



STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS

IN THE MATTER OF DETERMINING) DFI No.: S-15-1675-18-FOO I
Whether there has been a violation of the) OAFI No.: 02-2017-DFI-00022
Securities Act of Washington by:)
) FINAL DECISION & ORDER AFFIRMING INITIAL
Kathleen Rapp dba Realized Equity Services; and) ORDER ON SUMMARY JUDGMENT MOTION
RealizedEquityServices LLC;)
)

Respondent (s). _)

THIS MATTER has come before the Director ("Director") of the Washington State Department of Financial Institutions ("Department ") for entry of the Director's Final Decision & Order pursuant to RCW 34.05'464.

1.0 PROCEDURAL HISTORY

On December 19, 2016, the Director, through Securities Administrator, William M. Beatty, entered a Statement of Charges and Notice of Intent to Enter Order to Cease and Desist, to Impose Fines and to Charge Costs, S-15-1675-16-SC01, ("Statement of Charges") against Kathleen Rapp dba Realized Equity Services and RealizedEquityServices LLC ("Respondents"). The Statement of Charges, together with a Notice of Opportunity to Defend and Opportunity for Hearing, and an Application for Adjudicative Hearing, were served on Respondents by certified mail on December 20, 2016. Respondents, on January 9, 2017, submitted an Application for Adjudicative Hearing. On January 31, 2017, the Department made a request to the Office of Administrative Hearings ("OAH") to assign an Administrative Law Judge ("ALJ") to schedule and conduct a hearing on the Statement of Charges.

On February 10, 2017, OAF issued a Notice of Prehearing Conference from ALJ T.J. Martin scheduling a prehearing conference on February 24, 2017 at 9:00 a.m.

On February 24, 2017, a representative for Respondents and a representative for the Department attended a telephonic prehearing conference.

On March 3, 2017, ALJ T.J. Martin issued a Prehearing Conference Order and Notice of Hearing.

On March 13, 2017, Respondents filed an Objection to Prehearing Conference Order and Notice of Hearing.

1 On June 1, 2017, Judge T.J. Martin issued a Notice of Status Conference scheduling a status conference for
2 June 19, 2017 at 9:00 a.m.

3 On June 5, 2017, Judge T.J. Martin issued an Amended Notice of Status Conference scheduling a status
4 conference for June 16, 2017 at 9:00 a.m.

5 On June 16, 2017, a representative for Respondents and a Representative for the Department attended a status
6 conference.

7 On July 12, 2017, Judge T.J. Martin issued an Order of Reassignment of Administrative Law Judge
8 appointing Judge Robert Krabill as the new Administrative Law Judge in the matter.

9 On September 14, 2017, Judge Robert Krabill issued an Order of Recusal recusing himself from the hearing.

10 On September 14, 2017, the Office of Administrative Hearings issued a Notice of Reassignment of
11 Administrative Law Judge which appointed Judge Terry Schuh as the new Administrative Law Judge in the matter.

12 On September 29, 2017, the Office of Administrative Hearings issued a Notice of Motion Hearing scheduling
13 a notice hearing on October 16, 2017 at 3:00 p.m.

14 On October 13, 2017, Respondents filed a Respondent's Objection to Prehearing Conference Order and
15 Notice of Hearing.

16 On October 16, 2017, a representative for Respondents and a representative for the Department attended a
17 motion hearing.

18 On October 20, 2017, Judge Terry Schuh issued an Amended Prehearing Conference Order and Amended
19 Notice of Hearing.

20 On January 5, 2018, Respondents filed Respondent's Motion to Dismiss.

21 On January 5, 2018, the Department filed a Motion for Summary Judgment.

22 On January 19, 2018, the Department filed a Response to Respondent's Motion to Dismiss.

23 On January 22, 2018, Respondents filed Respondent's Response to Department's Motion to Dismiss.

24 On January 29, 2018, the Department filed a Reply to Respondent's Response.

25 On January 29, 2018, Respondents filed a Reply to Department's Response.

1 On February 5, 2018, ALJ Teny Schuh held a hearing on the Department's Motion for Summary Judgment
2 and the Respondents' Motion to Dismiss, at which the Department and Respondents were all represented by counsel.

3 On March 5, 2018, ALJ Teny Schuh issued an Initial Order on Summary Judgment Motion ("Initial Order").
4 On March 5, 2018, OAH served the Initial Order on Respondent by first class mail. In the Initial Order, ALJ Terry
5 Schuh granted the Department's Motion for Summary Judgment, finding that no genuine issue of fact remained that
6 Respondent violated Chapter 21.20 RCW as set out in the Statement of Charges. ALJ Teny Schuh also denied the
7 Respondents' Motion to Dismiss. The Initial Order also ordered that Respondents cease and desist from any further
8 violations of the Securities Act of Washington, pay a fine of \$10,000, and pay investigative costs of \$22,500.

9 Pursuant to RCW 34.05.464 and WAC 10-08-211, Respondent had twenty (20) days from the date of service
10 of the Initial Order to file a Petition for Review with the Director of the Department. Respondent did not file a Petition
11 for Review with the Director of the Department during the statutory period.

