

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  
6 of the Securities Act of Washington by:

7 Overlake Capital, LLC;  
8 Overlake Capital Real Estate Fund I, LLLP;  
9 Overlake Capital Real Estate Fund II, LLLP;  
10 Overlake Capital Absolute Fund I, LLLP;  
11 Overlake Capital REO 122, LLC;  
12 Overlake Capital REO 123, LLC;  
13 Overlake Capital REO 124, LLC;  
14 Overlake Capital REO 127, LLC;  
15 Overlake Capital REO 128, LLC;  
16 Seattle R/E Investments 61, LLC;  
17 Beaumont 23, LLC;  
18 Caraway Run, LLC;  
19 Paradise Harbour, LLC;  
20 817 32nd Ave, LLC;  
21 Paul T. Thacker;  
22 Blake E. Robbins,

23 Respondents.

Order Number S-17-2256-18-SC01

STATEMENT OF CHARGES AND  
NOTICE OF INTENT TO ISSUE AN  
ORDER TO CEASE AND DESIST,  
IMPOSE FINES, AND CHARGE  
COSTS

24 THE STATE OF WASHINGTON TO:

25 Overlake Capital, LLC  
Overlake Capital Real Estate Fund I, LLLP  
Overlake Capital Real Estate Fund II, LLLP  
Overlake Capital Absolute Fund I, LLLP  
Overlake Capital REO 122, LLC  
Overlake Capital REO 123, LLC  
Overlake Capital REO 124, LLC  
Overlake Capital REO 127, LLC  
Overlake Capital REO 128, LLC  
Seattle R/E Investments 61, LLC  
Beaumont 23, LLC  
Caraway Run, LLC  
Paradise Harbour, LLC  
817 32nd Ave, LLC  
Paul T. Thacker  
Blake E. Robbins

1 **STATEMENT OF CHARGES**

2 Please take notice that the Securities Administrator of the State of Washington has reason to believe  
3 that the Respondents Overlake Capital, LLC, Overlake Capital Real Estate Fund I, LLLP, Overlake Capital  
4 Real Estate Fund II, LLLP, Overlake Capital Absolute Fund I, LLLP, Overlake Capital REO 122, LLC,  
5 Overlake Capital REO 123, LLC, Overlake Capital REO 124, LLC, Overlake Capital REO 127, LLC,  
6 Overlake Capital REO 128, LLC, Seattle R/E Investments 61, LLC, Beaumont 23, LLC, Caraway Run,  
7 LLC, Paradise Harbour, LLC, 817 32nd Ave, LLC, Paul T. Thacker, and Blake E. Robbins have each  
8 violated the Securities Act of Washington and that their violations justify the entry of an order of the  
9 Securities Administrator against each to cease and desist from such violations pursuant to RCW 21.20.390,  
10 to impose fines pursuant to RCW 21.20.395, and to recover costs pursuant to RCW 21.20.390. The  
11 Securities Administrator finds as follows:

12 **TENTATIVE FINDINGS OF FACT**

13 **Respondents**

14 1. Overlake Capital, LLC (“Overlake Capital”) was a Washington limited liability company  
15 formed in January 2009, with a principal place of business in Bellevue, Washington. Overlake Capital was  
16 formerly known as Empower Management, LLC until April 2014. Overlake Capital was administratively  
17 dissolved by the Washington Secretary of State in June 2017.

18 2. Overlake Capital Real Estate Fund I, LLLP (“Charter Fund”) was a Washington limited  
19 liability limited partnership formed in September 2012. It was formerly known as Empower Funding VII,  
20 LLLP until April 2014. The Charter Fund was administratively dissolved by the Washington Secretary of  
21 State in February 2017.

22 3. Overlake Capital Real Estate Fund II, LLLP (“Flagship Fund”) is not a registered business  
23 entity in the state of Washington or any other jurisdiction.

1           4.       Overlake Capital Absolute Fund I, LLLP (“Absolute Fund”) was a Washington limited  
2 liability limited partnership formed in February 2015. The Absolute Fund was administratively dissolved  
3 by the Washington Secretary of State in July 2017.

4           5.       Overlake Capital REO 122, LLC (“Overlake Capital REO 122”) was a Washington limited  
5 liability company formed in February 2015. Overlake Capital REO 122 was administratively dissolved by  
6 the Washington Secretary of State in July 2018.

7           6.       Overlake Capital REO 123, LLC (“Overlake Capital REO 123”) was a Washington limited  
8 liability company formed in February 2015. Overlake Capital REO 123 was administratively dissolved by  
9 the Washington Secretary of State in July 2016.

10          7.       Overlake Capital REO 124, LLC (“Overlake Capital REO 124”) was a Washington limited  
11 liability company formed in February 2015. Overlake Capital REO 124 was administratively dissolved by  
12 the Washington Secretary of State in July 2017.

13          8.       Overlake Capital REO 127, LLC (“Overlake Capital REO 127”) was a Washington limited  
14 liability company formed in February 2015. Overlake Capital REO 127 was administratively dissolved by  
15 the Washington Secretary of State in July 2018.

16          9.       Overlake Capital REO 128, LLC (“Overlake Capital REO 128”) was a Washington limited  
17 liability company formed in February 2015. Overlake Capital REO 128 was administratively dissolved by  
18 the Washington Secretary of State in July 2018.

19          10.      Seattle R/E Investments 61, LLC (“Seattle R/E Investments 61”) was a Washington limited  
20 liability company formed in January 2015. Seattle R/E Investments 61 was administratively dissolved by  
21 the Washington Secretary of State in June 2018.

