

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27

**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:

Allen Olson, Rockmann Development Group
LLC, Arbor Center LLC, Bridgeport Gardens
LLC, Bridgeport Oaks LLC, Winlock Industrial
Park LLC, and Emerson Courtyard LLC,

Respondents.

Order Number S-04-039-04-CO01

CONSENT ORDER

Pursuant to the Securities Act of Washington, RCW 21.20, the Securities Division of the Department of Financial Institutions (“Securities Division”) and the Respondents, Arbor Center LLC, Bridgeport Gardens LLC, Bridgeport Oaks LLC, Winlock Industrial Park LLC, and Emerson Courtyard LLC (“Respondents”), do hereby enter into this CONSENT ORDER in settlement of the matters alleged herein. The Respondents neither admit nor deny the Findings of Fact and Conclusions of Law stated below.

FINDINGS OF FACT

I. Respondents

1. Rockmann Development Group LLC (RDG) is a Washington limited liability company, principally located in Lakewood, Washington, in the business of commercial real estate development.
2. Allen Olson founded RDG and has served as its managing member since its 1995 formation. Olson has been licensed as a real estate broker since 1971.

1 3. Arbor Center LLC, Bridgeport Gardens LLC, Bridgeport Oaks LLC, Winlock Industrial Park
2 LLC, and Emerson Courtyard LLC are limited liability companies formed by Olson, who serves as their
3 managing member, for the purpose of developing commercial real estate property.

4 **II. Nature of the Offering**

5 4. Respondents Olson and RDG are in the business of finding and acquiring existing or
6 potential commercial properties and developing them. Olson and RDG then lease available space on the
7 properties to various retailers, retaining a property manager to service the lease. In developing each project
8 site, Olson and RDG form a limited liability company (LLC) specific to the project. In or around 2001,
9 Olson and RDG decided to begin offering and selling membership interests in these LLC projects to
10 investors. They formed at least five manager-managed LLCs, discussed below, with Olson serving as
11 managing member. Investors were not actively involved in the daily affairs of the manager-managed LLCs
12 and depended on the managerial or entrepreneurial efforts or abilities of Olson and/or RDG. The
13 Respondents have made public advertisements about their securities and have used IRA Resource
14 Associates Inc., principally located in Camas, Washington, to sell the membership interests.

15 5. In 2001, the Respondents formed Arbor Center LLC to develop a mixed-use commercial
16 retail project in Lacey, Washington. To raise about \$1.5 million in project funding, the Respondents sold
17 membership units to at least 18 investors. Investors were given a packet entitled "**ARBOR CENTER /**
18 **INVESTMENT OPPORTUNITY,**" which summarily described the project, the property, the management,
19 and the location, and also included projected financial analyses attempting to predict operating income and
20 cash flows from 2004 through 2010. The financial projections do not disclose all key assumptions or that
21 investors should not place undue reliance on their certainty, and investors were not otherwise provided this
22 information. The packet does not disclose, nor were investors otherwise informed of, the current financial
23 condition, the current capitalization, or the general and specific risks of investing in Arbor Center.
24
25

1 “**WINLOCK INDUSTRIAL PARK, L.L.C. / INVESTMENT OPPORTUNITY,**” which offered investors a
2 “**GUARANTEE**” of a full return of principal plus 5.5% interest and a share of the profits on a future sales.
3 The packet stated that the investment was appropriate for traditional investors, those with self-directed
4 IRAs, and those exchanging properties. The packet also summarily described the project, the property, the
5 management, and the location, and also included projected future returns to investors of 46%-60%. The
6 projections do not disclose, and investors were not otherwise informed of, all key assumptions or that
7 investors should not place undue reliance on the certainty of the projections. The projections were not
8 accompanied by any measure of revenues, income, or earnings, nor were investors otherwise provided that
9 information. The packet does not disclose, nor were investors otherwise informed of, the current financial
10 condition, the current capitalization, or the general and specific risks of investing in Winlock Industrial
11 Park.

