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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:

SDO - 106 - 01

THIRD EYE SYSTEMS, LLC; SALIHA MILLER;
BURKE HOVDE; their employees and agents,

CONSENT ORDER AND ORDER VACATING
SDO-70-00

Respondents.

Case No. 99-11-0349

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THE STATE OF WASHINGTON TO:

Third Eye Systems, LLC
Saliha Miller
Burke Hovde

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INTRODUCTION

On June 30, 2000, the Securities Division, Department of Financial Institutions, State of Washington (the "Securities Division"), issued Summary Order to Cease and Desist SDO-70-00, including certain tentative Findings of Fact and Conclusions of Law set forth therein and repeated below. The Securities Division, Department of Financial Institutions, State of Washington, and Respondents Third Eye Systems, LLC, Saliha Miller, and Burke Hovde do hereby agree to this Consent Order and Order Vacating SDO-70-00 in settlement of the matters alleged herein. Respondents neither admit nor deny the following Tentative Findings of Fact or Conclusions of Law as set forth below.

1 **TENTATIVE FINDINGS OF FACT**

2 **I. Respondents**

3 1.1 **THIRD EYE SYSTEMS, LLC** (“Third Eye”) is a Washington limited liability company with a principal
4 place of business at 401 Harris Ave. #310, Bellingham, Washington. Third Eye purports to have been formed for the
5 purpose of researching and developing software products related to the surveillance industry.

6 1.2 **SALIHA MILLER** (“Miller”) is the founder and co-manager of Third Eye.

7 1.3 **BURKE HOVDE** (“Hovde”) is the founder and co-manager of Third Eye.

8 **II. Nature of offering**

9 2.1 Between October of 1998 and May of 2000, Respondents Third Eye Systems, LLC, Saliha Miller, and
10 Burke Hovde, acting in concert and on behalf of one another, offered and sold Third Eye limited liability units or
11 partial units to at least 46 investors, at least 21 of whom were Washington residents.

12 2.2 Units of Third Eye were sold for \$5,000 per unit.

13 2.3 In the course of the offer of these units, Respondents provided some of these investors with offering literature,
14 including a document purporting to be an offering memorandum. Also included in the offering literature provided to
15 investors was a copy of the limited liability company agreement of Third Eye Systems, LLC, effective as of
16 November 26, 1998.

17 2.4 In the Third Eye limited liability company agreement, Saliha Miller and Burke Hovde are named as the initial
18 Managers of Third Eye. In Article 7 of the agreement, it is stated that the Managers shall manage the business and
19 affairs of the Company. The agreement also gives the managers the express power to sell or convey membership
20 interests or admit any person as a member.

21 2.5 To date, Respondents have obtained at least \$836,000 from at least 46 investors through the sale of Third
22 Eye limited liability company units.

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III. Misrepresentations and Omissions

Respondents failed to provide investors with a disclosure document containing complete material information about the investment described above, including but not limited to: financial statements of Third Eye Systems, LLC; the risk factors associated with the investment; the use of the proceeds from the offering; the business experience of the Managers of Third Eye, and the remuneration to the Managers of Third Eye.

IV. Registration Status

The offer and sale of the investments described in paragraph II are not currently registered in the State of Washington and have not previously been so registered.

Third Eye Systems, LLC, Saliha Miller, and Burke Hovde are not currently registered as securities salespersons or broker-dealers in the State of Washington and have not previously been so registered.

Based upon the above Tentative Findings of Fact, the Summary Order included the following tentative Conclusions of Law:

CONCLUSIONS OF LAW

I. Securities

The offer and/or sale of interests in Third Eye Systems, LLC as described above constitutes the offer and sale of a security as defined in RCW 21.20.005(10) and (12), to wit: evidence of indebtedness; an investment contract; or risk capital.

II. Anti-Fraud Provision

The offer and/or sale of said securities were made in violation of RCW 21.20.010 because, as set forth in paragraph III of the Tentative Findings of Fact, Respondents either made untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

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III. Registration of Securities

The offer and/or sale of said securities are in violation of RCW 21.20.140 because no registration for such offer and sale is on file with the Securities Administrator of the state of Washington.

IV. Registration of Broker-Dealers and Salespersons

Respondents have violated RCW 21.20.040 by offering and/or selling said securities while not registered as a securities salesperson, broker-dealer, or investment adviser in the state of Washington.

CONSENT ORDER

The Securities Division and Third Eye Systems, LLC, Saliha Miller, and Burke Hovde (hereinafter “Respondents”) have agreed upon a basis for resolution of the matters tentatively found and concluded in the Summary Order and repeated herein. Respondents agree to the entry of this Consent Order pursuant to the Securities Act of Washington. Respondents acknowledge the Securities Division’s jurisdiction over this matter and its authority to enter this order.

Based upon the foregoing, NOW, THEREFORE, IT IS AGREED AND ORDERED that Summary Order SDO-70-00 is hereby vacated.