1 11. Beaumont 23, LLC (“Beaumont 23”) was a Washington limited liability company formed  
2 in February 2015. Beaumont 23 was administratively dissolved by the Washington Secretary of State in  
3 July 2018.

4 12. Caraway Run, LLC (“Caraway Run”) was a Washington limited liability company formed  
5 in September 2015. Caraway Run was administratively dissolved by the Washington Secretary of State in  
6 February 2018.

7 13. Paradise Harbour, LLC (“Paradise Harbour”) was a Washington limited liability company  
8 formed in September 2015. Paradise Harbour was administratively dissolved by the Washington Secretary  
9 of State in February 2017.

10 14. 817 32nd Ave, LLC (“817 32nd Ave”) is not a registered business entity in the state of  
11 Washington or any other jurisdiction.

12 15. Paul T. Thacker (“Thacker”) is a resident of Renton, Washington. Thacker was a managing  
13 member of Overlake Capital from inception to dissolution. Thacker has never been registered with the  
14 Securities Division in any capacity.

15 16. Blake E. Robbins (“Robbins”) is a resident of Kirkland, Washington. Robbins was a  
16 managing member of Overlake Capital from inception until approximately June 2016. Robbins has never  
17 been registered with the Securities Division in any capacity.

### 18 **Introduction**

19 17. Between approximately 2012 and 2016, Overlake Capital raised approximately \$7 million  
20 dollars from the sale of real estate investments to approximately 28 investors, including approximately 21  
21 Washington residents. The investments were in the form of limited partnership interests in the Charter  
22 Fund and Flagship Fund, promissory notes with the Absolute Fund, and limited liability company  
23

1 membership interests in “joint venture”<sup>1</sup> real estate projects. Approximately \$3 million dollars was  
2 invested in the three funds and approximately \$4 million dollars was invested in the joint venture projects.  
3 Overlake Capital was the Manager of the funds and joint venture real estate projects. Beginning in  
4 approximately 2015, the funds and joint ventures were not profitable for investors. To date, approximately  
5 \$4 million dollars in principal has not been paid back to investors in the funds and joint venture projects.  
6 At least one investor, who had never invested in a similar investment before, invested the majority of his  
7 retirement savings with Overlake Capital.

### 8 **Background & Overview**

9 18. In 2012, Thacker and Robbins began selling investments in the Charter Fund. The Charter  
10 Fund primarily lent investor funds to the joint venture projects that remodeled and developed residential  
11 properties. The Charter Fund had an approximate projected annual return of 14%. Thacker and Robbins  
12 represented to most investors that if they invested a minimum of \$250,000 in the Charter Fund, they could  
13 also invest in the joint venture projects, which had a higher return. Between 2012 and 2016, approximately  
14 13 investors, including nine Washington residents, invested a total of approximately \$2.4 million dollars  
15 in the Charter Fund.

16 19. In approximately 2012, the Charter Fund investors began to invest in the joint venture  
17 projects. Between approximately 2014 and 2016, several investors were also allowed to invest in the joint  
18 venture projects without first investing in the Charter Fund. A total of approximately 25 investors,  
19 including approximately 20 Washington residents, invested approximately \$4 million dollars in 26 joint  
20

21  
22 <sup>1</sup> These real estate investments were referred to as “joint ventures.” However, the investors signed Limited Liability Company  
23 Operating Agreements to purchase membership interests in manager-managed LLCs. The investors did not have any authority  
to manage the operations of the joint ventures and were passive contributors of capital in the projects.

1 venture properties between 2012 and 2016. The joint venture projects had an approximate projected return  
2 of 29% to 44% in approximately four to nine months.

3 20. Between 2014 and 2016, investors also invested in two additional funds implemented by  
4 Thacker and Robbins. In approximately 2014, the Absolute Fund was established as a liquid investment  
5 that joint venture investors could invest their funds in between investments in joint venture projects.  
6 Between 2014 and 2016, four investors invested a total of over approximately \$600,000 in the Absolute  
7 Fund before transferring most of the funds into joint venture projects. In 2015, the Flagship Fund was  
8 established as an equity fund that would use investor funds to develop new residential properties. In April  
9 2016, one investor invested \$150,000 in the Flagship Fund.

10 21. By the summer of 2016, Overlake Capital was in financial distress. In June 2016, Robbins  
11 ended his business partnership with Thacker and left Overlake Capital. By that time, multiple joint venture  
12 projects purchased in 2015 were behind schedule and had exceeded their projected budgets, and the Charter  
13 Fund had not received repayment of the funds it lent to the joint venture projects. Subsequently, Thacker  
14 raised additional capital for the largest joint venture project and he sold another interest in the Charter  
15 Fund. To date, nine of the properties acquired in 2015 and 2016 have been sold and none were profitable  
16 for investors.

17 22. Thacker and Robbins made misrepresentations and omissions to investors when selling  
18 investments in the funds and joint venture projects. Thacker and Robbins provided joint venture investors  
19 with misleading time estimates for completion of the construction on the joint venture projects. In 2016,  
20 Thacker and Robbins sold joint venture and Charter Fund investments without disclosing that multiple  
21 joint venture projects were experiencing significant delays or were behind schedule. Thacker and Robbins  
22 failed to disclose to investors that their funds would be commingled with other funds and joint venture  
23 projects. Not all investor funds were used as represented to the investors, including the funds invested by

1 one Charter Fund investor and the Flagship Fund investor. In addition, Thacker misused some of the  
2 investor funds that he raised after Robbins' departure from Overlake Capital.

