

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-SC01

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

22 THE STATE OF WASHINGTON TO:

Hillstone Capital, LLC
Hillstone Real Estate Fund I, LLLP
Hillstone Pinnacle Fund I, LLLP
HS REO 101, LLC
HS REO 102, LLC
HS REO 104, LLC
HS REO 105, LLC
HS REO 109, LLC
HS REO 112, LLC
HS REO 701, LLC
FlypShield, LLC
Blake E. Robbins
Christina M. Robbins
Clifford B. Sullivan (CRD No. 3238359)

23 **STATEMENT OF CHARGES**

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

1 Please take notice that the Securities Administrator of the State of Washington has reason to believe
2 that the Respondents Hillstone Capital, LLC, Hillstone Real Estate Fund I, LLLP, Hillstone Pinnacle Fund
3 I, LLLP, HS REO 101, LLC, HS REO 102, LLC, HS REO 104, LLC, HS REO 105, LLC, HS REO 109,
4 LLC, HS REO 112, LLC, HS REO 701, LLC, FlypShield, LLC, Blake E. Robbins, Christina M. Robbins,
5 and Clifford B. Sullivan have each violated the Securities Act of Washington and that their violations
6 justify the entry of an order of the Securities Administrator against each to cease and desist from such
7 violations pursuant to RCW 21.20.390, to impose fines pursuant to RCW 21.20.395, and to recover costs
8 pursuant to RCW 21.20.390. The Securities Administrator finds as follows:

9 **TENTATIVE FINDINGS OF FACT**

10 **I. Respondents**

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

13 2. Hillstone Real Estate Fund I, LLLP (Summit Fund) was formed in Washington in January
14 2017. The Summit Fund was administratively dissolved by the Washington Secretary of State in June
15 2021.

16 3. Hillstone Pinnacle Fund I, LLLP (Pinnacle Fund) was formed in Washington in January
17 2017. The Pinnacle Fund was administratively dissolved by the Washington Secretary of State in June
18 2021.

19 4. FlypShield, LLC (FlypShield) was a Washington limited liability company formed in June
20 2016. FlypShield was administratively dissolved by the Washington Secretary of State in June 2018.

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

1 6. Christina M. Robbins (Christina Robbins) is a resident of Gold Bar, Washington. Christina
2 Robbins was a Principal of Hillstone Capital and the Creative Director. Christina has never been registered
3 with the Securities Division in any capacity.

4 7. Clifford B. Sullivan (Sullivan) (CRD No. 3238359) is a resident of Damascus, Oregon.
5 Sullivan was employed by Edward Jones between May 1999 and February 2005, and was registered as a
6 securities salesperson with the Securities Division between June 2000 and February 2005. Sullivan was a
7 Regional Manager of Hillstone Capital between 2017 and 2020.

8 8. HS REO 101, LLC (HS REO 101) was a Washington limited liability company formed in
9 December 2016. HS REO 101 was administratively dissolved by the Washington Secretary of State in May
10 2021.

11 9. HS REO 102, LLC (HS REO 102) was a Washington limited liability company formed in
12 February 2017. HS REO 102 was administratively dissolved by the Washington Secretary of State in July
13 2021.

14 10. HS REO 104, LLC (HS REO 104) was a Washington limited liability company formed in
15 February 2017. HS REO 104 was administratively dissolved by the Washington Secretary of State in July
16 2021.

17 11. HS REO 105, LLC (HS REO 105) was a Washington limited liability company formed in
18 January 2018. HS REO 105 was administratively dissolved by the Washington Secretary of State in June
19 2021.

20 12. HS REO 109, LLC (HS REO 109) was a Washington limited liability company formed in
21 November 2018. HS REO 109 was administratively dissolved by the Washington Secretary of State in
22 April 2021.

