

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

IN THE MATTER OF DETERMINING ) Order No.: S-16-2072-17-FO01  
Whether there has been a violation of the )  
Securities Act of Washington by: ) ENTRY OF FINDINGS OF FACT  
 ) AND CONCLUSIONS OF LAW AND  
Viktor Toth, ) FINAL ORDER TO CEASE AND DESIST,  
a/k/a Viktor T. Schonberger, ) TO IMPOSE A FINE,  
a/k/a Viktor Beeman; ) AND TO CHARGE COSTS  
Tree Wonders LLC; )  
Tree Wonders Inc.; )  
Respondents. )

THE STATE OF WASHINGTON TO: Viktor Toth  
a/k/a Viktor T. Schonberger  
a/k/a Viktor Beeman  
d/b/a Tree Wonders Co.  
d/b/a Tree Wonders  
d/b/a Slab Men  
Tree Wonders LLC  
Tree Wonders Inc.

On August 22, 2017, the Securities Administrator of the state of Washington issued Statement of Charges and Notice of Intent to Enter Order to Cease and Desist, To Impose a Fine, and to Charge Costs, Order No. S-16-2072-17-SC01 (hereinafter referred to as "Statement of Charges"). The Statement of Charges, together with a Notice of Opportunity to Defend and Opportunity for Hearing, hereinafter referred to as "Notice of Opportunity for Hearing" and an Application for Adjudicative Hearing, hereinafter referred to as "Application for Hearing," were served on Respondents Viktor Toth, Tree Wonders LLC, and Tree Wonders Inc. on August 24, 2017. The Notice of Opportunity for Hearing advised the Respondents that a written application for an administrative hearing on the Statement of Charges must be received within twenty days from the date of receipt of the notice. Respondents Viktor Toth, Tree Wonders LLC, and Tree Wonders Inc. failed to request an administrative hearing within twenty days of receipt of the Statement of Charges and Notice of Opportunity for Hearing, either on the Application for Hearing provided, or otherwise.

1 The Securities Administrator therefore will adopt as final the following Findings of Fact and  
2 Conclusions of Law as set forth in the Statement of Charges and enter a final order against the Respondents  
3 to cease and desist from violations of the Securities Act, and to impose the fine and costs sought in the  
4 Statement of Charges.

5 The Securities Administrator makes the following Findings of Fact and Conclusions of Law:

## 7 FINDINGS OF FACT

### 8 Respondents

9 1. Viktor Toth (“Toth”), also known as (a/k/a) Viktor T. Schonberger, a/k/a Viktor T. Beeman,  
10 resided in Carnation, Washington and Redmond, Washington during the relevant time period. Toth previously  
11 did business as (d/b/a) Tree Wonders, Tree Wonders Co., and Slab Men.

12 2. Tree Wonders LLC is a Washington limited liability company formed on January 21, 2014  
13 that became inactive on May 1, 2015. Tree Wonders LLC was dissolved on February 23, 2016. Toth was the  
14 manager of Tree Wonders LLC. Tree Wonders LLC operated a sawmill and woodworking business, which  
15 sold custom wood furniture, wood slabs, and other products. Tree Wonders used business addresses in  
16 Carnation, Washington and Duvall, Washington

17 3. Tree Wonders Inc. (“Tree Wonders”) is an inactive Washington corporation formed on  
18 February 23, 2016. Toth was the President of Tree Wonders Inc. Tree Wonders Inc. became inactive on July  
19 3, 2017.

### 21 Nature of the Conduct

#### 22 Overview

23 4. Between 2014 and 2016, Toth raised more than \$800,000 from at least six Washington  
24 residents. Toth sold these investments as part of fundraising for his business, Tree Wonders LLC, which later  
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1 did business as Tree Wonders Inc. (hereinafter, collectively referred to as “Tree Wonders”). Toth met with  
2 potential investors at his business, and also communicated with them by phone, email, and text messages.  
3 Investors made investments ranging from as little as \$4,000 to more than \$300,000. Toth led several investors  
4 to believe that he would double or triple their investment within a few weeks, when in fact, several of them  
5 suffered significant losses.

