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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING) Order No.: S-18-2540-19-SC01
Whether there has been a violation of the)
Securities Act of Washington by:) STATEMENT OF CHARGES AND
Choice E-Credit LLC,) NOTICE OF INTENT TO
Respondent) ENTER ORDER TO CEASE AND DESIST
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THE STATE OF WASHINGTON TO: Choice E-Credit LLC

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STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the state of Washington has reason to believe that Respondent, Choice E-Credit LLC, has violated the Securities Act of Washington. The Securities Administrator believes those violations justify the entry of an order against the Respondent to cease and desist from such violations pursuant to RCW 21.20.390. The Securities Administrator finds as follows:

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TENTATIVE FINDINGS OF FACT

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Respondent

1. Choice E-Credit LLC (“Choice”) is a Washington limited liability company formed on May 30, 2018 with its principal place of business in Seattle, Washington. Choice was an online lending platform that was supposed to match individual investors with individual borrowers. Choice registered an Internet website with the domain name choicecredit.online on May 7, 2018 using a proxy filing service.

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Related Party

2. According to a filing made with the Washington Secretary of State, Michael Sippel (“Sippel”) was the managing member of Choice. However, the agent for service of process for the

1 corporation could not provide a valid address for Sippel and the credit card charge that was used to make the
2 payment for setting up the corporation was later charged back as an unauthorized charge.

3 **Nature of the Conduct**

4 3. During 2018, Choice maintained an Internet website at <http://choicecredit.online>. It appears
5 that the website was active for approximately five months, between May 2018 and October 2018. The
6 website was taken down on or about October 8, 2018.

7 4. The Choice website purportedly served as an online lending platform for matching investors
8 with borrowers. Choice falsely stated that investors would select the borrowers to whom they would loan
9 money. In fact, some Choice investors never had contact with any borrowers, even though their online
10 account was credited with investment returns, supposedly from loans that were being generated with their
11 investments.

12 5. The Choice investment was promoted in the United States and in foreign countries through
13 social media. Several videos were made and posted to the Internet to promote the investment. These videos
14 were available in English, Spanish, Russian, French, and Vietnamese. So far, the Securities Division has
15 received information concerning Choice investments made by United States citizens, along with residents of
16 Spain, Venezuela, Guatemala, Mexico, Russia, and Canada.

17 6. Choice preyed upon small investors by taking minimum investments of just \$50 (U.S.
18 Dollars). The investments were supposed to generate returns of 2% to 3% per day. The combination of
19 large returns with a low minimum investment created a lot of excitement about the investment. Some
20 investors believed that they would be able to withdraw their investment income immediately and leave their
21 principal amount invested.
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1 7. When investing, Choice requested that the investors provide identifying information about
2 themselves. For example, investors gave Choice copies of the investors' passports, drivers' licenses, utility
3 bills, and credit card information when making their investments.

4 8. Choice accepted investments through several mediums of exchange. Choice accepted
5 investments that were made with Bitcoin and Ethereum. Choice also accepted wire transfers of
6 government-issued currency. For foreign currency exchange investments, funds were converted into U.S.
7 dollars at the current exchange rate on the date of the transfer.

8 **Standard Form "Investment Contract"**

9 9. After investing, investors received a standard form "Investment Contract" for their Choice
10 investments, which appeared to give the investments legitimacy. The multiple-page contracts referenced a
11 UBI Number that was "issued by the Chairman of the Congress of the State of Washington." In fact,
12 Uniform Business Identifier (UBI) numbers are issued by the Washington State Department of Revenue,
13 and there is no Chairman of the Congress of the State of Washington. The Investment Contracts were
14 stamped with the Choice UBI number and were signed by "Michael Sippel," CEO.

15 10. The Investment Contract indicated that the investor would receive a projected profit for their
16 investment and indicated that Choice would share in that profit. The dollar amount of the profit was
17 calculated based upon a daily return and the number of days that the contract would remain outstanding.
18 The Investment Contract also indicated that Choice would receive income of about 25% from the investor's
19 profit.
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21 **Undisclosed Risks**

22 11. When offering and selling the investment, Choice failed to disclose material risks of the
23 investment. Choice failed to disclose the intended use of the investors' funds. Choice failed to disclose the
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1 background and experience of Choice management. Choice failed to identify specific borrowers and to
2 disclose their creditworthiness. Choice also failed to disclose the risk of loss of the entire amount invested.

3 **Registration Status**

4 12. Choice is not currently registered to sell its securities in the state of Washington and has not
5 previously been so registered.

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

7 **CONCLUSIONS OF LAW**

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

10 2. Choice has violated RCW 21.20.140, because, as set forth in the Tentative Findings of Fact,
11 the Respondent offered and/or sold securities for which no registration is on file with the Securities
12 Administrator.

13 3. Choice has violated RCW 21.20.010, because, as set forth in the Tentative Findings of Fact,
14 the Respondent made untrue statements of material fact or omitted to state material facts necessary to make
15 the statements made, in light of the circumstances in which they were made, not misleading.
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17 **NOTICE OF INTENT TO ORDER THE RESPONDENT TO CEASE AND DESIST**

18 Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities
19 Administrator intends to order, pursuant to RCW 21.20.390(1), that Respondent Choice E-Credit LLC, their
20 agents and employees each shall cease and desist from violations of RCW 21.20.010 and RCW 21.20.140.

21 **AUTHORITY AND PROCEDURE**

22 This Statement of Charges is entered pursuant to the provisions of Chapter 21.20 RCW and is
23 subject to the provisions of Chapter 34.05 RCW. The Respondent, Choice E-Credit LLC, may make a
24 written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND
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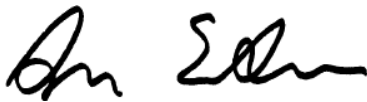
1 OPPORTUNITY FOR HEARING accompanying this Order. If the Respondent does not make a hearing
2 request in the time allowed, the Securities Administrator intends to adopt the above Tentative Findings of
3 Fact and Conclusions of Law as final and to enter a permanent order to cease and desist as to that
4 Respondent.

5 Signed and Entered this 7th day of February, 2019

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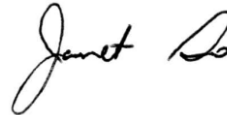
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10 _____
11 William M. Beatty
12 Securities Administrator

13 Approved by:

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15 _____
16 Suzanne Sarason
17 Chief of Enforcement

18 Presented by:

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21 Janet So
22 Financial Legal Examiner

23 Reviewed by:

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26 Robert Kondrat
27 Financial Legal Examiner Supervisor