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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:

STARCASH, INC., JEANNE LECLERCQ,
FREDERICK JAY SHAPIRO, KIP
MARSIQUE, and STEVEN C. SEARSON,

Respondents.

SDO - 007 - 02

SUMMARY ORDER TO CEASE AND DESIST,
REVOKING EXEMPTIONS, AND NOTICE OF
INTENT TO IMPOSE FINES AND ORDER
AFFIRMATIVE RELIEF

Case No. 02 - 01 - 005

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THE STATE OF WASHINGTON TO:

Starcash, Inc.
Jeanne Leclercq
Frederick Jay Shapiro
Kip Marsique
Steven C. Searson

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STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents, Starcash, Inc., Jeanne Leclercq, Frederick Jay Shapiro, Kip Marsique, and Steven C. Searson, have each violated the Securities Act of Washington and that their violations justify the entry of an order against each by the Securities Administrator under RCW 21.20.390 to cease and desist from such violations, and under RCW 21.20.325 withdrawing the availability of certain exemptions. The Securities Administrator finds that delay in ordering Respondents to cease and desist from such violations would be hazardous to investors and to the public, and that a Summary Order to Cease and Desist should be entered immediately. The Securities Administrator finds as follows:

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SUMMARY ORDER TO CEASE AND DESIST,
REVOKING EXEMPTIONS, AND NOTICE OF
INTENT TO IMPOSE FINES AND ORDER
AFFIRMATIVE RELIEF

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DEPARTMENT OF FINANCIAL INSTITUTIONS
Securities Division
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TENTATIVE FINDINGS OF FACT

I. RESPONDENTS

1. Starcash, Inc. ("Starcash") is an active for-profit Florida corporation authorized to do business September 19, 2001. Starcash is engaged in business as a check cashing business offering payday advance loans to borrowers. Starcash's primary place of business is located at 6555 NW 9th Avenue, Suite 204, Fort Lauderdale, Florida. Starcash is not registered as a foreign corporation authorized to do business in Washington State.
2. Jeanne Leclercq ("Leclercq") is the President and Chief Executive Officer of Starcash. Leclercq is believed to reside on Marcos Island, Florida.
3. Frederick Jay Shapiro ("Shapiro") is the Chief Financial Officer of Starcash. Shapiro is believed to reside in Coconut Creek, Florida.
4. Kip Marsique ("Marsique") is the Vice President of Sales and Marketing for Starcash. Marsique is believed to reside in Pompano Beach, Florida.
5. Steven C. Searson ("Searson") is the Chief Operations Officer for Starcash. Searson's residence is unknown.

II. NATURE OF THE VIOLATIONS

6. Beginning on or about November 1, 2001, Respondent Starcash sent, or caused to be sent, unsolicited e-mail messages to Washington residents seeking investors for Respondent's payday loan business. The message stated that investors could make 45% annual returns by investing in what Respondent identified as fully secured commercial accounts receivable. Recipients of the e-mail messages were instructed to complete and return via e-mail an attached electronic form providing their name, physical address, telephone number, and e-mail address.

1 7. On or about November 23, 2001, a Washington resident (the "resident") completed and returned the
2 electronic form. On or about November 26, 2001, a salesperson for an independent sales office employed by
3 Starcash called the resident in response and left a message on the resident's voice mail. The salesperson
4 stated that Starcash had information about their offering posted on their Internet web site, and directed the
5 resident to www.starcashonline.com. The salesperson stated that web site was password protected and that
6 the resident would have to enter the username "investor" and the password "starcash" to access the site.

7 8. The resident had no prior relationship with Respondents or the salesperson. The salesperson did not
8 request information about the resident's investment experience, business experience, or financial situation.

9 9. On or about November 30, 2001, the salesperson called the resident again. He stated that Starcash was
10 offering investments in accounts receivable. He further stated that investor money was being used to make
11 short-term loans to Starcash's payday loan customers, that the loans were guaranteed by a check written by
12 the customer for the face value of the loan plus an interest charge of up to 300%, and that Starcash could
13 afford to pay investors up to 45% annualized returns because they charged such a high interest rate.

