

STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION

IN THE MATTER OF DETERMINING) Order No. S-04-070-05-TO01
Whether there has been a violation of the)
Securities Act of Washington by:) SUMMARY ORDER TO CEASE AND
Iris Kaye Rounsaville) DESIST AND NOTICE OF INTENT TO
Respondent.) IMPOSE FINES AND RECOVER COSTS

THE STATE OF WASHINGTON TO: Iris Kaye Rounsaville

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondent, Iris Kaye Rounsaville, has violated the Securities Act of Washington and that the violations justify the entry of an order of the Securities Administrator under RCW 21.20.390 against her to cease and desist from such violations. The Securities Administrator finds that delay in ordering the Respondent to cease and desist from such violations would be hazardous to the investors and to the public and that a Summary Order to Cease and Desist should be entered immediately. The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

I. Parties

1. Respondent Iris Kaye Rounsaville, a.k.a. Iris Kaye and Iris Kaye/Rounsaville, (Rounsaville) was at all times relevant to this order a resident of Bremerton, Washington.

1 II. Nature of the Offering

2 2. From August 2003 through August 2004 Rounsaville offered and sold investment
3 opportunities to 13 individuals raising over \$154,000. Of that money, approximately \$109,000
4 came from ten Washington residents.

5 3. Rounsaville told investors that she had a friend that was an airline pilot who
6 would buy rare gold coins at auction in Europe and then resell the coins for a substantially higher
7 amount. Rounsaville told the investors that he would double or triple their money in a matter of
8 months and that there was little to no risk in the investment.

9 4. Investors were provided with notarized promissory notes signed by Iris
10 Rounsaville, Iris Kaye Rounsaville, Iris Kaye or Iris Kaye/Rounsaville. The notes promised the
11 return of the investors' principal and annual interest rate of 6% to 10% if the principal was not
12 paid back at the time the note was due. Investors believed that the money was going toward rare
13 gold coin purchases and that their rate of return on the investment would be double or triple their
14 investment amount.

15 5. When some of the investors' notes came due Rounsaville convinced them to keep
16 their investment with her longer. One investor was told that she would receive 600% return on
17 her investment if she extended the due date by three months. Another investor was told that the
18 return on her \$5,000 investment was \$30,000 for a seven-month investment. Rounsaville
19 presented the investor with a check for \$30,000, but said that if she returned the check she would
20 double it two months. In both cases the investors allowed Rounsaville to keep their funds for the
21 requested extension. In both cases the investors have not had any of their investment returned.

22 III. Misrepresentations and Omissions

1 **CONCLUSIONS OF LAW**

2 I. Securities

3 9. The offer or sale of investment contracts, profit sharing arrangements, notes or
4 evidences of indebtedness described above constitutes the offer or sale of a security as defined in
5 RCW 21.20.005(10) and (12).

6 II. Anti-Fraud Provision

7
8 10. The offer or sale of said securities was made in violation of RCW 21.20.010
9 because, as set forth in the Tentative Findings of Fact, Respondent Rounsaville misstated or
10 omitted to state material facts necessary in order to make the statements made, in the light of the
11 circumstances under which they were made, not misleading.

12 III. Registration of Securities

13 11. The offer or sale of said securities is in violation of RCW 21.20.140 because no
14 registration or notification of claim of exemption for such offer or sale is on file with the
15 Securities Administrator of the state of Washington.

16 IV. Registration of Broker-Dealer and Salespersons

17 12. Respondent Rounsaville has violated RCW 21.20.040 by offering and/or selling said
18 securities while not being registered as a broker-dealer or securities salesperson in the state of
19 Washington.
20

21 **SUMMARY ORDER**

22 Based on the foregoing,

23 IT IS HEREBY SUMMARILY ORDERED that Iris Kaye Rounsaville cease and desist
24 from offering or selling securities in any manner in violation of RCW 21.20.010, the anti-fraud
25 section of the Securities Act of Washington.

1 It is further SUMMARILY ORDERED that respondent, Iris Kaye Rounsaville cease and
2 desist from violation of RCW 21.20.140, the section of the Securities Act of Washington
3 requiring registration.

4 It is further SUMMARILY ORDERED that Iris Kaye Rounsaville cease and desist from
5 violation of RCW 21.20.040, the section of the Securities Act that requires registration of
6 securities salespersons and broker-dealers.

7
8 **NOTICE OF INTENT TO IMPOSE FINE AND RECOVER COSTS**

9 Pursuant to RCW 21.20.395, and based upon the above Tentative Findings of Fact and
10 Conclusions of Law, the Securities Administrator finds that Respondent Iris Kaye Rounsaville
11 has committed a knowing or reckless violation of the Securities Act such that the imposition of a
12 fine is appropriate. Therefore, the Securities Administrator intends to order that the Respondents
13 shall jointly and severally pay a fine in the amount of \$10,000 and (2) the costs, fees, and other
14 expenses incurred in the conduct of investigating this matter, in any amount not less than \$2,000.

15 **AUTHORITY AND PROCEDURE**

16 This Order is entered pursuant to the provisions of RCW 21.20.390 and is subject to the
17 provisions of RCW 34.05, the Administrative Procedures Act. The Respondent, Iris
18 Rounsaville, may make a written request for a hearing as set forth in the NOTICE OF
19 OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this
20 order.

21 If the Respondent does not request a hearing, the Securities Administrator intends to
22 adopt the above Tentative Findings of Fact and Conclusions of Law as final and make the
23 Summary Order to Cease and Desist permanent as to the Respondent and impose the fines and
24 recover costs against the Respondent.

1 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

2 Dated and Entered this 28th day of March, 2005.

3
4 

5 Michael E. Stevenson
6 Securities Administrator

7 Approved by:

Presented by:

8 

9 Martin Cordell
10 Chief of Enforcement

11 

12 Tyler R. Letey
13 Financial Legal Examiner
14
15
16
17
18
19
20
21
22
23
24
25