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

IN THE MATTER OF DETERMINING ) Order No.: S-12-1065-15-CO01  
whether there has been a violation of the )  
Securities Act of Washington by: )  
Security First Financial, LLC; John Fitzpatrick )  
Boles aka Johnny Boles; and Robert Martin ) CONSENT ORDER AS TO SECURITY FIRST FINANCIAL,  
Darling, ) LLC AND ROBERT MARTIN DARLING  
Respondents. )

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**INTRODUCTION**

On May 7, 2015, the Securities Administrator of the Securities Division of the Department of Financial Institutions (“Securities Division”) issued a Statement of Charges and Notice of Intent to Enter Order to Cease and Desist, To Impose Fines and To Charge Costs, Order No. S-12-1065-15-SC01, against Respondents Security First Financial, LLC, John Fitzpatrick Boles aka Johnny Boles, and Robert Martin Darling. Pursuant to the Securities Act of Washington, RCW 21.20, the Securities Division and Respondents Security First Financial, LLC and Robert Martin Darling do hereby enter into this CONSENT ORDER in settlement of the matters alleged herein. Respondents Security First Financial, LLC and Robert Martin Darling neither admit nor deny the Findings of Fact and Conclusions of Law as stated below.

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**FINDINGS OF FACT**

**Respondents**

1. Security First Financial, LLC (“Security First”) was a Washington limited liability company with its principal place of business in Gig Harbor, Washington. It was incorporated in June 2010 and was administratively dissolved in October 2011. Security First’s primary business was to sell insurance and retirement products. Security First was licensed as an insurance producer by the Washington Office of Insurance Commissioner (“OIC”) from June 3, 2010 to January 24, 2011, and again from January 31, 2011 to August 24, 2011 (WA OIC Lic. # 763531).

2. John Fitzpatrick Boles aka Johnny Boles (“Boles”) is a Washington resident and was a founder, managing member and COO of Security First. Boles was licensed as an insurance agent and insurance producer by OIC from June 2002 to May 2004, and again from November 2007 to May 2011 (WA OIC Lic. #195630).

3. Robert Martin Darling (“Darling”) is a Washington resident and was a founder, managing member and CFO of Security First. Darling was licensed as an insurance producer from November 2006 to October 2010 (WA OIC Lic. #269489). Darling has a CRD number of 5408445. Darling has never been registered as a securities salesperson.

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**Nature of the Offering**

4. From August 2010 until March 2011, Respondents raised at least \$75,000 by issuing promissory notes and limited liability company membership interests to at least two Washington investors. Respondents met the investors through a mutual acquaintance and through one of their insurance salespersons. They told the investors that they would use the investment funds to fund Security First's general operating expenses and expansion. The investors have lost their entire investments.

*Investor A*

5. Respondents sold the first promissory note for \$15,000 in August 2010 to Investor A, a Washington resident, shortly after they started the Security First business. Respondents told Investor A that the funds would be used for startup and operating expenses. Respondents provided Investor A with pro forma financial statements that detailed Security First's projected profits and expenses and showed that Security First would be profitable within its first year of operations. Respondents failed to provide Investor A with the basis and assumptions underlying these projections. Respondents also failed to disclose to Investor A the risks of the investment, including the risk of undercapitalization and risks associated with starting and operating an insurance company.

6. The \$15,000 promissory note carried an interest rate of 12% per annum and was due in November 2010. Respondents have never made any payments under the note and Investor A has lost his entire investment.

*Investor B*

7. Several months later, around late 2010, Respondents began soliciting Investor B, a Washington resident and the mother of one of their insurance salespersons, to invest in Security First. Investor B is an artist who supported herself by working odd jobs and had very little investment experience. Respondents told Investor B that they would use her investment funds to get the Security First business up and running. They also told Investor B that Security First was on its way to being a lucrative business, but never provided her with financial statements. In reality, Security First had only written two or three policies and generated only around \$7,000 in business-related revenue through 2010, during its first six months of operations.

