

STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION

IN THE MATTER OF DETERMINING) Order Number S-07-532-07-SC01
Whether there has been a violation of the)
Securities Act of Washington by:) STATEMENT OF CHARGES AND NOTICE
) OF INTENT TO ENTER ORDER TO CEASE
) AND DESIST AND TO CHARGE COSTS
EJZ Investments, LLC and) AND IMPOSE FINES
Ernest J. Zoller)
Respondents)

THE STATE OF WASHINGTON TO: EJZ Investments, LLC
Ernest J. Zoller

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents, EJZ Investments, LLC and Ernest J. Zoller 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, imposing fines pursuant to RCW 21.20.395, and charging costs pursuant to RCW 21.20.390(5). The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

I. Respondents

1. EJZ Investments, LLC (“EJZ”) is a Nevada Limited Liability Company with its principal place of business at Carson City, Nevada.
2. Ernest J. Zoller (“Zoller”) is a resident of Carson City, Nevada.

1 II. NATURE OF THE OFFERING

2 4. In September 2007, the Securities Division received a complaint from a
3 Washington resident who alleged that EJZ was offering unregistered securities investments in
4 violation of the Securities Act of Washington. Further inquiry by the Securities Division
5 confirmed that EJZ had placed numerous internet advertisements on the Financial Services
6 section of www.craigslist.org , offering an investment opportunity in the real estate foreclosure
7 market with up to “20% APR on your investment” to Washington residents in Clark, Cowlitz,
8 King, Spokane, Thurston and Whatcom County.
9

10 5. Upon responding to the advertisement via email, investors were told that Zoller
11 had “access to so many deals throughout the US”, that he graciously decided to share in the 20%
12 APR profit opportunities with the general public. “And the best part for the investor is I do all
13 the work!”

14 6. The EJZ investment offering promised up to a 20% APR return. The preferred
15 minimum investment was \$5,000, although EJZ was “pretty liberal and will work out just about
16 any kind of arrangement.” The investment was required to be held for a minimum term of one
17 year. Any changes in the agreement, including but not limited to, increases in the investment
18 amount, termination of the agreement and/or recovery of the initial investment, would be by
19 mutual agreement and/or 30 days advance notice AND only upon the first calendar year lapsing.
20

21 III. MISREPRESENTATIONS AND OMISSIONS

22 7. Zoller failed to provide material information regarding EJZ,
23 including, but not limited to, prospectus information such as financial statements, use of
24 proceeds, and general and specific risk factors involved in the investment.
25

1 IV. REGISTRATION STATUS

2 9. EJZ Investments, LLC is currently not registered to offer or sell its securities in
3 the State of Washington and has not previously been so registered.

4 10. Ernest J. Zoller is not currently registered as a securities salesperson or
5 broker-dealer in the State of Washington and has not previously been so registered.
6

7
8 Based upon the Tentative Findings of Fact, the following Conclusions of Law are made:

9 **CONCLUSIONS OF LAW**

10 12. The offer and/or sale of the investments described above constitute the offer
11 and/or sale of a security as defined in RCW 21.20.005(10) and (12).

12 13. Ernest J. Zoller violated RCW 21.20.040 by offering and/or selling said securities
13 while not registered as a securities salesperson or broker-dealer in the State of Washington.

14 14. EJZ Investments, LLC violated RCW 21.20.140 by offering and/or selling
15 unregistered securities.

16 15. In connection with the offer and/or sale of said securities, EJZ Investments, LLC
17 and Ernest J. Zoller have each violated RCW 21.20.010 because, as set forth in the Tentative
18 Findings of Fact, Respondents made misstatements of material facts and/or omitted to state
19 material facts necessary in order to make the statements made, in light of circumstances under
20 which they were made, not misleading and/or engaged in acts and practices that operated as
21 fraud or deceit.
22

23 **NOTICE OF INTENT TO ORDER THE RESPONDENTS TO CEASE AND DESIST**

24 Pursuant to RCW 21.20.390, and based on the above Tentative Findings of Fact and
25 Conclusions of Law, the Securities Administrator intends to order that Respondents, EJZ

1 Investments, LLC and Ernest J. Zoller, and their agents and employees, each cease and desist
2 from violations of RCW 21.20.010, RCW 21.20.040, and RCW 21.20.140.

3 **NOTICE OF INTENT TO IMPOSE FINES**

4 Pursuant to RCW 21.20.395, and based upon the Tentative Findings of Fact and
5 Conclusions of Law, the Securities Administrator intends to order that Respondents, EJZ
6 Investments, LLC and Ernest J. Zoller, each shall be liable for and pay a fine of \$5,000.

7 **NOTICE OF INTENT TO CHARGE COSTS**

8 Pursuant to RCW 21.20.390(5), and based upon the Tentative Findings of Fact and
9 Conclusions of Law, the Securities Administrator intends to order that the Respondents, EJZ
10 Investments, LLC and Ernest J. Zoller, each shall be liable for and pay the Securities Division
11 the costs, fees and other expenses incurred in the conduct of the administrative investigation and
12 hearing of this matter, in an amount not less than \$1,500.

13 **AUTHORITY AND PROCEDURE**

14 This STATEMENT OF CHARGES AND NOTICE OF INTENT TO ISSUE AN
15 ORDER TO CEASE AND DESIST, IMPOSE FINES, AND CHARGE COSTS is entered
16 pursuant to the provisions of RCW 21.20.390 and RCW 21.20.395 and is subject to the
17 provisions of Chapters 21.20 and 34.05 RCW. The Respondents, EJZ Investments, LLC and
18 Ernest J. Zoller, may each 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

22 If a respondent does not request a hearing, the Securities Administrator intends to adopt
23 the above Tentative Findings of Fact and Conclusions of Law as final, enter a permanent order
24

1 against that respondent to cease and desist from violations of the Securities Act, and enter an
2 order imposing the fine and charging costs, as described above.

3 DATED AND ENTERED this 27th day of December, 2007

4
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6 MICHAEL E. STEVENSON
7 Securities Administrator

8 Approved by:

9 Presented by:

10 

11 

12 Martin Cordell
13 Chief of Enforcement

14 Patrick Kim
15 Financial Legal Examiner