



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

### **Nature of the Offering**

#### *Introduction*

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

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

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

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

8. In early 2011, the FBI launched an investigation into the .44 Magnum Program, Dresdner Financial and its principals. The SEC also commenced its own investigation. In October 2012, the SEC filed a civil complaint against Geoffrey Lunn, the main perpetrator of the .44 Magnum Program, alleging that he had violated federal 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

1 misappropriated by Lunn and Beebe. The SEC complaint was resolved without going to trial. Lunn and Beebe are  
2 currently awaiting trial on the criminal charges.

3 *Respondent's Solicitation of .44 Magnum Investment*

4 9. Respondents began soliciting a Washington investor to invest in the .44 Magnum Program around fall  
5 2010. Boles had become professionally acquainted with the investor earlier that year when he was selling annuities.  
6 They became friends and the investor grew to trust Boles. Boles eventually introduced the investor to Darling and  
7 Ling.

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

14 11. On a separate occasion, Ling provided the investor with contracts and other documents from the .44  
15 Magnum Program that he had executed on behalf of Security First as the investor. In these documents, Dresdner  
16 Financial represented that the \$55,000 investment under the .44 Magnum Program would provide a return of  
17 \$1,500,000 within 10 to 20 business days and that the investment was 100% guaranteed. Respondents failed to clarify  
18 for the investor the discrepancy between the promised return and timeframe as stated on the documents, and the  
19 promised return and timeframe that they had orally promised the investor.

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

25 *Security First Guarantee*

13. To provide further assurance to the investor as they solicited her investment, Respondents told her  
that Security First would guarantee her portion of the investment if the .44 Magnum investment fell through. Boles  
had been representing to the investor that Security First's business was doing well and that it was expanding, leading  
the investor to believe that Security First would have no problem repaying her investment. In fact, Security First had  
very little business at the time. Through the end of 2010, SFF 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.

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

4 15. Upon depositing the investor's funds into the Security First bank account, Boles and Darling  
5 immediately began using the funds for personal and purported business expenses. They used a majority of the  
6 investor's funds for gas and dining expenses, as well as cash withdrawals. They also paid Ling \$5,200 for "payroll"  
7 using the investor's funds. Respondents failed to disclose to the investor that her funds would be used for these  
8 expenses. Respondents never invested any of the investor's funds, or any of their own funds, into the .44 Magnum  
9 Program.

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

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

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

### 21 **Respondents' Legal and Financial History**

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

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

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

- 1 d. On August 13, 2009, Darling filed a petition for Chapter 13 bankruptcy.
- 2 e. On January 29, 2010, a civil judgment of over \$22,000 was entered against Boles involving
- 3 an unpaid car loan. It was still outstanding at the time of the investor's investment.

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

5 **CONCLUSIONS OF LAW**

- 6 1. The offer and sale of the investment contract consisting of the .44 Magnum Program investment and
- 7 Security First guarantee, as described above, constitutes the offer and/or sale of a security as defined in RCW
- 8 21.20.005(14) and (17).
- 9 2. Respondents violated RCW 21.20.010 because Respondents made untrue statements of material facts
- 10 or omitted material facts necessary in order to make the statements made, in light of the circumstances under which
- 11 they were made, not misleading in connection with the offer and sale of a security.

12 **NOTICE OF INTENT TO ORDER THE RESPONDENT TO CEASE AND DESIST**

13 Pursuant to RCW 21.20.390(1) and based upon the above Tentative Findings of Fact and Conclusions of Law,

14 the Securities Administrator intends to order that Respondents Security First Financial, LLC, Steven Eugene Ling,

15 John Fitzpatrick Boles aka Johnny Boles and Robert Martin Darling shall each cease and desist from violating RCW

16 21.20.010.

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

18 Pursuant to RCW 21.20.395, and based upon the above Tentative Findings of Fact and Conclusions of Law,

19 the Securities Administrator intends to order that:

- 20 1. Respondent Steven Eugene Ling shall be liable for and shall pay a fine of \$10,000.
- 21 2. Respondent John Fitzpatrick Boles aka Johnny Boles shall be liable for and shall pay a fine of
- 22 \$10,000.
- 23 3. Respondent Robert Martin Darling shall be liable for and shall pay a fine of \$7,500.

24 **NOTICE OF INTENT TO CHARGE COSTS**

25 Pursuant to RCW 21.20.390, and based upon the Tentative Findings of Fact and Conclusions of Law, the

Securities Administrator intends to order that:

1. Respondent Steven Eugene Ling shall be liable for and shall pay the costs, fees, and other expenses
- incurred in the administrative investigation and hearing of this matter, in an amount not less than \$1,000.



JACK MCCLELLAN  
Financial Legal Examiner Supervisor

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STATEMENT OF CHARGES AND NOTICE  
OF INTENT TO ENTER ORDER TO  
CEASE AND DESIST AND TO IMPOSE FINES  
AND TO CHARGE COSTS

DEPARTMENT OF FINANCIAL INSTITUTIONS  
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