### 3 **Offer and Sale of Investment Funds**

4 23. Between approximately September 2012 and November 2016, Overlake Capital sold  
5 investments in three real estate related funds. Approximately 15 investors invested a total of approximately  
6 \$3 million dollars in the Charter Fund, Flagship Fund, and Absolute Fund.

#### 7 *The Charter Fund*

8 24. In September 2012, Thacker and Robbins began to raise funds for the Overlake Capital Real  
9 Estate Fund I, LLLP ("Charter Fund"). Thacker and Robbins intended to raise \$5 million dollars from an  
10 offering of limited partnership interests in the Charter Fund. The Charter Fund primarily lent money to the  
11 Overlake Capital joint venture projects. As the Manager, Overlake Capital was entitled to receive an annual  
12 management fee of 2% of the capital invested in the fund.

13 25. Thacker and Robbins met several investors through an angel investor network that Overlake  
14 Capital was a member of. In 2014 and 2015, Thacker gave two presentations on Overlake Capital's real  
15 estate investments at the angel investor expositions. Several investors were also referred to Overlake  
16 Capital by friends and acquaintances of Thacker and Robbins, and two investors heard about Overlake  
17 Capital because they were interested in purchasing properties that Overlake Capital had for sale. Most  
18 investors met with Thacker and Robbins to discuss the investment.

19 26. Between approximately September 2012 and May 2016, Thacker and Robbins provided  
20 investors with a Private Placement Memorandum ("PPM") for the Charter Fund. However, when Thacker  
21 sold the last Charter fund investment in November 2016, he failed to provide the investor with a PPM. The  
22 offering document stated that the Charter Fund had a fixed interest rate ranging from 3.98% to 9.98% per  
23 annum depending on the amount invested. Investors would also receive a preferred dividend of 40% or

1 60% of the additional net profits. At least two investors were told that if they invested a minimum of  
2 \$250,000, they could expect a total annual return of approximately 14%.

3 27. Robbins misleadingly represented to at least three potential investors that the investment  
4 was low risk because the funds lent by the Charter Fund would be secured by first position deeds of trust.  
5 However, the Charter Fund was not always a first position lender to the joint venture properties. Also,  
6 Robbins and Thacker did not record deeds of trust on the properties that the Charter Fund lent funds to.

7 28. Between September 2012 and November 2016, approximately 13 investors, including nine  
8 Washington residents, invested approximately \$2.4 million dollars in the Charter Fund. Investors signed  
9 limited partnership interest subscription agreements and sent their funds via wire transfer or check to an  
10 Overlake Capital bank account.

11 29. Beginning in at least January 2016, Thacker and Robbins failed to fully disclose the fund's  
12 financial condition to all investors. Thacker and Robbins failed to make material disclosures to two  
13 investors regarding the status of the loans that the Charter Fund had made to the joint venture projects,  
14 including that multiple joint ventures were significantly delayed or behind schedule, and the risk that the  
15 Charter Fund may not be repaid its principal or interest. Thacker also failed to disclose this information to  
16 the last Charter Fund investor in November 2016.

17 30. In 2016, Thacker sent account statements to four investors and one potential investor which  
18 misleadingly stated that the Charter Fund had made a profit that year. The account statements, drafted by  
19 Thacker, stated that the return for the first three quarters in 2016 ranged from 10.04% to 13.95%. Thacker  
20 failed to disclose that the return was calculated based on what was expected to be paid back to the Charter  
21 Fund with interest, and not on actual funds received. In October 2016, Thacker also sent the second quarter  
22 2016 statement, stating a 10.18% return for the period, to a prospective investor who requested a sample  
23



1 of the past performance of the Charter Fund. Thacker misrepresented the profitability of the Charter Fund  
2 to this investor prior to his investment in November 2016.

3 31. Between approximately July 2013 and January 2017, six investors received quarterly  
4 interest distributions totaling approximately \$370,000. The majority of investors opted to compound their  
5 returns rather than receive quarterly distributions. Between approximately May 2016 and January 2017,  
6 five investors received either a full or partial redemption of their principal totaling approximately \$530,000.  
7 To date, approximately 11 investors have not been paid back their principal in full. In December 2017 and  
8 January 2018, two joint venture properties were sold and some proceeds were distributed to the Charter  
9 Fund investors.

10 *The Flagship Fund*

11 32. In 2015, Thacker and Robbins established the Overlake Capital Real Estate Fund II, LLLP  
12 (“Flagship Fund”). Thacker and Robbins intended to raise \$15 million dollars in an offering of limited  
13 partnership interests in the Flagship Fund. The Flagship Fund was intended to develop new single and  
14 multi-family residential properties acquired and managed by Overlake Capital. Investor funds were to be  
15 used to directly finance the development of the properties.

16 33. In approximately March 2016, a Georgia resident saw a press release online regarding  
17 Overlake Capital’s upcoming presentation at the 2015 angel investor exposition. The investor initiated  
18 contact with Overlake Capital and spoke on the telephone with Robbins. Robbins discussed the investment  
19 opportunities offered by Overlake Capital, and sent the investor information on the Flagship Fund,  
20 including a Flagship Fund brochure dated from the second quarter 2015.

21 34. According to the Flagship Fund brochure, the investor would receive 60% or 70% of the  
22 profit (depending on the amount invested) from the real estate projects. Overlake Capital would receive  
23 the remainder of the profit. The brochure stated that the “target” annual net return that investors could

1 expect to receive was 17% or 21.25% on their principal (depending on the amount invested). Overlake  
2 Capital failed to provide a reasonable basis for, and assumptions underlying, the profit projections.

