

**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:

Obvious Clothing LLC,
Obvious Clothing Inc.,
Todd Kimball,

Respondents.

Order No. S-22-3468-25-FO01

ENTRY OF FINDINGS OF FACT AND
CONCLUSIONS OF LAW AND FINAL ORDER TO
CEASE AND DESIST, TO IMPOSE A FINE, AND TO
CHARGE COSTS

THE STATE OF WASHINGTON TO:

**Obvious Clothing LLC
Obvious Clothing Inc.
Todd Kimball**

On February 27, 2025, The Securities Administrator of the state of Washington issued a Statement of Charges and Notice of Intent to Enter an Order to Cease and Desist, to Impose Fines, and to Charge Costs, Order No. S-22-3468-25-SC01 ("Statement of Charges"). The Statement of Charges, together with a Notice of Opportunity for Hearing ("Notice") and an Application for Adjudicative Hearing ("Application"), were served on Respondents Obvious Clothing LLC, Obvious Clothing Inc., and Todd Kimball on February 27, 2025.

The Notice advised Respondents Obvious Clothing LLC, Obvious Clothing Inc., and Todd Kimball that the Application must be received within twenty days from the date of service. Respondents Obvious Clothing LLC, Obvious Clothing Inc., and Todd Kimball failed to request an administrative hearing on the Statement of Charges within twenty days of service.

The Securities Administrator therefore adopts as final the following Findings of Fact and Conclusions of Law as set forth in the Statement of Charges and enters a Final Order against Respondents Obvious Clothing LLC, Obvious Clothing Inc., and Todd Kimball to cease and desist from violations of the Securities Act, and to impose the fines and costs sought in the statement of Charges.

FINAL ORDER

DEPARTMENT OF FINANCIAL INSTITUTIONS
Securities Division
PO Box 41200
Olympia, WA 98504-1200
360-902-8760

1 **FINDINGS OF FACT**

2 **Respondents**

3 1. Obvious Clothing LLC was a Delaware limited liability company formed on October 30, 2008,
4 with a principal place of business in Seattle, Washington. Its business registration was cancelled on June 1,
5 2017 for failure to pay taxes. Obvious Clothing LLC was a successor entity to OGear Clothing Company LLC
6 (“OGear”) that was in the clothing business, originally as a t-shirt brand, then a women’s boutique clothing
7 brand, and finally as a third-party producer for other brands.

8 2. Obvious Clothing Inc. was a Washington profit corporation formed on April 9, 2018, with a
9 principal place of business in Seattle, Washington. Its business registration expired on April 30, 2022.
10 Obvious Clothing Inc. was a successor entity to Obvious Clothing LLC.

11 3. Todd Kimball (“Kimball”) is a resident of Edmonds, Washington. Kimball was formerly the
12 founder and operator of Obvious Clothing from 2005 to 2022.

13 **Related Party**

14 4. OGear Clothing Company LLC (“OGear”) was a Washington limited liability company
15 formed on June 17, 2005, with its principal place of business in Seattle, Washington. Its business registration
16 went inactive on November 7, 2008 and expired on June 30, 2009. OGear was founded by Todd Kimball and
17 his brother.

18 **Nature of the Conduct**

19 **Overview**

20 5. OGear Clothing Company LLC, Obvious Clothing LLC, and Obvious Clothing Inc.
21 (collectively “Obvious Clothing”) were at various points, different iterations of the same business. It also
22 operated under the dba “Lolly Clothing.”
23

6. Between 2008 and 2021, Todd Kimball offered and sold “company interests”, “membership interests”, and “units” in Obvious Clothing, through unregistered private placements. Kimball raised more than \$3.7 million for Obvious Clothing from at least 23 investors. Kimball primarily solicited investments from friends of the first investor in Obvious Clothing. Kimball pitched the investment to most investors in-person before following up via phone and email. Kimball made multiple material misrepresentations and omissions to investors, including failing to disclose how investor funds would be used and misrepresenting the profitability of the business.

The Offer and Sale of Securities

7. On November 4, 2008, Kimball sold an investment in one-third of the membership interests (“units”) in Obvious Clothing LLC to a family member and their spouse (“Investor 1”), for \$520,000.