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**

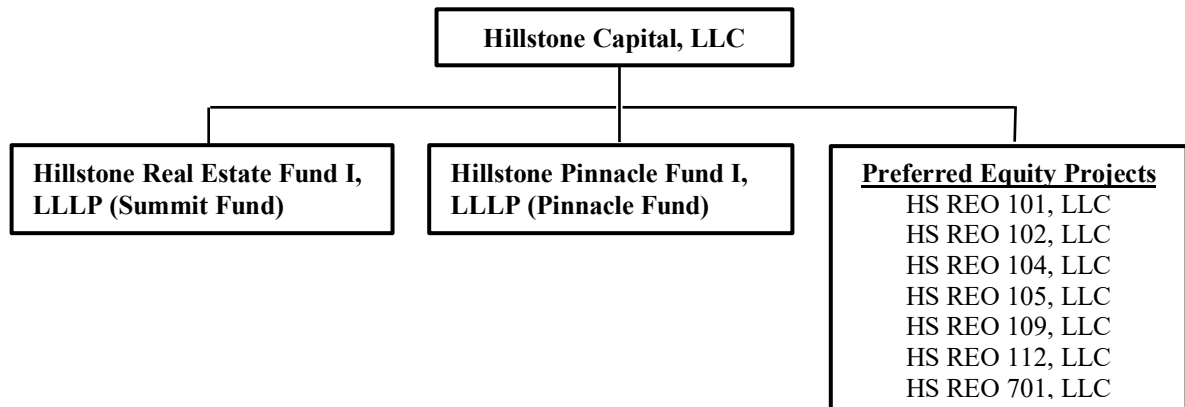
1 16. Between approximately August 2016 and March 2020, Blake Robbins, Christina Robbins,
2 and Clifford Sullivan raised approximately \$4.2 million dollars from the sale of investments to
3 approximately 24 investors, including approximately 17 Washington residents. The investments were in
4 the form of limited partnership interests in FlypShield, limited partnership interests in the Summit Fund
5 and Pinnacle Fund, short-term income bonds (issued by the investment funds), and limited liability
6 company membership interests in Preferred Equity Projects. The majority of the funds were invested in
7 the Preferred Equity Projects (approximately \$3 million dollars) and the Summit and Pinnacle Funds
8 (approximately \$1.15 million dollars). These investments were not profitable for investors. To date, over
9 \$4.1 million dollars in principal has not been paid back to investors.

10 **IV. Background & Overview**

11 17. In approximately June 2016, Blake Robbins left his former firm, Overlake Capital, when it
12 was in financial distress. Blake Robbins was a co-founder and managing member of Overlake Capital from
13 January 2009 until approximately June 2016. Between approximately 2012 and 2016, Overlake Capital
14 raised approximately \$7 million dollars from the sale of real estate investments. By June 2016, multiple
15 real estate projects purchased in 2015 by Overlake Capital were behind schedule and had exceeded their
16 projected budgets. After Blake Robbins exited Overlake Capital, at least nine properties acquired in 2015
17 and 2016 by Overlake Capital (all were acquired before Blake Robbins exited the company) were sold and
18 none were profitable for investors. Many of the Overlake Capital investors did not receive any of their
19 principal back, or only a fraction of their principal. As of December 2018, approximately \$4 million dollars
20 in principal had not been paid back to Overlake Capital investors.

21 18. In 2016, immediately following his departure from Overlake Capital, Blake Robbins started
22 two new real estate-related businesses. In June 2016, Blake Robbins founded FlypShield, which was a
23 private mortgage insurance business. A few months later, in November 2016, Blake Robbins founded

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



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

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

21. Similar to Overlake Capital, by approximately late 2018, the Hillstone Capital properties were experiencing delays and were behind schedule. Between approximately late 2018 and 2020, Blake Robbins, Christina Robbins, and Sullivan continued to sell Preferred Equity Project investments without disclosing to investors that multiple properties purchased in approximately 2017 were experiencing delays and were behind schedule, including in some instances that the property that the investor was investing in was delayed. Blake and Christina Robbins continued to sell investments in the Summit and Pinnacle Funds, and Blake Robbins continued to sell investments in the short-term income bonds, without disclosing the delays. Finally, Blake Robbins failed to disclose to some Preferred Equity Project investors that their funds would not be used for the specific project that they were investing in.

