

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

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

IN THE MATTER OF DETERMINING ) Order No.: S-15-1619-15-SC01  
Whether there has been a violation of the )  
Securities Act of Washington by: ) STATEMENT OF CHARGES AND  
Travis Moegling; ) NOTICE OF INTENT TO  
Partner Fund, LLC; ) ENTER ORDER TO CEASE AND DESIST,  
Respondents. ) TO IMPOSE A FINE,  
) AND TO CHARGE COSTS

THE STATE OF WASHINGTON TO: Travis Moegling  
Partner Fund, LLC

**STATEMENT OF CHARGES**

Please take notice that the Securities Administrator of the state of Washington has reason to believe that Respondents Travis Moegling and Partner Fund, LLC have each violated the Securities Act of Washington. The Securities Administrator believes those violations justify the entry of an order against the Respondents to cease and desist from such violations and to charge costs pursuant to RCW 21.20.390, and under RCW 21.20.395 to impose a fine. The Securities Administrator finds as follows:

**TENTATIVE FINDINGS OF FACT**

**Respondents**

1. Partner Fund, LLC (“Partner Fund”) is an inactive Washington limited liability company formed on May 1, 2013 that previously used a business address in Tacoma, Washington.

2. Travis Lee Moegling (“Moegling”) is a resident of Washington and was the managing member of Partner Fund.

## Gig Harbor Property Investment

### *Twitter Offer*

3. Beginning in or around March 2013, Partner Fund used an account “@PartnerFund” on Twitter, an online social networking service in which users can post short messages called “tweets.” Using Twitter, Partner Fund offered investment opportunities to the general public. Partner Fund described its business as “Real Estate Secured Highest Yields in Washington State projects.” On April 7, 2013, a tweet on the Partner Fund account stated: “Partner Fund is acquiring a prime waterfront home in Gig Harbor, Washington for a quick rehab and flip. Investment partners will net 12% ROI [return on investment].” On or about May 6, 2013, Partner Fund purchased a residential waterfront property in Gig Harbor for \$85,000 (the “Gig Harbor property”).

### *Idaho Investor*

4. A few months after the offer on Twitter, Moegling offered and sold an investment in the Gig Harbor property to a resident of Idaho (hereinafter, the “Idaho investor”). The Idaho investor had first contacted Moegling in 2011 after responding to an online advertisement that Moegling posted on Craigslist, a classified advertisements website. The Idaho investor subsequently made two real estate investments through Moegling relating to properties in Idaho and Wenatchee, Washington.

5. In October 2013, Moegling sent an e-mail to the Idaho investor regarding a “Secured 52% ROI [return on investment] Opportunity” in what he initially described as a “waterfront project.” Moegling represented that the investment would be secured by a first position deed of trust. Moegling attached an offering document to his e-mail that was captioned “Equity Investment Opportunity.” The offering document contained additional details regarding the investment and reiterated that Partner Fund was offering a 52% return on investment. Moegling represented that the investor’s funds would be used to “refinance my bridge financing” and stated that the loan amount was \$165,997.

1 6. Moegling's offering document represented that he would pay a 13% annualized return  
2 through monthly interest-only payments. In addition to these payments, Moegling offered what he  
3 described as an "Equity kicker." Moegling stated that he would give the investor a 50% interest in the  
4 limited liability company that held title to the property (Partner Fund), and that he would pay the investor  
5 50% of the profits that were made on the sale of the home, after it was remodeled.

6 7. On November 19, 2013, Moegling sent an e-mail to the Idaho investor with additional details  
7 about the investment, which he described as a "fix and flip home on the waterfront." Moegling stated that  
8 the investor would receive a first position deed of trust, and would receive a second deed of trust for 50% of  
9 the sale price. Moegling further represented that he planned on "listing it in the \$325k range which after  
10 closing costs will net around \$140k profit. On a straight split that would be \$70k to you at closing."