14 10. The resident asked about the risks associated with the investment. The salesperson stated that there was
15 no risk of loss, that the investment was guaranteed. He stated that less than 2% of customer checks bounced
16 because Starcash used TeleCheck™ and Tele-Track™ to verify customer accounts before making a loan.

17 11. The resident asked about the term of the investment. The salesperson stated that the investment contract
18 was for a term of one year, paying 3% per month for an annual return of 36%. Investors would receive their
19 first check two months after investing, and receive quarterly payments thereafter. At the end of the term,
20 investors could withdraw the investment or roll over for another year at the guaranteed 36% annual rate.

21 12. On or about November 30, 2001, the resident downloaded the information available from the Starcash
22 website. The site, which was password protected, contained eight pages of information describing
23 Respondents' offering, the Respondents, and their business plan.
24

1 13. On or about November 30, 2001, the salesperson shipped the resident a package of Starcash offering
2 documents by Federal Express. The offering documents consisted of an undated one-page letter from
3 Leclercq, 10 pages of information similar to that found on the Starcash website, and a five-page "Accounts
4 Receivable Purchase Agreement."

5 14. Leclercq's letter states that Starcash is seeking "additional advancing capital"; that Starcash is offering a
6 3% "fee" on the minimum \$10,000 investment; that the investments will be used solely for advancing capital;
7 that investors are purchasing accounts receivable checks; and that "As part of our companies [sic] offering,
8 we are pleased to tell you that we expect exponential growth in the months and years ahead."

9 15. The "Accounts Receivable Purchase Agreement" provides, in part, that Respondents will generate
10 accounts receivable for investors through its provision of payday loans to customers and that Starcash will
11 repurchase account receivable checks from investors in the event of a dispute with the customer. In addition,
12 the agreement provides that Respondents will act as "attorney-in-fact" on behalf of investors to collect all
13 moneys due investors, and to prosecute or defend any legal proceeding concerning the accounts receivable
14 financed by investors.
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16 16. The resident had no experience in or knowledge of the accounts receivable factoring business or account
17 collection, and was completely dependent upon Respondents' efforts in generating accounts, qualifying
18 customer accounts, repurchasing disputed checks, and acting to collect amounts owed.

19 17. Respondents' offering failed to include audited financial statements. The financial information
20 Respondents provided on gross sales and projections of gross sales did not contain information sufficient to
21 allow investors to reach reasonable conclusions regarding the offering. Risk factors associated with the
22 investment were not disclosed, in particular the risk associated with the lack of operating history and
23 profitability. The "Management" section of the offering materials failed to include sufficient information
24 about the employment history of the officers.
25

1 18. The accounts receivable purchase agreements offered by Respondents are not currently registered in
2 Washington, and have not previously been so registered.

3 19. Respondents are not currently registered to offer or sell securities in Washington and have not previously
4 been so registered.

5 20. The Securities Administrator finds that the continued offering of accounts receivable purchase
6 agreements in the manner described above, and the continued availability of exemptions to Respondents,
7 presents a threat to the investing public.

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

10 **CONCLUSIONS OF LAW**

- 11 1. The offer and/or sale of accounts receivable purchase agreements by Respondents constitutes the offer
12 and/or sale of securities as defined in RCW 21.20.005(10) and (12).
13
14 2. Respondents have each violated RCW 21.20.140 by offering and/or selling said securities while no
15 registration for such offer and/or sale was or is on file with the Securities Division of the State of Washington.
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17 3. Respondents have each violated RCW 21.20.040 by offering and/or selling said securities while not
18 registered as securities salespersons or as broker/dealers with the Securities Division of the State of
19 Washington.
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21 4. Respondents have each violated RCW 21.20.010 in connection with the offer and/or sale of said securities
22 because the representations made regarding the guaranteed return, security of the investment, and projections
23 of future sales growth, were made with no reasonable basis in fact. Respondents also omitted material facts
24 in their offerings that made the statements made in those offerings misleading.

