. Northlake; 183<sup>rd</sup> Shoreline; Thorpe; Heck; and Wang each violated RCW 21.20.010, the anti-  
14 fraud section of the Securities Act of Washington, by making untrue statements of material fact or omitting  
15 to state material facts necessary to make the statements made, in light of the circumstances in which they  
16 were made, not misleading.

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

18 **CONSENT ORDER**

19 IT IS AGREED AND ORDERED that Respondent Shu-Mei Wang, and her agents and employees,  
20 shall each cease and desist from offering and/or selling securities in any manner in violation of RCW  
21 21.20.140, the securities registration section of the Securities Act of Washington.

1 IT IS AGREED AND ORDERED that Respondent Shu-Mei Wang, and her agents and employees,  
2 shall each cease and desist from offering and/or selling securities in any manner in violation of RCW  
3 21.20.040, the registration section of the Securities Act of Washington.

4 IT IS AGREED AND ORDERED that Respondent Shu-Mei Wang, and her agents and employees,  
5 shall each cease and desist from violating RCW 21.20.010, the anti-fraud section of the Securities Act of  
6 Washington.

7 IT IS AGREED AND ORDERED that Respondent Shu-Mei Wang shall be liable for and pay a fine  
8 in the amount of \$10,000.

9 IT IS AGREED AND ORDERED that this Consent Order does not constitute an admission by  
10 Respondent Shu-Mei Wang regarding the existence or non-existence of any issue, fact, or violation of any  
11 law alleged by the Securities Division.

12 IT IS AGREED that Respondent Shu-Mei Wang entered into this Consent Order freely and  
13 voluntarily and with a full understanding of its terms and significance.

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

15 IT IS AGREED that in consideration of the foregoing, Respondent Shu-Mei Wang waives her right  
16 to a hearing and to judicial review of this matter pursuant to Chapter 34.05 RCW.

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

18  
19 Signed this  2nd  day of  November , 2022

20  
21 Signed by:

22  /s/

23 Shu-Mei Wang, Individually

