

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 Hillstone Capital, LLC;  
8 Hillstone Real Estate Fund I, LLLP;  
9 Hillstone Pinnacle Fund I, LLLP;  
10 HS REO 101, LLC;  
11 HS REO 102, LLC;  
12 HS REO 104, LLC;  
13 HS REO 105, LLC;  
14 HS REO 109, LLC;  
15 HS REO 112, LLC;  
16 HS REO 701, LLC;  
17 FlypShield, LLC;  
18 Blake E. Robbins;  
19 Christina M. Robbins;  
20 Clifford B. Sullivan,

21 Respondents.

Order Number S-18-2479-21-FO01

ENTRY OF FINDINGS OF FACT AND  
CONCLUSIONS OF LAW AND  
FINAL ORDER TO CEASE AND  
DESIST, IMPOSE FINES, AND  
CHARGE COSTS AS TO  
BLAKE E. ROBBINS

22 THE STATE OF WASHINGTON TO:

Blake E. Robbins

23 On August 17, 2021, the Securities Administrator of the State of Washington issued STATEMENT  
24 OF CHARGES AND NOTICE OF INTENT TO ISSUE AN ORDER TO CEASE AND DESIST, IMPOSE  
25 FINES, AND CHARGE COSTS S-18-2479-21-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") thereon, were served by posting  
via first class U.S. mail to Blake E. Robbins on August 24, 2021. The Notice of Opportunity for Hearing  
advised Blake E. Robbins that he had twenty days from the date he received the notice to file a written  
application for an administrative hearing on the Statement of Charges.

ENTRY OF FINDINGS OF FACT AND  
CONCLUSIONS OF LAW AND FINAL ORDER TO  
CEASE AND DESIST, IMPOSE FINES, AND  
CHARGE COSTS

1 Blake E. Robbins failed to request an administrative hearing within twenty days of the receipt of  
2 the Statement of Charges and Notice of Opportunity for Hearing, either on the Application for Hearing  
3 provided or otherwise.

4 The Securities Administrator therefore adopts as final the following Findings of Fact and  
5 Conclusions of Law as set forth in the Statement of Charges and enters a final order against Respondent  
6 Blake E. Robbins to cease and desist from violations of the Securities Act of Washington and to impose  
7 the fine and costs sought in the Statement of Charges.

## 8 FINDINGS OF FACT

### 9 I. Respondents

10 1. Hillstone Capital, LLC (Hillstone Capital) is a Washington limited liability company  
11 formed in November 2016, with a principal place of business in Bellevue, Washington.

12 2. Hillstone Real Estate Fund I, LLLP (Summit Fund) was formed in Washington in January  
13 2017. The Summit Fund was administratively dissolved by the Washington Secretary of State in June  
14 2021.

15 3. Hillstone Pinnacle Fund I, LLLP (Pinnacle Fund) was formed in Washington in January  
16 2017. The Pinnacle Fund was administratively dissolved by the Washington Secretary of State in June  
17 2021.

18 4. FlypShield, LLC (FlypShield) was a Washington limited liability company formed in June  
19 2016. FlypShield was administratively dissolved by the Washington Secretary of State in June 2018.

20 5. Blake E. Robbins (Blake Robbins) is a resident of Washington. Blake Robbins was the  
21 Managing Member of FlypShield and a Principal of Hillstone Capital. Robbins has never been registered  
22 with the Securities Division in any capacity.



1 13. HS REO 112, LLC (HS REO 112) was a Washington limited liability company formed in  
2 April 2019. HS REO 112 is currently delinquent, and will be administratively dissolved by the Washington  
3 Secretary of State unless it files an annual report by August 2021.

4 14. HS REO 701, LLC (HS REO 701) was a Washington limited liability company formed in  
5 February 2017. HS REO 701 was administratively dissolved by the Washington Secretary of State in July  
6 2021.

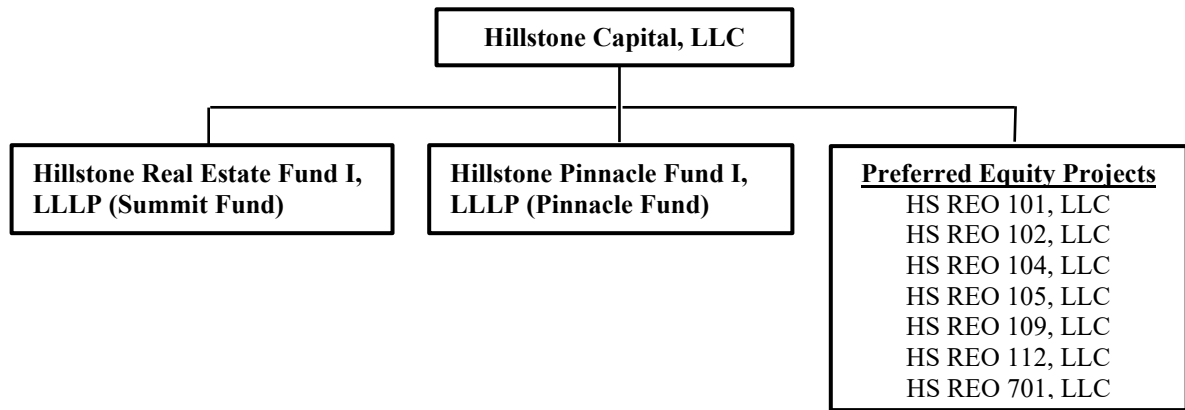
## 7 **II. Prior Enforcement Action against Blake Robbins**

