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:

Order No. S-22-3409-23-SC01

Lajiness, Inc.;

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

STATEMENT OF CHARGES AND NOTICE OF INTENT TO ENTER ORDER TO CEASE AND DESIST, TO IMPOSE A FINE, AND TO CHARGE

Philip Allen LaJiness;

COSTS

Respondents

THE STATE OF WASHINGTON TO:

Lajiness, Inc.
Philip Allen LaJiness

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the state of Washington has reason to believe that Respondents Philip Allen LaJiness and Lajiness, Inc. have each violated the Securities Act of Washington. The Securities Administrator believes these violations justify the entry of an order against Respondents Philip Allen LaJiness and Lajiness, Inc. to cease and desist from such violations, to impose a fine, and to charge costs pursuant to RCW 21.20.390 and RCW 21.20.395. The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

Respondents

- 1. Lajiness, Inc. is a Washington corporation formed on May 9, 2016 with its principal place of business in Spokane, Washington. From at least March 2020 to October 2021, Lajiness, Inc. offered and sold investments in litigation settlement contracts to at least three Washington residents.
- 2. Philip Allen LaJiness ("LaJiness") resides in Deer Park, Washington. LaJiness was the Chief Financial Officer of Lajiness, Inc.

STATEMENT OF CHARGES

Nature of the Conduct

- 3. From at least March 2020 until October 2021, LaJiness and Lajiness, Inc. offered and sold a total of at least \$550,000 for at least ten investments in litigation settlement contracts by at least three Washington investors. These investors had been friends with Lajiness. LaJiness and Lajiness, Inc. promised returns on the investments of approximately 30% annually, with returns paid quarterly. Lajiness, Inc. made payments totaling more than \$286,000 to the investors.
- 4. After depositing the investors' funds into the Lajiness, Inc. bank account, where they were commingled with other Lajiness, Inc. business funds, Lajiness, Inc. forwarded the investors' funds to a lawyer's trust account in Nevada. The lawyer, Matthew Wade Beasley, was allegedly operating a Ponzi scheme. According to a complaint that was filed by the U.S. Securities & Exchange Commission in the U.S. District Court of Nevada on April 12, 2022, from at least 2017 until March 2022, more than 600 investors invested a total of at least \$449 million in a Ponzi scheme that was operated by Nevada attorney Matthew Wade Beasley, Jeffrey Jason Judd, and others. The investors' funds were used to operate a Ponzi scheme and to purchase luxury goods for Beasley, Judd, and their relatives. On March 3, 2022, FBI agents conducted a search warrant at Beasley's home. Beasley barricaded himself in the house and proceeded to confess to an FBI negotiator that Beasley's investment scheme was actually a Ponzi scheme that had started during 2016 or 2017.

Misrepresentations or Omissions

5. When offering and selling the litigation settlement contract investments, LaJiness and Lajiness, Inc. each failed to provide detailed information about the investments. LaJiness and Lajiness, Inc. failed to give the investors a private placement memorandum or other written offering materials describing individual investments.

	l
	2
	3
	4
	5
	6
	7
	8
	9
1	0
1	1
1	2
1	3
1	4
1	5
1	6
1	7
1	8
1	9
2	0
2	1
2	2
2	3

6. When offering and selling the investments, LaJiness and Lajiness, Inc. each failed to disclose material risks of the investments, including information about the source of repayment for the investments, the intended use of proceeds, the financial condition of Lajiness, Inc., the financial condition of any other possible obligors, and the failure to perfect a security interest in any underlying settlement contract.

Registration Status

- 7. Lajiness, Inc. is not currently registered to sell its securities in the state of Washington and has not previously been so registered.
- 8. Philip Allen LaJiness 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 constitutes the offer and/or sale of a security as defined in RCW 21.20.005(14) and (17).
- 2. Philip Allen LaJiness and Lajiness, Inc. each violated RCW 21.20.140, the securities registration section of the Securities Act of Washington, by offering and/or selling securities for which no registration is on file with the Securities Administrator.
- 3. Philip Allen LaJiness violated RCW 21.20.040, the licensee registration section of the Securities Act of Washington, by offering and/or selling said securities while not being registered as a securities salesperson or broker-dealer in the state of Washington.
- 4. Philip Allen LaJiness and Lajiness, Inc. each violated RCW 21.20.010, the anti-fraud section of the Securities Act of Washington, by making untrue statements of material fact or omitting to state material 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 RESPONDENT TO CEASE AND DESIST

Pursuant to RCW 21.20.390(1), and based upon the Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order Philip Allen LaJiness, Lajiness, Inc., and their agents and employees, to each permanently cease and desist from violating RCW 21.20.010 and RCW 21.20.140, and Philip Allen Lajiness, and his agents and employees, to each permanently cease and desist from violating 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 Philip Allen LaJiness shall be liable for and shall pay a fine of \$15,000.

NOTICE OF INTENT TO CHARGE COSTS

Pursuant to RCW 21.20.390, and based upon the Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that Philip Allen LaJiness shall be liable for and shall pay the costs, fees, and other expenses incurred in the administrative investigation and hearing of this matter, in an amount not less than \$5,000.

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. Philip Allen LaJiness and Lajiness, Inc. may each make a written request for a hearing as set forth in the Notice of Opportunity for Hearing accompanying this 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.

STATEMENT OF CHARGES

1		
2	SIGNED and ENTERED this <u>10th</u>	day of <u>April</u> , 2023
3		
4		
5		
6	镇 為 《 屬	
7	The state of the s	
8	200000	/s/
9		William M. Beatty Securities Administrator
10	Approved by:	Presented by:
11	/s/	/s/
12	Brian J. Guerard	Janet So
13	Chief of Enforcement	Financial Legal Examiner
14	Reviewed by:	
15	/s/	
16	Huong Lam	
17	Financial Legal Examiner Supervisor	
18		
19		
20		
21		
22		
23		

STATEMENT OF CHARGES