

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 Washington by:

Hoss Mortgage Investors, Inc. and  
Todd Allan Hoss,

Respondents

Order Number S-09-043-09-TO02

SUPERSEDING STATEMENT OF  
CHARGES, STOP ORDER SUSPENDING  
AND NOTICE OF INTENT TO REVOKE  
SECURITIES REGISTRATION,  
SUMMARY ORDER TO CEASE AND  
DESIST, SUMMARY ORDER  
REVOKING EXEMPTIONS, SUMMARY  
ORDER SUSPENDING AND NOTICE OF  
INTENT TO REVOKE SECURITIES  
BROKER-DEALER AND SECURITIES  
SALESPERSON REGISTRATION, AND  
NOTICE OF INTENT TO IMPOSE A FINE

THE STATE OF WASHINGTON TO:

Hoss Mortgage Investors, Inc.  
Todd Hoss

**INTRODUCTION**

On July 8, 2009, the Securities Administrator of the State of Washington entered Order Number S-09-043-09-SC01, Statement of Charges and Notice of Intent to Enter an Order to Cease and Desist, Revoke Securities Registration, Revoke Securities Broker-Dealer Registration, Revoke Securities Salesperson Registration, Revoke Exemptions, and Impose a Fine (“Statement of Charges”) against Respondents, Hoss Mortgage Investors, Inc. (“HMI”) and Todd Allan Hoss (“Hoss”). The Statement of Charges was personally served on HMI’s registered agent, Mark D. Kimball, on July 22, 2009. On August 11, 2009, DFI received a

SUPERSEDING STATEMENT OF CHARGES, STOP ORDER  
SUSPENDING AND NOTICE OF INTENT TO REVOKE  
SECURITIES REGISTRATION, SUMMARY ORDER TO CEASE  
AND DESIST, SUMMARY ORDER REVOKING EXEMPTIONS,  
SUMMARY ORDER SUSPENDING AND NOTICE OF INTENT TO  
REVOKE SECURITIES BROKER-DEALER AND SECURITIES  
SALESPERSON REGISTRATION, AND NOTICE OF INTENT TO  
IMPOSE A FINE

1

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

1 timely application for an adjudicative hearing on the Initial Statement of Charges from HMI  
2 and Hoss.

3 Based upon the information set forth below, which includes additional evidence that was  
4 gathered by DFI after the entry of the Statement of Charges, the Securities Administrator finds  
5 that delay in suspending Respondents' registrations would be hazardous to the public interest  
6 and is necessary and appropriate for the protection of investors and that this Superseding  
7 Statement of Charges, Stop Order Suspending and Notice of Intent to Revoke Securities  
8 Registration, Summary Order to Cease and Desist, Summary Order Revoking Exemptions,  
9 Summary Order Suspending and Notice of Intent to Revoke Securities Broker-Dealer and  
10 Securities Salesperson Registration, and Notice of Intent to Impose a Fine ("Superseding  
11 Statement of Charges and Order") should be entered immediately against HMI and Hoss. This  
12 Superseding Statement of Charges and Order replaces the earlier Statement of Charges that  
13 was entered against HMI and Hoss.  
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### 16 **STATEMENT OF CHARGES**

17  
18 Please take notice that the Securities Administrator of the State of Washington has reason  
19 to believe that Respondents, HMI and Hoss, have each violated the Securities Act of  
20 Washington and that their violations justify the Securities Administrator to issue the following  
21 charges and orders: under RCW 21.20.280 to suspend, with notice of intent to revoke, HMI's  
22 securities registration; under RCW 21.20.390 against HMI and Hoss to cease and desist from  
23 such violations; under RCW 21.20.325 to revoke exemptions for HMI and for Hoss; under  
24 RCW 21.20.110 to suspend, with notice of intent to revoke, HMI's securities broker-dealer  
25 registration and Hoss's securities salesperson registration; and under RCW 21.20.110 and

1 RCW 21.20.395 to impose a fine against Hoss. The Securities Administrator finds that delay  
2 in suspending HMI's securities registration and in ordering the Respondents to cease and desist  
3 from such violations would be hazardous to the investors and to the public and that these  
4 orders should be entered immediately. The Securities Administrator finds as follows:

5  
6 **TENTATIVE FINDINGS OF FACT**

7 RESPONDENTS

8 1. Hoss Mortgage Investors, Inc. ("HMI") is a Washington corporation, with its  
9 principal place of business located at 1001 Fourth Avenue Plaza, Suite 3330, in Seattle,  
10 Washington. HMI has been in the business of offering and selling investments, in order to  
11 finance business purpose loans to high-risk borrowers. HMI has also provided loan  
12 management and collection services and has charged a loan servicing fee to its investors.  
13

14 2. Todd Allan Hoss ("Hoss") is the President and the sole shareholder of HMI.  
15

16 REGISTRATION STATUS OF RESPONDENTS

17 3. From January 24, 2007 until January 24, 2009, and from February 27, 2009 until  
18 the entry date of this Superseding Statement of Charges and Order, HMI was registered with  
19 the Securities Division of the Washington State Department of Financial Institutions  
20 ("Securities Division") under RCW 21.20.210 and WAC chapter 460-33A to sell mortgage  
21 paper securities, as defined in WAC 460-33A-015(4). HMI's mortgage paper securities  
22 registration (permit number 70013545) had been scheduled to expire on February 27, 2010.  
23

24 4. HMI was registered as a securities broker-dealer under RCW 21.20.040. HMI's  
25 securities broker-dealer registration (permit number 10005029) had been scheduled to  
expire on February 27, 2010.

1 5. Todd Allan Hoss was registered with the Securities Division under RCW 21.20.040  
2 as a securities salesperson for HMI. Hoss's securities salesperson registration (permit  
3 number 20009496) had been scheduled to expire on February 27, 2010. Before starting  
4 HMI, Hoss was registered with the Securities Division as a securities salesperson for more  
5 than twenty years. However, until HMI was licensed in 2007, Hoss was not registered to  
6 operate his own mortgage paper securities broker-dealer firm.  
7

#### 8 HMI'S LOAN AND INVESTMENT BUSINESS

9 6. HMI originated loans to borrowers using funds from HMI's own sources or funds  
10 from investors. HMI earned a loan fee, ordinarily approximately 6% of the total loan  
11 amount, each time that HMI closed a loan. When HMI made a loan to a borrower, the loan  
12 was evidenced by a promissory note that was made payable from the borrower to HMI and  
13 was secured by a deed of trust from the borrower to HMI. HMI then sold participation  
14 interests in the loan to multiple investors or the whole loan to a single investor.  
15

#### 16 HMI INVESTMENTS

#### 17 SALE OF "PARTICIPATION LOAN" INVESTMENTS UNDER PERMIT

18 7. HMI was registered with the Securities Division to offer and sell "participation  
19 loan" investments, where more than one investor funded the loan. Each investor purchased  
20 a fractionalized interest (less than a 100% interest) in a specific loan to a specific HMI  
21 borrower. Each investor should have received a recorded assignment of the investor's  
22 percentage interest in the deed of trust that was given by the borrower to HMI.  
23  
24  
25