8 15. On December 12, 2018, the Securities Division entered a Statement of Charges and Notice  
9 of Intent to Issue an Order to Cease and Desist, Impose Fines, and Charge Costs (Statement of Charges)  
10 against Overlake Capital, LLC, Overlake Capital Real Estate Fund I, LLLP, Overlake Capital Real Estate  
11 Fund II, LLLP, Overlake Capital Absolute Fund I, LLLP, Overlake Capital REO 122, LLC, Overlake  
12 Capital REO 123, LLC, Overlake Capital REO 124, LLC, Overlake Capital REO 127, LLC, Overlake  
13 Capital REO 128, LLC, Seattle R/E Investments 61, LLC, Beaumont 23, LLC, Caraway Run, LLC,  
14 Paradise Harbour, LLC, 817 32nd Ave, LLC, Paul T. Thacker, and Blake E. Robbins. The Statement of  
15 Charges alleged that the Respondents in this matter raised approximately \$7 million dollars from the sale  
16 of real estate investments to approximately 28 investors, including approximately 12 Washington residents.  
17 The Statement of Charges alleged that the Respondents in this matter acted as unregistered broker-dealers  
18 and/or securities salespersons, and that the offer and sale of securities violated the anti-fraud provision of  
19 the Securities Act of Washington. On July 11, 2019, the Securities Division entered into a Consent Order  
20 with all of the Respondents in this matter, except for Blake Robbins. On April 5, 2021, the Director of the  
21 Washington State Department of Financial Institutions entered a Final Order against Blake Robbins.

## 22 **III. Introduction**



Hillstone Capital. Hillstone Capital was established to be the manager of two real estate investment funds, the Summit Fund and Pinnacle Fund, and Preferred Equity Projects (individual real estate projects). Structurally, the Hillstone Capital business model was a replica of Overlake Capital. The chart below details the investment offerings managed by Hillstone Capital.



19. Blake Robbins began selling investments in FlypShield in 2016. In 2017, Blake Robbins decided to abandon FlypShield (which never launched) and focus solely on Hillstone Capital. In 2017, Hillstone Capital began the offer and sale of investments in the Summit and Pinnacle Funds, and Preferred Equity Projects. In approximately 2019, Hillstone Capital also began the offer and sale of short-term income bonds. Assisting Blake Robbins in soliciting investors was Christina Robbins (who became a Principal of Hillstone Capital), and Clifford Sullivan (a salesperson engaged by Hillstone Capital).

20. Blake Robbins made material misrepresentations and omissions regarding Overlake Capital to investors in FlypShield and the Hillstone Capital investment offerings. On many occasions, Blake Robbins represented Overlake Capital’s track record as the track record of Hillstone Capital (when Overlake Capital’s early projects were profitable), and he failed to disclose that when he left Overlake Capital many of its projects were delayed and behind schedule. After December 2018, Blake Robbins failed to disclose to investors that the Securities Division had issued a Statement of Charges against Overlake Capital in which he was named.



1 depending on the amount invested, plus a preferred dividend of 40% or 60% of the additional net profits.  
2 The PPM stated that the projected annual return is 12%.

3 25. Blake Robbins misrepresented and failed to disclose to the investors material information  
4 regarding his background and success at Overlake Capital. The PPM that both investors received stated  
5 that Blake Robbins co-founded Overlake Capital which boasted “some of the highest yields of its kind in  
6 the northwest” and that “Robbins successfully exited the company in 2016.” Robbins failed to disclose  
7 that when he left Overlake Capital, many of its real estate projects were significantly behind schedule and  
8 had exceeded their projected budgets. At the time, the Overlake Capital investor was unaware that projects  
9 at Overlake Capital were deteriorating.

10 26. The investors signed subscription agreements for limited partnership interests in FlypShield.  
11 Between August and September 2016, the investors sent wire transfers totaling \$51,000 to a bank account  
12 controlled by Blake and Christina Robbins.

13 27. In approximately February 2017, the Overlake Capital investor requested her investment  
14 funds back because she was not satisfied with the progress being made with FlypShield. Subsequently, in  
15 approximately March 2017, this investor became aware of the problems with Overlake Capital so she hired  
16 an attorney that sent a demand letter to Blake Robbins. In May 2017, Blake Robbins wired the investor her  
17 principal plus \$2,000 that he represented was for her legal fees and a return on her investment.

18 28. In approximately September 2017, Blake and Christina Robbins solicited the other investor  
19 to roll over his investment to the Summit Fund. Blake Robbins told the investor that he was not continuing  
20 with FlypShield, and explained that he had started Hillstone Capital. The investor agreed to the roll over.  
21 The Hillstone Capital account statement that the investor received for the fourth quarter 2017 reflected a  
22 12% return on his principal that was rolled into the Summit Fund.

