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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING
Whether there has been a violation
of the Securities Act of the State
of Washington by:

Quest Holdings, Inc.; Craig T. Jolly;
Kerry Miller;

Respondents.

Order Number S-08-329-09-FO01

ENTRY OF FINDINGS OF FACT AND
CONCLUSIONS OF LAW AND FINAL ORDER
TO CEASE AND DESIST

THE STATE OF WASHINGTON TO:

Quest Holdings, Inc.
Craig T. Jolly
Kerry Miller

On February 24, 2009, the Securities Administrator of the State of Washington issued Statement of Charges and Notice of Intent to Enter Order to Cease and Desist, to Charge Costs, and to Impose Fines ("Statement of Charges") against Quest Holdings, Inc; Craig T. Jolly and Kerry Miller.

The Statement of Charges, together with a Notice of Opportunity to Defend and Opportunity for Hearing ("Notice of Opportunity for Hearing") and an Application for Adjudicative Hearing ("Application for Hearing") were served on Kerry Miller on March 4, 2009 and on Quest Holdings, Inc. and Craig T. Jolly on March 30, 2009.

On March 26, 2009 the Securities Division received an Application for Adjudicative Hearing from Kerry Miller. Respondent Kerry Miller waived the right to a hearing in this matter, and in lieu thereof, submitted a written statement for consideration by the Securities Administrator. On April 17, 2009 the Securities Division received an Application for Adjudicative Hearing from Quest Holdings, Inc. and Craig T. Jolly. Respondent Craig T. Jolly, individually and on behalf of Quest Holdings, Inc., waived the right to a

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1 hearing in this matter, and lieu thereof, submitted a written statement for consideration by the Securities
2 Administrator.

3 After considering the written statements, the Securities Administrator makes the following findings
4 of fact and conclusions of law:

5 **FINDINGS OF FACT**

6 *Respondents*

7 1. Quest Holdings, Inc. (“Quest Holdings”) is a dissolved Nevada corporation incorporated in 2006.
8 Quest Holdings operated with its principal place of business in Spokane, Washington.

9 2. Craig Jolly (“Jolly”) acted as President, Director, Secretary, and Treasurer of Quest Holdings.
10 Jolly is believed to be residing in the State of Washington.

11 3. Kerry Miller (“Miller”) acted as administrative support for Quest Holdings and its website,
12 www.EarnByLoaning.com. Miller is believed to be residing in the State of Wisconsin.

13 *Nature of the Conduct*

14 4. Beginning in at least February 2006, Quest Holdings operated a website under the name
15 EarnByLoaning (“EBL”) at www.EarnByLoaning.com.

16 5. On the EBL website, Quest Holdings advertised a private lending program between Quest
17 Holdings and individual lenders through a loan contract. The website described EBL as “the very FIRST
18 company of its kind that uses actual contracts to make your money the safest it has ever been on the
19 internet.” The website further described EBL’s obligation to return an investor’s principal and interest
20 because of a contract “backed by the U.S. judicial system.”
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1 6. The loan contract, entitled “Lenders Agreement,” set forth the term length and interest rates paid
2 for the principal provided by the individual. At the end of the term the contract provided for the return of
3 the principal to the lender. The lender could elect to grant an additional loan to Quest Holdings instead of
4 the return of principal.

5 7. Individuals signed the Lenders Agreement after selecting a “Personal Loan Plan” from the EBL
6 website. The term lengths and interest rates available for the Personal Loan Plans changed over time.
7 Typical term lengths included 30 days, 120 days, 180 days, 240 days, and 1 year. Interest rates ranged from
8 6% to 19.5% per month depending on the amount loaned and term length.

9 8. Quest Holdings offered a referral or finder’s fee bonus on its Personal Loan Plans for existing
10 clients who brought new lenders into the program.

11 9. According to the EBL website, Quest Holdings accepted payment of the loan funds by PayPal,
12 bank wire transfers, official check, or money order.