3 35. Robbins provided the investor with misleading information that the Flagship Fund already  
4 had several projects underway. The Flagship Fund brochure stated that the fund had “already been seeded  
5 by Overlake, and is developing single and multi-family properties in high-demand neighborhoods in Seattle  
6 and Bellevue.” The brochure listed three projects as “currently underway” and two projects as “recently  
7 completed.” In fact, the Flagship Fund never acquired any interest in any of the listed properties (all which  
8 were joint venture projects).

9 36. In April 2016, the investor invested \$150,000 in the Flagship Fund. The investor signed a  
10 limited partnership interest subscription agreement and wired her funds to an Overlake Capital bank  
11 account. Robbins failed to disclose to the investor that she was the only investor in the fund.

12 37. In 2016, Thacker sent the investor two misleading account statements that listed current  
13 Flagship Fund projects. The account statement for the period ending in June 2016 listed two properties  
14 that the Flagship Fund had purportedly acquired equity in. In fact, these properties were joint venture  
15 properties that the Flagship Fund never acquired any interest in. The next account statement, for the period  
16 ending in September 2016, listed another property that the Flagship Fund had purportedly acquired equity  
17 in. The Flagship Fund never acquired any interest in this property either (although Overlake Capital  
18 intended to purchase this property, the purchase never transpired).

19 38. In March 2018, this investor received approximately \$5,700 of her \$150,000 principal back  
20 from Overlake Capital. The source of funds were from the sale of two joint venture properties in December  
21 2017 and January 2018.

22 //

*The Absolute Fund*

1  
2 39. In approximately 2014, Overlake Capital began to offer investments in the Overlake Capital  
3 Absolute Fund I, LLLP (“Absolute Fund”). The Absolute Fund was intended to be a liquid investment  
4 vehicle that joint venture investors could invest their funds in between investments in the joint venture  
5 projects. The Absolute Fund investment, in the form of a promissory note, had a fixed interest rate ranging  
6 from 1.98% to 5.98% per annum (depending on the amount invested). Investments of less than \$100,000  
7 were liquid in 30 days or less.

8 40. Thacker and Robbins solicited four investors to invest in the Absolute Fund. Three of the  
9 investors had previously invested in the Charter Fund and two of the investors had already started investing  
10 in the joint venture projects. Robbins also solicited a new investor that he met through networking.  
11 Between approximately September 2014 and May 2016, the four investors invested a total of over  
12 approximately \$600,000 in the Absolute Fund. At least one investor signed a promissory note to evidence  
13 his investment.

14 41. Three of the investors invested the majority of the funds in their Absolute Fund account into  
15 joint venture properties. One investor decided not to invest in the joint ventures, and liquidated his \$15,000  
16 principal approximately four months after his investment. In approximately 2014 and 2015, Thacker  
17 represented to two of the investors that over \$130,000 in principal and interest from three completed joint  
18 venture projects that they had invested in was deposited back into their Absolute Fund accounts (which the  
19 investors then invested in additional joint venture projects). One investor received interest payments on  
20 his Absolute Fund account balance that totaled approximately \$5,500. As of June 2016, one investor had  
21 a remaining account balance of approximately \$10,000.

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1 *Use of Investor Funds*

2 42. Thacker and Robbins primarily used three bank accounts into which investor funds were  
3 deposited. After Robbins left Overlake Capital, Thacker established another bank account into which one  
4 Charter Fund investor's funds were deposited. Separate bank accounts were not established for the three  
5 funds. The funds that investors invested in the Charter Fund, Flagship Fund, and Absolute Fund were  
6 commingled with each other and with funds from investors in the joint venture projects.

7 43. Investor funds in the Flagship Fund were not used as represented to the investor. The  
8 investor's funds in the Flagship Fund were not used to develop new single and multi-family residential  
9 properties that the Flagship Fund had an interest in. Instead, this investor's funds were commingled with  
10 funds for the joint venture projects, and at least part of the investor's funds were used to pay interest  
11 payments to lenders and remodel costs on joint venture projects that the Flagship Fund had no interest in.

12 44. One Charter Fund investor's funds were not used as represented to the investor. On June  
13 20, 2016, an investor invested \$250,000 in the Charter Fund. The funds were deposited into an account in  
14 the name of Overlake Capital LLC, which had a balance of approximately \$30,000. The next day, on June  
15 21, 2016, Robbins caused the funds to be used to make a \$250,000 payment to another investor as a  
16 redemption of that investor's Charter Fund principal.

17 **Offer and Sale of Joint Venture Investments**

18 45. Between approximately November 2012 and November 2016, Overlake Capital sold  
19 approximately \$4 million dollars in investments in joint venture real estate projects. Approximately 25  
20 investors, including approximately 20 Washington residents, invested in 26 joint venture properties. The  
21 joint venture projects remodeled distressed residential properties and developed new single and multi-  
22 family residential properties. The investments were in the form of limited liability company membership  
23 interests. The projects purchased by Overlake Capital in 2015 and 2016 exceeded their projected budgets

1 and timelines for completion. Thacker and Robbins continued to sell joint ventures in 2016 but failed to  
2 disclose that multiple projects were significantly delayed or behind schedule. After Robbins left Overlake  
3 Capital in June 2016, Thacker raised additional capital for the largest joint venture project. Thacker failed  
4 to disclose material information to investors in this project and he misused some of the investor funds.

5 *Overview of the Joint Ventures*

6 46. Between 2012 and 2014, Overlake Capital sold investments in approximately 15 joint  
7 venture projects located in Western Washington and Oregon. Thacker and Robbins raised approximately  
8 \$1 million dollars in investor funds from six investors for these projects. All of these projects had only one  
9 investor, and the largest property was purchased for approximately \$350,000. The majority of investors  
10 received a return on their investment from these projects.

11 47. Between approximately January 2015 and May 2016, Overlake Capital purchased eleven  
12 additional properties in less than a year and a half. These projects were located in the greater Seattle area  
13 and several of the projects had multiple investors. Thacker and Robbins raised over approximately \$3  
14 million dollars of investor funds for these projects, including in their largest property located at 14th St.  
15 NE Clyde Hill, Washington (hereinafter referred to as the “Clyde Hill” property), that was purchased for  
16 approximately \$1.4 million dollars. These projects were primarily financed with a base loan and  
17 construction financing from a third-party lender, which was supplemented by capital from joint venture  
18 investors and the Charter Fund.

19 48. Overlake Capital formed limited liability companies as the named owner of the properties,  
20 and sold LLC membership interests to investors. For the eleven properties that Overlake Capital purchased  
21 between approximately January 2015 and May 2016, membership interests were sold in the following ten  
22 limited liability companies: Overlake Capital REO 122, Overlake Capital REO 123, Overlake Capital REO  
23 124, Overlake Capital REO 127, Overlake Capital REO 128, Seattle R/E Investments 61, Beaumont 23,

Caraway Run, Paradise Harbour, and 817 32nd Ave. For two properties, membership interests in the same limited liability company were sold to investors. The table below details the number of investors and total investments made by investors in each joint venture between 2015 and 2016. Three investors re-invested their principal and interest from earlier joint venture investments in 2013 and 2014 in these joint ventures.

Property Location	LLC Entity Name	# of Investors	Investment Dates (approx.)	Total Investments (approx.)
34th Ave NW, Seattle	Overlake Capital REO 123, LLC	1	January 2015	\$267,140
Richmond Beach Dr. NW, Shoreline	Overlake Capital REO 127, LLC	1	February 2015	\$214,000
32nd Ave., Seattle	817 32nd Ave, LLC	1	March 2015	\$159,218
116th Ave. NE, Kirkland	Seattle R/E Investments 61, LLC	1	April 2015	\$239,170
15th St. NE, Bellevue	Overlake Capital REO 127, LLC	3	June – July 2015	\$375,000
227th Ave NE, Woodinville	Overlake Capital REO 122, LLC	4	July – September 2015	\$292,482
138th Ave. SE, Renton	Overlake Capital REO 124, LLC	1	August 2015	\$126,533
88th Ave. SE, Mercer Island	Overlake Capital REO 128, LLC	5	November 2015	\$478,901
12th Ave NW, Seattle	Beaumont 23, LLC	3	December 2015 – January 2016	\$225,000
14th St. NE, Clyde Hill	Caraway Run, LLC	15	January – November 2016	\$1,069,010
86th Pl. W, Edmonds	Paradise Harbour, LLC	2	April 2016	\$140,000
			<b>Total</b>	<b>\$3,586,454</b>

49. Overlake Capital was the manager of the limited liability companies, and received a development fee for each joint venture. The development fee was approximately 3% of the estimated value of the property when completed. Overlake Capital would also receive 50% of the net profit (the other 50% would be distributed to investors).

*Solicitation of Investors*

1  
2           50.     Between approximately November 2012 and May 2016, Thacker and Robbins solicited  
3 approximately eleven Charter Fund and Flagship Fund investors to invest in the joint venture projects.  
4 Thacker and Robbins also solicited eight additional investors and allowed them to invest without first  
5 investing in the Charter Fund or Flagship Fund. Several of these investors heard about Overlake Capital  
6 from prior investors and by attending Overlake Capital’s presentations at the angel investor expositions.

7           51.     Many investors met with Thacker and/or Robbins to discuss the investment. Thacker and  
8 Robbins represented to investors that their investment funds would be used for the expenses of the specific  
9 property that they invested in. Thacker and Robbins represented to investors that the Seattle real estate  
10 market was profitable, and that Overlake Capital had a good track record and had achieved returns for their  
11 investors in the past. Most investors were not provided with any written risk disclosures.

12           52.     Thacker and Robbins provided investors with a brochure with information and pictures of  
13 the project they were investing in. The brochures stated the projected return on investment, which ranged  
14 from 29% to 44% (depending on the project). The brochures also stated the projected time to complete the  
15 construction of the project, which ranged from approximately four to nine months (depending on the  
16 project). However, the brochures failed to disclose that the projects could take significantly longer than  
17 their projected construction time frame, as time was needed to obtain construction permits (for most  
18 properties) and to sell the properties. The brochures also failed to disclose the risk that the projects could  
19 experience substantial delays.

20           53.     Thacker and Robbins misleadingly represented to investors and potential investors that they  
21 would receive a return on their investment in a short time period. In October 2014, Thacker represented to  
22 a potential investor that a project had a “33% return on cash in 5 months!” In November 2015, Robbins  
23 represented to a potential investor that a project had “expected earnings of ~38% ROI in about 9 months[.]”

1 In December 2015, Robbins told a joint venture investor that “[b]ecause we will exit this deal inside of a  
2 year (somewhere between 6-9 months), the *annualized* return for investors will be around ~57-75%”  
3 (emphasis in original).

4 54. The investors sent their funds via wire transfer or check to an Overlake Capital bank  
5 account, and signed Limited Liability Company Operating Agreements. The agreements stated that the  
6 limited liability companies would be manager-managed, and that the members would not participate in the  
7 operation of the company.