12 2.0 RECORD ON REVIEW

13 The record presented to the Director for his review and for entry of a Final Decision & Order was the entire
14 record on review from OAH, including the following:

- 15 2.1 Statement of Charges, with documentation of service;
- 16 2.2 Application for Adjudicative Hearing for Respondents;
- 17 2.3 Request to OAH for Assignment of Administrative Law Judge;
- 18 2.4 Notice of Prehearing Conference, dated February 10, 2017, with certificate of service;
- 19 2.5 Respondents' Motion to Dismiss;
- 20 2.5 Department's Motion for Summary Judgment;
- 21 2.6 Department's Response to Respondents' Motion to Dismiss;
- 22 2.6 Respondents' Response to Department's Motion for Summary Judgment;
- 23 2.7 Department's Reply on Summary Judgment;
- 24 2.7 Respondent's Reply to Department's Response to Respondents' Motion for Summary Judgment; and
- 25 2.8 Initial Order on Summary Judgment Motion, with documentation of service.

1 3.0 DIRECTOR'S CONSIDERATIONS

2 The Director reviews the record in each matter calling for entry of a final decision and order, even in the
3 absence of a petition for review. The Director has made a review of the Statement of Charges in relation to the
4 language of the Initial Order and finds (1) that the Statement of Charges sets forth claims upon which relief can be
5 granted as pleaded, (2) that the Facts for Purpose of Summary Judgment and Conclusions of Law in the Initial Order
6 are consistent with what the Securities Division pleaded in the Statement of Charges, and (3) that the sanctions, fines,
7 and costs imposed are not in excess of the prayer for relief in the Statement of Charges. On this basis, the Director
8 affirms the Initial Order of ALJ Teny Schuh.

9 4.1 FINDINGS OF FACT AND CONCLUSIONS OF LAW

10 4.2 Findings of Fact. The Director affirms Section 3.0 of this Order and Paragraphs 4 through 4.29,
11 inclusive, of the Initial Order.

12 4.3 Conclusions of Law. The Director affirms Section 3.0 of this Order and Paragraphs 5 through 5.29,
13 inclusive, of the Initial Order.

14 4.4 Affirmation of Initial Order. The Director affirms Paragraphs 6 through 6.12, inclusive, of the Initial
15 Order.

16 5.0 FINAL DECISION & ORDER

17 Based upon the foregoing, and the Director having considered the record and being otherwise fully advised,
18 NOW, THEREFORE, IT IS HEREBY ORDERED:

19 5.1 Respondents, Kathleen Rapp dba Realized Equity Services and RealizedEquityServices LLC, shall
20 cease and desist from any further violations of RCW 21.20.020.

21 5.2 Respondents, Kathleen Rapp dba Realized Equity Services and RealizedEquityServices LLC, shall be
22 jointly and severally liable for and shall pay a fine of \$10,000.

23 5.3 Respondents, Kathleen Rapp dba Realized Equity Services and RealizedEquityServices LLC, shall be
24 jointly and severally liable for and shall pay costs of \$22,500 for the investigation of their violations of the Securities
25 Act of Washington, chapter 21.20. RCW.

1 6.0 RECONSIDERATION

2 Pursuant to RCW 34.05.470, the Respondent has the right to file a Petition for Reconsideration stating the
3 specific grounds upon which relief is requested. The Petition must be filed in the Office of the Director of the
4 Department of Financial Institutions by courier at 150 Israel Road SW, Tumwater, Washington 98501, or by U.S.
5 Mail at P.O. Box 41200, Olympia, Washington 98504-1200, within ten (10) days of service of the Final Decision &
6 Order upon Respondents. The Petition for Reconsideration shall not stay the effectiveness of this order nor is a
7 Petition for Reconsideration a prerequisite for seeking judicial review in this matter.

8 A timely Petition for Reconsideration is deemed denied if, within twenty (20) days from the date the petition
9 is filed, the agency does not (a) dispose of the petition or (b) serve the parties with a written notice specifying the date
10 by which it will act on a petition.

11 7.0 STAY OF ORDER

12 The Director has determined not to consider a Petition to Stay the effectiveness of this order. Any such
13 requests should be made in connection with a Petition for Judicial Review made under chapter 34.05 RCW and RCW
14 34.05,550.

15 8.0 JUDICIAL REVIEW

16 Respondents have the right to petition the superior court for judicial review of this agency action under the
17 provisions of chapter 34.05 RCW. For the requirements for filing a Petition for Judicial Review, see RCW 34.050.510
18 and sections following.

19 9.0 NON-COMPLIANCE WITH ORDER

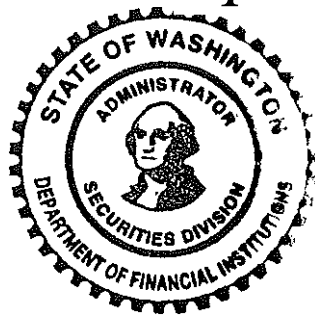
20 If Respondents do not comply with the terms of this order, the Department may seek its enforcement by the
21 Office of Attorney General to include the collection of fines and fees imposed herein. Failure to comply with this
22 Final Decision & Order may also prompt additional actions against Respondents by the Department as permitted by
23 the Securities Act of Washington, Chapter 21.20 RCW, for failure to comply with a lawful order of the Department.

24 10.0 SERVICE

1 For purposes of filing a Petition for Reconsideration or a Petition for Judicial Review, service is effective
2 upon deposit of this order in the U.S. mail with a declamation of service attached hereto.

3 DATED this, 12th day of

20 11.



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GLORIA PAPIE Z, Director
Washington State Department of Financial Institutions

CERTIFICATE OF SERVICE

I, [Signature] certify that I personally delivered or mailed a copy of the Final Decision and Order to parties named below at their respective addresses, postage pre-paid, on [Date], 2016.

[Signature]

Mailed to the following:

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