1                   SALE OF “WHOLE LOAN” INVESTMENTS UNDER CLAIMED EXEMPTION

2                   8. HMI also offered and sold “whole loan” investments, where a single investor  
3 purchases 100% of a specific loan to a specific HMI borrower. Under the exemption in  
4 RCW 21.20.320(5), “whole loan” investments are generally exempt from securities  
5 registration if they are offered and sold as part of a single investment in a single loan to a  
6 single borrower. However, when the investments are offered and sold as a group of  
7 investments, the investment might not qualify for the exemption.  
8

9                   9. Even if HMI’s “whole loan” investments are exempt from securities registration, the  
10 investments are still subject to the anti-fraud provisions of the Washington Securities Act, as  
11 set forth in RCW 21.20.010. Under the anti-fraud provisions, when offering and selling  
12 securities, HMI must give an investor all material information necessary for the investor to  
13 determine the nature and risks of the investment and HMI must not engage in any act,  
14 practice, or course of business which operates or would operate as a fraud or deceit upon the  
15 investor.  
16  
17

18                   HMI’S “WHOLE LOAN” INVESTMENT PRACTICES PUT INVESTORS AT RISK

19                   10. During 2007, 2008, and 2009, when offering and selling HMI “whole loan”  
20 investments, HMI represented to the investors that they were purchasing an investment that  
21 was secured by real property. However, because HMI generally did not transfer or assign  
22 the note to the investor, and often did not record an assignment of the deed of trust that  
23 purportedly secured the investment, the investor might be considered an unsecured creditor  
24 of HMI at the time the investment was made.  
25

1           11. When offering and selling HMI “whole loan” investments, sometimes the only  
2 documentation that HMI gave to the investor was an invoice for the investment. Typically,  
3 the invoice included an HMI loan number, a purported borrower’s last name, the amount of  
4 the investment, the due date for the promissory note that purportedly underlies the  
5 investment, the annual interest rate for the investment (which is generally less than the  
6 interest rate for the note that underlies the investment, because HMI keeps the “spread,” or  
7 the differential between the note interest rate and the interest rate that is paid by HMI to the  
8 investor), a description of the lien position for the deed of trust that purportedly secures the  
9 investment, and the balance that is due from the investor to HMI. An investor who received  
10 an invoice for his or her investment without any further documentation must rely on HMI to  
11 evaluate, secure, and protect his or her investment.  
12  
13

14           12. When offering and selling “whole loan” investments, HMI and Hoss each  
15 represented to investors that the deeds of trust that purportedly secured HMI’s “whole loan”  
16 investments were “held in street name” by HMI, but HMI and Hoss did not document  
17 whether the notes and deeds of trust for HMI’s “whole loan” investments were held by an  
18 independent escrow agent or in a trust relationship or whether the deeds of trust were held  
19 only by HMI. In addition, HMI and Hoss have not demonstrated that HMI holds notes and  
20 deeds of trust that correspond with all of the outstanding investments that have been sold by  
21 HMI and Hoss.  
22  
23

24           INADEQUATE DISCLOSURES FOR HMI “WHOLE LOAN” INVESTMENTS

25           13. When offering and selling an HMI “whole loan” investment, HMI has failed to  
provide adequate disclosure information to the investor. When HMI does not deliver a note

1 to the investor and does not assign and record a deed of trust in the name of the investor,  
2 HMI has failed to disclose that the investor might be an unsecured creditor of HMI at the  
3 time that the investment is made. HMI has failed to disclose that the investor might be  
4 subject to the claims of other HMI and Hoss creditors. HMI has failed to disclose the  
5 intended and the actual use of the investor's funds. HMI has failed to provide the investor  
6 with any financial information, including a loan application, a credit report, and a financial  
7 statement, from the purported borrower. HMI has failed to provide the investor with  
8 property title information, including title insurance policies, for the real property that is  
9 represented to secure the investment. HMI has failed to give the investor property valuation  
10 information, including property appraisals and complete property descriptions, for the real  
11 property that is represented to secure the investment.  
12  
13

14 FRAUDULENT CONDUCT BY HMI AND HOSS

15 14. When offering and selling investments, HMI and Hoss have each sold the same  
16 particular investment to more than one investor, without telling the subsequent investor that  
17 the same investment had already been sold to someone else. HMI and Hoss have each  
18 represented to investors that they were purchasing investments that were secured by real  
19 estate deeds of trust, but HMI and Hoss have each willfully misrepresented the position of  
20 the deeds of trust or have willfully failed to record the deeds of trust to protect the investors.  
21 HMI and Hoss have each sold more than 100% of the interest in a particular loan and have  
22 failed to grant security interests to the later investors. HMI and Hoss have each offered and  
23 sold investments that were ostensibly being made to fund loans to borrowers, but the loans  
24 were never made. HMI and Hoss have each offered and sold interests in loans to  
25

1 unidentified borrowers, possibly for fictitious loan transactions. HMI and Hoss have each  
2 reconveyed deeds of trust that should have protected investor interests, without repaying the  
3 affected investors.  
4

#### 5 PROBLEMS WITH SPECIFIC HMI INVESTMENTS

##### 6 A.) SIERRA II, LLC INVESTMENT

##### 7 \$2,400,000 Sierra II, LLC Participation Loan

8 15. In January 2008, HMI originated loan #28065 to an HMI borrower named Sierra  
9 II, LLC. The amount of the loan was \$2,400,000. Sierra II, LLC gave HMI a \$2,400,000  
10 promissory note and a \$2,400,000 first position deed of trust against real property located at  
11 1421 Seattle Hill Road in Bothell, Washington. On April 15, 2008, HMI recorded the deed  
12 of trust in favor of HMI and on April 17, 2008 and April 22, 2008, HMI recorded  
13 assignments of the deed of trust to HMI investors. The recorded assignments show that by  
14 April 22, 2008, HMI had already sold participation interests totaling \$2,400,000 (100% of  
15 the loan) to HMI investors in HMI loan #28065 to Sierra II, LLC.  
16  
17

##### 18 Offer and Sale of a Written Repurchase Guarantee

19 16. During March 2009, when offering and selling a \$42,000 participation interest in the  
20 HMI Sierra II, LLC loan, HMI and Hoss each represented in writing to "Investor A" that HMI  
21 would repurchase the investment within 60 days if the investor was ever dissatisfied with any  
22 aspect of the transaction. The repurchase guarantee has not been honored. The repurchase  
23 guarantee was not offered and sold as part of a registered securities offering. In the March 31,  
24 2009 quarterly financial statement that HMI filed with the Securities Division, HMI did not  
25 disclose any repurchase guarantees to investors.