8 *Failure to Disclose Projects Delayed & Behind Schedule*

9 55. The projects sold to investors in 2015 and 2016 took significantly longer than the projected  
10 construction time frame, which ranged from four to nine months. Overlake Capital closed on the purchase  
11 of most of the properties within a few weeks of raising capital from investors for the project.<sup>2</sup> However,  
12 the construction on most of the projects did not start right away, and the projects experienced various  
13 delays. The table below details the projected construction time frame of each property as communicated  
14 to investors, and the actual length of the projects calculated from the date the property was purchased to  
15 the date the property was sold. Many of the projects took close to or over two years, and the longest project  
16 to date took three years and four months (although two projects, acquired approximately three years ago,  
17 are still not complete). The last two projects were sold without any new construction or remodel work  
18 being done.

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23 <sup>2</sup> The exception was the 12th Ave NW Seattle joint venture. This property was purchased in March 2015, but investments  
were not sold in this joint venture until December 2015 – January 2016 (nine months later).



Property Location	Projected Construction Length (approx.)	Date of Property Purchase (approx.)	Date of Property Sale (approx.)	Project Length from Date of Property Purchase to Sale (approx.)
34th Ave NW, Seattle	6 months	December 23, 2014	September 28, 2016	1 year, 9 months
Richmond Beach Dr. NW, Shoreline	4 - 6 months	February 4, 2015	December 15, 2016	1 year, 10 months
32nd Ave., Seattle	4 - 6.5 months	February 5, 2015	December 22, 2016	1 year, 10 months
116th Ave. NE, Kirkland	4 months	February 26, 2015	July 2, 2018	3 years, 4 months
12th Ave NW, Seattle	6 months	March 31, 2015	January 10, 2018	2 years, 9 months
227th Ave NE, Woodinville	8 months	May 28, 2015	December 13, 2017	2 years, 6 months
15th St. NE, Bellevue	8 months	July 1, 2015	---	---
138th Ave SE, Renton	6 months	July 28, 2015	December 19, 2016	1 year, 4 months
88th Ave. SE, Mercer Island	9 months	November 20, 2015	---	---
14th St. NE, Clyde Hill	9 months	February 12, 2016	October 25, 2017	1 year, 8 months
86th Pl. W, Edmonds	8 - 9 months	May 5, 2016	June 27, 2017	1 year, 1 month

56. By approximately September 2015, the first property purchased in approximately 2015, 34th Ave NW Seattle, had exceeded the eight month completion time frame that was communicated to the investor. By approximately January 2016, the next three properties purchased in 2015 had either exceeded their projected construction time frame or had experienced a significant delay. By approximately March 2016, the next two properties that were purchased in 2015 had also exceeded their projected construction time frame or had experienced a significant delay.

57. In 2016, Thacker and Robbins continued to sell joint venture investments without disclosing to investors that multiple projects purchased in approximately 2015 were experiencing delays and were behind schedule. In January 2016, when Thacker and Robbins sold investments in the 12th Ave. NW

1 Seattle joint venture and began to solicit investments for the Clyde Hill joint venture, they failed to disclose  
2 to investors that the first four projects purchased in approximately 2015 were either significantly delayed  
3 or behind schedule. In approximately May 2016, when Thacker and Robbins solicited the last investments  
4 in the Clyde Hill joint venture, they failed to disclose that the first six projects purchased in approximately  
5 2015 were either significantly delayed or behind schedule.

6 *Additional Capital Raised by Thacker in 2016*

7 58. By the summer of 2016, Overlake Capital was in financial distress. In June 2016, Robbins  
8 ended his business partnership with Thacker and left Overlake Capital. By that time, multiple joint venture  
9 projects were behind schedule and had exceeded their projected budgets. By approximately July 2016, the  
10 main Overlake Capital bank account was overdrawn and Overlake Capital defaulted on the bridge loan  
11 obtained from a third-party lender to finance the Clyde Hill new construction project.

12 59. Thacker decided to sell additional equity in the Clyde Hill joint venture in order to complete  
13 the project. Previously, between January and May 2016, Thacker and Robbins raised a total of \$719,000  
14 from nine investors for this project. In February 2016, during the initial capital raise, Overlake Capital  
15 purchased the Clyde Hill property for approximately \$1.4 million dollars. The project originally had a  
16 projected project length of nine months.

17 60. In approximately October 2016, Thacker recruited an individual to find investors for the  
18 Clyde Hill property. Thacker provided the finder with a brochure for the additional offering, which the  
19 finder translated into Chinese and posted in an investment group on WeChat (a Chinese messaging and  
20 social media app). Five Washington resident members of the WeChat investment group were interested in  
21 the investment, and the finder also referred an acquaintance residing in China to invest. As a referral fee,  
22 the finder received an approximate 0.97% membership interest in the Clyde Hill property. The finder's fee  
23 was not disclosed to at least one investor.

1           61.    The finder referred most investors to meet with Thacker for additional information  
2 regarding the investment. Thacker told investors that Overlake Capital had already purchased the Clyde  
3 Hill property and had construction permits. However, Thacker failed to fully disclose to all investors that  
4 the Clyde Hill property had been purchased over eight months ago, and that the bridge loan obtained to  
5 finance the property was in default and replacement financing had not yet been obtained. Thacker also  
6 failed to disclose that his former business partner, Robbins, had recently left Overlake Capital.