6 5. Toth represented to investors that he would use their funds to purchase specific trees, wood, or  
7 equipment for Tree Wonders. Toth claimed that he would process and resell the trees and wood, and use the  
8 newly-purchased equipment to generate huge short-term profits for investors. Most investors were passive  
9 and not involved in the operations of Tree Wonders. Toth led investors to believe that he was responsible for  
10 managing the investment and generating the profits. As Toth summarized in an email to one investor: “I do  
11 all the work including transportation, and processing the wood and ultimately selling it.”

12 6. Toth provided investors with a variety of written agreements. While some investors received  
13 promissory notes, other investors received loan agreements and addendums. Toth provided some investors  
14 with a one-page handwritten agreement or receipt for the funds they invested, and later executed type-written  
15 agreements with them.

16 7. Toth directed investors to pay for their investment in a variety of ways. Toth directed some  
17 investors to wire their funds to his personal bank account. Toth directed other investors to pay him in cash,  
18 and he received tens of thousands of dollars in cash from multiple investors. Toth told at least one investor  
19 that he needed cash because the seller of the wood wanted cash. Toth failed to disclose the risks associated  
20 with investing and transacting business in cash, including the risk of misappropriation, theft, and funds being  
21 misplaced or lost. In April 2016, Toth directed an investor in Kirkland to write three checks, which were all  
22 made payable to Toth, including two checks for \$15,000 and one check for \$20,000. Toth explained that he  
23 needed checks in those amounts because the check-cashing business he used had limits on the size of the  
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1 checks it would cash. Similarly, after another investor wrote Toth a check for \$15,000, Toth travelled with  
2 him to a check-cashing business and cashed his check. In August 2016, an investor was instructed to wire  
3 \$15,000 to an account in the name of Toth's girlfriend.

#### 4 *Use of Funds*

5 8. Toth led some investors to believe that he would use their funds to generate large profits by  
6 purchasing rare old-growth trees (or portions of a tree, such as its branches) in various locations including  
7 California, Oregon, and Florida. Toth showed investors photos of the trees or wood that he wanted to  
8 purchase. For example, in October 2015, Toth sent an email to a Seattle resident regarding a \$65,000  
9 investment relating to three camphor trees and one magnolia tree in southern Florida. Toth represented that  
10 the Seattle investor would earn a total return of \$130,000 in four weeks. The next day, Toth sold the investor  
11 another tree-related investment, claiming that the investor would double his \$20,000 investment in four weeks.  
12 Days later, Toth solicited the investor regarding a \$90,000 investment. Toth claimed he would use the funds  
13 to purchase and process six walnut trees, and repay the investor \$230,000 in three weeks. In April 2016, Toth  
14 solicited a Redmond resident and stated that he needed funds to purchase some old-growth cedar wood in  
15 California. Toth called the investor numerous times per day and spoke to him in his native language,  
16 Hungarian. A couple of weeks later, Toth solicited the investor again, representing that he had an urgent need  
17 for additional funds to purchase a large walnut tree in Oregon.  
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19 9. Toth told other investors that he would use their funds for other specific business purposes  
20 relating to Tree Wonders. In October 2015, Toth solicited a Seattle resident for a \$330,000 investment  
21 involving Starbucks. Toth represented that he would use the funds to purchase barn wood in Alaska and  
22 equipment. Toth stated that he had meetings with corporate personnel from Starbucks, and represented that  
23 Starbucks had committed to purchasing \$10 million of products from him, including conference tables for  
24 Starbucks' corporate offices. Toth represented that he would pay the investor \$200,000 on December 15, and  
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1 that he would make three additional \$400,000 payments on January 15, February 15, and March 15 -- a total  
2 profit of more than \$1 million in approximately five months. In April 2016, Toth solicited a Kirkland resident  
3 and stated that he needed \$60,000 to purchase a vacuum wood dryer at a substantial discount. Toth  
4 represented that the wood dryer would enable Tree Wonders to generate large profits quickly, by finishing a  
5 number of open orders that were waiting to be completed. In August 2016, Toth represented to a Duvall  
6 resident that he needed funds to ship a container of walnut slabs to a buyer in Hungary, and that the investor  
7 would triple his \$15,000 investment within approximately five weeks.