8. Obvious Clothing originally was a T-shirt brand that later expanded into a women's fashion line. By 2009, Obvious Clothing was focused on building up a footprint in boutique clothing stores, allegedly eventually having products in 3,000 boutiques across the United States. In or around 2013, Obvious Clothing also started doing business under the name "Lolly Clothing."

9. Between approximately May of 2010 and May 2015, Kimball raised more than \$3.5 million from at least 20 investors. Kimball primarily offered and sold these investments in Obvious Clothing to family, friends, and acquaintances of Investor 1. Kimball did not have a prior existing relationship with the majority of referred investors. Kimball primarily solicited these investments by meeting the investors in-person and then following up by email and phone. Generally, Kimball would explain what the company was, what buyers were interested in their products, and he would tell potential investors that the future looked bright. Kimball repeatedly told investors that Obvious Clothing would pay dividends.

10. One of these investors ("Investor 2"), invested approximately \$2 million in Obvious Clothing between 2011 and 2015. Kimball primarily communicated with Investor 2 over email and met one time in-

1 person. Investor 2 purchased membership interests in Obvious Clothing LLC. Investor 2 made an initial
2 investment of over \$500,000. Kimball solicited Investor 2 for further investments and told Investor 2 that
3 Obvious Clothing was reinvesting its profits back into the business. Investor 2 made several subsequent
4 investments in the form of convertible loans. In or around 2015 or 2016, Investor 2 cut off any further
5 investments with Obvious Clothing.

6 11. By 2015, according to Obvious Clothing, its products were supposedly being carried by
7 department stores like Nordstrom's, Bloomingdale's, and Macy's. However, by around 2018 Kimball started
8 telling investors that Obvious Clothing had to pivot its business model due to Amazon gaining market share
9 in the clothing retail space. From then on, Obvious Clothing would contract to create clothing for third parties
10 and then use its connections with factories in China and India to produce the clothing.

11 12. During much of the time Obvious Clothing operated, Kimball would regularly ask Investor 1
12 and their spouse for loans for the business. Kimball claimed that the loans would pay off business expenses
13 so that dividends could then be paid out to investors. Kimball also regularly told Investor 1 that if Investor 1
14 did not loan Obvious Clothing funds, then Obvious Clothing would not be able to make payroll or would have
15 to shut down. Investor 1 felt that it was their fault that other investors invested and wanted to see the other
16 investors get paid dividends, so Investor 1 agreed to the loans. However, dividends were never paid out.
17 Over the life of the business Investor 1 loaned Obvious Clothing approximately \$1.5 million.

18 13. Kimball would also request personal loans from Investor 1 and their spouse. Over the life of
19 the business, Kimball paid back \$29,000 of one \$40,000 loan that was owed to Investor 1. Kimball has not
20 paid Investor 1 back on any additional loans. Kimball did not disclose to investors that Obvious Clothing
21 needed loans or that Obvious Clothing owed Investor 1 \$1.5 million in loans.
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23

1 14. Between 2018 and 2021, Kimball raised \$55,000 in investments for Obvious Clothing from
2 three investors, including at least one Washington resident. Kimball provided these investors a subscription
3 agreement and an investment letter. Investors purchased company interests in Obvious Clothing Inc.

4 15. The first investor from the 2018 to 2021 period (“Investor 3”), invested \$25,000 into Obvious
5 Clothing on December 18, 2018. Within three days, all of Investor 3’s funds had been spent. Kimball
6 transferred \$8,000 of Investor 3’s funds to himself as pay. Kimball did not disclose to Investor 3 that he would
7 take a salary and instead told Investor 3 that he would not take a salary and that he would only receive
8 dividends like other investors. Kimball transferred \$6,445 of Investor 3’s funds to his wife and \$600 to his
9 mother. Kimball testified that Obvious Clothing “didn’t have the cash to cover our expenses”, so his wife and
10 mother loaned the company funds to “fill in the gaps.”

11 16. On August 17, 2021, Kimball signed an agreement to buy out Investor 3 from Obvious
12 Clothing for the \$25,000 investment amount plus ten percent interest. The buyout payments were to be broken
13 up with a \$5,000 payment in September, a \$10,000 payment in October, a \$10,000 payment in November,
14 and a \$2,500 interest payment in December of 2021. Obvious Clothing paid Investor 3 the \$2,500 interest
15 payment on September 17, 2021, but made no other payments as required by the buyout agreement.