13 10. Jolly regularly communicated with Quest Holdings’ lenders through the EBL website with audio
14 recordings and written posts to its online forum.

15 11. On or about April 2007, Jolly and Miller participated in a High Yield Investment Program blog
16 to promote Quest Holdings and its “online presence” EBL. In the blog, Jolly explains that he and Miller
17 started EBL to “bring some respect back to businesses who use the internet.” [sic] Jolly described how
18 other investment programs did not offer a way for investors to take action to recoup any losses and
19 differentiated Quest Holdings. The Quest Holdings’ post explained that, “[b]y having a contract for the
20 loan, each lender has a recourse of judicial action affirmed by the rights of the United States judicial system
21 and it’s [sic] court appointed authorities.” [sic]
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1 12. In online communications and conference calls Jolly assured investors of Quest Holdings'
2 stability. In a forum on the EBL website, in or about May 2007, Jolly stated that "EBL is here to stay and
3 we are in a very strong position to continue for many, many years to come."

4 13. In or about February 2008, Jolly and Miller participated in a conference call with Quest
5 Holdings' investors. During the call Jolly told investors that whether the market was "flying" or "crashing"
6 did not matter to Quest Holdings and assured investors that the lending program could run for any amount
7 of time.

8 14. Quest Holdings dissolved as a corporation in March 2008.

9 Examples

10 *Purchaser A*

11 15. Purchaser A is an Iowa resident who came across the EBL website on the internet. Purchaser A
12 contacted Miller, listed as the administrator for the website. Miller provided Purchaser A with contact
13 information for Jolly.

14 16. Jolly described the EBL program to Purchaser A. Jolly explained that people loan funds to
15 Quest Holdings and receive a guaranteed return on their principal by written contract. Jolly stressed that no
16 risk existed because of the court enforceable written contract. Jolly told Purchaser A that Quest Holdings
17 invested the funds provided by lenders. Jolly did not tell Purchaser A where or how Quest Holdings
18 invested the funds.
19 invested the funds.

20 17. Purchaser A flew to Portland, Oregon to meet with Jolly and learn more about the program.
21 Jolly told Purchaser A that he had a degree in finance and had worked as an investor for several years on his
22

1 own. Jolly said that the program did not need to be registered with the SEC because of its nature as a loan
2 and not an investment. Purchaser A did not receive any disclosure documents about the program.

3 18. Purchaser A returned to Iowa and mailed a check to Quest Holdings at its business address in
4 Spokane, Washington. Purchaser A sent \$25,000 on or about July 26, 2007. This loan agreement paid 12%
5 interest per month. Purchaser A believed the loan had a 12 month term. Later Purchaser A learned that the
6 loan had an eight month term.

7 19. Purchaser A sent an additional \$179,971.21 on or about August 30, 2007 and \$179,971 on or
8 about October 3, 2007. These loan agreements paid 12% interest per month. Purchaser A said that these
9 loan agreements had eight month terms.

10 20. Purchaser A received payments on his loaned funds every 60 days until March 2008.

11 21. Around March 2008 Purchaser A heard that Quest Holdings shut down its operations. Purchaser
12 A has had no further communications with Jolly since that time and received no more payments on the
13 funds loaned to Quest Holdings.
14

15 *Purchaser B*

16 22. Purchaser B is a Wisconsin resident who learned of Quest Holdings and the EBL website
17 through a forum for another investment program.

18 23. The members of the forum told Purchaser B that EBL paid high interest rates on money loaned
19 to the company. The members also described a court enforceable written contract between Quest Holdings
20 and the lender.

21 24. Purchaser B visited the EBL website and decided to invest. From the website, Purchaser B
22 printed a contract signed by Jolly, the President of Quest Holdings. The contract listed an Airway Heights,
23

1 Washington address for Quest Holdings. Purchaser B signed the contract and mailed it with a certified
2 check to Miller at an address in Wisconsin.

3 25. Purchaser B's initial contract was a loan of \$6,000 for a period of 120 days and paid an interest
4 rate of 25% every 60 days. Purchaser B said that he received interest payments by check.

