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

IN THE MATTER OF DETERMINING  
whether there has been a violation  
of the Securities Act of Washington by:

Charles Winn, LLC,  
  
Respondent.

Order Number S-20-3038-20-SC01

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

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THE STATE OF WASHINGTON TO:

Charles Winn, LLC

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**STATEMENT OF CHARGES**

Please take notice that the Securities Administrator of the State of Washington has reason to believe that the Respondent Charles Winn, LLC has violated the Securities Act of Washington and that its violations justify the entry of an order of the Securities Administrator to cease and desist from such violations pursuant to RCW 21.20.390, to impose fines pursuant to RCW 21.20.395, and to recover costs pursuant to RCW 21.20.390. The Securities Administrator finds as follows:

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**TENTATIVE FINDINGS OF FACT**

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**Respondent**

1. Charles Winn, LLC (Charles Winn) is a limited liability company that was registered in Delaware in August 2017. Charles Winn uses business addresses of 300 Delaware Ave., Suite 210, Wilmington, Delaware (a virtual office) and 3524 Silverside Road, Suite 35B, Wilmington, Delaware (the office of its registered agent). Charles Winn is headquartered in the United Kingdom.

1 **Prior Enforcement Action**

2 2. On October 22, 2020, the Texas State Securities Board filed an Emergency Cease and Desist  
3 Order against Charles Winn, LLC, Charlie Jake Smith, Oscar Valentine, Christian Fonte aka Chris Font,  
4 Casey Farrell, Joe Adams, Helen Stanley, and Michael Jones. The order alleges that Charles Winn and its  
5 sales agents offered and sold unregistered securities in Texas, and have engaged in fraud by intentionally  
6 failing to disclose the identities of the principals and managers of the company and by using aliases to  
7 conceal the identities of the sales agents. The order further alleges that Charles Winn and its sales agents  
8 misrepresented that the company has a physical office address in Delaware, and failed to disclose material  
9 information to investors including the commissions paid to the sales agents, risks of the investment, and  
10 information about the performance of previous investments sold.

11 **Introduction**

12 3. Charles Winn and its sales agents have engaged in a cold-calling scheme to target investors  
13 throughout the United States to invest in its wine brokerage program. Charles Winn claims it will identify  
14 and purchase a portfolio of fine wines on behalf of investors, which will be held in a bonded warehouse  
15 until sold for a profit. Charles Winn raised at least \$5 million dollars from investors nationwide. Between  
16 approximately January 2018 and October 2020, four Washington residents invested approximately \$68,000  
17 in Charles Winn’s wine brokerage program. The Washington residents received repeated cold-call  
18 solicitations and were told they could make a lucrative return on an investment. To date, none of the  
19 investors have received a return on their investment.

20 **Sales in Washington**

21 4. Between approximately January 2018 and October 2020, four Washington residents  
22 invested a total of \$68,275 in Charles Winn’s wine brokerage program. The residents received repeated  
23 cold-calls by Charles Winn sales agents until they agreed to invest. Charles Winn sales agents claimed

1 that they had access to rare vintage wines, and one Washington resident was told that Charles Winn only  
2 deals in the top 2% of the rarest wine in the world. Charles Winn sales agents represented that the wine  
3 would appreciate over time, and when the wine was sold Charles Winn would take 10% of the sale proceeds  
4 as their commission.

5 5. Charles Winn sales agents represented to investors that Charles Winn had access to certain  
6 markets to sell the wine. Sales agents represented to investors that the wine would be sold in China and  
7 India, and that there would be a lot of sales during the Chinese New Year and other holidays. One investor  
8 was told that Charles Winn had a client list that included hotels in China, which would buy large quantities  
9 of wine. One investor was also told that the wine could be sold at auction.

10 6. The sales agents represented to investors that the wine brokerage program has a high return.  
11 Two investors were told that that they could make returns of approximately 10-30%, and one investor was  
12 told that he could make four to five times the amount of his principal. One investor was told that he could  
13 make a return in four months, and another investor was told that he could make a return in six months or  
14 less. Charles Winn sales agents failed to provide a reasonable basis for the projected return on investment.