16 17. The second investor from the 2018 to 2021 period (“Investor 4”) invested \$20,000 on January
17 1, 2019 and \$5,000 on February 4, 2019. Almost all of Investor 4’s funds were spent by February 7, 2019.
18 \$4,500 of Investor 4’s funds were transferred to Kimball’s wife.

19 18. The third and final investor from the 2018 to 2021 period (“Investor 5”) invested \$5,000 on
20 April 30, 2021. All of Investor 5’s funds were spent by May 3, 2021. Kimball transferred \$2,800 of Investor
21 5’s funds to his wife and \$350 to his mother. Kimball testified that he made no disclosures to Investor 5.

22 19. On August 22, 2022, Kimball emailed investors and told them that Obvious Clothing had shut
23 down. Kimball blamed the business failing on the COVID-19 pandemic and an ongoing legal dispute with a

1 joint venture partner that allegedly failed to pay Obvious Clothing. Despite repeated requests from investors
2 and the Division, Kimball failed to produce records regarding the legal dispute.

3 20. Obvious Clothing did not file for bankruptcy or dissolve the company. Obvious Clothing's
4 business registration with the state of Washington became delinquent on April 30, 2022. Investors repeatedly
5 requested documentation from Kimball regarding the shutdown, but he failed to provide it to them.

6 21. Kimball testified before the Securities Division on September 25, 2024, where he claimed that
7 he told investors to contact his accountant with questions or for business records following the shutdown.
8 Kimball did not provide his accountant's contact information to investors or the Division.

9 22. Kimball testified that the only steps he took to close Obvious Clothing were letting Obvious
10 Clothing's business registration go delinquent, notifying investors of the shutdown, and telling investors to
11 contact his accountant for records related to the shutdown. Kimball testified that these were the only steps he
12 needed to take because Obvious Clothing only had one outstanding loan that he had converted to a personal
13 debt.

14 23. The outstanding loan was executed between Obvious Clothing, Inc. and Funding Metrics, LLC
15 (dba "Lendini") on February 25, 2019. Todd Kimball falsely listed himself and Investor 1 as each owning
16 50% of Obvious Clothing, Inc. on the agreement. Kimball also signed for himself and Investor 1 as guarantors
17 on the loan. Lendini sold the loan to TBF Financial, LLC, who sent a collections notice to Kimball and
18 Investor 1 on June 21, 2023. On August 2, 2023, Investor 1's counsel sent Kimball a letter demanding Obvious
19 Clothing, Inc. file for bankruptcy to resolve the creditors' claims. Kimball did not respond. On August 22,
20 2023, Investor 1's counsel sent Kimball another letter reiterating the demand. Kimball again did not respond.
21 Investor 1 eventually had to pay \$17,000 to resolve the debt. Kimball did not produce evidence to investors
22 or the Division of him converting the loan to personal debt.
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24. Kimball testified that he closed Obvious Clothing's bank accounts "right away" at the time he sent investors the closure email. Obvious Clothing had four known bank accounts. One account was closed by the bank for being overdrawn in 2017. Another was closed by the bank for being overdrawn in 2021. At least one account had not been closed as of October of 2022.

25. On September 26, 2024, the day after testifying before the Division, Kimball emailed the Obvious Clothing investors, telling them that he was in the process of converting their investments into a personal loan owed by himself and that he would pay off all debts plus interest within 18-24 months. The email also offered and solicited investments in three other companies that Kimball is allegedly a part owner in.

26. Later that same day, Kimball sent a follow up email to investors threatening, “Lastly if you sued me or reported me to the SEC of Washington State, I won't even begin the process until all of that is withdrawn. Do what you need to as far as contacting your lawyer or to the Washington State SEC. I know who those people are.”

Misuse of Investor Funds

27. Kimball told at least one investor that their funds would be used to buy out existing investors. Kimball also told multiple investors that he would not take a salary. While Kimball testified that he told investors that investment funds would be used for growth, marketing, and administrative expenses, in reality a large portion of investor funds were being sent to Kimball and his immediate family.

28. \$15,000 of Investor 3's \$25,000 investment was transferred to Kimball, his wife, and his mother within three days of Obvious Clothing receiving the funds. \$8,000 of Investor 3's funds were paid to Kimball himself directly as a salary. \$4,500 of Investor 4's \$25,000 investment was transferred to Kimball's wife. Over \$3,000 of Investor 5's \$5,000 investment was transferred to Kimball's wife and mother.