1 Misrepresentations and Omissions

2 17. When offering and selling the \$42,000 Sierra II repurchase guarantee, HMI and Hoss  
3 each failed to disclose to Investor A that the repurchase guarantee was not offered and sold as  
4 part of a registered securities offering. HMI and Hoss each failed to give the investor financial  
5 information showing the value of the guarantee. HMI and Hoss each failed to disclose the risk  
6 of relying on the guarantee.  
7

8 Offer and Sale of an \$862,800 "Participation" Investment in the Sierra II, LLC Loan

9 18. On May 1, 2008, despite having already sold 100% of the participation interests in  
10 the Sierra II, LLC loan #28065, HMI and Hoss offered and sold another \$862,800  
11 participation investment interest in the loan to "Investor B," who was over 90 years old.  
12 HMI and Hoss each represented that Investor B would have a 35.95% interest in the loan  
13 and that the investor would have a first position deed of trust to secure the investment, so  
14 that no other deed of trust would have a higher claim. HMI and Hoss each represented that  
15 the investment would pay 15% annual interest. Investor B did not participate in the  
16 management of the loan and Investor B was relying on HMI for loan management and  
17 collection services. Since April 2009, Investor B has not received any monthly interest  
18 payments from the investment. To date, the investment has not been repaid.  
19  
20  
21

22 Misrepresentations and Omissions

23 19. When offering and selling the \$862,800 participation investment in HMI Sierra II,  
24 LLC loan #28065, HMI and Hoss each failed to disclose that 100% of the Sierra II, LLC  
25 participation loan had already been sold to other investors and that Investor B received no  
interest in the loan and no real property security interest in the first position deed of trust.



1 new deeds of trust from Sierra II, LLC to HMI. One deed of trust was for \$862,800. The  
2 other deed of trust was for \$170,000, which represented the investor's original investment  
3 of \$100,000, plus a contribution of \$70,000 from the investor's son. HMI and Hoss gave  
4 each investor an assignment of the new deeds of trust. The deeds of trust were recorded on  
5 May 14, 2009, and the assignments of the deeds of trust were recorded on May 18, 2009.  
6 From a review of the public records, it appears that the \$862,800 deed of trust is in second  
7 position and the \$170,000 deed of trust is in third position.  
8

9 B.) VON LOSSOW INVESTMENTS

10 \$220,000 HMI Loan to Von Lossow

11  
12 23. In January 2008, HMI and Hoss originated a loan to an HMI borrower named Von  
13 Lossow. The amount of the loan was \$220,000. Von Lossow gave HMI a \$220,000  
14 promissory note and a \$220,000 first position deed of trust against real property located at  
15 8525 NE Juanita Drive in Kirkland, Washington. In January 2008, HMI recorded the  
16 \$220,000 deed of trust.  
17

18 Offer and Sale of the Same \$220,000 HMI Von Lossow Investment to Two Different  
19 Investors

20 24. In February 2008, HMI and Hoss offered and sold the "whole" \$220,000 Von  
21 Lossow note and deed of trust to "Investor D," but HMI and Hoss never assigned the Von  
22 Lossow note and deed of trust to Investor D. In October 2008, HMI and Hoss again offered  
23 and sold the "whole" \$220,000 Von Lossow note and deed of trust to "Investor E," but HMI  
24 and Hoss never assigned the Von Lossow note and deed of trust to Investor E and the Von  
25 Lossow investment was never shown on Investor E's monthly HMI account statements.

1 HMI represented to Investor D and to Investor E that their \$220,000 Von Lossow  
2 investments would pay 15% annual interest. Investor D and Investor E did not participate in  
3 the management of the Von Lossow loan and they were each relying on HMI for loan  
4 management and collection services. The two investments were not offered and sold as part  
5 of a registered securities offering.  
6

7 Misrepresentations and Omissions

8 25. When offering and selling the two \$220,000 Von Lossow investments, HMI and  
9 Hoss represented that Investor D and Investor E would each have a \$220,000 note from Von  
10 Lossow and a first position deed of trust against real property located at 8525 NE Juanita  
11 Drive in Kirkland, Washington to secure their investment. HMI and Hoss each failed to  
12 disclose that the two investments were unsecured because the Von Lossow note and deed of  
13 trust was never assigned to either of the investors. HMI and Hoss each failed to disclose to  
14 Investor E that HMI and Hoss had already sold the same investment to Investor D. HMI  
15 and Hoss each failed to disclose the actual use of the investors' funds.  
16  
17

18 Later Activities by Hoss and by HMI

19 26. In December 2008, HMI and Hoss reconveyed to the borrower the deed of trust  
20 that secured the \$220,000 Von Lossow loan, without telling Investor D or Investor E that  
21 the property had been sold and without repaying either of the investors. HMI continued to  
22 make monthly interest payments to both of the investors, as if the \$220,000 Von Lossow  
23 loan was still outstanding. Later, after Investor E discovered that the Von Lossow property  
24 had been sold, Investor E confronted Hoss and demanded the repayment of the investment.  
25

HMI and Hoss gave Investor E a check in February 2009 to repay the investment in full.

1 Several weeks later, after Investor D discovered that the Von Lossow property had been  
2 sold, Investor D confronted Hoss to demand the repayment of the investment. In April  
3 2009, HMI and Hoss assigned a substitute \$240,000 deed of trust from HMI to Investor D  
4 against property located in San Juan County, Washington.  
5

#### 6 HMI Written Repurchase Guarantee

7 27. When offering and selling the \$220,000 Von Lossow repurchase guarantee, HMI and  
8 Hoss each failed to disclose that the repurchase guarantee was not offered or sold as part of a  
9 registered securities offering. HMI and Hoss did honor the repurchase guarantee to Investor E.  
10 However, in the audited financial statements that HMI has filed with the Securities Division,  
11 HMI did not disclose any repurchase guarantees to investors.  
12

#### 13 \$88,000 and \$15,000 Von Lossow Promissory Notes

14 28. During May 2009, while being interviewed by telephone, Von Lossow told a  
15 Securities Division employee that sometime after Von Lossow signed the \$220,000 promissory  
16 note to HMI, he also signed an \$88,000 promissory note and a \$15,000 promissory note to  
17 HMI. Von Lossow said that he wanted to have a “line of credit” that he could use if he was  
18 unable to sell the Kirkland house that secured his \$220,000 HMI loan. However, because the  
19 Kirkland house did sell in 2008, Von Lossow said that he never received any loan proceeds  
20 from the \$88,000 note or from the \$15,000 note that he signed and gave to HMI.  
21  
22

#### 23 Offer and Sale of an \$88,000 Von Lossow Investment

24 29. In October 2008, HMI and Hoss offered and sold an \$88,000 Von Lossow  
25 investment to “Investor F.” HMI and Hoss represented to the investor that the investment  
would be used to fund an \$88,000 loan to a borrower named Von Lossow. HMI and Hoss

1 represented that Investor F would have a second position deed of trust to secure the  
2 investment. HMI and Hoss represented that the investment would pay 17% annual interest.  
3 Investor F did not participate in the management of the investment and Investor F was  
4 relying on HMI for loan management and collection services. The investment was not  
5 offered and sold as part of a registered securities offering. Since April 2009, Investor F has  
6 not received any monthly interest payments for the investment and Investor F has stopped  
7 receiving monthly account statements from HMI. To date, the investment has not been  
8 repaid.

