

1 **STATE OF WASHINGTON**  
2 **DEPARTMENT OF FINANCIAL INSTITUTIONS**  
3 **SECURITIES DIVISION**

4 IN THE MATTER OF DETERMINING )  
5 Whether there has been a violation of the )  
6 Securities Act of Washington by: ) Order No. S-14-1531-15-SC01  
7 )  
8 Randall L. Harper, a.k.a. Randy Harper and d.b.a. ) STATEMENT OF CHARGES AND NOTICE OF INTENT  
9 Jackson Hewitt Tax Service, RL Harper, LLC, and ) TO ENTER ORDER TO CEASE AND DESIST, TO  
10 William Levon Harper, a.k.a. Bill Harper, ) IMPOSE FINES AND TO CHARGE COSTS  
11 )  
12 Respondents. )

13 **THE STATE OF WASHINGTON TO:** **Randall L. Harper, a.k.a. Randy Harper and d.b.a.**  
14 **Jackson Hewitt Tax Service, RL Harper, LLC, and**  
15 **William Levon Harper, a.k.a. Bill Harper**

16 **STATEMENT OF CHARGES**

17 Please take notice that the Securities Administrator of the state of Washington has reason to believe that  
18 Respondents, Randall L. Harper, a.k.a. Randy Harper and d.b.a. Jackson Hewitt Tax Service, RL Harper, LLC, and  
19 William Levon Harper, a.k.a. Bill Harper have each violated the Securities Act of Washington and that their  
20 violations justify the entry of an order of the Securities Administrator under RCW 21.20.390 against each to cease and  
21 desist from such violations and to charge costs, and under RCW 21.20.395 to impose a fine. The Securities  
22 Administrator finds as follows:

23 **TENTATIVE FINDINGS OF FACT**

24 Respondents

- 25 1. Randall L. Harper (“Randy Harper”), a Washington resident and doing business as Jackson Hewitt  
Tax Service, is the sole proprietor of a Jackson Hewitt franchised tax preparation business in Yakima, Washington.  
2. RL Harper, LLC is a Washington limited liability company formed in 2010 in Yakima, Washington.  
3. William Levon Harper (“Bill Harper”), a Washington resident, is the father and an employee of  
Randy Harper.

26 Nature of the Offering

27 Promissory Notes

- 28 4. From 2007 through 2014, Randy Harper and Bill Harper solicited investors to make loans to Randy  
29 Harper’s Jackson Hewitt tax preparation business. During this period, Randy Harper obtained loans from  
30 approximately thirty five investors and issued notes representing in excess of \$1,500,000 of debt. Randy Harper and

1 Bill Harper communicated with prospective investors by phone, email, mail, personal meetings and through word of  
2 mouth. Randy Harper offered the opportunity to loan his business money at high rates of interest to a number of his  
3 employees and tax preparation clients. Bill Harper approached a number of the Harpers' tax preparation clients when  
4 they came in to have their taxes done. Several of the investors were out of state residents who heard from a relative  
5 about the high interest rates being offered and phoned a Jackson Hewitt Tax Service employee to get information on  
6 the investment. Randy Harper currently owes approximately fifteen investors over \$500,000 for outstanding  
7 promissory notes. Randy Harper is in default on the majority of these notes.

8 5. Randy Harper, Bill Harper and several Jackson Hewitt Tax Service employees explained to  
9 prospective investors that their money was to be used for "business operations" or to assist the company with its  
10 expansion and improvements.

11 6. From 2007 to 2014, Randy Harper offered investors as much as 12% to 30% interest on the  
12 promissory notes. Randy Harper typically offered 25% interest on most of the promissory notes sold to investors.  
13 Randy Harper generally offered investors loans for a term of one year or less.