8. Investor B invested \$50,000 for 5% equity in Security First in January 2011. Investor B had no management responsibilities with Security First. Respondents never provided Investor B with any documents evidencing her membership interest in Security First.

9. In March 2011, Respondents approached Investor B again and asked for an additional investment, in the form of a promissory note. They told Investor B that they needed more money to get the company going. Investor B invested an additional \$10,000. Respondents never provided Investor B with a signed promissory note nor with the terms of the investment.

10. In soliciting the two investments from Investor B, Respondents failed to disclose to Investor B

1 material information about the investment and the business, including how many Security First LLC units she would  
2 receive for her initial investment of \$50,000, the basis underlying the LLC unit price, Security First's financial  
3 condition and true level of business, and the general and specific risks of the investment.

4 11. In addition, Respondents failed to disclose to Investor B the existence of the first \$15,000 promissory  
5 note and that they had defaulted on that note. They also did not disclose to Investor B that they had just issued a  
6 \$22,000 promissory note to yet a third investor, for the purpose of investing in a high-yield investment program (see  
7 Statement of Charges, Order No. S-12-1065-15-SC02).

8 12. Respondents failed to disclose to Investor B that her investment would be used for personal expenses  
9 and to repay a previous investor. Respondents used much of Investor B's \$60,000 investment for personal and  
10 purported business expenses, mostly consisting of gas and dining expenses. They did not disclose to Investor B that  
11 they would be using \$2,000 from her investment to repay the investor who invested in the high-yield investment  
12 program and held the \$22,000 promissory note.

13 13. Respondents also failed to disclose to Investor B their past financial issues. They failed to disclose  
14 that Darling filed a petition for Chapter 13 bankruptcy in 2009, and that a civil judgment of over \$22,000 was entered  
15 against Boles in 2010 and was still outstanding at the time of Investor B's investment.

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

#### 17 **CONCLUSIONS OF LAW**

18 1. The offer and sale of the promissory notes and LLC membership interest, as described above,  
19 constitute the offer and/or sale of a security as defined in RCW 21.20.005(14) and (17).

20 2. Respondents Security First Financial, LLC and Robert Martin Darling each violated RCW 21.20.010  
21 because Respondents made untrue statements of material facts or omitté material facts necessary in order to make the  
22 statements made, in light of the circumstances under which they were made, not misleading in connection with the  
23 offer and sale of securities.

#### 24 **CONSENT ORDER**

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

IT IS AGREED AND ORDERED that Respondents, Security First Financial, LLC and Robert Martin  
Darling, their agents and employees each shall cease and desist from violating RCW 21.20.010, the anti-fraud section  
of the Securities Act of Washington.

IT IS FURTHER AGREED AND ORDERED that prior to the entry of this Consent Order, Respondent  
Robert Martin Darling shall be liable for and shall pay a fine of \$125 and investigative costs of \$125.

IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this Consent Order.

1 IT IS FURTHER AGREED that Respondents, Security First Financial, LLC and Robert Martin Darling  
entered into this Consent Order freely and voluntarily and with a full understanding of its terms and significance.

2 IT IS FURTHER AGREED that in consideration of the foregoing, Respondents Security First Financial, LLC  
3 and Robert Martin Darling waive their right to a hearing and to judicial review of this matter pursuant to RCW  
4 21.20.440 and Chapter 34.05 RCW.

5 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

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7 Signed this 22nd day of August, 2015.

8 Signed by:

9 SECURITY FIRST FINANCIAL, LLC

10  
11 /s/ Robert Darling  
12 ROBERT MARTIN DARLING  
13 Managing Member

14 Signed by:

15 /s/ Robert Darling  
16 ROBERT MARTIN DARLING, Individually

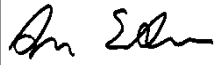
17  
18 SIGNED and ENTERED this 9th day of September 2015.

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22 WILLIAM M. BEATTY  
23 Securities Administrator

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Approved by:



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SUZANNE SARASON  
Chief of Enforcement

Presented by:



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HUONG LAM  
Financial Legal Examiner

Reviewed by:



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JACK MCCLELLAN  
Financial Legal Examiner Supervisor