Misrepresentations and Omissions

29. Kimball failed to disclose to at least one investor that Obvious Clothing did not have the funds to cover its own expenses. Kimball failed to disclose to at least one investor that his wife and mother were lending the company money and that they would be repaid before other business expenses.

30. Kimball told at least one investor that Obvious Clothing would pivot its business model to one where clients would pay Obvious Clothing, Obvious Clothing would then pay factories to produce clothes for the clients, then Obvious would pay 80% of the revenue back to investors as dividends. This gave at least one investor the impression that the investment would be low risk and that they could reasonably expect to receive dividends.

31. Kimball repeatedly told investors that dividends would be paid, including telling at least one investor that Obvious Clothing would pay \$11,200 in dividends in 2021 and \$17,000 in dividends in 2022. Obvious Clothing never paid investors dividends.

32. While Kimball testified that Obvious Clothing was “barely break even” the entire time it operated as a business because he was reinvesting in the company, Kimball did not disclose this to investors. Kimball also failed to disclose to multiple investors that he had been loaned approximately \$1.5 million from Investor 1. Kimball gave at least one investor the impression that the business had been profitable in the past.

33. Kimball testified that he had authority to approve his compensation decisions as Obvious Clothing's operating agreement tied all shareholder votes to his own. Kimball did not disclose this to investors or provide investors with a copy of the Operating Agreement.

Registration Status

34. Respondent Obvious Clothing LLC is not currently registered to sell its securities in the state of Washington and has not previously been so registered, nor has it filed a claim of exemption from registration.

35. Respondent Obvious Clothing Inc. is not currently registered to sell its securities in the state of Washington and has not previously been so registered, nor has it filed a claim of exemption from registration.

36. Respondent Todd Kimball 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 company interests and units described above constitutes the offer and/or sale of a security as defined in RCW 21.20.005(14) and (17).

2. Respondents Obvious Clothing LLC, Obvious Clothing Inc., and Todd Kimball 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. Respondent Todd Kimball 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. Respondents Obvious Clothing LLC, Obvious Clothing Inc., and Todd Kimball 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.

FINAL ORDER

IT IS HEREBY ORDERED that Respondents Obvious Clothing LLC, Obvious Clothing Inc., and Todd Kimball, and their agents and employees, shall each cease and desist from violating RCW 21.20.140, the securities registration section of the Securities Act of Washington.

1 IT IS FURTHER ORDERED that Respondents Obvious Clothing LLC, Obvious Clothing Inc., and
2 Todd Kimball, and their agents and employees, shall each cease and desist from violating RCW 21.20.010,
3 the anti-fraud section of the Securities Act of Washington.

4 IT IS FURTHER ORDERED that Respondent Todd Kimball, and his agents and employees, shall
5 each cease and desist from violating RCW 21.20.040, the registration section of the Securities Act of
6 Washington.

7 IT IS FURTHER ORDERED that Respondent Obvious Clothing Inc. shall be liable for and pay a
8 fine in the amount of \$30,000.

9 IT IS FURTHER ORDERED that Respondent Todd Kimball shall be liable for and pay a fine in the
10 amount of \$30,000.

11 IT IS FURTHER ORDERED that Respondents Obvious Clothing Inc. and Todd Kimball shall be
12 jointly and severally liable for and pay costs in the amount of \$10,000.

13 **AUTHORITY AND PROCEDURE**

14 This FINAL ORDER is entered pursuant to the provisions of RCW 21.20 and is subject to Chapter
15 34.05 RCW. Respondents have the right to petition the superior court for judicial review of this agency action
16 under Part V of Chapter 34.05 RCW. Pursuant to RCW 21.20.395(4), a certified copy of this Final Order may
17 be filed in superior court. If so filed, the clerk shall treat the Final Order in the same manner as a superior
18 court judgment as to the fine, and the fine may be recorded, enforced, or satisfied in like manner.

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

20 SIGNED and ENTERED this 21st day of March, 2025.
21
22
23



/s/

William M. Beatty
Securities Administrator

Approved by:

Presented by:

/s/

/s/

Brian J. Guerard
Chief of Enforcement

Keenan Osborne
Financial Legal Examiner

Reviewed by:

/s/

Holly Mack-Kretzler
Financial Legal Examiner Supervisor