8 *Returns on Investment*

9 10. Toth misleadingly represented to investors that they would earn very large returns on their  
10 investment within weeks. The following table summarizes some examples of the large returns that Toth  
11 offered to his investors:

<b>Investment Date</b>	<b>Investment Amount</b>	<b>Total Return</b>	<b>Return on Investment (%)</b>	<b>Term of Investment (approx.)</b>
10/26/15	\$330,000	\$1,400,000	324.24%	20 weeks
8/15/16	\$15,000	\$45,000	200.00%	5 weeks
10/15/15	\$90,000	\$230,000	155.56%	3 weeks
6/17/16	\$4,000	\$8,000	100.00%	1 week
11/30/14	\$20,000	\$38,000	90.00%	10 weeks
8/13/15	\$80,000	\$110,000	37.50%	2 weeks

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19 11. For example, on October 1, 2015, Toth represented in an email to a Seattle investor that a  
20 \$50,000 investment would earn a “100% return in 4 weeks.” Toth described it as “extremely good profits”  
21 and stated that he put 5 weeks on the agreement “just in case.” Toth represented to the same investor that a  
22 \$330,000 investment would generate over \$1 million in profits within approximately five months, a return of  
23 more than 300%. In April 2016, Toth told a Redmond resident that he would double or triple his investment  
24 in a week. In August 2016, Toth represented to an investor that a \$15,000 investment would generate a total  
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1 return of \$45,000 within about five weeks, including \$15,000 within approximately one week. Toth failed to  
2 provide investors with written materials that disclosed the assumptions and basis for these projected returns.

3 *Failure to Disclose Risks and Misleading Statements Regarding Collateral and Security*

4 12. Toth made misleading statements concerning the risks of the investments he sold. Toth did  
5 not provide investors with any written disclosure document regarding the specific risks of the investments he  
6 offered. Toth represented to some investors that he already had buyers for the wood or wood products. Toth  
7 failed to disclose the risk that future re-sales of the wood and wood products may not transpire or could be  
8 significantly delayed. Toth also failed to disclose that Tree Wonders was highly dependent on the continuing  
9 services of Toth and other personnel, and that the loss of any such key persons could have a materially adverse  
10 impact on the investment. Toth failed to disclose the risk that the equipment he wanted to purchase could be  
11 damaged or could malfunction, and that this could delay repayment. In October 2015, Toth provided a Seattle  
12 investor with multiple written loan agreements for various investments. Each loan agreement misleadingly  
13 represented that the investor would receive his original investment back, plus an additional specified amount  
14 of “guaranteed” profit. Toth failed to disclose the basis for his financial ability to guarantee the payment of  
15 these returns.  
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17 13. Toth misleadingly represented to multiple investors that their investments were secured by  
18 collateral, including wood slabs. In April 2016, Toth solicited a Kirkland resident and provided a handwritten  
19 agreement for a \$50,000 investment. Toth represented that he would repay the investor’s principal, plus an  
20 additional profit of \$10,000, in less than two weeks. The agreement specified that the investment was secured  
21 by collateral, in the form of 30,000 board feet of “prime hardwood slabs.” Based on these assurances, the  
22 Kirkland resident invested \$50,000 using funds that were advanced from a home equity line-of-credit. Around  
23 the same time, Toth raised \$40,000 from another investor in Redmond. Toth provided that investor with a  
24 promissory note which represented that investment was secured by 20,000 board feet of maple or redwood  
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1 slabs. About two weeks later, Toth signed another promissory note with the Redmond investor for an  
2 additional \$50,000 investment and represented that the investment was secured by 25,000 board feet of maple  
3 or redwood slabs.

4 14. Toth failed to disclose to investors that other investors could have competing claims to the  
5 same collateral. The Securities Division has been unable to establish that Toth or Tree Wonders made any  
6 UCC filings with the State of Washington, or that investors had any perfected security interest in the collateral  
7 that purportedly secured the investments. Toth failed to disclose to investors that there could be substantial  
8 delays, costs, and expenses associated with acquiring, transporting, storing, and reselling wood collateral.

9 *Failure to Disclose Financial Condition and Track Record*

10 15. As described above, Toth made misleading statements concerning guarantees and projected  
11 returns on investment, but failed to disclose material information regarding his personal financial condition  
12 or the financial condition of Tree Wonders. Toth led some investors to believe that Tree Wonders was  
13 profitable and showed them banking information which indicated that he had previously received several large  
14 deposits of funds. Toth failed to provide investors with copies of financial statements, including a balance  
15 sheet, income statement, or statement of cash flows for Tree Wonders. In August 2016, Toth failed to disclose  
16 to an investor that he had written multiple checks in June 2016 that were returned for insufficient funds. Toth  
17 also failed to provide investors with detailed information regarding the operating history of Tree Wonders and  
18 his prior track record in repaying investors and noteholders. In 2016, Toth failed to disclose to investors that  
19 he owed tens of thousands of dollars to prior investors who invested in 2014 and 2015.  
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21 *Lulling*