#### 9 Misrepresentations and Omissions

10  
11  
12 30. When offering and selling the \$88,000 Von Lossow investment, HMI and Hoss  
13 each failed to disclose that the purported borrower, Von Lossow, did not receive any loan  
14 proceeds from an \$88,000 loan from HMI. HMI and Hoss each failed to disclose to  
15 Investor F that the investment was unsecured. HMI and Hoss each failed to disclose the  
16 intended and the actual use of the investor's funds.  
17

#### 18 Offer and Sale of a \$15,000 HMI Von Lossow Investment

19 31. In October 2008, HMI and Hoss offered and sold a \$15,000 Von Lossow  
20 investment to "Investor G." HMI and Hoss each represented to the investor that the  
21 investment would be used to fund a \$15,000 loan to a borrower named Von Lossow. HMI  
22 and Hoss each represented that the investment would be secured by a second position deed  
23 of trust against real property located at 8525 NE Juanita Drive in Kirkland, Washington.  
24  
25 HMI and Hoss represented that the investment would pay 17% annual interest. Investor G  
did not participate in the management of the investment and Investor G was relying on HMI

1 for loan management and collection services. The investment was not offered and sold as  
2 part of a registered securities offering. Since April 2009, Investor G has not received any  
3 monthly interest payments for the investment and Investor G has stopped receiving monthly  
4 account statements from HMI. To date, the investment has not been repaid.

5  
6 Misrepresentations and Omissions

7 32. When offering and selling the \$15,000 Von Lossow investment, HMI and Hoss  
8 each failed to disclose that the purported borrower, Von Lossow, did not receive any loan  
9 proceeds from a \$15,000 loan from HMI. HMI and Hoss each failed to disclose to Investor  
10 G that the investment was unsecured. HMI and Hoss each failed to disclose the intended  
11 and the actual use of the investor's funds.  
12

13 C.) DE CHANTAL OR OLYMPIC MEADOWS OR NORTH PACIFIC LAND AND  
14 TIMBER INC. ("NPLT") OR DEER PARK INVESTMENTS

15 HMI De Chantal Loans

16 33. As of the entry date of this Statement of Charges, public records show that HMI  
17 has loaned more than \$3,000,000 to a borrower named De Chantal and has taken back more  
18 than 50 deeds of trust as security for the loans. The deeds of trust were granted to HMI by  
19 North Pacific Land and Timber Inc., the trustee for the Olympic Meadows Land Trust,  
20 against four parcels of land in Clallam County, including land that was to become a  
21 development known as Deer Park. The loan proceeds were to be used to improve the four  
22 parcels of land.  
23  
24  
25

1 HMI De Chantal Investments

2 34. It appears that HMI offered and sold investments in the De Chantal promissory  
3 notes and deeds of trust to HMI investors. The Securities Division has found that in 2007  
4 and 2008, HMI and Hoss have offered and sold at least 20 De Chantal investments totaling  
5 more than \$800,000 to at least ten HMI investors. When offering and selling the  
6 investments, HMI and Hoss represented that the investors were purchasing “whole note”  
7 investments, but that HMI would hold the notes. HMI and Hoss represented that the  
8 investments would pay at least 15% annual interest. The investors did not participate in the  
9 management of their investments and they were relying on HMI for loan management and  
10 collection services. None of the investments were offered or sold as part of a registered  
11 securities offering. Since April 2009, the investors have not received monthly interest  
12 payments for their investments and the investors have not received monthly account  
13 statements from HMI. To date, the investments have not been repaid.

14 Misrepresentations and Omissions

15 35. When offering and selling the De Chantal note and deed of trust investments,  
16 HMI and Hoss each represented that the investments would be secured by deeds of trust.  
17 However, HMI and Hoss each failed to disclose that because the notes and deeds of trust  
18 were not assigned to the investors, the investors were unsecured creditors of HMI when the  
19 investments were offered and sold. In some cases, the investors received documentation for  
20 investments that had no corresponding recorded deeds of trust. It also appears that the  
21 parcels of land that were intended to secure the investments have been over-encumbered by  
22  
23  
24  
25



1 HMI and that there might be inadequate value in the real property to serve as security for  
2 some of the investments.

3 Offer and Sale of a \$10,222 Investment in a \$538,000 Deer Park Participation Loan

4  
5 36. In October 2008, HMI offered and sold to "Investor H" a \$10,222 participation  
6 investment interest in Deer Park 2008 HMI loan #28083 for \$538,000. HMI and Hoss each  
7 represented that Investor H would have a 1.90% interest in the loan and that Investor H  
8 would have a first position deed of trust, so that no other deed of trust would have a higher  
9 claim. HMI and Hoss each represented that the investment would pay 15% annual interest.  
10 Investor H did not participate in the management of the loan and Investor H was relying on  
11 HMI for loan management and collection services. Since April 2009, Investor H has not  
12 received any monthly interest payments from the investment. To date, the investment has  
13 not been repaid.  
14

15 \$538,000 Deer Park Deed of Trust

16  
17 37. The Clallam County Auditor's Office shows a \$538,000 recorded deed of trust  
18 dated September 30, 2008, from North Pacific Land and Timber Inc. to HMI. The deed of  
19 trust was signed by Alain De Chantal. The deed of trust refers to Loan #28086, but it  
20 appears likely that Investor H was supposed to have been secured by an interest in that  
21 particular deed of trust because there were no other recorded deeds of trust for \$538,000.  
22 On June 26, 2009, there was a full reconveyance of the \$538,000 deed of trust. Investor H  
23 was never notified by HMI or by Hoss about the reconveyance.  
24  
25

1 Misrepresentations and Omissions

2 38. When offering and selling to Investor H the \$10,222 participation investment in  
3 the 2008 Deer Park loan, HMI and Hoss each failed to disclose that the investment was  
4 unsecured because HMI and Hoss did not assign the investor's percentage interest in the  
5 \$538,000 deed of trust that was purported to secure the investment.  
6

7 D.) WOODS LAKE INVESTMENT

8 \$810,000 HMI Woods Lake Loan

9 39. In February 2009, HMI negotiated an \$810,000 loan to De Chantal. This loan  
10 was secured by an \$810,000 deed of trust that was recorded by HMI against property  
11 located at Woods Lake in Snohomish County, Washington. However, as of July 2, 2009,  
12 HMI had funded only about \$600,000 of the Woods Lake loan.  
13

14 Regulation D Filing for the Woods Lake Investment

15 40. The offer and sale of the \$810,000 Woods Lake investment was not part of a  
16 registered securities offering, but HMI did make a Rule 506, Regulation D exemption filing  
17 with the Securities & Exchange Commission. However, HMI did not make any exemption  
18 filing with the Securities Division, as required by WAC 460-44A-503 and -506.  
19

