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

IN THE MATTER OF DETERMINING) Order No.: S-18-2540-19-FO01
Whether there has been a violation of the)
Securities Act of Washington by:) ENTRY OF FINDINGS OF FACT AND
Choice E-Credit LLC,) CONCLUSIONS OF LAW AND
Respondent) FINAL ORDER TO CEASE AND DESIST
_____)

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THE STATE OF WASHINGTON TO: Choice E-Credit LLC

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INTRODUCTION

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On February 7, 2019, the Securities Administrator of the state of Washington issued Statement of Charges and Notice of Intent to Enter Order to Cease and Desist, Order No. S-18-2540-19-SC01 (hereinafter referred to as “Statement of Charges”). The Statement of Charges, together with a Notice of Opportunity to Defend and Opportunity for Hearing, hereinafter referred to as “Notice of Opportunity for Hearing” and an Application for Adjudicative Hearing, hereinafter referred to as “Application for Hearing,” were served on Respondent Choice E-Credit LLC on February 19, 2019. The Notice of Opportunity for Hearing advised Respondent Choice E-Credit LLC that a written application for an administrative hearing on the Statement of Charges must be received within twenty days from the date of receipt of the notice. Respondent Choice E-Credit LLC failed to request an administrative hearing within twenty days of receipt of the Statement of Charges and Notice of Opportunity for Hearing, either on the Application for Hearing provided, or otherwise.

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The Securities Administrator therefore will adopt as final the following Findings of Fact and Conclusions of Law as set forth in the Statement of Charges and enter a final order against the Respondent to cease and desist from violations of the Securities Act.

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

2 **FINDINGS OF FACT**

3 **Respondent**

4 1. Choice E-Credit LLC (“Choice”) is a Washington limited liability company formed on May
5 30, 2018 with its principal place of business in Seattle, Washington. Choice was an online lending platform
6 that was supposed to match individual investors with individual borrowers. Choice registered an Internet
7 website with the domain name choicecredit.online on May 7, 2018 using a proxy filing service.

8 **Related Party**

9 2. According to a filing made with the Washington Secretary of State, Michael Sippel
10 (“Sippel”) was the managing member of Choice. However, the agent for service of process for the
11 corporation could not provide a valid address for Sippel and the credit card charge that was used to make the
12 payment for setting up the corporation was later charged back as an unauthorized charge.

13 **Nature of the Conduct**

14 3. During 2018, Choice maintained an Internet website at <http://choicecredit.online>. It appears
15 that the website was active for approximately five months, between May 2018 and October 2018. The
16 website was taken down on or about October 8, 2018.

17 4. The Choice website purportedly served as an online lending platform for matching investors
18 with borrowers. Choice falsely stated that investors would select the borrowers to whom they would loan
19 money. In fact, some Choice investors never had contact with any borrowers, even though their online
20 account was credited with investment returns, supposedly from loans that were being generated with their
21 investments.

22 5. The Choice investment was promoted in the United States and in foreign countries through
23 social media. Several videos were made and posted to the Internet to promote the investment. These videos
24 were available in English, Spanish, Russian, French, and Vietnamese. So far, the Securities Division has
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1 received information concerning Choice investments made by United States citizens, along with residents of
2 Spain, Venezuela, Guatemala, Mexico, Russia, and Canada.

3 6. Choice preyed upon small investors by taking minimum investments of just \$50 (U.S.
4 Dollars). The investments were supposed to generate returns of 2% to 3% per day. The combination of
5 large returns with a low minimum investment created a lot of excitement about the investment. Some
6 investors believed that they would be able to withdraw their investment income immediately and leave their
7 principal amount invested.

8 7. When investing, Choice requested that the investors provide identifying information about
9 themselves. For example, investors gave Choice copies of the investors' passports, drivers' licenses, utility
10 bills, and credit card information when making their investments.

11 8. Choice accepted investments through several mediums of exchange. Choice accepted
12 investments that were made with Bitcoin and Ethereum. Choice also accepted wire transfers of
13 government-issued currency. For foreign currency exchange investments, funds were converted into U.S.
14 dollars at the current exchange rate on the date of the transfer.

15 **Standard Form "Investment Contract"**

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17 9. After investing, investors received a standard form "Investment Contract" for their Choice
18 investments, which appeared to give the investments legitimacy. The multiple-page contracts referenced a
19 UBI Number that was "issued by the Chairman of the Congress of the State of Washington." In fact,
20 Uniform Business Identifier (UBI) numbers are issued by the Washington State Department of Revenue,
21 and there is no Chairman of the Congress of the State of Washington. The Investment Contracts were
22 stamped with the Choice UBI number and were signed by "Michael Sippel," CEO.

23 10. The Investment Contract indicated that the investor would receive a projected profit for their
24 investment and indicated that Choice would share in that profit. The dollar amount of the profit was
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1 calculated based upon a daily return and the number of days that the contract would remain outstanding.
2 The Investment Contract also indicated that Choice would receive income of about 25% from the investor's
3 profit.

4 **Undisclosed Risks**

5 11. When offering and selling the investment, Choice failed to disclose material risks of the
6 investment. Choice failed to disclose the intended use of the investors' funds. Choice failed to disclose the
7 background and experience of Choice management. Choice failed to identify specific borrowers and to
8 disclose their creditworthiness. Choice also failed to disclose the risk of loss of the entire amount invested.

9 **Registration Status**

10 12. Choice is not currently registered to sell its securities in the state of Washington and has not
11 previously been so registered.

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

14 **CONCLUSIONS OF LAW**

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

17 2. Choice has violated RCW 21.20.140, because, as set forth in the Findings of Fact, the
18 Respondent offered and/or sold securities for which no registration is on file with the Securities
19 Administrator.

20 3. Choice has violated RCW 21.20.010, because, as set forth in the Findings of Fact, the
21 Respondent made untrue statements of material fact or omitted to state material facts necessary to make the
22 statements made, in light of the circumstances in which they were made, not misleading.
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1 Based upon the foregoing and finding it in the public interest:

2 **FINAL ORDER**

3 IT IS HEREBY ORDERED that the Respondent Choice E-Credit LLC, their agents and employees
4 each shall cease and desist from offering and/or selling securities in any manner in violation of RCW
5 21.20.140, the registration section of the Securities Act of Washington.

6 IT IS FURTHER ORDERED that the Respondent Choice E-Credit LLC, their agents and employees
7 each shall cease and desist from violating RCW 21.20.010, the anti-fraud section of the Securities Act of
8 Washington.

9 **AUTHORITY AND PROCEDURE**

10 This FINAL ORDER is entered pursuant to the provisions of RCW 21.20.110 and RCW 21.20.390,
11 and is subject to the provisions of RCW 21.20.120 and Chapter 34.05 RCW. Respondents have the right to
12 petition the superior court for judicial review of this agency action under the provisions of RCW 34.05. For
13 the requirements for Judicial Review, see RCW 34.05.510 and sections following.

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

15 SIGNED and ENTERED this 13th day of March, 2019

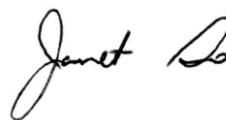
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20 William M. Beatty
21 Securities Administrator

22 Approved by:

22 Presented by:

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Suzanne Sarason
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