11 8. On November 25, 2013, Moegling sent the Idaho investor an e-mail, which attached a blank  
12 promissory note in the amount of \$170,000 that was issued by Partner Fund, along with wire instructions.  
13 Moegling also provided a "Deed of Trust" to secure the \$170,000 note and a "2<sup>nd</sup> Deed of Trust" to secure  
14 the \$77,500 in profits that the Idaho investor would purportedly receive after the home was remodeled and  
15 sold. On November 27, 2013, the Idaho investor wired \$170,000 to an attorney trust account in Tacoma,  
16 Washington and Moegling caused both deeds of trust to be recorded with the auditor in Pierce County.  
17

18 9. Moegling misleadingly described the Gig Harbor property to the Idaho investor as a "1,600  
19 square foot home." Pierce County property records indicate that the home's square footage is 940 square  
20 feet. These records indicate that the property also has a 360 square foot garage and a 276 square foot porch.  
21 According to general multiple listing service (MLS) guidelines, the square footage for residential properties  
22 should only include heated, finished areas of a home.

23 10. Moegling made misleading guarantees to the Idaho investor regarding the payment of returns  
24 on the investment. Moegling represented that he would also pay "12 months guaranteed interest payments  
25

1 regardless of when the home sells.” Moegling repeated the claim and represented that Partner Fund would  
2 pay “Guaranteed 12 Month Interest Only even if home sells i[n] 4 months.” Partner Fund failed to disclose  
3 the basis for its ability to guarantee the payment of these returns, and failed to disclose detailed information  
4 regarding its current financial condition.

5 11. Moegling made misleading statements regarding the condition of the home on the Gig  
6 Harbor property. Moegling represented to the Idaho investor: “Home will be ready for sale by early Spring  
7 of 2014 and essentially just requires a cosmetic facelift. Paint, mill work, new flooring, appliances etc.”  
8 Moegling stated in a November 2013 e-mail to the Idaho investor that he had already purchased new interior  
9 and exterior doors, windows, hard wood floors, and tile, and that the home would be “sale ready by end of  
10 winter for Spring [2014] sale.” Months later, a realtor informed the Idaho investor that at the time the home  
11 was sold to Partner Fund in May 2013, the home in fact “needed a complete remodel as it was basically an  
12 open shell” and lacked interior drywall, plumbing, and electrical.

13 12. Moegling made misleading statements regarding the time it would take to complete the  
14 proposed renovations, describing it in the Twitter offer as a “quick rehab and flip.” As described above, in  
15 November 2013, Moegling represented to the Idaho investor that the renovations would be completed by the  
16 “end of winter” and that the home would be “ready for sale” by the “Spring” of 2014. Moegling failed to  
17 disclose the risk that a number of possible site constraints could significantly delay the remodel of the  
18 waterfront home, which was built more than 30 years earlier in 1981. County property records indicate that  
19 the property has multiple possible site constraints, which could implicate flood zone, wetland, and landslide  
20 regulations.  
21

22 13. Moegling failed to disclose the risk that significant additional expenditures and permits could  
23 be required to bring the property into compliance with applicable federal, state, and local laws. Moegling  
24 failed to disclose that ensuring compliance with sewer, shoreline, and other environmental laws could  
25

1 significantly delay the completion of the remodel. Pierce County property records indicate that in March  
2 2014, the Tacoma-Pierce County Health Department recorded a Certificate of Non-Compliance for the Gig  
3 Harbor property because ownership had been transferred to Partner Fund in May 2013 without an Onsite  
4 Sewage System Report of System Status (“RSS”) report. Moegling failed to disclose the risk that county  
5 officials could require that costly additional upgrades be made to the septic system on the waterfront  
6 property, before granting the necessary permits for the remodel.

7 14. Moegling made misleading statements regarding the potential future value of the Gig Harbor  
8 property and the potential profits that could be made on the investment. Moegling represented to the Idaho  
9 investor that he anticipated a “sale in \$300k to \$325k range because of exclusive waterfront location. Per  
10 current BPO. (Broker Opinion Letter).” In an e-mail sent to the Idaho investor on November 19, 2013,  
11 Moegling represented he planned to list the Gig Harbor property “in the \$325k range” and that his “recent  
12 BPO [Broker’s Price Opinion] came in at over \$300k.” Moegling failed to provide a copy of the BPO or  
13 disclose the identity of the broker that had authored it. Moegling failed to disclose that after Partner Fund  
14 purchased the property in May 2013, it was listed for sale in approximately July 2013 at a price of \$144,900.  
15

16 15. Moegling also made false and misleading representations regarding the deeds of trust that  
17 would secure the investment. Moegling represented that the Idaho investor would be granted a first position  
18 deed of trust in the amount of \$170,000 and a second position deed of trust in the amount of \$77,500. In  
19 fact, a few weeks prior to selling the investment to the Idaho investor, Moegling recorded another deed of  
20 trust against the Gig Harbor property to secure a \$25,000 note with another lender. That deed of trust was  
21 reconveyed months later in August 2014.