20 Offer and Sale of a \$50,058 Woods Lake Investment

21 41. On January 23, 2009, HMI and Hoss each offered and sold a \$50,058 participation  
22 investment in the \$810,000 Woods Lake promissory note and first position deed of trust to  
23 "Investor I." HMI and Hoss each represented to Investor I that the investor's funds would  
24 be used as part of the financing for an \$810,000 loan to HMI's borrower, De Chantal. HMI  
25 and Hoss each represented to Investor I that the loan proceeds would be used to improve De

1 Chantal's Woods Lake property, located in Snohomish County. HMI and Hoss each  
2 represented that the investment would pay 15% annual interest, but Investor I has never  
3 received any payments from the investment, even though HMI was supposed to collect up-  
4 front interest reserves for the loan. The Woods Lake investment was not listed on Investor  
5 I's HMI monthly account statements from January 2009 through April 2009, after which  
6 statements ceased. Investor I did not participate in the management of the loan and Investor  
7 I was relying upon HMI and Hoss for loan management and collection services. To date,  
8 the investment has not been repaid.  
9

#### 10 Misrepresentations and Omissions

11  
12 42. When offering and selling the \$50,058 Woods Lake investment, HMI and Hoss  
13 each represented that the offering of the investment was registered with the Securities  
14 Division. HMI and Hoss each failed to disclose that Investor I was an unsecured creditor of  
15 HMI when the investment was made because HMI and Hoss each failed to assign the note  
16 and deed of trust to the investor. HMI and Hoss each failed to disclose to Investor I that  
17 HMI had not fully funded the Woods Lake loan and that insufficient funding of the loan  
18 might jeopardize the Woods Lake development project and the borrower's ability to repay  
19 the loan.  
20

#### 21 Offer and Sale of a \$163,215 Woods Lake Investment

22  
23 43. On January 30, 2009, HMI offered a \$163,215 participation investment in the  
24 \$810,000 Woods Lake promissory note and first position deed of trust to "Investor J." HMI  
25 and Hoss each represented to Investor J that the investor's funds would be used as part of  
the financing for an \$810,000 loan to HMI's borrower, De Chantal. HMI and Hoss each

1 represented that the loan proceeds would be used to improve De Chantal's Woods Lake  
2 property, located in Snohomish County. HMI and Hoss each represented that the  
3 investment would pay 15% annual interest, but Investor J has never received any payments  
4 from the investment, even though HMI was supposed to collect up-front interest reserves for  
5 the loan. The Woods Lake investment was not listed on Investor J's HMI monthly account  
6 statements from February 2009 through April 2009, after which statements ceased. Investor  
7 J did not participate in the management of the loan and Investor J was relying upon HMI  
8 and Hoss for loan management and collection services. To date, the investment has not  
9 been repaid.  
10  
11

#### 12 Misrepresentations and Omissions

13 44. When offering and selling the \$163,215 HMI Woods Lake investment, HMI and  
14 Hoss each represented that the offering of the investment was registered with the Securities  
15 Division. HMI and Hoss each failed to disclose that Investor J was an unsecured creditor of  
16 HMI when the investment was made because HMI and Hoss each failed to assign the note  
17 and deed of trust to Investor J. HMI and Hoss each failed to disclose to Investor J that HMI  
18 had not fully funded the Woods Lake loan and that insufficient funding of the loan might  
19 jeopardize the Woods Lake development project and the borrower's ability to repay the  
20 loan.  
21  
22

#### 23 HMI Written Repurchase Guarantee

24 45. When offering and selling the \$163,215 Woods Lake investment, HMI and Hoss  
25 each represented in writing to Investor J that HMI would repurchase the investment within

1 sixty days if the Woods Lake loan went into default. The repurchase agreement was supposed  
2 to remain confidential and not be disclosed by Investor J, or it would become null and void.  
3 Based upon the purported repurchase guarantee, Investor J increased the amount of the  
4 investment from \$100,000 to \$163,215. The repurchase guarantee was not sold as part of a  
5 registered securities offering. The repurchase guarantee was not disclosed in the March 31,  
6 2009 quarterly financial statement that HMI has filed with the Securities Division.  
7

### 8 Misrepresentations and Omissions

9 46. When offering and selling the \$163,215 Woods Lake repurchase guarantee, HMI and  
10 Hoss each failed to disclose to Investor J that the repurchase guarantee was not offered and  
11 sold as part of a registered securities offering. HMI and Hoss each failed to give the investor  
12 financial information showing the value of the guarantee. HMI and Hoss each failed to  
13 disclose the risk of relying on the guarantee.  
14

### 15 E.) MINDEN INVESTMENT

#### 16 Offer and Sale of the \$240,000 Investment

17 47. In April 2009, HMI and Hoss each offered and sold a \$240,000 “whole loan”  
18 investment in the Minden promissory note and deed of trust to “Investor K.” HMI and Hoss  
19 each represented that the investment would be secured by a first position deed of trust, but  
20 HMI and Hoss never assigned the Minden note and deed of trust to Investor K. Investor K  
21 did not participate in the management of the Minden loan and Investor K was relying on  
22 HMI and Hoss for loan management and collection services. To date, the investment has  
23 not been repaid.  
24  
25

1 Misrepresentations and Omissions

2 48. When offering and selling the \$240,000 Minden investment to Investor K, HMI  
3 and Hoss each failed to disclose that the investment was unsecured because the Minden note  
4 and deed of trust was never assigned to Investor K and, in fact, HMI and Hoss later assigned  
5 the Minden deed of trust to another HMI investor.  
6

7 HMI Written Repurchase Guarantee

8 49. When offering and selling the \$240,000 Minden investment, HMI and Hoss each  
9 represented to Investor K in a written “Buy Back Agreement” that HMI would repurchase the  
10 investor’s \$240,000 Minden investment plus make other payments, for a total amount of  
11 \$251,200, on or before July 1, 2009. The repurchase agreement was supposed to remain  
12 confidential and not be disclosed by the investor or the agreement would become null and void.  
13 The repurchase guarantee was not offered or sold as part of a registered securities offering.  
14 The repurchase guarantee was not disclosed in the March 31, 2009 quarterly financial  
15 statement that HMI has filed with the Securities Division.  
16  
17

18 Misrepresentations or Omissions

19 50. When offering and selling the \$240,000 Minden repurchase guarantee, HMI and  
20 Hoss each failed to disclose to Investor K that the repurchase guarantee was not offered or sold  
21 as part of a registered securities offering. HMI and Hoss each failed to give the investor  
22 financial information showing the value of the guarantee. HMI and Hoss each failed to  
23 disclose the risk of relying on the guarantee.  
24  
25