7           62.    Thacker failed to fully disclose to investors that a first round of investments had already  
8 been sold. The brochure provided to investors by the finder simply listed \$647,000 as “Already Invested”  
9 (\$647,000 was the target offering amount of the first round). Thacker did not disclose to investors that this  
10 amount had been invested approximately five to ten months prior in a separate offering on the project. No  
11 further written explanation was provided to investors regarding prior investors or that the nine month  
12 projected project length that was communicated to the prior investors had not been met.

13           63.    Thacker provided misleading information to investors regarding the profitability of  
14 Overlake Capital’s joint venture projects. Thacker told one investor that the worst project that Overlake  
15 Capital did took longer than expected but that it was still profitable. Thacker also sent three investors a  
16 reconciliation statement for a joint venture that was sold in September 2015 with an approximate 33%  
17 return to the investor. However, Thacker failed to disclose to these investors that Overlake Capital had  
18 recently sold the 34th Ave NW Seattle joint venture property, in September 2016, and that the investor on  
19 that project did not make a profit. Thacker also failed to disclose to these investors that at least five of the  
20 projects purchased in 2015 were either substantially delayed or behind schedule.

21           64.    Between October and November 2016, six investors invested additional capital totaling  
22 approximately \$350,000 in the Clyde Hill joint venture. These investors signed Limited Liability Company  
23

1 Operating Agreements and sent their funds via wire transfer or electronic bank transfer to an Overlake  
2 Capital bank account.

3 *Use of Investor Funds*

4 65. Thacker and Robbins primarily used two bank accounts into which investor funds were  
5 deposited. After Robbins left Overlake Capital, Thacker established another bank account into which the  
6 second round Clyde Hill investor funds were deposited. Separate bank accounts were not established for  
7 each joint venture project. The funds that investors invested in the joint ventures were commingled with  
8 each other and with funds from investors in the Charter Fund, Flagship Fund, and Absolute Fund.

9 66. Thacker misused some of the investor funds that he raised from the second round of  
10 investments in the Clyde Hill joint venture. The six investors that invested approximately \$350,000  
11 between October 25 and November 4, 2016 deposited their funds into an Overlake Capital bank account  
12 that had a prior balance of approximately \$50,000. Between October 25 and November 10, 2016, Thacker  
13 used over \$150,000 of the funds in the account for expenses not related to the Clyde Hill project. Thacker  
14 used approximately \$37,000 to pay expenses on other joint venture projects and he used approximately  
15 \$36,000 to make a payment of principal to another joint venture investor. Thacker also used \$80,000 as  
16 partial payment to Robbins for half of the Overlake Capital partnership.

17 *Property Sales*

18 67. Between September 2016 and July 2018, nine of the eleven properties were sold. None of  
19 the properties were profitable for investors. When two of the first properties sold between September 2016  
20 and December 2016, two investors received back their principal from Overlake Capital. In December  
21 2016, two more properties were sold but the investors did not receive any of their principal back. Part of  
22 the sale proceeds from one of the joint ventures was used to pay back the funds borrowed from the Charter  
23 Fund.

1 68. Beginning in approximately June 2017, investors have received back a small percentage of  
2 their principal from the sale of the joint venture properties. Between June 2017 and January 2018, four  
3 properties were sold and investors received back approximately 10% to 55% of their principal (the Clyde  
4 Hill investors received back approximately 10% to 15% of their principal). The proceeds from two  
5 property sales were also used to make partial payments to investors in the Charter Fund and Flagship Fund.  
6 Investors may recoup more of their principal from the three remaining properties, including one property  
7 that was recently sold in July 2018 and another property that is listed for sale.

### 8 **Registration Status**

9 1. Paul T. Thacker has never been registered as a securities salesperson or broker-dealer in the  
10 State of Washington.

11 2. Blake E. Robbins has never been registered as a securities salesperson or broker-dealer in  
12 the State of Washington.

13 3. Overlake Capital Real Estate Fund I, LLLP was not registered to sell limited partnership  
14 interests in the State of Washington during the relevant period, nor has it filed a claim of exemption from  
15 registration.

16 4. Overlake Capital Real Estate Fund II, LLLP was not registered to sell limited partnership  
17 interests in the State of Washington during the relevant period nor has it filed a claim of exemption from  
18 registration.

19 5. Overlake Capital Absolute Fund I, LLLP was not registered to sell promissory notes in the  
20 State of Washington during the relevant period, nor has it filed a claim of exemption from registration.

21 6. Overlake Capital REO 122, LLC, Overlake Capital REO 123, LLC, Overlake Capital REO  
22 124, LLC, Overlake Capital REO 127, LLC, Overlake Capital REO 128, LLC, Seattle R/E Investments 61,  
23 LLC, Beaumont 23, LLC, Caraway Run, LLC, Paradise Harbour, LLC, and 817 32nd Ave, LLC were not

1 registered to sell limited liability company interests in the State of Washington during the relevant period,  
2 nor have they filed a claim of exemption from registration.

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

### 5 CONCLUSIONS OF LAW

6 1. The offer and/or sale of the limited partnership interests, promissory notes, and limited  
7 liability company interests, as described above, constitutes the offer and/or sale of a security as defined in  
8 RCW 21.20.005(10) and (12).

9 2. Overlake Capital Real Estate Fund I, LLLP, Overlake Capital Real Estate Fund II, LLLP,  
10 Overlake Capital Absolute Fund I, LLLP, Overlake Capital REO 122, LLC, Overlake Capital REO 123,  
11 LLC, Overlake Capital REO 124, LLC, Overlake Capital REO 127, LLC, Overlake Capital REO 128,  
12 LLC, Seattle R/E Investments 61, LLC, Beaumont 23, LLC, Caraway Run, LLC, Paradise Harbour, LLC,  
13 and 817 32nd Ave, LLC have each violated RCW 21.20.140 because, as set forth in the Tentative Findings  
14 of Fact, they offered and/or sold securities for which no registration is on file with the Securities  
15 Administrator, and for which no valid claim of exemption exists.