12
13 9. In 2004, the Respondents formed Emerson Courtyard LLC to acquire and develop a mixed-
14 use commercial retail project in Fircrest, Washington. To raise about \$1.8 million in project funding, the
15 Respondents sold membership units to at least 23 investors. Investors were given a packet entitled
16 “**EMERSON COURTYARD / INVESTMENT OPPORTUNITY,**” which summarily described the project,
17 the property, the management, and the location, and also entitled investors to a 10% return from the date of
18 investment to be paid from available cash flows. The packet included projected returns to investors from
19 2005 to 2009 and cash flows from 2005 through 2012 and projected rent rolls. The financial projections do
20 not disclose, and investors were not otherwise informed of, all key assumptions or that investors should not
21 place undue reliance on the certainty of the projections. The projections were not accompanied by any
22 measure of revenues, income, or earnings, nor were investors otherwise provided that information. The
23 packet does not disclose, nor were investors otherwise informed of, the current financial condition or the
24 general and specific risks of investing in Emerson Courtyard.
25

III. Registration Status

10. Respondent Rockmann Development Group LLC, Arbor Center LLC, Bridgeport Gardens LLC, Bridgeport Oaks LLC, Winlock Industrial Park LLC, and Emerson Courtyard LLC are not currently registered to sell securities in the state of Washington and have not previously been so registered. There is no notification of exemption on file with the State of Washington.

11. Respondent Allen Olson is not registered as a broker-dealer or securities salesperson in the State of Washington and has not previously been so registered.

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

CONCLUSIONS OF LAW

1. The offer and/or sale of the investment opportunity in LLC membership units described in the Findings of Fact constitutes the offer and/or sale of a security as defined in RCW 21.20.005(10) and (12).

2. The conduct described in the Findings of Fact is in violation of RCW 21.20.010 because the Respondents made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

3. The conduct described in the Findings of Fact is in violation of RCW 21.20.140 because the Respondents offered or sold securities for which there was no registration on file with the Securities Administrator.

4. The conduct described in the Findings of Fact is in violation of RCW 21.20.040 because Respondents RDG and/or Olson offered or sold securities while not registered as a securities salesperson or broker-dealer in the State of Washington.

CONSENT ORDER

Based upon the foregoing:

IT IS AGREED AND ORDERED that the Respondents, Allen Olson, Rockmann Development Group LLC, Arbor Center LLC, Bridgeport Gardens LLC, Bridgeport Oaks LLC, Winlock Industrial Park LLC, and Emerson Courtyard LLC, and their agents and employees each shall cease and desist from offering or selling securities in violations of RCW 21.20.010, the anti-fraud section of the Securities Act of Washington.

IT IS FURTHER AGREED AND ORDERED that the Respondents, Allen Olson, Rockmann Development Group LLC, Arbor Center LLC, Bridgeport Gardens LLC, Bridgeport Oaks LLC, Winlock Industrial Park LLC, and Emerson Courtyard LLC, and their agents and employees each shall cease and desist from violating RCW 21.20.140, the securities registration section of the Securities Act of Washington.

IT IS FURTHER AGREED AND ORDERED that Respondents Allen Olson and Rockmann Development Group LLC, and their agents and employees, each shall cease and desist from violating RCW 21.20.040, the broker-dealer and securities salesperson registration section of the Securities Act of Washington.

IT IS FURTHER AGREED AND ORDERED that Respondents Allen Olson and Rockmann Development Group LLC shall be jointly and severally liable for and shall pay to the Securities Division \$2,000 in investigative costs incurred in this matter.

IT IS FURTHER AGREED that the Respondents, Allen Olson, Rockmann Development Group LLC, Arbor Center LLC, Bridgeport Gardens LLC, Bridgeport Oaks LLC, Winlock Industrial Park LLC, and Emerson Courtyard LLC, shall, within 30 days of the entry of this order, provide to each investor in the

1 LLC projects identified herein with a copy of this order and a cover letter reviewed by the Securities
2 Division.

3 IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this Order.

4 IT IS FURTHER AGREED that in consideration of the foregoing the Respondents, Allen Olson,
5 Rockmann Development Group LLC, Arbor Center LLC, Bridgeport Gardens LLC, Bridgeport Oaks
6 LLC, Winlock Industrial Park LLC, and Emerson Courtyard LLC, each waive their rights to a hearing in
7 this matter and judicial review of this order.

8
9 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

10
11 //

12 //

13 //

14 //

15 //

16
17 //

18 Approved for entry by:

19 _____
/s/

20 Dale Carlisle, Esq.
21 WSBA No. 3156
22 Gordon Thomas Honeywell
Attorney for Respondents

23 SIGNED THIS 31st DAY OF March, 2005 BY:

