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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 Washington by:

Lakemont Commercial Consulting, LLC,
Larrick Holdings LLC,
Richard A. Ames,
Larry F. Allen,

Respondents

Order Number S-12-1042-14-FO01

ENTRY OF FINDINGS OF FACT AND
CONCLUSIONS OF LAW AND FINAL
ORDER TO CEASE AND DESIST,
IMPOSE A FINE, AND CHARGE COSTS,
AS TO RICHARD A. AMES

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THE STATE OF WASHINGTON TO:

Richard A. Ames

INTRODUCTION

On January 8, 2014, the Securities Administrator of the State of Washington issued a Statement of Charges and Notice of Intent to Enter an Order to Cease and Desist, Impose a Fine, and Charge Costs (“Statement of Charges”) against Respondent Richard A. Ames. The Statement of Charges, together with a Notice of Opportunity to Defend and Opportunity for Hearing and an Application for Adjudicative Hearing (“Application for Hearing”) were served on Richard A. Ames on January 11, 2014.

On January 28, 2014, the Securities Division received the Application for Hearing from Richard A. Ames. The Application for Hearing indicated that Richard A. Ames did not request a hearing. Therefore, the Securities Administrator makes the following Findings of Fact and Conclusions of Law.

FINDINGS OF FACT

Respondents

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3 1. Lakemont Commercial Consulting, LLC (“Lakemont”) is a Washington limited liability
4 company that was formed on March 22, 2007. Lakemont was a broker that solicited investor funding for
5 commercial loans and was to be paid loan fees upon successful funding of the loans. Lakemont had its
6 principal place of business in Bellevue, Washington.

7 2. Larrick Holdings LLC (“Larrick”) is a Washington limited liability company that was formed
8 on September 2, 2008. Larrick was a company that was to purchase investment holdings and that offered
9 and sold its own investments. Larrick had its principal place of business in Bellevue, Washington.

10 3. Richard A. Ames (“Ames”) is a Washington resident. Ames was a managing member of
11 Lakemont and Larrick. From January 2005 until March 2010, Ames was a licensed real estate broker in
12 Washington.

13 4. Larry F. Allen (“Allen”) is a Washington resident. Allen was a managing member of
14 Lakemont and Larrick.

Offering of Investments by Lakemont

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17 5. During 2008, Respondents Ames, Allen, and Lakemont collectively offered and sold more
18 than \$2 million worth of investments to at least five Washington investors. Two of the investors were
19 retired. Some of the investors were introduced to Ames or Allen by friends or neighbors and some
20 investors met Ames following Ames’s presentation to a local real estate investment club.

21 6. Ames, Allen, and Lakemont each falsely represented to the investors that they would receive
22 a secure income from the investments that were being offered. The investments were evidenced by short-
23 term promissory notes. The promissory notes had terms ranging from two weeks to approximately six
24 months. The promissory notes had interest rates ranging from 15% annual interest to a 100% return on
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1 investment within approximately six weeks. Respondents each represented that the investor funds would
2 be used for business purposes. The return on investment was to come from the efforts of others and the
3 investors did not have any role in generating the return on the investment.

4 7. When offering and selling the investments, Ames, Allen, and Lakemont each failed to give
5 the investors any written disclosure documents relating to the investments. Ames, Allen, and Lakemont
6 each failed to give the investors background information about the companies that were issuing the
7 investments and the principals of those companies. Ames, Allen, and Lakemont each failed to disclose the
8 risks of the investments. Ames, Allen, and Lakemont each failed to give the investors any financial
9 information, including financial statements, for the issuer of the investments. When offering and selling
10 later investments, Ames and Lakemont each failed to disclose the non-performance and the delinquent
11 payment history for prior investments that were sold by Ames and Lakemont.

12 *DiFresco Imports LLC Investments*

13 8. In June 2008, Ames and Lakemont solicited a Washington investor to make an investment
14 totaling \$225,000. Ames and Lakemont each represented to the investor that the investments would be
15 used to finance a business loan to DiFresco Imports LLC. Ames and Lakemont each represented that the
16 investment would be repaid within less than four months with 15% annual interest. Ames and Lakemont
17 represented that the investment would be secured by a deed of trust against real property located in Idaho.
18 Ames falsely represented to the investor that the property was valued at over \$800,000. Ames and
19 Lakemont each failed to give the investor any title documents or valuation information for the real
20 property that purportedly secured the investment. The investor never received any repayment of the
21 investment.
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23 9. In June 2008, Ames and Lakemont solicited a second Washington investor to make a
24 \$100,000 investment with DiFresco Imports LLC. Ames and Lakemont each represented to the investor
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1 that the investment would generate monthly payments of \$1,250 and would be repaid six months later
2 with 15% annual interest. Ames and Lakemont represented that the investment would be secured by a
3 second deed of trust against real property located in Idaho. Ames falsely represented to the investor that
4 the property was worth somewhere between \$300,000 and \$400,000 and that it was more than adequate to
5 secure the investment. Ames and Lakemont each failed to give the investor any title documents or
6 valuation information for the real property that purportedly secured the investment. The investor later
7 found that the property was only worth approximately \$30,000. The investor was repaid \$2,500, but never
8 received any further payments for the investment.

9 *Babuski LLC Investments*

10 10. In June 2008, Ames and Lakemont solicited a Washington investor to make a \$150,000
11 investment with Babuski LLC. Ames and Lakemont represented to the investor that the investment would
12 be fully repaid within six weeks, together with a return of \$60,000, and that the investment proceeds
13 would be used to pay loan extension fees for a commercial building in Las Vegas. Ames and Lakemont
14 each represented that the investment would be secured by a deed of trust against the property. Ames and
15 Lakemont each failed to give the investor any title documents or valuation information for the real
16 property that purportedly secured the investment. The investor never received any repayment of the
17 investment. Babuski LLC filed for chapter 7 bankruptcy in 2009 and the owner of Babuski LLC pleaded
18 guilty in January 2010 to federal wire fraud charges.

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20 11. In June 2008, Ames and Lakemont solicited another Washington investor to make a
21 \$150,000 investment with Babuski LLC. Ames and Lakemont represented to the investor that the
22 investment would be repaid within approximately six weeks, along with a 100% return on investment.
23 Ames and Lakemont represented that the investment would be used to fund a “bridge loan” to Babuski
24 LLC. Ames and Lakemont also represented that the investment would be secured by a deed of trust
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1 against a commercial building in Las Vegas. Ames and Lakemont each failed to give the investor any title
2 documents or valuation information for the real property that purportedly secured the investment. The
3 investor never received any repayment of the investment.

4 *WNS Holdings, LLC Investment*

5 12. In August 2008, Allen and Lakemont solicited a Washington investor to make a \$150,000
6 investment with WNS Holdings, LLC. Allen and Lakemont represented to the investor that the
7 investment would be repaid within less than six months, along with \$30,000 of interest. Allen and
8 Lakemont each represented that the investment would be secured by five different patents for airline flight
9 technology. Allen and Lakemont each falsely represented that the patents were extremely valuable,
10 although the investor was later told by Allen that the patents were worthless. The investor received four
11 interest payments of \$5,000, for a total of \$20,000. After that, the investor never received any further
12 payments on the investment.

13 *Sims Properties Development & Management, Inc. Investment*

14 13. In August 2008, Ames and Lakemont solicited a Washington investor to make a \$500,000
15 investment with Sims Properties Development & Management, Inc. Ames and Lakemont represented that
16 the company was a Chicago real estate development firm with hundreds of millions of dollars in real
17 estate holdings. Ames and Lakemont each represented that Sims Properties Development & Management,
18 Inc. needed a two-week “bridge loan” and that the investor would be repaid \$540,000 two weeks after
19 investing. Ames and Lakemont falsely represented to the investor that the investment would have “no
20 risk” because it was insured. Ames gave the investor a copy of an insurance policy that purportedly
21 insured the investment. Ames later told the investor, after they had invested, that the insurance policy had
22 never been effective. The investor never received any repayment of the investment.

23 *Global Green Holdings, LLC Investments*

1 14. In July 2008, Ames and Lakemont solicited a Washington investor to make a \$45,000
2 investment with Global Green Holdings, LLC. Ames and Lakemont each represented to the investor that
3 the loan would be repaid within sixty days, along with an \$18,000 return on investment. Ames and
4 Lakemont also represented that the investment would be secured by a standby letter of credit. Ames and
5 Lakemont each represented that Global Green Holdings, LLC was in the business of producing “clean-
6 burning” coal and that they needed some short-term financing to complete a business transaction. The
7 investor never received any repayment of the investment.

8 15. In July 2008, Ames and Lakemont solicited another Washington investor to make an \$80,000
9 investment with Global Green Holdings, LLC. Ames and Lakemont each represented to the investor that
10 the loan would be repaid within sixty days, along with a \$32,000 return on investment. Ames and
11 Lakemont also represented that the investment would be secured by a standby letter of credit. The
12 investor never received any repayment of the investment.