16 3. Paul T. Thacker and Blake E. Robbins violated RCW 21.20.040 by offering and selling  
17 securities while not registered as a securities salesperson or broker-dealer in the State of Washington.

18 4. Overlake Capital, LLC, Overlake Capital Real Estate Fund I, LLLP, Overlake Capital Real  
19 Estate Fund II, LLLP, Overlake Capital Absolute Fund I, LLLP, Paul T. Thacker, and Blake E. Robbins  
20 have each violated RCW 21.20.010 because, as set forth in the Tentative Findings of Fact, they each made  
21 misstatements of material fact or omitted to state material facts necessary in order to make the statements  
22 made, in light of the circumstances under which they were made, not misleading.  
23

1 **NOTICE OF INTENT TO ISSUE AN ORDER TO CEASE AND DESIST**

2 Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator  
3 intends to order that the Respondents Overlake Capital Real Estate Fund I, LLLP, Overlake Capital Real  
4 Estate Fund II, LLLP, Overlake Capital Absolute Fund I, LLLP, Overlake Capital REO 122, LLC,  
5 Overlake Capital REO 123, LLC, Overlake Capital REO 124, LLC, Overlake Capital REO 127, LLC,  
6 Overlake Capital REO 128, LLC, Seattle R/E Investments 61, LLC, Beaumont 23, LLC, Caraway Run,  
7 LLC, Paradise Harbour, LLC, and 817 32nd Ave, LLC shall each cease and desist from violations of RCW  
8 21.20.140 and that the Respondents Paul T. Thacker and Blake E. Robbins shall each cease and desist from  
9 violations of RCW 21.20.040. The Securities Administrator also intends to order that the Respondents  
10 Overlake Capital, LLC, Overlake Capital Real Estate Fund I, LLLP, Overlake Capital Real Estate Fund II,  
11 LLLP, Overlake Capital Absolute Fund I, LLLP, Paul T. Thacker, and Blake E. Robbins shall each cease  
12 and desist from violations of RCW 21.20.010.

13 **NOTICE OF INTENT TO IMPOSE FINES**

14 Pursuant to RCW 21.20.395, and based upon the above Tentative Findings of Fact and Conclusions  
15 of Law, the Securities Administrator intends to order that:

- 16 1. Respondents Overlake Capital, LLC and Overlake Capital Real Estate Fund I, LLLP shall each  
17 be liable for and pay a fine of \$20,000;
- 18 2. Respondents Overlake Capital Real Estate Fund II, LLLP and Overlake Capital Absolute Fund  
19 I, LLLP shall each be liable for and pay a fine of \$10,000;
- 20 3. Respondents Overlake Capital REO 122, LLC, Overlake Capital REO 123, LLC, Overlake  
21 Capital REO 124, LLC, Overlake Capital REO 127, LLC, Overlake Capital REO 128, LLC,  
22 Seattle R/E Investments 61, LLC, Beaumont 23, LLC, Caraway Run, LLC, Paradise Harbour,  
23 LLC, and 817 32nd Ave, LLC shall each be liable for and pay a fine of \$5,000;

1 4. Respondent Paul T. Thacker shall be liable for and pay a fine of \$30,000;

2 5. Respondent Blake E. Robbins shall be liable for and pay a fine of \$20,000.

3 **NOTICE OF INTENT TO CHARGE COSTS**

4 Pursuant to RCW 21.20.390(5), and based upon the above Tentative Findings of Fact and Conclusions  
5 of Law, the Securities Administrator intends to order that Overlake Capital, LLC, Overlake Capital Real  
6 Estate Fund I, LLLP, Overlake Capital Real Estate Fund II, LLLP, Overlake Capital Absolute Fund I,  
7 LLLP, Overlake Capital REO 122, LLC, Overlake Capital REO 123, LLC, Overlake Capital REO 124,  
8 LLC, Overlake Capital REO 127, LLC, Overlake Capital REO 128, LLC, Seattle R/E Investments 61,  
9 LLC, Beaumont 23, LLC, Caraway Run, LLC, Paradise Harbour, LLC, 817 32nd Ave, LLC, Paul T.  
10 Thacker, and Blake E. Robbins shall be liable for and pay the Securities Division the costs, fees and other  
11 expenses incurred in the administrative investigation and hearing of this matter in an amount not less than  
12 \$10,000.

13 **AUTHORITY AND PROCEDURE**

14 This Statement of Charges is entered pursuant to the provisions of RCW 21.20.390 and RCW  
15 21.20.395, and is subject to the provisions of RCW 34.05. The Respondents may each make a written request  
16 for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR  
17 HEARING accompanying this Statement of Charges.

18 If a Respondent does not request a hearing, the Securities Administrator intends to adopt the above  
19 Tentative Findings of Fact and Conclusions of Law as final, enter a permanent cease and desist order as to that  
20 Respondent, and impose the fines and costs sought.

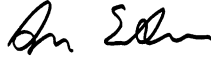


Signed and Entered this 12th day of December, 2018.



William M. Beatty  
Securities Administrator

Approved by:



Suzanne Sarason  
Chief of Enforcement

Presented by:



Bridgett Fisher  
Financial Legal Examiner

Reviewed by:



Robert Kondrat  
Financial Legal Examiner Supervisor