22 16. In 2016 and 2017, Toth made numerous lulling statements in phone calls and text messages to  
23 investors with repeated promises of repayment. Toth promised to repay one investor approximately 30 to 40  
24 times, but no funds were ever received by the investor. Toth sent text messages to some investors, which led  
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1 them to believe that he would repay them imminently. When no payment was received, Toth made various  
2 excuses ranging from illness to legal issues. While Toth provided some investors with wood or cash payments  
3 ranging from approximately \$1,000 to \$7,000, several investors have not been repaid their original investment  
4 principal.

### 5 **Registration Status**

6 17. Tree Wonders LLC is not currently registered to sell its securities in the state of Washington  
7 and has not previously been so registered, nor has it filed a claim of exemption from registration.

8 18. Tree Wonders Inc. is not currently registered to sell its securities in the state of Washington  
9 and has not previously been so registered, nor has it filed a claim of exemption from registration.

10 19. Viktor Toth is not currently registered as a securities salesperson or broker-dealer in the state  
11 of Washington and has not previously been so registered.

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

### 14 **CONCLUSIONS OF LAW**

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

17 2. Viktor Toth, Tree Wonders LLC, and Tree Wonders Inc. have each violated RCW 21.20.140,  
18 because, as set forth in the Tentative Findings of Fact, Respondents offered and/or sold securities for which  
19 no registration is on file with the Securities Administrator.

20 3. Viktor Toth has violated RCW 21.20.040 by offering and/or selling said securities while not  
21 being registered as a securities salesperson or broker-dealer in the state of Washington.

22 4. Viktor Toth, Tree Wonders LLC, and Tree Wonders Inc. have each violated RCW 21.20.010,  
23 because, as set forth in the Tentative Findings of Fact, Respondents made untrue statements of material fact  
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1 or omitted to state material facts necessary to make the statements made, in light of the circumstances in  
2 which they were made, not misleading.

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

5 **FINAL ORDER**

6 IT IS HEREBY ORDERED that Respondents Viktor Toth, Tree Wonders LLC, and Tree Wonders  
7 Inc., their agents and employees each shall cease and desist from offering and/or selling securities in any  
8 manner in violation of RCW 21.20.140, the section of the Securities Act of Washington requiring registration.

9 IT IS FURTHER ORDERED that Respondent Viktor Toth and his agents and employees each shall  
10 cease and desist from offering and/or selling securities in any manner in violation of RCW 21.20.040, the  
11 section of the Securities Act of Washington requiring registration.

12 IT IS FURTHER ORDERED that the Respondents Viktor Toth, Tree Wonders LLC, and Tree  
13 Wonders Inc., and their agents and employees each shall cease and desist from violating RCW 21.20.010, the  
14 anti-fraud section of the Securities Act of Washington.

15 IT IS FURTHER ORDERED that the Respondent Viktor Toth shall be liable for and pay a fine in the  
16 amount of \$30,000.

17 IT IS FURTHER ORDERED that the Respondent Viktor Toth, shall be liable for and pay costs in the  
18 amount of \$2,500.

19 **AUTHORITY AND PROCEDURE**

20 This FINAL ORDER is entered pursuant to the provisions of RCW 21.20.390 and is subject to the  
21 provisions of RCW 21.20.440 and Chapter 34.05 RCW. Respondents have the right to petition the superior  
22 court for judicial review of this agency action under the provisions of RCW 34.05. For the requirements for  
23 Judicial Review, see RCW 34.05.510 and sections following. Pursuant to RCW 21.20.395, a certified copy  
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of this Order may be filed in Superior Court. If so filed, the clerk shall treat the Order in the same manner as a Superior Court judgment as to the fine, and the fine may be recorded, enforced, or satisfied in like manner.

**WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

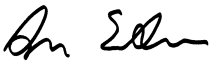
SIGNED and ENTERED this 28th day of September 2017.



William M. Beatty  
Securities Administrator

Approved by:

Presented by:



Suzanne Sarason  
Chief of Enforcement

Robert Kondrat  
Financial Legal Examiner Supervisor