## 23 VI. Offer and Sale of Hillstone Capital Investments





1 online that was targeted to the Portland, Oregon area (the advertisement was online in approximately  
2 January 2018), and by purchasing a lead generated from a radio advertisement for investments in annuities.  
3 Sullivan provided the investors that he solicited with significant information regarding the investments,  
4 and he assisted two investors in the signing of their subscription paperwork.

5 33. Sullivan received a commission based upon the sale of investments generated through his  
6 efforts. For investors that he found, Sullivan received a commission of 3% of their investment principal in  
7 the funds and 5% of their investment principal in the Preferred Equity Projects. On at least one occasion,  
8 Sullivan received a commission of 2% of the investment principal for an investor that he did not introduce  
9 to the company but that he helped to solicit. Between May 2017 and January 2018, Sullivan received a  
10 total of at least \$37,000 in commission checks from Hillstone Capital. Sullivan's commissions were not  
11 disclosed to investors.

### 12 (B) Investments in Hillstone Capital Funds

13 34. Between approximately January 2017 and July 2019, Hillstone Capital sold investments in  
14 two real estate related funds and short-term income bonds. Approximately 16 investors invested a total of  
15 approximately \$1.15 million dollars in the Summit and Pinnacle Funds. In addition, two investors invested  
16 \$100,000 in short-term bonds. In approximately February 2019, Blake Robbins re-organized the funds and  
17 transferred all of the accredited investors in the Summit Fund to the Pinnacle Fund.

#### 18 (1) *The Summit Fund*

19 35. In January 2017, Blake Robbins began to raise funds for the Hillstone Real Estate Fund I,  
20 LLLP (Summit Fund). Blake Robbins intended to raise \$5 million dollars from an offering of limited  
21 partnership interests in the Summit Fund. The Summit Fund primarily made capital contributions to the  
22 Preferred Equity Projects to purchase residential real estate properties. The minimum subscription amount  
23 in the Summit Fund was \$50,000 and the investment had a two year maturity date. As the Manager,

1 Hillstone Capital was entitled to receive an annual management fee of 2% of the capital invested in the  
2 fund.

3 36. Blake Robbins solicited three investors that he met at Meetup.com groups, including  
4 meeting one of the investors at a group that Robbins organized and hosted (the group was for real estate  
5 investors). Blake Robbins also solicited two prior Overlake Capital investors to invest. Two investors saw  
6 and responded to Hillstone Capital’s advertisements on Facebook. Blake Robbins also solicited an investor  
7 that Sullivan found through a Facebook group for real estate investing in Washington, and an investor that  
8 was referred to Hillstone Capital by a friend. Sullivan found and solicited two investors, including an  
9 acquaintance he met through his neighbor and an investor that responded to his advertisement on Craigslist.

10 37. Investors were provided with a Placement Memorandum (PPM) for the Summit Fund. The  
11 offering document stated that the investment had a priority return ranging from 6.98% to 9.98% depending  
12 on the amount invested, plus a preferred dividend of 60% of the additional net profits. The PPM stated  
13 that the overall projected annual return is 13%. Hillstone Capital failed to provide a reasonable basis for,  
14 and assumptions underlying, this projected return.

15 38. Blake Robbins misrepresented and failed to disclose to the investors material information  
16 regarding his background and success at Overlake Capital. The PPM that investors received stated that  
17 Blake Robbins co-founded Overlake Capital which boasted “some of the highest yields of its kind in the  
18 northwest” and that “Robbins successfully exited the company in 2016.” Blake Robbins failed to disclose  
19 that when he left Overlake Capital in June 2016, many of its real estate projects were significantly behind  
20 schedule and had exceeded their projected budgets. In addition, Blake Robbins failed to disclose to the  
21 last two investors in the fund (that invested between October and November 2018) that the Securities  
22 Division was investigating Overlake Capital.

1           39.     In approximately September 2018, Blake Robbins provided misleading past performance  
2 information to an investor who requested information regarding Blake Robbins' past projects. Blake  
3 Robbins prepared an email response to the investor (which was forwarded to the investor by Sullivan), with  
4 a list of six past projects. For each project, the list included the purchase price, cost of improvements, and  
5 sale price. From a calculation of the numbers provided, the return for the projects appeared to range from  
6 approximately 58% to 178%. However, Blake Robbins failed to disclose that at least five of the projects  
7 were Overlake Capital projects and that three of the properties were experiencing delays when he exited  
8 Overlake Capital in June 2016 (ultimately the three projects were not profitable for Overlake Capital  
9 investors, including one project in which an investor made no return on his investment and two projects in  
10 which the investors only received a partial return of their principal). Subsequently, the investor requested  
11 information about Blake Robbins' past projects that were not profitable. Blake Robbins prepared another  
12 email response to the investor with a list of three projects (two which were Overlake Capital properties  
13 purchased in 2013). For each project, the list included the purchase price, cost of improvements, and sale  
14 price. From a calculation of the numbers provided, the return for the projects appeared to range from  
15 approximately 11% to 100%. The investor then asked Blake Robbins if there were any past projects that  
16 resulted in principal losses for investors, and Blake Robbins responded that "I do not have a history of  
17 losing principal[.]" Robbins failed to disclose that at least six Overlake Capital projects, purchased in 2015  
18 and 2016, were behind schedule and had exceeded their projected budgets when Robbins exited Overlake  
19 Capital in June 2016.