IT IS FURTHER AGREED AND ORDERED that Respondents and their agents, employees, affiliates, and successors, shall cease and desist from offering and selling securities in any manner in violation of RCW 21.20.010, the anti-fraud provisions of the Securities Act of Washington.

IT IS FURTHER AGREED AND ORDERED that Respondents and their agents, employees, affiliates and successors, shall each cease and desist from offering and 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 AGREED AND ORDERED that Respondents and their agents, employees, affiliates, and successors, shall each cease and desist from acting as an unregistered securities broker-dealers or salespersons in violation of RCW 21.20.040, the broker-dealer and securities salesperson registration section of the Securities Act of Washington.

1 IT IS FURTHER AGREED AND ORDERED that, for a period of five (5) years from the date of entry of
2 this Consent Order, Respondents, and their agents, employees, affiliates, and successors, each shall disclose the
3 existence of this Order in any prospectus or offering circular to be used in conjunction with the offer and sale of
4 any security in the state of Washington.

5 IT IS FURTHER AGREED AND ORDERED that, for a period of five (5) years from the date of entry of
6 this Consent Order the availability of exemptions from registration provided by RCW 21.20.320 as to each
7 Respondent and any entity in which Respondents may act as officer or director are hereby conditioned upon the
8 following:

- 9 (1) Respondents must file an offering circular with the Securities Administrator thirty business days
10 prior to making any offer to sell any security undertaken in reliance upon any of the aforementioned
11 exemptions; and
12 (2) The Securities Administrator must acknowledge receipt of the offering circular, and must not
13 disapprove of the offering.

14 IT IS FURTHER AGREED that, for a period of five (5) years from the date of entry of this Consent Order,
15 Respondents must file an offering circular with the Securities Administrator ten business days prior to making any
16 offer to sell any security undertaken in reliance upon the Securities Act of 1933, Regulation D, Rule 230.506 and
17 WAC-44A-506.

18 IT IS FURTHER AGREED that in the event the Respondents prepare a SCOR application and offering
19 acceptable to the Administrator, and Respondents have complied with the provisions of this Consent Order, the
20 Securities Division shall not disqualify the Respondents from the use of the SCOR registration under the
21 provisions of WAC 460-17A-040.

22 IT IS FURTHER AGREED that Respondents shall reimburse the Securities Division Four Thousand
23 Dollars (\$4000) for its costs incurred in its investigation of this matter. Said payment is to be made no later than
24 six months after entry of this Order. Failure to make said payment shall be grounds to vacate this consent order.

1 IT IS FURTHER AGREED that Respondents shall make a voluntary donation to The Investor Protection
2 Trust in the amount of Five Thousand Dollars (\$5,000). Said payment is to be made no later than six months after
3 entry of this Order. Failure to make said payment shall be grounds to vacate this consent order.

4 IT IS FURTHER AGREED AND ORDERED that Respondents shall, within thirty (30) days of the entry of
5 this Order, send by certified mail or other means a copy of this Order to all past and present Third Eye Systems,
6 LLC investors. Respondents shall provide the Securities Division with proof of mailing or delivery within sixty
7 (60) days of the entry of this Order. Failure to do so shall be grounds to vacate this consent order.

8 IT IS FURTHER AGREED AND ORDERED that Respondents shall, within one hundred twenty (120)
9 days of the entry of this Order, provide the Securities Division with all deposit items from all Third Eye Systems,
10 LLC bank accounts from July of 2000 to the date of the entry of this Order. Failure to do so shall be grounds to
11 vacate this consent order.

12 IT IS FURTHER AGREED that the Securities Division shall maintain the discretion to vacate this consent
13 order for thirty (30) days after receipt of the records described in the preceding paragraph, upon a finding by the
14 Securities Administrator that Respondents have committed violations of the Securities Act such that the
15 reinstatement of Summary Order to Cease and Desist SDO-70-00 is in the public interest and necessary for the
16 protection of the investing public.

17 IT IS FURTHER AGREED that in consideration of the agreements set forth in this Consent Order,
18 Respondents waive their right to a hearing in this matter.

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

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25 CONSENT ORDER

SIGNED this _____ day of _____, 2001.

Approved as to form by:

Robert B. Van Cleve, Esq.
WSBA #19098
Hillis Clark Martin & Peterson, P.S.
Attorney for Third Systems, LLC,
Saliha Miller, and Burke Hovde

Signed by:

THIRD EYE SYSTEMS, LLC

By _____
Saliha Miller, Manager

By _____
Burke Hovde, Manager

SALIHA MILLER, individually

BURKE HOVDE, individually

1 **THIS ORDER ENTERED THIS 10th DAY OF DECEMBER, 2001 BY:**

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6 DEBORAH R. BORTNER
7 Securities Administrator

8 Approved by:

9 Presented by:

10 _____
11 Michael E. Stevenson
12 Chief of Enforcement

13 _____
14 Chad Standifer
15 Staff Attorney