

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:

BLW, LLC; Arthur D. Bird; Paul A. Webber;
Respondents

SDO -83 - 00

STATEMENT OF CHARGES AND NOTICE
OF INTENTION TO ENTER ORDER TO
CEASE AND DESIST

Case No.98-01-0034

THE STATE OF WASHINGTON TO:

BLW, LLC
11225 SE 6th Street, Suite 205
Bellevue, Washington 98004

Arthur D. Bird
11225 SE 6th Street, Suite 205
Bellevue, Washington 98004

Paul A. Webber
4602 45th Ave NE #379
Tacoma, Washington 98422

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents, BLW, LLC; Arthur D. Bird; and Paul A. Webber, have each violated the Securities Act of Washington and that their violations justify the entry of an order of the Securities Administrator under RCW 21.20.390 to cease and desist from such violations. The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

I.

BLW, LLC is a Wyoming limited liability company with its principal place of business at 11225 SE 6th Street, Suite 205, Bellevue, Washington 98004. Its registered agent is Registered Agency Services, Inc., 1912 Capitol Ave., Cheyenne, Wyoming 82003.

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2 II.

3 Paul A. Webber, Arthur D. Bird, and Bird's assistant, Francis Woodcock, were managers of BLW, LLC. All had
4 signature authority over the BLW, LLC business checking account.

5 III.

6 Beginning in 1990 or 1991 and continuing through 1996, Paul Webber solicited investors to purchase investments
7 offered by D.L. Ward & Associates, Inc. of Spokane. As a result of Webber's efforts, about fifty investors, most of them
8 Washington residents, invested over \$3.5 million in D.L. Ward & Associates, Inc. Webber received a commission of 3%
9 on these sales. He received some of the commission in cash and some in additions to his investment account or to the
10 investment accounts of his friends or relatives. The funds invested in D.L. Ward were supposed to be used to factor
11 receivables of other companies. In fact, for most or all of the period for which Webber sold these investments, D.L. Ward
12 & Company was not engaged in any factoring activity but operated as a Ponzi scheme in which funds from new investors
13 were used to pay principal or interest to old investors. The Ponzi scheme collapsed in late 1996. Donald Ward, founder
14 of D.L. Ward & Company, died in September 1993. His widow, Loletta Ward, continued to run the business until it
15 collapsed. She pled guilty to mail fraud in December 1999 in U.S. District Court in Spokane and was ordered in May
16 2000 to pay \$4.7 million in restitution.

17 IV.

18 BLW, LLC was organized by Arthur D. Bird in order to purchase, for \$60,000, a five percent interest in a credit
19 card clearing operation, Financial Card Services, Inc., a Nevada corporation. Webber and Bird sold units in BLW, LLC to
20 fourteen other investors for a total of \$52,500. The remaining \$10,500 came from Bird and Webber's accounts at D.L.
21 Ward & Associates, Inc. Most of the funds came from investment accounts at D.L. Ward & Company. Investors were
22 told that their investments would double or triple in value in a year. They were told that in the worst case they would
23 merely get their investments back. All but one of the investors in BLW, LLC was also an investor in D.L. Ward &
24 Associates, Inc. Webber solicited most of the investments in BLW, LLC although Bird also talked to some of the

1 investors prior to their investments. The investments were sold in late 1995. All but \$3,000 of the funds raised for BLW,
2 LLC were wired to a San Diego attorney to purchase the interest in Financial Card Services, Inc.

3 In late 1996, Bird and Woodcock wrote to the BLW, LLC investors and told them that the amount to be raised
4 had been increased. The letter went on to say that the investors could either invest additional money and go forward with
5 the investment or could request the return of the money they had already invested. At least some of the investors
6 requested the return of their money. Webber told the investors that all investors had to agree before the money would be
7 returned. Later, investors were told that they would get their money back in six to eight weeks. When, by December
8 1997, their money had not been returned as promised, some investors requested a meeting with Webber and Bird. They
9 were told that, under the bylaws of BLW, LLC, all of the investors had to request a meeting in order for one to be held.
10 The investors never received the bylaws or a summary of the bylaws of BLW, LLC at the time of their investments or
11 thereafter. The investors never got their money back.

12 V.

13 Webber, acting for Bentley Nu Star Joint Venture, also arranged for a collective investment of \$100,000 by D.L.
14 Ward & Associates, Inc. and four of its customers in a "roll program" promoted by a California firm. The investment was
15 supposed to produce high returns through leveraged transactions. The returns were to be split between Bentley Nu Star
16 Joint Venture and the investor group. The investor group's portion of the return was to be paid from a Canadian bank
17 account. No returns were ever paid and the investors' moneys were never returned to them.

18 VI.

19 BLW, LLC is not currently registered to sell its securities in the state of Washington and has not previously been
20 so registered.

21 VII.

22 Neither Paul Webber nor Arthur D. Bird is currently registered as a securities salesperson or broker-dealer in the
23 state of Washington and neither has previously been so registered.

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

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1 CONCLUSIONS OF LAW

2 I.

3 The offer and/or sale of BLW, LLC units; of investments in D.L. Ward & Associates, Inc.; and of investments in
4 the "roll program" described above each constitute the offer and/or sale of a security as defined in RCW 21.20.005(10)
5 and (12).

6 II.

7 The offer and/or sale of those securities is in violation of RCW 21.20.140 because no registration or notification
8 of claim of exemption for such offer and/or sale is on file with the Administrator of Securities, state of Washington.

9 III.

10 Arthur D. Bird has violated RCW 21.20.040 by offering or selling BLW, LLC securities while not registered as a
11 securities salesperson or broker-dealer in the state of Washington.

12 IV.

13 Paul A. Webber has violated RCW 21.20.040 by offering or selling BLW, LLC; D.L. Ward & Associates, Inc.;
14 and roll program securities while not registered as a securities salesperson or broker-dealer in the state of Washington.

15 V.

16 The offers and sales of BLW, LLC securities by Webber and Bird were made in violation of RCW 21.20.010
17 because investors were not informed of material facts, including their rights as BLW, LLC unit holders. The omission of
18 these materials facts made the representations made concerning the investment misleading.

19 VI.

20 The offer and sale of the D.L. Ward & Associates, Inc. investments by Webber were made in violation of RCW
21 21.20.010 because investors were led to believe that their moneys would be invested in profit-making factoring
22 transactions when, throughout the period that Webber offered and sold those investments, the investors' money was not
23 used in factoring or other profit-making activities.

24 **NOTICE OF INTENTION TO ORDER THE RESPONDENT TO CEASE AND DESIST**

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2 Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to
3 order that the respondent, its agents, and employees permanently cease and desist from violations of RCW 21.20.010,
4 21.20.040, and RCW 21.20.

5
6 **AUTHORITY AND PROCEDURE**

7 This STATEMENT OF CHARGES AND NOTICE OF INTENTION TO ENTER ORDER TO CEASE AND
8 DESIST is entered pursuant to the provisions of RCW 21.20.390, RCW 21.20.325, and is subject to the provisions of ch.
9 34.05 RCW. The respondents, BLW, LLC; Arthur D. Bird; and Paul A. Webber; may each make a written request for a
10 hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING
11 accompanying this order.

12 DATED this 23rd day of August, 2000.

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16 DEBORAH R. BORTNER
17 Securities Administrator

18 Approved By:

Presented By:

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20 _____
21 Michael E. Stevenson
22 Chief of Enforcement

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24 _____
25 Suzanne E. Sarason
26 Senior Enforcement Attorney

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