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

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IN THE MATTER OF DETERMINING ) Order No.: S-12-1065-15-CO04  
whether there has been a violation of the )  
Securities Act of Washington by: )  
)  
Security First Financial, LLC; Steven Eugene Ling; ) CONSENT ORDER AS TO JOHN FITZPATRICK BOLES  
John Fitzpatrick Boles aka Johnny Boles; and ) aka JOHNNY BOLES  
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-SC02, against Respondents Security First Financial, LLC, Steven Eugene Ling, John Fitzpatrick Boles aka Johnny Boles, and Robert Martin Darling. Pursuant to the Securities Act of Washington, RCW 21.20, the Securities Division and Respondent John Fitzpatrick Boles aka Johnny Boles do hereby enter into this CONSENT ORDER in settlement of the matters alleged herein. Respondent John Fitzpatrick Boles aka Johnny Boles neither admits nor denies the Findings of Fact and Conclusions of Law as stated below.

**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. Steven Eugene Ling (“Ling”) is a Washington resident. He was purportedly a consultant hired by Security First, but held himself out as an executive officer or partner of Security First.

3. 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).

4. 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

1 (WA OIC Lic. #269489). Darling has a CRD number of 5408445. Darling has never been registered as a securities  
2 salesperson.

### 3 Nature of the Offering

#### 4 *Introduction*

5 5. In 2010, Respondents offered and sold an investment contract to a Washington resident that purported  
6 to pool their funds with the investor's to invest in a high-yield investment program called the .44 Magnum Leveraged  
7 Financing Program (".44 Magnum Program") offered by a fictitious company, Dresdner Financial. Respondents told  
8 the investor that Security First would guarantee her investment. The investor invested \$22,000 of the purported  
9 \$55,000 investment amount. When the .44 Magnum Program investment fell through and Security First was unable to  
10 fulfill its guarantee, it issued the investor a promissory note for \$22,000. Security First only repaid the investor  
11 \$2,000. The investor has lost her remaining investment.

#### 12 *Dresdner Financial and the .44 Magnum Program*

13 6. Dresdner Financial was purportedly a financial services company located in Chicago, Illinois. It is a  
14 fictitious company and is not incorporated or registered to do business in any state, nor is it a trade name of any legal  
15 entity. It never maintained an office in Chicago or at any other location.

16 7. Under the .44 Magnum Program, Dresdner Financial promised investors that it would use their  
17 investment funds to purchase bank instruments. Dresdner Financial would then "monetize" the bank instruments,  
18 resulting in a high return to the investor. The return that Dresdner Financial promised was as high as 4,445%, which  
19 the investor would receive in 10 to 20 business days. Dresdner Financial represented to investors that the investment  
20 was 100% guaranteed. From February 2010 to February 2011, Dresdner Financial raised over \$5.77 million from at  
21 least 70 investors in the United States and abroad.

22 8. In early 2011, the FBI launched an investigation into the .44 Magnum Program, Dresdner Financial  
23 and its principals. The SEC also commenced its own investigation. In October 2012, the SEC filed a civil complaint  
24 against Geoffrey Lunn, the main perpetrator of the .44 Magnum Program, alleging that he had violated federal  
25 securities laws. In March 2014 and December 2014, Lunn and Jaime Beebe, respectively, were charged with federal  
crimes in connection with the .44 Magnum Program. Beebe was allegedly the mastermind behind the .44 Magnum  
Program. In court filings, the SEC and FBI both alleged that Dresdner Financial was a fictitious company created  
solely to perpetrate the fraudulent .44 Magnum Program, and that all of the \$5.77 million in investor funds were  
misappropriated by Lunn and Beebe. The SEC complaint was resolved without going to trial. Lunn and Beebe are  
currently awaiting trial on the criminal charges.

#### 26 *Respondent's Solicitation of .44 Magnum Investment*

27 9. Respondents began soliciting a Washington investor to invest in the .44 Magnum Program around fall  
28 2010. Boles had become professionally acquainted with the investor earlier that year when he was selling annuities.

1 They became friends and the investor grew to trust Boles. Boles eventually introduced the investor to Darling and  
2 Ling.

3 10. Ling, Boles and Darling met with the investor and told her that they were raising money to invest in  
4 the .44 Magnum Program. They told the investor that they would pool her investment with funds from Ling to meet  
5 the \$55,000 investment amount. The investment would be made by Security First. Respondents told the investor that  
6 the investment would provide a return of over \$300,000 within thirty days and that the investor's portion of that return  
7 would be over \$100,000. They represented to the investor that the investment was guaranteed and 100% risk-free.  
8 Respondents told the investor that they hoped to use their portion of the return to grow the Security First business.

9 11. On a separate occasion, Ling provided the investor with contracts and other documents from the .44  
10 Magnum Program that he had executed on behalf of Security First as the investor. In these documents, Dresdner  
11 Financial represented that the \$55,000 investment under the .44 Magnum Program would provide a return of  
12 \$1,500,000 within 10 to 20 business days and that the investment was 100% guaranteed. Respondents failed to clarify  
13 for the investor the discrepancy between the promised return and timeframe as stated on the documents, and the  
14 promised return and timeframe that they had orally promised the investor.

15 12. Respondents also failed to disclose to the investor how the .44 Magnum Program worked, including  
16 what it meant to "monetize" a bank instrument, what bank instruments would be purchased, how Dresdner Financial  
17 intended to "monetize" the bank instruments, the bases and assumption underlying the promised return and 100%  
18 guarantee, and the general and specific risks of the investment. Respondents failed to conduct any due diligence on  
19 Dresdner Financial, thus failing to discover and to disclose to the investor that it was a fictitious company.