13 16. In July 2008, Ames and Lakemont solicited another Washington investor to make a \$375,000
14 investment with Global Green Holdings, LLC. Ames and Lakemont each represented to the investor that
15 the loan would be repaid within sixty days, along with a \$150,000 return on investment. Ames and
16 Lakemont also represented that the investment would be secured by a standby letter of credit. The
17 investor never received any repayment of the investment.

18 17. In August 2008, Ames and Lakemont solicited another Washington investor to make a
19 \$110,000 investment with Global Green Holdings, LLC. Ames and Lakemont each represented to the
20 investor that they would receive a repayment of \$130,000 within two weeks after investing. Ames gave
21 the investor documents showing that real property purportedly worth more than \$1 million would secure
22 the investment. Sometime after the investment was made, Ames admitted to the investor that there did not
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1 appear to be any real property security for the investment. The investor never received any repayment of
2 the investment.

3 18. In October 2008, Allen and Lakemont solicited an out-of-state investor to make a \$60,000
4 investment with Global Green Holdings, LLC. Allen and Lakemont each represented that the investor
5 would receive a return of principal plus \$15,000 within sixty days after investing. Allen and Lakemont
6 also represented that the investment would be secured by a standby letter of credit. The investor never
7 received any repayment of the investment.

8 *The Retreat in Palm Canyon Investment*

9 19. In October 2008, Ames and Lakemont solicited a Washington investor to make a \$70,000
10 investment with The Retreat in Palm Canyon, in order to fund a real estate development project near Palm
11 Springs, California. Ames and Lakemont each represented that the investor would receive a return of
12 principal plus \$50,000 within thirty days after investing. Ames and Lakemont each failed to disclose to
13 the investor that the projected start-up costs for the development project were approximately \$100 million
14 and that the financing had not been secured. The investor never received any repayment of the
15 investment.
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17 Offering of Investments by Larrick

18 20. From 2008 through 2010, Respondents Ames, Allen, and Larrick collectively offered and
19 sold more than \$1 million worth of investments to at least seven Washington investors, one of whom had
20 also invested with Lakemont. Ames, Allen, and Larrick each falsely represented to the investors that they
21 would receive a secure income from the investments.

22 21. The investments were evidenced by short-term promissory notes. The promissory notes had
23 terms ranging from 30 days to approximately 150 days. The promissory notes had interest rates ranging
24 from approximately 5% per month to approximately 35% per month.
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22. When offering and selling the investments, Ames, Allen, and Larrick each failed to give the investors any written disclosure documents relating to the investments. Ames, Allen, and Larrick each failed to disclose the risks of the investments. Ames, Allen, and Larrick each failed to give the investors any financial information, including financial statements, for the issuers of the investments. When offering and selling later investments, Ames, Allen, and Lakemont each failed to disclose the non-performance and the delinquent payment history for prior investments that were sold by Ames and Allen.

Global Green Holdings, LLC Investment

23. In March 2009, Ames, Allen, and Larrick solicited a Washington investor to make a \$30,000 investment in Global Green Holdings, LLC. Ames, Allen, and Larrick each represented that the investor would receive a return of principal plus 10% within sixty days after investing. Ames, Allen, and Larrick also represented to the investor that the investment would be secured by a standby letter of credit. The investor never received any repayment of the investment.

The Retreat in Palm Canyon Investment

24. In October 2008, Ames, Allen, and Larrick solicited a Washington investor to make a \$90,000 investment for The Retreat in Palm Canyon, in order to fund a real estate development project near Palm Springs, California. Ames, Allen, and Larrick each represented that the investor would receive a return of principal plus 50% within five months after investing. Ames, Allen, and Larrick each failed to disclose to the investor that the projected start-up costs for the development project were approximately \$100 million and that the financing had not been secured. The investor never received any repayment of the investment.

Brighton Investment

25. In March 2010, Ames, Allen, and Larrick solicited a Washington investor to make a \$100,000 investment to finance a Nevada company that would operate medical clinics. Ames, Allen, and

1 Larrick each represented that the investor would receive a return of principal plus \$10,000 within sixty
2 days after investing. Ames, Allen, and Larrick each failed to disclose to the investor the source of
3 repayment for the investment and the amount of funds required to finance the clinics. The investor never
4 received any repayment of the investment.