22. In approximately 2020, Blake Robbins stopped responding to the investors' requests for repayment. In 2020, all of the Preferred Equity Projects were either foreclosed or sold at a loss. Most of the investors lost their entire principal, which totals over \$4 million dollars in principle for all the investors.

V. Offer and Sale of FlypShield Investments

23. In 2016, Blake Robbins established FlypShield with the intent to provide private mortgage insurance for properties purchased with hard money, commercial or private asset based loans. Blake Robbins intended to raise \$5 million dollars from an offering of limited partnership interests in FlypShield. In approximately August 2016, Blake Robbins solicited an Overlake Capital investor to invest in FlypShield. Blake Robbins represented to the investor that he was no longer part of Overlake Capital and that he had started a new business. Subsequently, in approximately September 2016, when Blake Robbins' friend asked him what investments he had to offer, Blake Robbins solicited his friend to invest in FlypShield.

24. Blake Robbins provided the investors with a FlypShield Private Placement Memorandum (PPM). The offering document stated that the investment had a priority return ranging from 6.98% to 9.98%

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 29. Between approximately January 2017 and March 2020, Hillstone Capital sold investments
2 in two real estate related funds, short-term income bonds, and seven Preferred Equity Projects to
3 approximately 24 investors. Hillstone Capital’s advertising methods included the use of general
4 solicitation.

5 **(A) Hillstone Capital’s Manner of Solicitation**

6 30. Blake and Christina Robbins used general solicitation to advertise the Hillstone Capital
7 investment offerings. Beginning in 2017, the investment offerings were advertised on the Hillstone Capital
8 website at <https://hillstone.capital/> and on Hillstone Capital’s Twitter account. Beginning in at least 2019,
9 the investment offerings were also advertised on Hillstone Capital’s Facebook account. In addition,
10 between approximately 2017 and 2020, Blake Robbins sent out newsletters to a mass email list of his
11 contacts that advertised the investment offerings. Several investors responded to Hillstone Capital’s
12 advertisements.

13 31. Between 2017 and 2020, Blake and Christina Robbins sold the Hillstone Capital investment
14 offerings to approximately 17 investors. In addition to general solicitation, Blake Robbins met
15 approximately five investors at Meetup.com groups, including meeting one of the investors at a group that
16 Blake Robbins organized and hosted (the group was for real estate investors). Blake Robbins also solicited
17 two Overlake Capital investors, and two investors heard about Hillstone Capital through friends. Many of
18 the investors met with Blake and Christina Robbins to discuss the investment.

19 32. In 2017, Blake Robbins engaged Sullivan to be a Regional Manager of Hillstone Capital.
20 As the Regional Manager, Sullivan was to find and solicit investors. Sullivan was with Hillstone Capital
21 until approximately February 2020. In total, Sullivan introduced four investors to Hillstone Capital and he
22 helped Blake Robbins to solicit approximately four other investors. Sullivan solicited a friend and an
23 acquaintance to invest with Hillstone Capital. He also found investors by posting a Craigslist advertisement

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 51. Blake Robbins failed to fully disclose the Summit Fund’s financial condition to the last two
2 investors. Blake Robbins failed to disclosure to the two investors that invested between February and July
3 2019 the status of the capital contributions that the Pinnacle Fund had made to the Preferred Equity Projects,
4 including that four properties were significantly delayed or behind schedule, and the risk that the Pinnacle
5 Fund may not be repaid its capital contribution or that the properties may face foreclosure.

6 52. Between August 2017 and July 2019, three investors invested a total of \$400,000 in the
7 Pinnacle Fund. All of the investors were accredited investors. Investors signed limited partnership interest
8 subscription agreements and sent their funds via wire transfer or check to a bank account in the name of
9 the Hillstone Pinnacle Fund I, LLLP.

10 53. In approximately 2019, one investor requested redemption of his funds, but Hillstone
11 Capital failed to fulfill his request. None of the investors in the Pinnacle Fund have received any
12 distributions, nor have they been paid back any of their principal.