20 *Security First Guarantee*

21 13. To provide further assurance to the investor as they solicited her investment, Respondents told her  
22 that Security First would guarantee her portion of the investment if the .44 Magnum investment fell through. Boles  
23 had been representing to the investor that Security First's business was doing well and that it was expanding, leading  
24 the investor to believe that Security First would have no problem repaying her investment. In fact, Security First had  
25 very little business at the time. Through the end of 2010, Security First sold only two or three policies and brought in  
around \$7,000 in business revenue from those policies. Respondents failed to disclose to the investor the basis and  
assumptions underlying their guarantee of repayment, as well as the true nature of Security First's level of business  
and financial condition.

14. In late October 2010, the investor invested \$22,000 in the .44 Magnum Program through Security  
First. The investor paid for some of the investment with a cashier's check payable to Security First. Respondents  
never provided the investor with any documents evidencing her interest in the investment.

15. Upon depositing the investor's funds into the Security First bank account, Boles and Darling  
immediately began using the funds for personal and purported business expenses. They used a majority of the

1 investor's funds for gas and dining expenses, as well as cash withdrawals. They also paid Ling \$5,200 for "payroll"  
2 using the investor's funds. Respondents failed to disclose to the investor that her funds would be used for these  
3 expenses. Respondents never invested any of the investor's funds, or any of their own funds, into the .44 Magnum  
4 Program.

5 16. By December 2010, the investor could no longer reach Ling and inquired with Boles and Darling  
6 about the status of the .44 Magnum investment. They told her that the investment had fallen through and blamed Ling  
7 for the failure. They told the investor that Ling was a con artist and had stolen money from them. In mid-December,  
8 Ling was arrested on identity theft charges in an unrelated matter.

9 17. Security First was unable to honor its guarantee and repay the investor the \$22,000 investment  
10 amount. At the investor's insistence, Security First issued to the investor a promissory note on December 3, 2010, in  
11 the amount of \$22,000. The promissory note bore an interest rate of 10% per annum and matured in six months.

12 18. On January 13, 2011, Darling deposited \$2,000 into the investor's bank account as a "good faith"  
13 payment on the note. Boles and Darling used funds from another Security First investor to make this \$2,000 payment  
14 (see Statement of Charges, Order No. S-12-1065-15-SC01). To date, Security First, Boles and Darling have made no  
15 other payments to the investor and have defaulted on the note.

16 **Respondents' Legal and Financial History**

17 19. Respondents failed to disclose the following information to the investor prior to her investment:

18 a. In 1996, Ling was convicted of Attempted Unlawful Issuance of Checks or Drafts. In 2002,  
19 he was convicted of Unlawful Issuance of Checks or Drafts, a felony. On July 28, 2008, the Division  
20 of Consumer Services at the Washington Department of Financial Institutions issued a final order  
21 denying Ling a loan originator license for his failure to disclose these convictions on his application  
22 (Final Order No. C-08-038-08-FO01).

23 b. On October 13, 2010, Ling's landlord filed an unlawful detainer action to evict Ling from a  
24 rental home for failure to pay rent. Ling appeared in court on the matter on October 22, 2010, just  
25 days before the investor's investment.

c. On October 22, 2010, just days before the investor's investment, Ling filed the first of several  
Chapter 7 bankruptcy petitions.

d. On August 13, 2009, Darling filed a petition for Chapter 13 bankruptcy.

e. On January 29, 2010, a civil judgment of over \$22,000 was entered against Boles involving  
an unpaid car loan. It was still outstanding at the time of the investor's investment.

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

**CONCLUSIONS OF LAW**

1. The offer and sale of the investment contract consisting of the .44 Magnum Program investment and Security First guarantee, as described above, constitutes the offer and/or sale of a security as defined in RCW 21.20.005(14) and (17).

2. Respondent John Fitzpatrick Boles aka Johnny Boles violated RCW 21.20.010 because Respondent made untrue statements of material facts or omitted material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading in connection with the offer and sale of a security.

**CONSENT ORDER**

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

IT IS AGREED AND ORDERED that Respondent John Fitzpatrick Boles aka Johnny Boles, his agents and employees shall each 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 John Fitzpatrick Boles aka Johnny Boles shall be liable for and shall pay a fine of \$250 and investigative costs of \$250.

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

IT IS FURTHER AGREED that Respondent John Fitzpatrick Boles aka Johnny Boles entered into this Consent Order freely and voluntarily and with a full understanding of its terms and significance.

IT IS FURTHER AGREED that in consideration of the foregoing, Respondent John Fitzpatrick Boles aka Johnny Boles waives his right to a hearing and to judicial review of this matter pursuant to RCW 21.20.440 and Chapter 34.05 RCW.

WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

Signed this 29th day of September, 2015.

Signed by:

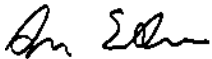
/s/ John F. Boles  
JOHN FITZPATRICK BOLES aka JOHNNY BOLES, Individually

SIGNED and ENTERED this 6th day of October 2015.



WILLIAM M. BEATTY  
Securities Administrator

Approved by:



SUZANNE SARASON  
Chief of Enforcement

Presented by:



HUONG LAM  
Financial Legal Examiner

Reviewed by:



JACK MCCLELLAN  
Financial Legal Examiner Supervisor