5 *Larrick Holdings LLC Investments*

6 26. From October 2008 through March 2009, Ames and Larrick solicited three Washington
7 investors to make investments totaling \$520,000 with Larrick. Ames and Larrick each represented that the
8 investments would yield returns ranging from 10% to 70% within terms ranging from two weeks to ninety
9 days. Ames and Larrick each represented that the investments would be secured by certificates of deposit
10 issued by large commercial banks. Ames and Larrick each failed to disclose the intended use of the
11 invested funds. Ames and Larrick each failed to disclose the source of repayment for the investments.
12 None of the investments were ever repaid.

13 27. From October 2008 through December 2009, Ames and Larrick solicited three Washington
14 investors to make investments totaling \$220,000 with Larrick. Ames and Larrick each represented that the
15 investments would yield returns ranging from at least 20% to 50% within thirty to ninety days. Ames and
16 Larrick each represented that the investments would be secured by standby letters of credit issued by large
17 commercial banks. Ames and Larrick each failed to disclose the intended use of the invested funds.
18 Ames and Larrick each failed to disclose the source of repayment for the investments. None of the
19 investments were ever repaid.

20 28. In May 2009, Ames, Allen, and Larrick solicited a Washington investor to invest \$50,000
21 with Larrick. The investment funds came from a special needs trust and Ames, Allen, and Larrick each
22 knew the source of the investment. Ames, Allen, and Larrick each represented that the investor would
23 earn a 10% return every thirty days. Ames, Allen, and Larrick each represented that the investment would
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1 be secured by a certificate of deposit or by a letter of credit issued by a large commercial bank. Ames,
2 Allen, and Larrick each failed to disclose the intended use of the invested funds. Ames, Allen, and
3 Larrick each failed to disclose the source of repayment for the investment. The investment was never
4 repaid.

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

6 **CONCLUSIONS OF LAW**

7 1. The offer and sale of the investments described above constitute the offer and sale of a
8 security, as defined in RCW 21.20.005(14) and RCW 21.20.005(17), in the form of an investment contract
9 and a note.

10 2. As set forth in the Findings of Fact, Respondents, Lakemont Commercial Consulting, LLC;
11 Larrick Holdings LLC; Richard A. Ames; and Larry F. Allen, have each violated RCW 21.20.010, the
12 anti-fraud section of the Securities Act of Washington, because in connection with the offer and sale of
13 said securities, Respondents each made untrue statements of a material fact or omitted to state material
14 facts necessary in order to make the statements made, in the light of the circumstances under which they
15 were made, not misleading.
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17 **FINAL ORDER**

18 Based upon the foregoing and finding it in the public interest:

19 IT IS HEREBY ORDERED that Respondent Richard A. Ames and his agents and employees each
20 shall cease and desist from offering or selling securities in violation of RCW 21.20.010, the anti-fraud
21 section of the Securities Act of Washington.

22 IT IS FURTHER ORDERED that Respondent Richard A. Ames shall be liable for and shall pay a
23 fine in the amount of \$20,000.
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1 IT IS FURTHER ORDERED that Respondent Richard A. Ames shall be liable for and shall pay
2 investigative costs in the amount of \$5,000.

3 **AUTHORITY AND PROCEDURE**

4 This Final Order is entered pursuant to the provisions of RCW 21.20.390 and RCW 21.20.395, and
5 is subject to the provisions of RCW 21.20.440 and chapter 34.05 RCW. Respondent Richard A. Ames has
6 the right to petition the superior court for judicial review of this agency action under the provisions of
7 chapter 34.05 RCW. For the requirements for filing a Petition for Judicial Review, see RCW 34.050.510
8 and sections following. Pursuant to RCW 21.20.395, a certified copy of this order may be filed in
9 Superior Court. If so filed, the clerk shall treat the order in the same manner as a Superior Court judgment
10 as to the fine and the fine may be recorded, enforced, or satisfied in like manner.

11 **WILLFUL VIOLATION OF THIS ORER IS A CRIMINAL OFFENSE.**


12 Dated and Entered this 12th day of February, 2014

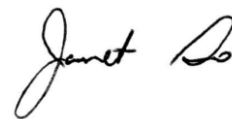
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17 WILLIAM M. BEATTY
18 Securities Administrator

19 Approved by:

20 Presented by:

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23 _____
24 Suzanne E. Sarason
25 Chief of Enforcement

_____ Janet So
Financial Legal Examiner

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Reviewed by:



Robert Kondrat
Financial Legal Examiner Supervisor