13 (3) *Short-Term Income Bonds*

14 54. Beginning in approximately December 2018, Hillstone Capital engaged in an offering of
15 short-term income bonds. The bonds were for a six month term, and the interest rate ranged from 6% to
16 10% depending on the amount invested. The initial issuer of the bonds was the Summit Fund. When Blake
17 Robbins restructured the investment funds in approximately February 2019, the issuer of the bonds changed
18 to the Pinnacle Fund. Hillstone Capital intended to use the funds raised from the bonds in the Preferred
19 Equity Projects.

20 55. Between approximately January and June 2019, two investors were solicited to invest in the
21 short-term income bonds. In approximately January 2019, Sullivan solicited an investor to invest in a bond
22 (it is unknown how this investor heard about Hillstone Capital). Approximately six months later, in June
23

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.

1 59. Blake Robbins failed to inform the investors how he would generate the funds to repay them
2 their principal plus interest in only six months, when their funds were deployed in real estate projects that
3 could take significantly longer than six months to realize a profit. Blake Robbins failed to disclose to
4 investors that Hillstone Capital did not establish a sinking fund to set aside revenue to repay the bond debt
5 issue, or that Hillstone Capital had no other source of revenue to repay bond holders other than by the
6 completion and sale of Preferred Equity Projects.

7 60. Between January and June 2019, the investors each invested \$50,000 in a short-term income
8 bond. The investors signed subscription agreements and short-term bond addendums for their investments
9 in the bonds. The investors sent their funds via wire transfer or check to a Hillstone Capital bank account
10 controlled by Blake and Christina Robbins.

11 61. Before the first investor's bond matured, Blake Robbins solicited the investor to roll over
12 his investment into the Pinnacle Fund with a two-year maturity term. In approximately June 2019, the
13 investor agreed to the roll over. The second investor has not received his money back since his bond
14 matured in approximately December 2019. This investor submitted a redemption form, but Hillstone
15 Capital has failed to fulfill the request.

16 **(C) Investments in Hillstone Capital Preferred Equity Projects**

17 62. Between approximately January 2017 and March 2020, Hillstone Capital sold over \$3
18 million dollars in investments in Preferred Equity Projects. Approximately 17 investors invested in seven
19 Preferred Equity Projects that remodeled and developed residential real estate properties. The investments
20 were in the form of limited liability company membership interests. Most investors were required to invest
21 the minimum amount in the Summit or Pinnacle Fund in order to participate in the Preferred Equity
22 Projects. The projects purchased by Hillstone Capital in 2016 and 2017 exceeded their projected budgets
23 and timelines for completion. In late 2018 and 2019, Blake Robbins and Sullivan sold additional

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.

Property Location	LLC Entity Name	# of Investors	Investment Dates (approx.)	Total Investments (approx.)
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
			Total	\$3,035,000

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.

Property Location	Projected Project Length (approx.)	Date of Property Purchase (approx.)	Date of Foreclosure or Sale (approx.)	Project Length from Purchase to Foreclosure or Sale (approx.)
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 80. Blake and Christina Robbins established separate bank accounts for each Preferred Equity
2 Project, which were in the name of the LLC that was the named owner of each property. It was represented
3 to investors that their investment funds would be used for the expenses of the specific property that they
4 invested in. However, between approximately July 2017 and June 2019, approximately \$470,000 of
5 investor funds from four investors' investments in seven Preferred Equity Projects were transferred to the
6 bank account of another Preferred Equity Project that they did not invest in. Many of the capital transfers
7 were made when one project had received an influx of investor capital, but another project's bank account
8 had a low balance.

9 81. Some of the investor funds that were transferred to another Preferred Equity Project's bank
10 account were used for property acquisition costs, construction and remodel costs, and interest payments to
11 the third-party lender. For example, on July 21, 2017, an investor's funds of \$160,000 were deposited into
12 the HS REO 104, LLC bank account (for the NE 24th St. Clyde Hill property). Three days later, on July
13 24, 2017, \$150,000 of the investor's funds were transferred to the HS REO 701, LLC bank account (for
14 the 140th Ave. NE, Bellevue property) which had a low balance of \$56 the day before. Additional funds
15 were transferred into the HS REO 701, LLC bank account that day from the Summit Fund, and together
16 they were used to pay approximately \$360,000 to the title company to acquire the 140th Ave. NE Bellevue
17 property. Blake Robbins failed to disclose to investors that their funds could be used for another property's
18 acquisition costs or other expenses.