22 16. In the offer and sale of the investment, Moegling failed to provide written disclosure with  
23 material information regarding his prior experience and track record in remodeling properties, failed to  
24  
25

1 disclose that he had filed for bankruptcy under Chapter 13 in 2006 (the petition was later dismissed for  
2 failure to meet the necessary filing requirements).

3 17. Moegling failed to make the “guaranteed” monthly interest payments to the Idaho investor.  
4 In March 2014, Moegling claimed he was negotiating an offer on the house and stated to the Idaho investor  
5 that “Hopefully we’ll have [a] sale soon.” The next month, however, Moegling informed the Idaho  
6 investor: “I haven’t had [the] opportunity to start the remodel” and that he “decided to keep this house as [a]  
7 rental.” Moegling claimed that he would repay the Idaho investor using funds from the sale of another  
8 property, but failed to do so. The Idaho investor later initiated foreclosure and obtained control of the  
9 property.

### 10 **Union Property Investment**

11 18. In March 2014, a resident of Washington (hereinafter, the “Washington investor”) invested  
12 \$28,000 in the form of a promissory note issued by Partner Fund, which was secured by a first position deed  
13 of trust on an undeveloped property located near a golf course in Union, Washington (the “Union  
14 property”).

15 19. The Washington investor received an Investment Memorandum dated March 10, 2014,  
16 which described a “High Yield Investment” that was being offered by Partner Fund. According to the  
17 investment memorandum, a \$28,000 promissory note investment would earn a 13% annualized return,  
18 which would be paid in the form monthly interest-only payments for one year. The investment  
19 memorandum stated that Partner Fund would “guarantee” twelve months of interest payments (a total of  
20 \$3,640). Partner Fund failed to disclose the basis for its ability to guarantee the payment of these returns,  
21 and failed to disclose detailed information regarding its current financial condition. The investment  
22 memorandum stated that the “Exit strategy is Construction financing pre-approved.” According to the  
23 investment memorandum, proceeds from the investment would be used to “payoff balloon [loan] on land  
24  
25

1 and clear/grade lot and extend utilities to the site and ready the site with building permit and engineering for  
2 [the] construction of a 1900 square foot semi-custom spec home.” [sic] In addition to the investment  
3 memorandum, Moegling also e-mailed blank copies of a promissory note issued by Partner Fund, a deed of  
4 trust, and wire instructions to a title company in Mason County.

5 20. The investment memorandum included a photograph of a “new” home, which Moegling  
6 represented had been built next door to the Union property and had “just sold” for \$295,000. Mason County  
7 property records indicate that, in fact, the home in the photograph was built in 2008 and was last sold in  
8 2009 for \$241,000. Moegling failed to provide the Washington investor with a written disclosure document  
9 containing material information regarding his prior experience and track record in new home construction  
10 projects, and his 2006 bankruptcy filing.

11 21. Moegling missed the first monthly payment that was due to the Washington investor in April  
12 2014, and did not make any monthly interest payments to him. By August 2014, Moegling sent an e-mail to  
13 the Washington investor stating that he was “putting monies together” to repay him. The Washington  
14 investor later initiated foreclosure and obtained control of the property.

### 15 **Other Unregistered Investment Offerings Using Social Media**

16 22. During the relevant time period, Moegling utilized a toll-free telephone number and website  
17 in offering materials for Partner Fund, which were used in other online solicitations that offered investments  
18 to the general public, as described below.

19 23. The toll-free telephone number for Partner Fund was used in a Facebook page named “Mount  
20 Rainier Investors.” The Facebook page stated that it was offering “private investors an opportunity to  
21 participate as a shareholder in ownership of a built out – operational resort property tucked behind Mount  
22 Rainier.” The mission of Mount Rainier Investor was “To create equity and income with the participation  
23 of equity secured limited partners.” The Facebook page contained a solicitation dated September 4, 2013,  
24  
25

1 which stated that it was seeking “Washington State residents to invest in an equity share of a prime river  
2 front year-round mountain resort located behind Mt. Rainier in the Cascades.” The solicitation further  
3 stated: “With over 800 of you now here we are in a unique position to arrange this as a Crowd Funded  
4 structure! Minimum Investment is only \$2000.00 and you will OWN a share of this amazing historical  
5 property! If interested, please just click on GOING and we will send you an Offering Memorandum on this  
6 exciting project.” The Facebook page invited potential investors to “Message for details.” Moegling was  
7 the sole person whose name appears on the Facebook page as someone who “likes” Mount Rainier  
8 Investors.