14 7. In the course of offering investors the opportunity to loan money to Randy Harper's tax business,  
15 Randy Harper and Bill Harper failed to disclose to investors material information about the investment such as the  
16 specific use of proceeds of the loans and the risks of the loans. Randy and Bill Harper failed to disclose to investors  
17 information about Randy Harper's outstanding debts to other investors and his various federal and state tax liens.  
18 Randy and Bill Harper failed to disclose to investors financial information about the business, including financial  
19 statements. Over the past five years, Randy Harper's tax preparation experienced declining revenues and, by 2014,  
20 had a net operating loss. Randy Harper and Bill Harper failed to disclose to certain investors that Randy Harper used  
21 some of their money to pay Randy Harper's personal expenses such as a home mortgage or to repay prior investors.

22 8. For recent loans, Randy Harper provided most investors with a promissory note evidencing the loan  
23 and a post-dated check that the investors could cash when the notes came due. Randy Harper signed most of the  
24 promissory notes given to investors, but a number of the early promissory notes were signed by Bill Harper in his  
25 capacity as a general manager. Randy Harper and Bill Harper gave investors post-dated checks that were drawn on  
various Jackson Hewitt business accounts of Randy Harper. Randy Harper gave investors the option of reinvesting  
their money into new notes as the old notes came due. Randy Harper sent out IRS form 1099s annually to investors  
that reflected the interest income from the notes.

9. The investors did not participate in the management of Randy Harper's business. Many of the  
investors did not have significant investment experience and did not meet the definition of "accredited investor,"  
someone who has a net worth, exclusive of home and furnishings, greater than \$1,000,000 or an annual income of  
\$200,000 in two consecutive years.

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Limited Liability Company Units

10. In or about May, 2014, Randy Harper sent out a letter dated May 8, 2014 to several prospective investors in which he said that he was in the process of converting his sole proprietorship to a Limited Liability Company (LLC). The new company was to be named "RL Harper, LLC DBA Jackson Hewitt Tax Service." The LLC would be providing individual tax preparation and related services. Randy Harper explained in the letter that he was offering "investment units" at \$1 each with the maximum investment allowed being \$49,000. Randy Harper told prospective investors that he expected dividends to be 12-15% on an annual basis. Randy Harper did not disclose to investors the basis for the projected dividends and did not have a reasonable basis for making the projections. No sales of the LLC units were made by Randy Harper.

Registration Status

11. Respondent Randy Harper d.b.a. Jackson Hewitt Tax Service and RL Harper, LLC have not currently registered to offer or sell securities in the state of Washington and have not previously been so registered. There are no notifications of exemption on file with the state of Washington.

12. Respondents Randy Harper and Bill Harper are not currently registered to sell securities as a broker-dealer or securities salesperson in the state of Washington and have not previously been so registered.

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

**CONCLUSIONS OF LAW**

1. The offer or sale of promissory notes and limited liability company units, as described above constitute the offer and/or sale of a security as defined in RCW 21.20.005(14) and (17).

2. Randall L. Harper, a.k.a. Randy Harper and d.b.a. Jackson Hewitt Tax Service, RL Harper, LLC, and William Harper, a.k.a. Bill Harper have each violated RCW 21.20.010 because as set forth in the Tentative Findings of Fact, Respondents made untrue statements of material fact or omitted to state material facts necessary to make the statements made, in light of the circumstances in which they were made, not misleading..

3. Randall L. Harper, a.k.a. Randy Harper and d.b.a. Jackson Hewitt Tax Service, RL Harper, LLC, and William Harper, a.k.a. Bill Harper have each violated RCW 21.20.140 because as set forth in the Tentative Findings of Fact, Respondents offered and/or sold securities for which no registration is on file with the Securities Administrator.

4. Randall L. Harper, a.k.a. Randy Harper and d.b.a. Jackson Hewitt Tax Service, and William Harper, a.k.a. Bill Harper violated RCW 21.20.040(1) by offering and/or selling said securities while not being registered as a broker-dealer or securities salesperson in the state of Washington.



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Jack McClellan  
Financial Legal Examiner Supervisor

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

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