20           40.     Beginning in approximately March 2018, Blake Robbins failed to fully disclose the Summit  
21 Fund's financial condition to approximately five investors. Robbins failed to make material disclosures to  
22 these investors regarding the status of the capital contributions that the Summit Fund made to the Preferred  
23 Equity Projects, including that one or more properties were significantly delayed or behind schedule, and

1 the risk that the Summit Fund may not be repaid its capital contribution or that the properties may face  
2 foreclosure. Blake Robbins failed to disclose to the last Summit investor in November 2018 that three  
3 Preferred Equity Projects were significantly delayed or behind schedule.

4 41. Between January 2017 and November 2018, approximately 13 investors invested  
5 approximately \$750,000 in the Summit Fund. Investors signed limited partnership interest subscription  
6 agreements. Most investors sent their funds via wire transfer or check to a Hillstone Capital bank account  
7 controlled by Blake and Christina Robbins. In addition, one investor paid with digital currency.

8 42. In approximately February 2019, Blake Robbins decided to restructure the Summit Fund  
9 and transfer all of its accredited investors to the Pinnacle Fund. The majority (approximately ten) of the  
10 Summit Fund investors were accredited investors. Blake Robbins asked the accredited investors to sign a  
11 form that stated that material changes were made to the fund that warranted an offer of redemption and  
12 asked investors to attest that they agree to re-invest their interest in the Pinnacle Fund. The investors were  
13 provided with an updated PPM for the Pinnacle Fund.

14 43. Approximately three unaccredited investors remained in the Summit Fund, which Blake  
15 Robbins renamed as the Ascend Fund. Blake and Christina Robbins also contacted these investors to ask  
16 that they sign a form that stated that material changes were made to the fund that warranted an offer of  
17 redemption and asked investors to attest that they agree to re-invest their interest in the Ascend Fund. The  
18 investors were provided with a PPM for the Ascend Fund.

19 44. Between approximately May 2017 and February 2020, one investor received quarterly  
20 distributions totaling approximately \$55,000. The majority of investors did not opt to receive any  
21 distributions of their funds. To date, the rest of the investors have not been paid back any of their principal.  
22 Between approximately October 2019 and January 2020 (after the restructuring of the investment funds)

1 three investors that originally invested in the Summit Fund requested redemption of their funds, but  
2 Hillstone Capital failed to fulfill their request.

3 *(2) The Pinnacle Fund*

4 45. In approximately August 2017, Hillstone Capital began to raise funds for the Hillstone  
5 Pinnacle Fund I, LLLP (Pinnacle Fund). Blake Robbins intended to raise \$5 million dollars from an  
6 offering of limited partnership interests in the Pinnacle Fund. The Pinnacle Fund primarily made capital  
7 contributions to the Preferred Equity Projects in order to purchase residential real estate properties,  
8 although the funds could be used for other real estate related investment purposes. The minimum  
9 subscription amount in the Pinnacle Fund was \$250,000 and the investment had a two year maturity date.  
10 As the Manager, Hillstone Capital was entitled to receive an annual management fee of 2% of the capital  
11 invested in the fund.

12 46. In approximately August 2017, Sullivan found the first investor by purchasing a lead  
13 generated from a radio advertisement for investments in annuities. In approximately February 2019, Blake  
14 Robbins solicited another investor to invest in the Pinnacle Fund (it is unknown how this investor heard  
15 about Hillstone Capital). In approximately July 2019, an investor was referred to Hillstone Capital by a  
16 friend, and she was solicited by Blake and Christina Robbins to invest.

17 47. The first investor invested in the Pinnacle Fund in August 2017. The investor was provided  
18 with a Private Placement Memorandum (PPM) for the Pinnacle Fund. The offering document stated that  
19 the Pinnacle Fund had a priority return ranging from 5.98% to 9.98% depending on the amount invested,  
20 plus a preferred dividend of 70% of the additional net profits. The PPM states that the overall projected  
21 annual return was 17%. Hillstone Capital failed to provide a reasonable basis for, and assumptions  
22 underlying, this projected return.

1           48. Two investors invested in the Pinnacle Fund between February and July 2019, after the  
2 restructuring of the investment funds. Within the Pinnacle Fund there was now a “Summit Tier” for  
3 investments under \$250,000 and a “Pinnacle Tier” for investments of \$250,000 or greater. Both of the  
4 investors invested in the Summit Tier of the Pinnacle Fund. These investors received a revised PPM for  
5 the Pinnacle Fund. The revised PPM stated that investors in the Summit Tier will receive a priority return  
6 ranging from 6% to 8% (depending on the amount invested) plus 60% of additional net profits, and  
7 investors in the Pinnacle Tier will receive a 10% priority return plus 70% of additional net profits.