5 26. At the end of the initial investment term, Purchaser B elected to reinvest his funds through a
6 reinvestment process on the EBL website. This time Purchaser B invested \$7,500 for an 8 month term
7 which paid 24% interest every 60 days. Purchaser B again printed the contract from the EBL website which
8 contained the pre-printed signature of Jolly.

9 27. Purchaser B never received any interest payments on the second loan. Purchaser B did not
10 receive the return of his \$7,500 principal investment.

11
12 *Purchaser C*

13 28. Purchaser C is a Colorado resident who learned of Quest Holdings and the EBL website from a
14 friend who had success with the program.

15 29. In August 2007, Purchaser C created an online profile for herself at www.EarnByLending.com.
16 After transferring \$25,000 from a personal bank account to a bank account for Quest Holdings, Purchaser B
17 returned to her online profile at the EBL website.

18 30. Purchaser C saw three loans created for her profile at EBL (\$10,000; \$10,000; \$5,000).
19 According to Purchaser C, at the time she provided funds to Quest Holdings the maximum loan amount was
20 \$10,000. To complete the loan process, Purchaser C printed out loan agreements under each loan in her
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1 profile. Quest Holdings had Jolly's signature preprinted on the loan agreement. Purchaser C signed the
2 forms and faxed them to a number provided by Quest Holdings.

3 31. Each of Purchaser C's three initial loans had four month terms with bi-monthly interest
4 payments. The loans paid a 12 ½% interest rate per month.

5 32. Purchaser C received a bi-monthly interest payment of \$6,250 in November 2007. Purchaser C
6 requested the payment from the online profile of EBL and payment occurred via bank transfer,
7 approximately nine to ten days after the request. Purchaser C received another interest payment in January
8 2008 when the initial loans matured.

9 33. At loan maturity in January 2008, Purchaser C requested that the principal be rolled into a new
10 loan with Quest Holdings. At that time Quest Holdings had altered the terms available for loans. Purchaser
11 C now had one loan for \$25,000 on an eight month term. The new loan paid a 12% interest rate per month
12 with bi-monthly interest payments.

13 34. In or about February 2008, Purchaser C spoke with Jolly about withdrawing her principal due to
14 an emergency. Jolly told Purchaser C that she could withdraw the funds as Quest Holdings had millions of
15 dollars and that her \$25,000 would not make a difference. Purchaser C ultimately elected not to withdraw
16 her principal and kept the loan.

17 35. Purchaser C said that Quest Holdings held conference calls to discuss the program and that the
18 individuals involved did not disclose how the company invested the money as it would hurt the company.

19 36. Purchaser C never received any interest payments on the January 2008 loan. Quest Holdings
20 did not return the \$25,000 principal.

21 37. Purchaser C eventually learned that Jolly dissolved Quest Holdings.
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Misrepresentations and Omissions

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2 38. Respondents Quest Holdings, Craig Jolly, and Kerry Miller failed to provide material
3 information regarding investing in Quest Holdings, including but not limited to: financial statements, use of
4 proceeds, financial condition of the company and its ability to repay debts, and the business background and
5 experience of Craig Jolly.

6 39. Respondents Quest Holdings and Craig Jolly failed to disclose the use of loaned funds and
7 excused that failure by telling investors that more specificity would hurt the program.

8 40. Respondents Quest Holdings and Craig Jolly misrepresented the risk of investment by
9 representing that the contract with Quest Holdings, “backed by the U.S. Judicial system,” makes “your
10 money the safest it has ever been on the internet.”

11 41. Respondents Quest Holdings and Craig Jolly misrepresented the financial condition of the
12 company and its ability to repay its debts by assuring investors that Quest Holdings had sufficient funds to
13 operate for many years into the future.

Registration Status

14 42. Respondent Quest Holdings Inc. is not currently registered to sell its securities in the State of
15 Washington and has not previously been so registered.

