

STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
SECURITIES DIVISION

IN THE MATTER OF DETERMINING ) Order Number S-07-477-10-SC02  
Whether there has been a violation of the )  
Securities Act of Washington by: ) STATEMENT OF CHARGES AND  
Eric A. Moore d/b/a ) NOTICE OF INTENT TO ENTER  
Generational Prosperity; ) ORDER TO CEASE AND DESIST, TO  
Respondent ) IMPOSE A FINE, AND  
) RECOVER COSTS

THE STATE OF WASHINGTON TO: Eric A. Moore d/b/a  
Generational Prosperity

**STATEMENT OF CHARGES**

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondent Eric A. Moore d/b/a Generational Prosperity has violated the Securities Act of Washington and that his violations justify the entry of an order of the Securities Administrator under RCW 21.20.390 against him to cease and desist from such violations, to impose fines, and recover costs. The Securities Administrator finds as follows:

**TENTATIVE FINDINGS OF FACT**

Respondent

1. Eric A. Moore (“Moore”) was at all relevant times a resident of Washington. Moore registered as a sole proprietorship and did business under the registered trade name “Generational Prosperity.” Eric A. Moore is not currently registered as a securities salesperson in the State of Washington and has not previously been so registered.

STATEMENT OF CHARGES AND NOTICE OF  
INTENT TO ENTER ORDER TO CEASE AND DESIST,  
IMPOSE A FINE, AND RECOVER COSTS

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DEPARTMENT OF FINANCIAL INSTITUTIONS  
Securities Division  
PO Box 9033  
Olympia, WA 98507-9033  
360-902-8760

1 Nature of the Offering

2 2. Between at least 2002 and 2007, Moore raised approximately \$700,000 from  
3 more than fifteen investors in Washington and other states through the offer and sale of  
4 promissory notes and notes payable. Most of the notes had a term of twelve months. At the  
5 end of the twelve month term, investors were to receive all of their original investment, plus a  
6 specified return on their investment (typically 10%). At the end of twelve month term, Moore  
7 provided some of his investors with a check that purportedly represented the “interest” they  
8 had earned, and executed a new promissory note or note payable with them. Moore’s  
9 investors typically received little or no written disclosure, other than the notes that he  
10 provided.  
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12 3. Moore represented to prospective investors that he would invest their funds in  
13 the stock market and that his stock trading would generate a profit for them. Moore did not  
14 provide any written disclosure detailing his trading strategies. Moore’s investors were passive  
15 and relied on Moore to generate a return on their investment. Moore was the only person who  
16 made investment decisions and managed investor funds. At the time that he solicited  
17 investors, Moore had little or no formal training in investing and did not have an established  
18 track record of successful investing.  
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20 4. Moore initially solicited family members and relatives, and later solicited others,  
21 including his church and persons that he knew through his church. Offering materials stated  
22 that Generational Prosperity would be using “word of mouth [advertising] extensively in our  
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1 promotion” and that investment opportunities were open to accredited investors, and on  
2 occasion, to non-accredited investors.

3 5. Investors paid Moore through checks or wires that were deposited into checking  
4 and saving accounts in his name. After a deposit was made, Moore would then transfer some  
5 or all of the investor’s funds to a single online brokerage account in his name. Moore pooled  
6 funds from different investors into his brokerage account.

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8 6. Moore used investor funds in his brokerage account to engage in high-volume  
9 and risky day trading in various securities. Moore utilized a margin account and engaged in  
10 numerous short sales of various securities.

11 7. As a result of Moore’s trading practices, several of Moore’s investors lost most  
12 or all of their original investment. Records provided by Moore show a history of trading  
13 losses, including approximately \$60,000 in 2003; approximately \$80,000 in 2004; over  
14 \$300,000 in 2005; and nearly \$300,000 in 2006. In 2009, Moore filed for Chapter 7  
15 bankruptcy and received a discharge.

16 Misrepresentations and Omissions

17 8. In the offer and sale of the investments described above, Moore failed to  
18 disclose material information, which made the information that was disclosed, misleading to  
19 investors. Among other things, Moore failed to disclose information relating to his prior track  
20 record as a stock trader, including his history of losses. Moore failed to provide the basis and  
21 assumptions underlying the purported returns that he led investors to believe they would  
22 receive.  
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1           9. Moore failed to disclose information relating to his prior and intended use of  
2 investor funds, including, but not limited to: his use of investor funds for personal living  
3 expenses, including clothing, groceries, restaurants, and his residential mortgage; his use of  
4 investor funds to make interest payments to other investors; and the fact that he would be  
5 pooling investor funds into a single brokerage account with no system to adequately account  
6 for each investor's funds.  
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8           10. Moore failed to disclose information relating to his expected trading strategies  
9 and the risks associated with those strategies. Moore failed to disclose the risks associated  
10 with day trading, short selling, and the use of a margin account. Moore failed to disclose the  
11 risks associated with his lack of experience and training as a stock trader.

12           11. Moore also prepared and distributed misleading account statements to some of  
13 his investors. Moore also provided at least one investor with a series of Business Portfolio  
14 Reports. One report indicated that Generational Prosperity's performance in the first quarter  
15 of 2007 was "5.3%", without specifying what that figure represented or how it was calculated.  
16 The report misleadingly indicated that Generational Prosperity had substantially outperformed  
17 leading indexes, including the S&P 500 and the Dow Jones Industrial Average.  
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1 Based upon the Tentative Findings of Fact, the following Conclusions of Law are made:

2 **CONCLUSIONS OF LAW**

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

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

7 3. The offer or sale of the investments described above was made in violation of  
8 RCW 21.20.010 because, as set forth in the Tentative Findings of Fact, Respondent Eric A.  
9 Moore made misstatements of material facts or omitted to state material facts necessary in order  
10 to make the statements made, in light of circumstances under which they were made, not  
11 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 Eric A. Moore and his  
4 agents and employees, each cease and desist from violations of RCW 21.20.140 and RCW  
5 21.20.010.

6   **NOTICE OF INTENT TO IMPOSE A FINE**

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 Eric A. Moore shall be  
9 liable for and pay a fine of \$10,000.

10   **NOTICE OF INTENT TO RECOVER COSTS**

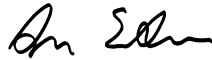
11           Pursuant to RCW 21.20.390(5), and based upon the Tentative Finds of Fact and  
12 Conclusions of Law, the Securities Administrator intends to order that the Respondent Eric A.  
13 Moore shall be liable for and pay the Securities Division the costs, fees, and other expenses  
14 incurred in the conduct of the administrative investigation and hearing of this matter of not less  
15 than \$2,500.  
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1 **AUTHORITY AND PROCEDURE**

2 This Statement of Charges is entered pursuant to the provisions of chapter 21.20 RCW  
3 and is subject to the provisions of RCW 34.05. Respondent Eric A. Moore may make a written  
4 request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND  
5 OPPORTUNITY FOR HEARING accompanying this order.  
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7 If Respondent Eric A. Moore does not request a hearing, the Securities Administrator  
8 intends to adopt the above Tentative Findings of Fact and Conclusions of Law as final and enter  
9 a permanent order to cease and desist against Respondent Eric A. Moore, and impose the fine  
10 and costs sought.

11 Dated and Entered this 4th day of May, 2010.

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13 SUZANNE SARASON  
14 Chief of Enforcement

15 Presented by:

16 

17 Robert Kondrat  
18 Enforcement Attorney