1 F.) MOUNTAIN SHADOW INVESTMENT

2 \$340,000 Mountain Shadow Participation Loan

3 51. During 2009, HMI started to originate a \$340,000 loan to an HMI borrower named  
4 Normurk, LLC. The loan proceeds were to be used to develop the Mountain Shadow Mobile  
5 Home Park in Pierce County. The loan was to be secured by a second position deed of trust  
6 against the mobile home park property. On December 24, 2008, HMI recorded the \$340,000  
7 deed of trust from Normurk, LLC to HMI. However, according to investor conversations with  
8 Ronald Krumvieda, the managing member of Normurk, LLC, the borrower never received the  
9 full loan amount.  
10  
11

12 Regulation D Filing for the Mountain Shadow Investment

13 52. The offer and sale of the \$340,000 Woods Lake investment was not part of a  
14 registered securities offering, but HMI did make a Rule 506, Regulation D exemption filing  
15 with the Securities & Exchange Commission. However, HMI did not make any exemption  
16 filing with the Securities Division, as required by WAC 460-44A-503 and -506.  
17

18 Offer and Over-sale of the Mountain Shadow Investment

19 53. From December 2008 through April 2009, HMI and Hoss offered and sold  
20 approximately \$400,000 worth of investments in the \$340,000 Mountain Shadow investment.  
21 When offering and selling the investments, HMI and Hoss represented that investor funds  
22 would be used to develop the Mountain Shadow Mobile Home Park property. HMI and Hoss  
23 represented that the Mountain Shadow investments would be secured by a \$340,000 second  
24 position deed of trust against the property.  
25

1 Misrepresentations and Omissions

2 54. When offering and selling approximately \$400,000 worth of investments in the  
3 \$340,000 Mountain Shadow participation loan, HMI and Hoss each failed to disclose that the  
4 offering of the investments was not registered with the Securities Division. HMI and Hoss  
5 each failed to disclose to investors that more than 100% of the loan had been sold. HMI and  
6 Hoss each failed to disclose that not all of the investors' funds went to the borrower. HMI and  
7 Hoss each failed to disclose the actual use of the investors' funds.  
8

9 Offer and Sale of a Written Repurchase Guaranty

10 55. When offering and selling a \$15,000 participation investment in the Mountain  
11 Shadow loan, HMI and Hoss each represented in writing to "Investor L" that HMI would  
12 repurchase the investment if HMI was sixty days late in making payments on the investment.  
13 The repurchase agreement has not been honored. The repurchase agreement was not offered  
14 and sold as part of a registered securities offering. In the audited financial statements that HMI  
15 has filed with the Securities Division, HMI did not disclose any repurchase guarantees to  
16 investors.  
17  
18

19 Misrepresentations and Omissions

20 56. When offering and selling the \$15,000 Mountain Shadow repurchase agreement,  
21 HMI and Hoss each failed to disclose to Investor L that the repurchase agreement was not  
22 offered and sold as part of a registered securities offering. HMI and Hoss each failed to give  
23 the investor financial information showing the value of the guarantee. HMI and Hoss each  
24 failed to disclose the risk of relying on the guarantee.  
25



1 G.) CORNERSTONE INVESTMENTS

2 Offer and Sale of Cornerstone Investments

3 57. During 2008, HMI and Hoss offered and sold to at least four investors promissory  
4 note and deed of trust investments, totaling more than \$200,000, from a borrower  
5 purportedly named Cornerstone. HMI and Hoss represented to the investors that the  
6 investments would pay at least 15% annual interest. The investors did not participate in the  
7 management of the Cornerstone loans and the investors were relying upon HMI for loan  
8 management and collection services. The investments were not sold as part of a registered  
9 securities offering. Since April 2009, the investors have not received the monthly interest  
10 payments for their investments and the investors have stopped receiving HMI monthly  
11 account statements. To date, the investments have not been repaid.  
12

13 Misrepresentations and Omissions

14 58. When offering and selling the Cornerstone investments, HMI and Hoss each  
15 represented to investors that they would have a first position deed of trust to secure their  
16 investments. HMI and Hoss each failed to assign first position deeds of trust to secure the  
17 investments. HMI and Hoss each failed to identify the purported borrower. HMI and Hoss  
18 each failed to disclose the intended and the actual use of the investors' funds.  
19

20 Later Representations by Hoss

21 59. Several months after the Cornerstone investments were made, Hoss told at least  
22 two of the Cornerstone investors that they were supposed to have a first position deed of  
23 trust against an unfinished house in Bellevue that is known as the Cheban property.  
24

25 However, the Cheban property was not owned by Cornerstone. The property was owned by

1 a builder named Sergey Cheban. On August 26, 2008, Cheban quit claimed the property to  
2 HMI 1 LLC, an affiliate of HMI that was managed by Hoss.

3 H.) PORT ORCHARD “COMMERCIAL LOAN” INVESTMENT

4 Offer and Sale of the Investment

5  
6 60. In September 2008, HMI and Hoss offered and sold to Investor G a \$24,012.50  
7 investment in a \$725,000 Port Orchard “participation” loan. HMI and Hoss failed to  
8 identify the borrower for the loan. HMI and Hoss represented that the investment would be  
9 secured by a first position deed of trust and would pay 15% annual interest. The investment  
10 was not sold as part of a registered securities offering. The investment never appeared on  
11 the investor’s HMI monthly account statements and the investor has never received any  
12 payments for the investment. To date, the investment has not been repaid.

13 Misrepresentations and Omissions

14  
15 61. When offering and selling the \$24,012.50 Port Orchard “commercial loan”  
16 investment to Investor G, HMI and Hoss each failed to disclose the identity of the borrower  
17 for the loan that was purportedly being originated by HMI. HMI and Hoss each represented  
18 to Investor G that the investment would be secured by a first position deed of trust, but HMI  
19 and Hoss each failed to disclose to Investor G that HMI did not have any recorded deeds of  
20 trust in Kitsap County, where the loan was purportedly being made, and that the investment  
21 was unsecured. HMI and Hoss each failed to disclose the actual use of the investor’s funds.  
22  
23

24 OPERATIONAL PROBLEMS FOR HMI

25 62. As a mortgage paper securities broker-dealer that is registered with the Securities  
Division, HMI is required to submit quarterly financial reports and statements to the

1 Securities Division. On May 12, 2009, HMI submitted its March 31, 2009, balance sheet to  
2 the Securities Division. The balance sheet showed that HMI's checking account was  
3 overdrawn by \$26,867.62. On May 13, 2009, the Securities Division sent HMI a letter  
4 requesting an explanation for the overdraft and proof of the current account balance. HMI's  
5 attorney sent a June 17, 2009, letter representing that HMI's checking account was not  
6 actually overdrawn and representing that HMI would provide a copy of the current account  
7 balance "in a day or two." As of the entry date of this Superseding Statement of Charges  
8 and Order, HMI has not provided the Securities Division with a copy of the account balance  
9 or an explanation of HMI's financial position. Additionally, as of the entry date of this  
10 Superseding Statement of Charges and Order, HMI is delinquent in its reporting obligations  
11 because HMI has not filed its June 30, 2009, quarterly financial statement with the  
12 Securities Division.