19 VII. Registration Status

20 (A) Failure to Comply with Regulation D Rule 505 & 506(b)

21 82. In March 2017, Hillstone Real Estate Fund I, LLLP filed a Form D with the Securities and
22 Exchange Commission (SEC) for a claim of exemption from registration for an offering of securities under
23 Regulation D, Rule 505. In May 2017, the SEC's repeal of federal Rule 505 went into effect. In August

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

1 Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator
2 intends to order that the Respondents Hillstone Real Estate Fund I, LLLP, HS REO 101, LLC, HS REO
3 102, LLC, HS REO 104, LLC, HS REO 105, LLC, HS REO 109, LLC, HS REO 112, LLC, HS REO 701,
4 LLC, and FlypShield, LLC shall each cease and desist from violations of RCW 21.20.140, and that the
5 Respondents Blake E. Robbins, Christina M. Robbins, and Clifford B. Sullivan shall each cease and desist
6 from violations of RCW 21.20.040. The Securities Administrator also intends to order that the Respondents
7 Hillstone Capital, LLC, Hillstone Real Estate Fund I, LLLP, Hillstone Pinnacle Fund I, LLLP, FlypShield,
8 LLC, Blake E. Robbins, Christina M. Robbins, and Clifford B. Sullivan shall each cease and desist from
9 violations of RCW 21.20.010.

10 **NOTICE OF INTENT TO IMPOSE FINES**

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

- 13 1. Respondents Hillstone Capital, LLC, Hillstone Capital Real Estate Fund I, LLLP, and Hillstone
14 Pinnacle Fund I, LLLP shall each be liable for and pay a fine of \$20,000;
- 15 2. Respondent FlypShield, LLC shall be liable for and pay a fine of \$10,000;
- 16 3. Respondents HS REO 101, LLC, HS REO 102, LLC, HS REO 104, LLC, HS REO 105, LLC,
17 HS REO 109, LLC, HS REO 112, LLC, and HS REO 701, LLC shall each be liable for and pay
18 a fine of \$5,000;
- 19 4. Respondent Blake E. Robbins shall be liable for and pay a fine of \$80,000;
- 20 5. Respondent Christina M. Robbins shall be liable for and pay a fine of \$30,000;
- 21 6. Respondent Clifford B. Sullivan shall be liable for and pay a fine of \$20,000.

22 **NOTICE OF INTENT TO CHARGE COSTS**

1 Pursuant to RCW 21.20.390(5), and based upon the above Tentative Findings of Fact and Conclusions
2 of Law, the Securities Administrator intends to order that the Respondents Hillstone Capital, LLC, Hillstone
3 Real Estate Fund I, LLLP, Hillstone Pinnacle Fund I, LLLP, HS REO 101, LLC; HS REO 102, LLC, HS
4 REO 104, LLC, HS REO 105, LLC, HS REO 109, LLC, HS REO 112, LLC, HS REO 701, LLC,
5 FlypShield, LLC, Blake E. Robbins, Christina M. Robbins, and Clifford B. Sullivan shall be liable for and
6 shall pay the Securities Division the costs, fees and other expenses incurred in the administrative investigation
7 and hearing of this matter in an amount not less than \$20,000.

8 **AUTHORITY AND PROCEDURE**

9 This Statement of Charges is entered pursuant to the provisions of RCW 21.20.390 and RCW
10 21.20.395, and is subject to the provisions of RCW 34.05. The Respondents may each make a written request
11 for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR
12 HEARING accompanying this Statement of Charges.

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

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18 Signed and Entered this 17th day of August, 2021.

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22 _____
William M. Beatty
Securities Administrator

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Approved by:



Suzanne Sarason
Chief of Enforcement

Presented by:



Bridgett Fisher
Financial Legal Examiner

Reviewed by:



Jack McClellan
Financial Legal Examiner Supervisor