8           49. Blake Robbins misrepresented and failed to disclose to the investors material information  
9 regarding his background and success at Overlake Capital. The original Pinnacle Fund PPM received by  
10 the first investor stated that Blake Robbins co-founded Overlake Capital, which boasted “some of the  
11 highest yields of its kind in the northwest” and that “Robbins successfully exited the company in 2016.”  
12 The revised PPM that the last two investors received was misleading as Blake Robbins omitted from the  
13 description of his background any mention of Overlake Capital. Thus, Blake Robbins failed to disclose  
14 the name of his prior firm to the last two investors, and he further represented to the last investor that the  
15 projects with his prior company had been profitable but that he could not show her the properties because  
16 he signed a non-disclosure agreement with the company. Blake Robbins failed to disclose to all of the  
17 investors that when he left Overlake Capital in June 2016, many of its real estate projects were significantly  
18 behind schedule and had exceeded their projected budgets.

19           50. Further, Blake Robbins failed to disclose to the last two investors (that invested between  
20 February and July 2019) that the Securities Division had issued a Statement of Charges against Robbins in  
21 the Overlake Capital matter in December 2018. In addition, Blake Robbins failed to disclose to the last  
22 Pinnacle Fund investor that in approximately May 2019, a federal tax lien was filed against Blake Robbins  
23 in the amount of \$103,458.





1 2019, Blake Robbins solicited an investor that responded to the newsletters that Blake Robbins sent out to  
2 a mass email list of his contacts that advertised the Hillstone Capital investment offerings.

3 56. One of the investors received a one-page offering document regarding the short-term  
4 income bonds. The offering document stated that the bonds can offer a strong yield advantage compared  
5 to savings accounts, CDs, and money market funds. The document further stated that short-term income  
6 bonds are attractive for conservative investors because they may effectively reduce volatility. Hillstone  
7 Capital failed to explain how the bonds reduced volatility. Investors were not provided with any written  
8 risk disclosures regarding the bonds.

9 57. Blake Robbins failed to disclose material information regarding his background to the  
10 investors. Blake Robbins did not provide either investor with a description of his background or track  
11 record, and he failed to disclose the name of his prior firm, Overlake Capital, to either of the investors.  
12 Blake Robbins failed to disclose to the investors that when he left Overlake Capital in June 2016, many of  
13 its real estate projects were significantly behind schedule and had exceeded their projected budgets. Blake  
14 Robbins failed to disclose to both investors that the Securities Division issued a Statement of Charges  
15 against Robbins in the Overlake Capital matter in December 2018. In addition, Blake Robbins failed to  
16 disclose to the last bond investor (who invested in June 2019), that in approximately May 2019, a federal  
17 tax lien was filed against Blake Robbins in the amount of \$103,458.

18 58. Blake Robbins failed to fully disclose the Summit and Pinnacle Fund's financial condition  
19 to the two investors. Blake Robbins failed to disclosure to the two investors (who invested between January  
20 and June 2019) the status of the capital contributions that the funds had made to the Preferred Equity  
21 Projects, including that four properties were significantly delayed or behind schedule, and the risk that the  
22 funds may not be repaid their capital contribution or that the properties may face foreclosure.



investments in properties that were already delayed without disclosing the delay to investors, and in 2019 and 2020, Blake and Christina Robbins continued to sell Preferred Equity Project investments without disclosing to investors that multiple projects were significantly delayed or behind schedule.

*(1) Overview of the Preferred Equity Projects*

63. Between approximately December 2016 and April 2019, Hillstone Capital purchased seven properties. These projects were located in the greater Seattle area and the majority of the projects had multiple investors. Blake Robbins, Christina Robbins, and Sullivan raised over \$3 million dollars of investor funds for these projects. Funds from the Summit or Pinnacle Fund were used for the down payment to acquire these properties, which was supplemented by financing from a third-party lender. Preferred Equity Project investor funds were to be used for construction costs and lender interest payments for the specific property that they invested in.

64. Hillstone Capital formed limited liability companies as the named owner of the properties, and sold LLC membership interests to investors. For the seven properties that Hillstone Capital purchased, membership interests were sold in the following limited liability companies: HS REO 101, LLC, HS REO 102, LLC, HS REO 104, LLC, HS REO 105, LLC, HS REO 109, LLC, HS REO 112, LLC and HS REO 701, LLC. The table below details the number of investors and total investments made by investors in each project.

<b>Property Location</b>	<b>LLC Entity Name</b>	<b># of Investors</b>	<b>Investment Dates (approx.)</b>	<b>Total Investments (approx.)</b>
E. 68th St., Tacoma	HS REO 101, LLC	6	1/17- 6/18	\$230,000
NE 24th St., Clyde Hill	HS REO 104, LLC	4	1/17- 7/17	\$710,000
140th Ave. NE, Bellevue	HS REO 701, LLC	6	2/17- 5/19	\$725,000
W. Viewmont Way, Seattle	HS REO 102, LLC	4	10/17- 2/19	\$470,000
108th Ave. SE, Bellevue	HS REO 105, LLC	3	6/18- 5/19	\$650,000
SE 27th Pl., Bellevue	HS REO 109, LLC	4	7/19- 3/20	\$200,000

SW 112th St., Seattle	HS REO 112, LLC	1	6/19	\$50,000
			<b>Total</b>	<b>\$3,035,000</b>

65. Hillstone Capital was the manager of the limited liability companies, and was to receive a development fee for each project. The development fee was approximately 3% of the estimated value of the property when completed.