15 63. After April 2009, HMI stopped sending monthly account statements and monthly  
16 interest payments to numerous HMI investors. As of August 5, 2009, the Securities  
17 Division has received complaints from sixteen HMI investors who did not receive their  
18 monthly account statements or their monthly payments from May 2009 to present. In  
19 addition, at least two HMI investors have made investments that were never listed on their  
20 HMI monthly account statements, even though they made the investments prior to April  
21 2009, when monthly account statements were still being sent to the investors. HMI and  
22 Hoss also have issued payment guarantees to investors and the guarantees have not been  
23 met.  
24  
25

1 64. HMI has allegedly received monthly payments from borrowers and has failed to  
2 disburse those payments to the appropriate HMI investors. HMI has allegedly issued more  
3 than \$40,000 worth of NSF checks to at least one of its borrowers.  
4

5 65. Despite HMI's financial problems, HMI sponsored a hydroplane in the August  
6 2009 Seafair races. It is unclear what the source of funds was for the sponsorship.  
7

#### 8 PENDING CIVIL LITIGATION

9 66. As of the entry date of this Superseding Statement of Charges and Order, HMI was  
10 subject to a pending civil complaint for damages totaling approximately \$1,900,000. On  
11 August 10, 2009, a default judgment of approximately \$1,900,000 was entered against Hoss  
12 in the same matter. HMI and Hoss were also each subject to a separate civil complaint  
13 seeking damages of approximately \$162,000. HMI and Hoss have each failed to disclose to  
14 the Securities Division that they were subject to the pending civil litigation.  
15

#### 16 HMI 1 LLC INVESTMENTS

##### 17 Offer and Sale of HMI 1 LLC Membership Investments

18 67. During 2008, Hoss and a registered securities salesperson for HMI offered and  
19 sold investments totaling approximately \$1,175,000 in HMI 1 LLC, a Washington limited  
20 liability company, to at least four Washington investors. At that time, Hoss was the  
21 managing member of HMI 1 LLC.  
22

23 68. HMI 1 LLC and Hoss offered and sold LLC membership interests in HMI 1 LLC  
24 to the investors. HMI 1 LLC and Hoss represented to the investors that Hoss would manage  
25 the activities of the LLC and that the investors would have no managerial responsibilities.

1 HMI 1 LLC and Hoss represented to the investors that they would receive 15% annual  
2 interest on their HMI 1 LLC investments.

3 69. HMI 1 LLC and Hoss represented to the investors that HMI 1 LLC was raising a  
4 total of \$1,900,000. HMI 1 LLC and Hoss represented to the investors that their funds  
5 would be pooled together and used to purchase from Westsound Bank a \$1,700,000  
6 promissory note and first position deed of trust from Sergey Cheban for a loan to complete  
7 the construction of the Cheban house. HMI 1 LLC and Hoss represented to the investors  
8 that the value of the Cheban home would be approximately \$3.3 million after completion.  
9 HMI 1 LLC and Hoss represented that the LLC would have a first position deed of trust to  
10 secure the members' investment. HMI 1 LLC and Hoss represented to the HMI 1 LLC  
11 investors that HMI would subordinate deeds of trust totaling approximately \$570,000 that  
12 had been previously recorded by HMI against the Cheban property.  
13  
14

15 Dishonest and Unethical Conduct by Hoss Regarding HMI 1 LLC Investments

16 70. In February 2009, HMI 1 LLC sent Form K-1 tax returns to each of the HMI 1  
17 LLC members. In April 2009, one of the investors called a membership meeting to remove  
18 Hoss as the managing member of HMI 1 LLC. Shortly thereafter, Hoss claimed that one of  
19 the members, who had invested approximately \$575,000 in HMI 1 LLC, had actually made  
20 a personal loan to Hoss, rather than investing in HMI 1 LLC, and that Hoss was entitled to  
21 vote for that investor's membership interest. In May 2009, the investor told a Securities  
22 Division employee that she never made a personal loan to Hoss and that she has never even  
23 met Hoss. The investor said that she purchased a membership interest in HMI 1 LLC.  
24  
25

1           71. On or about August 26, 2008, without the knowledge of the HMI 1 LLC  
2 investors, Hoss accepted a quit claim deed and a deed in lieu of foreclosure from Cheban.  
3 As a result, the HMI 1 LLC investors' interest in the Cheban property became subject to  
4 approximately \$570,000 worth of prior recorded HMI deeds of trust.  
5

6           72. On or about February 23, 2009, without the knowledge of the HMI 1 LLC  
7 investors, Hoss signed documents authorizing HMI 1 LLC to borrow approximately  
8 \$700,000 from Seattle Funding Group. Hoss gave Seattle Funding Group a \$700,000 first  
9 position deed of trust against the Cheban property to secure the HMI 1 LLC loan. The deed  
10 of trust listed Hoss as the sole member of HMI 1 LLC. Shortly after Hoss borrowed the  
11 \$700,000 from Seattle Funding Group, Hoss repaid \$220,000 to one of the HMI Von  
12 Lossow investors.  
13

14                           NON-COMPLIANCE WITH SECURITIES DIVISION SUBPOENAS

15           73. HMI and Hoss have each failed to provide a complete response to an amended  
16 subpoena duces tecum that was issued by the Securities Division on May 13, 2009, and  
17 Hoss has failed to provide testimony pursuant to an amended subpoena for testimony that  
18 was issued by the Securities Division on May 13, 2009.  
19

20                           NEED FOR FURTHER INVESTIGATION

21           74. The Securities Division needs to investigate further to determine whether HMI  
22 and Hoss have offered and sold investments in promissory notes for fictitious loans, whether  
23 HMI holds promissory notes and deeds of trust to secure all of its current outstanding  
24 investments, and whether HMI can account for the use of investor funds when the investors  
25 have purchased an interest in loans that were never funded by HMI. The Securities Division

1 also needs to investigate whether there have been any further violations of the Securities Act  
2 by Respondents or their representatives.

3 NEED FOR SUMMARY ACTION

4  
5 75. The Securities Administrator finds that an emergency exists, that Respondents'  
6 continued violations of the Securities Act constitute a threat to the investing public, and that a  
7 stop order is in the public interest and that summary orders to cease and desist from those  
8 violations are in the public interest and necessary for the protection of the investing public.

9 Based on the Tentative Findings of Fact, the following Conclusions of Law are made:

10 **CONCLUSIONS OF LAW**

11  
12 1. As set forth above in the Tentative Findings of Fact, the offer or sale of the  
13 notes, investments in notes and deeds of trust, mortgage paper securities, or a guarantee of  
14 the foregoing, or LLC membership interests each constitutes the offer or sale of a security as  
15 defined in RCW 21.20.005(10) and (12), whether in the form of a note, an investment  
16 contract, an evidence of indebtedness, or otherwise.

