

STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION

IN THE MATTER OF DETERMINING) Order Number S-06-043-07-SC01
Whether there has been a violation of the)
Securities Act of the State of Washington by:) STATEMENT OF CHARGES AND
Slade E. Barnett, Jr.;) NOTICE OF INTENT TO ENTER
CapitalPlus Advantage Group, LLC, d/b/a) ORDER TO CEASE AND DESIST,
Equity Plus Homes;) IMPOSE FINES, AND
Respondents) RECOVER COSTS

THE STATE OF WASHINGTON TO: Slade E. Barnett, Jr.
CapitalPlus Advantage Group, LLC, d/b/a
Equity Plus Homes

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents, Slade E. Barnett, Jr. and CapitalPlus Advantage Group, LLC, d/b/a Equity Plus Homes, 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 against each to cease and desist from such violations, to impose fines and to recover costs. The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

Respondents

1. Slade E. Barnett, Jr. ("Barnett") is the principal of CapitalPlus Advantage Group, LLC dba Equity Plus Homes.

1 Loan Agreement further represented that investor funds would be used for foreign exchange
2 trades, real estate loans, “Down Payment Loans on properties”, “cash flow/factoring loans”, and
3 “equipment aquisition” [sic] loans. Barnett provided one investor with a promissory note which
4 also reflected a 36% annual rate of return.

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6 6. In written materials that Barnett provided to investors, he represented that Equity
7 Plus “has a proven track record of success” in investing in the foreign exchange markets, that it
8 “routinely earns as much as 10% - 15% per month on their investments”, and that homeowners
9 would earn “3% per month on this equity.” These materials also represented that investors could
10 choose to receive 3% interest payments each month, or “let it compound at 36% per year for a
11 few years and end up with a multi-million dollar nest egg.” Barnett also utilized a website that
12 provided similar representations.

13 Misrepresentations and Omissions

14 7. In the offer and sale of the investments described above, the Respondents failed to
15 disclose material information regarding the investments, which made the information that was
16 disclosed, misleading to investors. Among other things, the Respondents failed to provide
17 investors with material information including documents reflecting the financial condition of
18 CapitalPlus Advantage Group and Equity Plus Homes, current or historical financial statements,
19 the general and specific risks associated with the investment (including, but not limited to the
20 specific risks associated with foreign currency trading), and complete information about
21 Barnett’s background and experience.
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23 8. When offering the investment, the Respondents further failed to adequately
24 disclose the basis it had for its claims that investors would realize an annual rate of return of 36% on
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1 their investment, or documents to support its claim of having routinely earned 10 to 15% returns per
2 month on foreign exchange investments.

3 Registration Status

4 9. Respondent CapitalPlus Advantage Group, LLC, d/b/a Equity Plus Homes is not
5 currently registered to offer or sell its securities in the State of Washington and has not
6 previously been so registered, nor has it filed a claim of exemption from registration.

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8 10. Slade E. Barnett, Jr. is not currently registered as a securities salesperson or
9 broker-dealer in the State of Washington and has not previously been so registered.

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

11 **CONCLUSIONS OF LAW**

12 1. The offer or sale of the investments described above constitutes the offer or sale
13 of a security as defined in RCW 21.20.005(10) and (12).

14 2. The offer or sale of said securities is in violation of RCW 21.20.140 because no
15 registration for such offer or sale is on file with the Securities Administrator.

16 3. Slade E. Barnett, Jr. has violated RCW 21.20.040 by offering or selling said
17 securities while not registered as a securities salesperson or broker-dealer in the State of
18 Washington.

19 4. The offer or sale of the investments described above was made in violation of
20 RCW 21.20.010 because, as set forth in the Tentative Findings of Fact, Respondents made
21 misstatements of material facts or omitted to state material facts necessary in order to make the
22 statements made, in light of circumstances under which they were made, not misleading.
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1 **NOTICE OF INTENT TO ORDER THE RESPONDENT TO CEASE AND DESIST**

2 Pursuant to RCW 21.20.390(1), and based on the above Tentative Findings of Fact and
3 Conclusions of Law, the Securities Administrator intends to order that CapitalPlus Advantage
4 Group, LLC, d/b/a Equity Plus Homes and Slade E. Barnett, Jr., and their agents and employees,
5 each cease and desist from violations of RCW 21.20.140, RCW 21.20.040, and RCW 21.20.010.

6 **NOTICE OF INTENT TO IMPOSE FINES**

7 Pursuant to RCW 21.20.395, and based upon the Tentative Findings of Fact and
8 Conclusions of Law, the Securities Administrator intends to order that Slade E. Barnett, Jr. shall
9 be liable for and pay a fine of \$20,000.

10 **NOTICE OF INTENT TO RECOVER COSTS**

11 Pursuant to RCW 21.20.390(5), and based upon the Tentative Finds of Fact and
12 Conclusions of Law, the Securities Administrator intends to order that the Respondent
13 Slade E. Barnett, Jr. shall be liable for and pay the Securities Division the costs, fees, and other
14 expenses incurred in the conduct of the administrative investigation and hearing of this matter of
15 not less than \$5,000.

16 **AUTHORITY AND PROCEDURE**

17 This Statement of Charges is entered pursuant to the provisions of chapter 21.20 RCW
18 and is subject to the provisions of RCW 34.05. The Respondents may each make a written
19 request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND
20 OPPORTUNITY FOR HEARING accompanying this order.

21 If a Respondent does not request a hearing, the Securities Administrator intends to adopt
22 the above Tentative Findings of Fact and Conclusions of Law as final and enter an order to cease
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1 and desist permanent as to that Respondent, and impose the fines and costs sought.

2 Dated and Entered this 22nd day of September, 2009.

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Michael E. Stevenson
MICHAEL E. STEVENSON
Securities Administrator

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Approved by:

Presented by:

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Suzanne E. Sarason

Robert Kondrat

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Suzanne E. Sarason
Chief of Enforcement

Robert Kondrat
Enforcement Attorney

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Reviewed by:

Martin Cordell

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Martin Cordell
Financial Legal Examiner
Supervisor

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