*(2) Solicitation of Investors*

66. Between approximately January 2017 and March 2020, Blake Robbins, Christina Robbins, and Sullivan solicited approximately eleven Summit and Pinnacle Fund investors to invest in the Preferred Equity Projects. These investors were solicited to invest in the properties simultaneously with their investment in a fund. Approximately five investors were allowed to invest in Preferred Equity Projects without first investing in the Summit or Pinnacle Fund. Robbins met two of these investors at a Meetup.com group, and one investor contacted Hillstone Capital after he received a newsletter email from Robbins with advertisements for the Hillstone Capital investment offerings. In addition, Sullivan solicited a friend of his to invest.

67. Between November 2016 and January 2017, Blake Robbins provided two investors with misleading past performance information. Blake Robbins sent emails to two investors that included information regarding his past projects. Robbins provided the addresses of four past projects that he said were some of his favorite completed projects from the past year (the lists sent to the investors included three of the same properties). Blake Robbins failed to disclose that all of the projects were Overlake Capital projects, and that when Robbins left Overlake Capital in June 2016, one of the projects was delayed and behind schedule. In addition, Blake Robbins failed to disclose to the investor that he emailed in January

1 2017 that one of the properties on her list sold approximately ten months past its projected timeframe (this  
2 property sold in December 2016).

3 68. Similarly, in June 2019, Blake and Christina Robbins provided two investors with  
4 misleading past performance information. Blake and Christina Robbins each sent an email to an investor  
5 with prior performance information for eight past projects (Blake Robbins provided the content for the  
6 email that Christina Robbins sent). For each project, the list included the purchase price and sale price.  
7 From a calculation of the numbers provided, the return for the projects appeared to range from  
8 approximately 77% to 353%. Blake Robbins failed to disclose that at least six of the projects were Overlake  
9 Capital projects, including two properties that were delayed and behind schedule when Robbins exited  
10 Overlake Capital in June 2016 (both of these properties sold in December 2016 and the investor on each  
11 property did not receive his principal back or any return on the investment). Only one of the projects on  
12 the list was a Hillstone Capital project that was completed in approximately 2017. Blake and Christina  
13 Robbins failed to disclose that this project had exceeded its projected budget and timeframe for completion,  
14 and that it only made a small profit after Blake and Christina Robbins decided to return a significant portion  
15 of the development fee they received from this project.

16 69. Many of the investors received a brochure with information and pictures of the project they  
17 were investing in. The brochures stated the projected return on investment ranged from approximately  
18 21% to 35% (depending on the project). The brochures also stated the projected time to complete the  
19 project, which ranged from approximately twelve to twenty months (depending on the project). The  
20 brochures failed to disclose that the projects could take significantly longer than their projected time frame  
21 or the risk that the projects could experience substantial delays. At least one investor did not receive  
22 brochures for the projects that he invested in.

1           70.     In 2020, one investor received a Hillstone Capital Investment Prospectus, created in  
2 approximately 2018, which contained misleading information regarding performance of the Preferred  
3 Equity Projects. The prospectus states that historically the returns for Preferred Equity Projects have ranged  
4 from a 20-50% return on cash. Blake Robbins failed to disclose that he was using the historic returns for  
5 some of the Overlake Capital projects, and he omitted any further performance results which would have  
6 included that when Robbins exited Overlake Capital in June 2016 approximately six of its real estate  
7 projects were significantly behind schedule and had exceeded their projected budgets. This Investment  
8 Prospectus also states that the projected annualized returns for the Preferred Equity Projects are 20-55%.  
9 Hillstone Capital failed to provide a reasonable basis for, and assumptions underlying, the projected return.

10           71.     Blake Robbins misrepresented and failed to disclose to the investors material information  
11 regarding his background and success at Overlake Capital. One investor that was allowed to invest in a  
12 Preferred Equity Project without first investing in a fund received the Hillstone Capital Investment  
13 Prospectus that stated that “[a]fter building his previous real estate hedge fund to a level of earning  
14 accolades such as *‘Most Valuable Company’* in Silicon Valley’s Angel Capital Expo, Robbins made the  
15 decision to move on and sell his interests in the company he founded to pursue a new firm with a renewed  
16 vision[.]” Blake Robbins failed to disclose to this investor the name of his prior firm, Overlake Capital,  
17 and Robbins failed to disclose that when he left Overlake Capital, many projects were significantly behind  
18 schedule and had exceeded their projected budgets.

19           72.     Blake Robbins failed to disclose to approximately five Preferred Equity Project investors  
20 (that invested in projects between February 2019 and March 2020), that the Securities Division issued a  
21 Statement of Charges against Robbins in the Overlake Capital matter in December 2018. In addition, Blake  
22 Robbins failed to disclose to the last four investors (who invested between July 2019 and March 2020),  
23 that in approximately May 2019, a federal tax lien was filed against Blake Robbins in the amount of

1 \$103,458. Blake Robbins also failed to disclose to the last two investors that in approximately October  
2 2019, a federal tax lien was filed against Blake and Christina Robbins in the amount of \$45,133.

3 73. Between approximately January 2017 and March 2020, approximately 17 investors invested  
4 over \$3 million dollars in seven Preferred Equity Projects. The investors signed Limited Liability Company  
5 Operating Agreements and sent their funds via wire transfer or check to a Hillstone Capital bank account  
6 controlled by Blake and Christina Robbins.