17  
18 2. As set forth above in the Tentative Findings of Fact, Respondents, HMI and  
19 Hoss, have each made untrue statements of material fact or omitted to state material facts  
20 necessary in order to make the statements made, in the light of the circumstances under  
21 which they are made, not misleading, in violation of RCW 21.20.010, the anti-fraud section  
22 of the Securities Act of Washington. As set forth above in the Tentative Findings of Fact,  
23 HMI and Hoss have also engaged in an act, practice, or course of business which operates or  
24 would operate as a fraud or deceit upon investors, in violation of RCW 21.20.010.  
25

1           3. As set forth above in paragraph 33 through paragraph 35 of the Tentative  
2 Findings of Fact, HMI and Hoss have each offered and sold unregistered securities in  
3 violation of RCW 21.20.140, the securities registration section of the Securities Act of  
4 Washington.

5  
6           4. As set forth above in paragraphs 16, 27, 45, 49, and 55 of the Tentative  
7 Findings of Fact, HMI and Hoss have each offered and sold unregistered securities in  
8 violation of RCW 21.20.040, the securities registration section of the Securities Act of  
9 Washington.

10  
11           5. As set forth above in paragraphs 16, 27, 45, 49, and 55 of the Tentative  
12 Findings of Fact, HMI and Hoss have each guaranteed a customer against loss in a securities  
13 transaction effected by HMI with or for such customer in violation of WAC 460-21B-  
14 060(15) and 460-22B-090(14).

15           6. As set forth above in the Tentative Findings of Fact, when offering and selling  
16 securities, HMI and Hoss have each willfully violated or willfully failed to comply with a  
17 provision of the Securities Act, which is a basis for suspending or revoking a securities  
18 broker-dealer license and a securities salesperson registration pursuant to RCW  
19 21.20.110(1)(b).

20  
21           7. As set forth above in the Tentative Findings of Fact, HMI and Hoss have each  
22 committed dishonest or unethical practices in the securities business, which violates the  
23 rules set forth in WAC 460-21B-060 and WAC 460-22B-090 and is a basis for suspending  
24 or revoking a securities broker-dealer registration and a securities salesperson registration  
25 pursuant to RCW 21.20.110(1)(g).



1 Based on the foregoing, the Securities Administrator takes the following actions:

2 **STOP ORDER**

3 NOW, THEREFORE, IT IS HEREBY ORDERED, under the authority of RCW  
4 21.20.280, that the current securities registration of Hoss Mortgage Investors, Inc., is hereby  
5 suspended.  
6

7 **SUMMARY ORDER TO CEASE AND DESIST**

8 NOW, THEREFORE, IT IS HEREBY SUMMARILY ORDERED, under the authority  
9 of RCW 21.20.390, that Respondents, Hoss Mortgage Investors, Inc. and Todd Allan Hoss,  
10 and their agents and employees, each shall cease and desist from offering or selling securities  
11 in any manner in violation of RCW 21.20.010, the anti-fraud section of the Securities Act of  
12 Washington.  
13

14 It is further SUMMARILY ORDERED, under the authority of RCW 21.20.390, that  
15 Respondents, Hoss Mortgage Investors, Inc. and Todd Allan Hoss, and their agents and  
16 employees, each shall cease and desist from offering or selling securities in any manner in  
17 violation of RCW 21.20.140, the securities registration section of the Securities Act.  
18

19 **SUMMARY ORDER REVOKING EXEMPTIONS**

20 It is further SUMMARILY ORDERED, under the authority of RCW 21.20.325, that the  
21 exemptions for HMI and for Hoss under RCW 21.20.320(1), RCW 21.20.320(5), RCW  
22 21.20.320(8), RCW 21.20.320(9), RCW 21.20.320(11) and RCW 21.20.320(17) are hereby  
23 revoked.  
24  
25

1                   **SUMMARY ORDER SUSPENDING HMI'S SECURITIES BROKER-DEALER**  
2                   **REGISTRATION AND HOSS'S SECURITIES SALESPERSON REGISTRATION**

3                   It is further SUMMARILY ORDERED, under the authority of RCW 21.20.110, that  
4                   the securities broker-dealer registration for HMI and the securities salesperson registration  
5                   for Hoss are hereby suspended.

6                   **NOTICE OF INTENT TO REVOKE HMI'S SECURITIES OFFERING**  
7                   **REGISTRATION, TO REVOKE HMI'S SECURITIES BROKER-DEALER**  
8                   **REGISTRATION, AND TO REVOKE HOSS'S SECURITIES SALESPERSON**  
9                   **REGISTRATION**

10                  Pursuant to RCW 21.20.280 and RCW 21.20.110(1)(b) and (g), and based on the  
11                  above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator  
12                  intends to order that HMI's securities offering registration, HMI's securities broker-dealer  
13                  registration, and Hoss's securities salesperson registration shall each be revoked.

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

15                  Pursuant to RCW 21.20.110(4) and RCW 21.20.395, and based on the above Tentative  
16                  Findings of Fact and Conclusions of Law, the Securities Administrator intends to order  
17                  that Todd Allan Hoss shall be liable for and shall pay a fine of \$100,000.

18                                   **AUTHORITY AND PROCEDURE**

19                  This Superseding Statement of Charges, Stop Order Suspending and Notice of Intent to  
20                  Revoke Securities Registration, Summary Order to Cease and Desist, Summary Order  
21                  Revoking Exemptions, Summary Order Suspending and Notice of Intent to Revoke Securities  
22                  Broker-Dealer and Securities Salesperson Registration, and Notice of Intent to Impose a Fine is  
23                  entered pursuant to the provisions of chapter 21.20 RCW and is subject to the provisions of  
24                  chapter 34.05 RCW. Respondents, Hoss Mortgage Investors, Inc. and Todd Allan Hoss, may  
25

1 each make a written request for a hearing, as set forth in the NOTICE OF OPPORTUNITY TO  
2 DEFEND AND OPPORTUNITY FOR HEARING accompanying this Order.

3 If a Respondent fails to make a timely hearing request, the Securities Administrator  
4 intends to adopt the above Tentative Findings of Fact and Conclusions of Law as final and to  
5 impose the sanctions that are sought against that respondent: to order the respondent to cease  
6 and desist; to enter a final order revoking securities registration; to enter a final order revoking  
7 securities broker-dealer and securities salesperson registration; to enter a final order revoking  
8 the securities exemptions set forth in RCW 21.20.320 (1), (5), (8), (9), (11), and (17); and to  
9 impose a fine.  
10  
11

12 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE

13 DATED AND ENTERED this 26th day of August 2009

14  
15 

16 \_\_\_\_\_  
17 MICHAEL E. STEVENSON  
18 Securities Administrator

19 Approved by:

20 

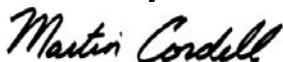
21 \_\_\_\_\_  
22 Suzanne E. Sarason  
23 Chief of Enforcement

24 Presented by:

25 

\_\_\_\_\_   
Janet So  
Enforcement Attorney

Reviewed by:



\_\_\_\_\_   
Martin Cordell Financial  
Legal Examiner Supervisor