9 24. Moegling’s website was used on a blog, [seattleinvestors.blogspot.com](http://seattleinvestors.blogspot.com), that was available to  
10 the general public. The blog contained a solicitation dated February 26, 2013 that was captioned “Seattle  
11 Investors Growing Wealth Together in Local Real Estate Projects.” The blog described Partner Fund as an  
12 “investors alternative to financing a real estate project cash out of pocket for the entire cost.” The blog  
13 claimed that “investors can ... earn double digit yields, while remaining passive of day to day operations.”  
14 The solicitation indicated that investments of \$25,000 would be escrowed and used to acquire land at a  
15 “significant discount” and that represented that Partner Fund “micro-manages every dollar on a construction  
16 draw budget per the operating agreement and in unison with 3rd party escrow and their instructions.” The  
17 solicitation further stated: “Partner Fund management gets paid when the Partners are paid, when the project  
18 is sold.” The solicitation listed an e-mail address for Partner Fund, which investors could use to request an  
19 “Offering Prospectus.”  
20

### 21 **Registration Status**

22 25. Partner Fund, LLC is not currently registered to sell its securities in the state of Washington  
23 and has not previously been so registered.  
24  
25

1           26.     Travis Moegling is not currently registered as a securities salesperson or broker-dealer in the  
2 state of Washington and has not previously been so registered.

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

4                                     **CONCLUSIONS OF LAW**

5           1.     The offer and/or sale of the promissory notes and investments described above constitute the  
6 offer and/or sale of a security as defined in RCW 21.20.005(14) and (17).

7           2.     Partner Fund, LLC and Travis Moegling have each violated RCW 21.20.140, because, as set  
8 forth in the Tentative Findings of Fact, the Respondents offered and/or sold securities for which no  
9 registration is on file with the Securities Administrator.

10          3.     Travis Moegling has violated RCW 21.20.040 by offering and/or selling said securities while  
11 not being registered as a securities salesperson or broker-dealer in the state of Washington.

12          4.     Partner Fund, LLC and Travis Moegling have each violated RCW 21.20.010, because, as set  
13 forth in the Tentative Findings of Fact, Respondents made untrue statements of material fact or omitted to  
14 state material facts necessary in order to make the statements made, in light of the circumstances in which  
15 they were made, not misleading.  
16

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

18                     Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities  
19 Administrator intends to order, pursuant to RCW 21.20.390(1), that Respondents Partner Fund, LLC and  
20 Travis Moegling, and their agents and employees each shall cease and desist from violations of RCW  
21 21.20.010 and RCW 21.20.140, and that Travis Moegling, and his agents and employees each shall cease  
22 and desist from violations of RCW 21.20.040.  
23  
24  
25

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

**NOTICE OF INTENT TO IMPOSE A FINE**

Pursuant to RCW 21.20.395, and based upon the Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that Respondent Travis Moegling shall be liable for and shall pay a fine of \$15,000.

**NOTICE OF INTENT TO CHARGE COSTS**

Pursuant to 21.20.390, and based upon the Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that Respondent Travis Moegling 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.

**AUTHORITY AND PROCEDURE**

This Statement of Charges is entered pursuant to the provisions of Chapter 21.20 RCW and is subject to the provisions of Chapter 34.05 RCW. The Respondents may make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Order. If a Respondent does not make a hearing request in the time allowed, the Securities Administrator intends to adopt the above Tentative Findings of Fact and Conclusions of Law as final and to enter a permanent order to cease and desist as to that Respondent, to impose any fines sought against that respondent, and to charge any costs sought against that Respondent.

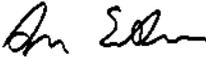
Signed and Entered this 29th day of April 2015.



---

William M. Beatty  
Securities Administrator

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25



---

Suzanne Sarason  
Chief of Enforcement



---

Robert Kondrat  
Financial Legal Examiner Supervisor