7 *(3) Failure to Disclose Projects Delayed & Behind Schedule*

8 74. The projects sold to investors beginning in 2017 and 2018 took significantly longer than the  
9 projected time frame, which ranged from twelve to twenty months. Hillstone Capital sold investments in  
10 two of the properties approximately 2-5 months before the properties were purchased. For five of the  
11 properties, Hillstone Capital purchased the property before raising capital from investors for the project.  
12 However, the construction on most of the projects did not start right away, and the projects experienced  
13 various delays. By early 2020, none of the properties had been completed and sold by Hillstone Capital.  
14 In approximately March 2020, the investors created their own limited liability company and took over  
15 management of the properties from Hillstone Capital. However, the investors were unable to rectify the  
16 financial distress of the properties. Between July and September 2020, five of the properties were  
17 foreclosed and two of the properties were sold at a loss. The table below details the projected project time  
18 frame of each property as communicated to investors, and the actual length of the projects calculated from  
19 the date the property was purchased to the date the property was foreclosed or sold at a loss.

<b>Property Location</b>	<b>Projected Project Length (approx.)</b>	<b>Date of Property Purchase (approx.)</b>	<b>Date of Foreclosure or Sale (approx.)</b>	<b>Project Length from Purchase to Foreclosure or Sale (approx.)</b>
E. 68th St., Tacoma	14 months	12/16	Foreclosure 8/20	3 years, 7 months
NE 24th St., Clyde	16-18 months	3/17	Sale 9/20	3 years, 6 months

Hill				
140th Ave. NE, Bellevue	14 months	7/17	Foreclosure 7/20	3 years
W. Viewmont Way, Seattle	12-14 months	7/17	Foreclosure 8/20	3 years, 1 month
108th Ave. SE, Bellevue	18-20 months	6/18	Sale 9/20	2 years, 3 months
SE 27th Pl., Bellevue	18 months	3/19	Foreclosure 7/20	1 year, 4 months
SW 112th St., Seattle	12 months	4/19	Foreclosure 7/20	1 year, 3 months

75. By approximately March 2018, the first property purchased in late 2016, E. 68th St. Tacoma, had exceeded its 14 month completion time frame. In May 2018, Blake and Christina Robbins sent investors an update explaining that the property was experiencing delays and that they updated the time frame to complete the project to 22 months. Investors were given an offer to cash out their interest in the property. In October 2018, two investors elected to exit the project, and they each received their principal back plus a 10% return.

76. By 2018, the three properties purchased in 2017 had either exceeded their projected time frame or had experienced a significant delay. By approximately September 2018 the NE 24th St. Clyde Hill and the 140th Ave. NE Bellevue properties were behind schedule, and by approximately December 2018 the W. Viewmont Way Seattle property was behind schedule.

77. In late 2018 and 2019, Blake Robbins and Sullivan sold additional investments in two properties that were already delayed without disclosing the delay to investors (and without disclosing that any of the other properties were delayed). Between November 2018 and May 2019, Blake Robbins and Sullivan sold investments in the 140th Ave. NE Bellevue property to three investors without disclosing that the property was between two to eight months behind schedule (Sullivan only helped solicit one of the investors). Further, Blake Robbins failed to disclose to the last investor on this property (who invested in



1 May 2019) that approximately two months prior, in March 2019, Blake Robbins transferred the first  
2 investor in the 140th Ave. NE Bellevue property to another Preferred Equity Project because of the delay  
3 (his objective was to transfer the investor to a project that was moving at a faster pace). In February 2019,  
4 Blake Robbins and Sullivan sold an investment in the W. Viewmont Way Seattle property to an investor  
5 without disclosing that the property was approximately two months behind schedule.

6 78. In 2019 and 2020, Blake and Christina Robbins continued to sell Preferred Equity Project  
7 investments without disclosing to investors that multiple projects purchased in approximately 2017 were  
8 experiencing delays and were behind schedule. Between approximately February and June 2019, when  
9 Blake Robbins solicited two investments in the 108th Ave. SE Bellevue property and an investment in the  
10 SW 112th St. Seattle property, he failed to disclose that the first four projects were either significantly  
11 delayed or behind schedule. Between July 2019 and March 2020, when Blake and Christina Robbins  
12 solicited investments in the SE 27th Pl. Bellevue property, they failed to disclose to investors that the first  
13 four projects were either significantly delayed or behind schedule. In approximately March 2020, the last  
14 investor to invest in the SE 27th Pl. Bellevue property met with Blake and Christina Robbins to discuss the  
15 investment. The investor asked in what circumstances his principal would be at risk, and Blake Robbins  
16 assured the investor that it was not a risky investment given the Seattle real estate market and that there  
17 would have to be a significant downturn in the market for his principal to be lost.

18 79. In approximately February 2020, Christina Robbins sent investors a letter to provide them  
19 with an update on the status of the Preferred Equity Projects for the fourth quarter 2019. The letters  
20 explained that many of the properties were delayed and investors were provided with an updated time frame  
21 for four of the properties that ranged from 29 to 34 months (the initial time frames for these properties  
22 ranged from approximately twelve to eighteen months).