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EMERGENCY

Based upon the foregoing, the Securities Administrator finds that an emergency exists, that Respondents' continued violations of RCW 21.20.140, RCW 21.20.040, and RCW 21.20.010, and the continued availability of exemptions under RCW 21.20.320, constitutes a threat to the investing public. The Securities Administrator finds that a Summary Order to Cease and Desist from those violations, and the summary withdrawal of the availability of exemptions available under RCW 21.20.320, is in the public interest and necessary for the protection of the investing public.

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SUMMARY ORDER

Based on the foregoing, NOW, THEREFORE, IT IS HEREBY SUMMARILY ORDERED that Respondents, Starcash, Inc., Jeanne Leclercq, Frederick Jay Shapiro, Kip Marsique, and Steven C. Searson, their officers, directors, employees, partners, agents, affiliates, subsidiaries, predecessors, and successors, shall each cease and desist from offering and/or selling securities in any manner in violation of RCW 21.20.140, the securities registration section of the Securities Act of Washington.

It is further SUMMARILY ORDERED that Respondents, their officers, directors, employees, partners, agents, affiliates, subsidiaries, predecessors, and successors, shall each cease and desist from violation of RCW 21.20.040, the broker-dealer and salesperson registration section of the Securities Act of Washington.

It is further SUMMARILY ORDERED that Respondents, their officers, directors, employees, partners, agents, affiliates, subsidiaries, predecessors, and successors, shall each cease and desist from violation of RCW 21.20.010, the anti-fraud section of the Securities Act of Washington.

1 It is further SUMMARILY ORDERED that based upon the foregoing, the exemptions available to
2 Respondents under RCW 21.20.320(1), (9), (11), and (17) are hereby withdrawn.

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4 **NOTICE OF INTENT TO IMPOSE FINES**

5 Based upon the offer of unregistered securities to one Washington resident, by unregistered broker-
6 dealers and/or salespersons, the misrepresentations and omissions contained in that offer, and upon the above
7 Tentative Findings of Fact and Conclusions of Law, the Securities Administrator finds that one or more
8 knowing or reckless violations of the Securities Act have occurred such that the imposition of fines is
9 warranted pursuant to RCW 21.20.395. Therefore, the Securities Administrator intends to order that
10 Respondents Starcash, Inc., Jeanne Leclercq, Frederick Jay Shapiro, Kip Marsique, and Steven C. Searson
11 shall each be liable for and pay a fine in the amount of \$5,000.

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14 **NOTICE OF INTENT TO ORDER AFFIRMATIVE RELIEF**

15 Pursuant to RCW 21.20.390, and based upon the above Tentative Findings of Fact and Conclusions of Law,
16 the Securities Administrator intends to order that Respondents shall be jointly and severally liable for and
17 shall provide appropriate affirmative relief, including, without limitation, a requirement to provide full
18 restitution to all Washington investors.

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20 **AUTHORITY AND PROCEDURE**

21 This Order is entered pursuant to the provisions of RCW 21.20.390, RCW 21.20.395, and RCW
22 21.20.325, and is subject to the provisions of Chapter 34.05 RCW. Respondents may each make a written
23 request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND
24 OPPORTUNITY FOR HEARING accompanying this order. If any Respondent does not request a

1 hearing, as to that Respondent, the Securities Administrator intends to adopt the above Tentative Findings
2 of Fact, Conclusions of Law, and Summary Order as final, impose the fines and affirmative relief sought,
3 and permanently revoke the exemptions available under RCW 21.20.320(1), (9), (11), and (17).
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5 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**
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7 ENTERED this 24th day of January 2002.
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10 _____
11 Deborah R. Bortner
12 Securities Administrator

13 Approved by:

14 Presented by:

15 _____
16 Michael E. Stevenson
17 Chief of Enforcement

18 _____
19 Anthony W. Carter
20 Staff Attorney