16 43. Respondent Craig Jolly is not currently registered as a securities salesperson or broker-dealer in
17 the State of Washington and has not previously been so registered.

18 44. Respondent Kerry Miller is not currently registered as a securities salesperson or broker-dealer
19 in the State of Washington and has not previously been so registered.
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1 Based upon the above Findings of Fact, the following Conclusions of Law are made:
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3 **CONCLUSIONS OF LAW**

4 1. The offer or sale of the “Lenders Agreement” described above constitutes the offer or sale of
5 a security as defined in RCW 21.20.005(10) and (12).

6 2. Respondents, Quest Holdings, Inc. and Craig Jolly violated RCW 21.20.140, the securities
7 registration provision of the Securities Act, because they offered and/or sold securities for which there was
8 no registration on file with the Securities Administrator.

9 3. Respondent Craig Jolly violated RCW 21.20.040, the securities salesperson registration
10 provision of the Securities Act, because he offered and/or sold securities while not registered as a securities
11 salesperson or broker-dealer in the State of Washington.

12 4. The offer or sale of said securities violated RCW 21.20.010 because Respondents, Quest
13 Holdings, Inc.; Craig Jolly; and Kerry Miller, in connection with the offer or sale of said securities directly
14 or indirectly made untrue statements of material fact or omitted to state material facts necessary in order to
15 make the statements made, in the light of the circumstances under which they were made, not misleading or
16 engaged in an act, practice, or course of business which operated or would operate as a fraud or deceit upon
17 a person.
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20 Based on the foregoing, and finding it in the public interest:
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24 ENTRY OF FINDINGS OF FACT AND
25 CONCLUSIONS OF LAW AND FINAL
26 ORDER TO CEASE AND DESIST
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FINAL ORDER

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2 It is hereby ORDERED that the Respondents Quest Holdings, Inc. and Craig T. Jolly, and their
3 agents and employees, each cease and desist from violation of RCW 21.20.140, the securities
4 registration section of the Securities Act.

5 It is further ORDERED that Respondent Craig T. Jolly, and his agents and employees, each cease
6 and desist from violation of RCW 21.20.040, the broker-dealer and securities salesperson registration
7 section of the Securities Act.

8 It is further ORDERED that Respondents Quest Holdings, Inc.; Craig T. Jolly; and Kerry Miller,
9 and their agents and employees, each cease and desist from violation of RCW 21.20.010, the anti-
10 fraud section of the Securities Act.

11 It is further ORDERED that Respondent Craig T. Jolly shall be liable for and pay a fine in the
12 amount of \$40,000.

13 It is further ORDERED that Respondents Quest Holdings, Inc.; Craig T. Jolly; and Kerry Miller
14 shall be jointly and severally liable for and pay costs in the amount of \$4,000.
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17 **AUTHORITY AND PROCEDURE**

18 This Final Order is entered pursuant to the provisions of 21.20.390 and RCW 21.20.395, and is
19 subject to the provisions of RCW 21.20.440 and Chapter 34.05 RCW. Respondents have the right to
20 petition the superior court for judicial review of this agency action under the provisions of chapter 34.05
21 RCW. For the requirements for filing a Petition for Judicial Review, see RCW 34.050.510 and sections
22 following. Pursuant to 21.20.395, a certified copy of this order may be filed in Superior Court. If so
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DEPARTMENT OF FINANCIAL INSTITUTIONS
Securities Division
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1 filed, the clerk shall treat the order in the same manner as a Superior Court judgment as to the fine,
2 and the fine may be recorded, enforced, or satisfied in like manner.

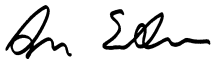
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4 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

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6 DATED and ENTERED this 8th day of May, 2009.

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10 _____
11 MICHAEL E. STEVENSON
12 Securities Administrator

13 Approved by:

14 

15 _____
16 Suzanne Sarason
17 Chief of Enforcement

18 Presented by:

19 

20 _____
21 Jack McClellan
22 Financial Legal Examiner

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24 ENTRY OF FINDINGS OF FACT AND
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