23 *(4) Misuse of Investor Funds*



1 2018, Hillstone Real Estate Fund I, LLLP filed another Form D with the SEC, claiming an exemption from  
2 registration under Rule 506(b). In November 2018, Hillstone Real Estate Fund I, LLLP notice filed the  
3 Form D with the Securities Division for an exemption under Regulation D, Rule 506(b) and WAC 460-  
4 44A-506.

5 83. Regulation D Rule 505 and 506(b) prohibited the issuer or any person acting on behalf of  
6 an issuer from offering or selling securities by any form of general solicitation. Blake Robbins, Christina  
7 Robbins, and Cliff Sullivan offered and sold investments in the Hillstone Real Estate Fund I, LLLP through  
8 advertisements on the Hillstone Capital website, Twitter, Facebook, and Craigslist, and by newsletters sent  
9 to a mass email list of contacts. These actions violated the general solicitation prohibitions of Regulation  
10 D, Rule 505 and 506(b).

#### 11 **(B) Registration Status of Other Respondents**

12 84. In March 2017, Hillstone Pinnacle Fund I, LLLP filed a Form D with the SEC for a claim  
13 of exemption from registration for an offering of securities under Regulation D, Rule 506(c). In  
14 approximately November 2018, Hillstone Pinnacle Fund I, LLLP notice filed the Form D with the  
15 Securities Division for an exemption under Regulation D, Rule 506(c) and WAC 460-44A-506.

16 85. FlypShield, LLC was not registered to sell limited partnership interests in the State of  
17 Washington during the relevant period, nor has it filed a claim of exemption from registration.

18 86. HS REO 101, LLC, HS REO 102, LLC, HS REO 104, LLC, HS REO 105, LLC, HS REO  
19 109, LLC, HS REO 112, LLC, HS REO 701, LLC were not registered to sell limited liability company  
20 interests in the State of Washington during the relevant period, nor have they filed a claim of exemption  
21 from registration.

22 87. Blake E. Robbins has never been registered as a securities salesperson or broker-dealer in  
23 the State of Washington.

1 88. Christina M. Robbins has never been registered as a securities salesperson or broker-dealer  
2 in the State of Washington.

3 89. Clifford B. Sullivan was not registered as a securities salesperson or broker-dealer in the  
4 State of Washington during the relevant time period.

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

6 **CONCLUSIONS OF LAW**

7 1. The offer and/or sale of the limited partnership interests, short-term income bonds, and  
8 limited liability company interests, as described above, constitutes the offer and/or sale of a security as  
9 defined in RCW 21.20.005(10) and (12).

10 2. Hillstone Real Estate Fund I, LLLP, HS REO 101, LLC, HS REO 102, LLC, HS REO 104,  
11 LLC, HS REO 105, LLC, HS REO 109, LLC, HS REO 112, LLC, HS REO 701, LLC, and FlypShield,  
12 LLC have each violated RCW 21.20.140 because, as set forth in the Tentative Findings of Fact, they offered  
13 and/or sold securities for which no registration is on file with the Securities Administrator or no valid claim  
14 of exemption exists.

15 3. Blake E. Robbins, Christina M. Robbins, and Clifford B. Sullivan have each violated RCW  
16 21.20.040 by offering and selling securities while not registered as a securities salesperson or broker-dealer  
17 in the State of Washington.

18 4. Hillstone Capital, LLC, Hillstone Real Estate Fund I, LLLP, Hillstone Pinnacle Fund I,  
19 LLLP, FlypShield, LLC, Blake E. Robbins, Christina M. Robbins, and Clifford B. Sullivan have each  
20 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 Based upon the foregoing and finding it in the public interest:

1 **FINAL ORDER**

2 IT IS HEREBY ORDERED that Respondent Blake E. Robbins, his agents and employees, shall each  
3 cease and desist from violations of RCW 21.20.040.

4 IT IS FURTHER ORDERED that Respondent Blake E. Robbins, his agents and employees, shall each  
5 cease and desist from violations of RCW 21.20.010.

6 IT IS FURTHER ORDERED that Respondent Blake E. Robbins shall be liable for and pay a fine  
7 in the amount of \$80,000.

8 IT IS FURTHER ORDERED that Respondent Blake E. Robbins shall be liable for and pay costs in  
9 the amount of \$15,000.

10 **AUTHORITY AND PROCEDURE**

11 This FINAL ORDER is entered pursuant to RCW 21.20.110 and RCW 21.20.390 and is subject to  
12 Chapter 34.05 RCW. Respondent has the right to petition the superior court for judicial review of this agency  
13 action under Part V of Chapter 34.05 RCW. Pursuant to RCW 21.20.395(4), a certified copy of this Final  
14 Order may be filed in superior court. If so filed, the clerk shall treat the Final Order in the same manner as a  
15 superior court judgment as to the fine, and the fine may be recorded, enforced, or satisfied in like manner.

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

17 Signed and Entered this 4th day of November, 2021.

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21 William M. Beatty  
22 Securities Administrator

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Approved by:



Suzanne Sarason  
Chief of Enforcement

Presented by:



Martin Cordell  
Financial Legal Examiner