15 7. Charles Winn and its sales agents did not provide the investors with any disclosure  
16 documents prior to their investments. Charles Winn failed to provide the investors with material  
17 information regarding their company, including the operational history, litigation history, financial  
18 statements, the identities of the principals and managers of the company, and the location of its principal  
19 office. Charles Winn and its sales agents also failed to disclose the general and specific risks of the  
20 investment, and the amount of the commission that the sales agents would receive.

21 8. Between approximately January 2018 and May 2020, four Washington residents made  
22 initial investments totaling \$22,095 with Charles Winn. The Washington residents paid by wire transfer,  
23 check, and credit card. The majority of the funds were deposited into a bank account in the name of Charles

1 Winn, LLC. Charles Winn sales agents represented to at least three of the Washington investors that their  
2 investment was for the purchase of one case of wine.

3 9. Over two years after his initial investment, one investor asked to sell the case of wine that  
4 he purchased. Charles Winn sales agents represented to this investor that he did not have a large enough  
5 portfolio of wine to sell, and that he needed to invest more funds to increase the value of his portfolio,  
6 which he could then combine with other investor portfolios to sell. The investor agreed to invest additional  
7 funds, and between August and October 2020, the resident invested an additional \$46,180 with Charles  
8 Winn. The investor made payment via cashier's check and wire transfers. Charles Winn sales agents  
9 represented to the investor that his additional investment was for the purchase of seven cases of wine.  
10 Charles Winn and its sales agents failed to disclose to the investor, prior to his investment, the size that his  
11 wine portfolio would need to reach before he could sell it.

12 10. Charles Winn sales agents also repeatedly solicited the three other investors to invest  
13 additional funds. When one investor asked Charles Winn about the return on his investment to date, he  
14 was told that he had made a 12% return, and was solicited to invest additional funds. Another investor has  
15 received phone calls from Charles Winn sales agents more than one time a week. These three investors  
16 have not invested additional funds with Charles Winn.

17 11. To date, none of the investors have received a return on their investment. The investors have  
18 held their initial investments in wine between seven months to almost three years, which exceeds the  
19 approximate four to six month projection for when they could expect a return on their investment.

### 20 **Registration Status**

21 12. Charles Winn, LLC was not registered to offer and sell securities in the State of Washington  
22 during the relevant period, nor has it filed a claim of exemption from registration.

23 13. Charles Winn, LLC has never been registered as a broker-dealer in the State of Washington.

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

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3 **CONCLUSIONS OF LAW**

4 1. The offer and/or sale of the wine brokerage program described above constitutes the offer  
5 and/or sale of a security as defined in RCW 21.20.005(14) and (17).

6 2. Charles Winn, LLC has violated RCW 21.20.140 because, as set forth in the Tentative  
7 Findings of Fact, they offered and/or sold securities for which no registration is on file with the Securities  
8 Administrator, and for which no valid claim of exemption exists.

9 3. Charles Winn, LLC has violated RCW 21.20.040 by offering and selling securities while  
10 not registered as a broker-dealer in the State of Washington.

11 4. Charles Winn, LLC has violated RCW 21.20.010 because, as set forth in the Tentative  
12 Findings of Fact, they made misstatements of material fact or omitted to state material facts necessary in  
13 order to make the statements made, in light of the circumstances under which they were made, not  
14 misleading.

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

16 Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator  
17 intends to order that the Respondent Charles Winn, LLC, and their agents and employees, shall cease and  
18 desist from violations of RCW 21.20.140, RCW 21.20.040, and RCW 21.20.010.

19 **NOTICE OF INTENT TO IMPOSE FINES**

20 Pursuant to RCW 21.20.395, and based upon the above Tentative Findings of Fact and Conclusions of  
21 Law, the Securities Administrator intends to order that Respondent Charles Winn, LLC shall be liable for  
22 and pay a fine of \$40,000.

23 **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 Respondent Charles Winn, LLC shall be liable  
3 for and pay the Securities Division the costs, fees and other expenses incurred in the administrative  
4 investigation and hearing of this matter in an amount not less than \$5,000.

5 **AUTHORITY AND PROCEDURE**

6 This Statement of Charges is entered pursuant to the provisions of Chapter 21.20 RCW and is  
7 subject to the provisions of Chapter 34.05 RCW. The Respondent may make a written request for a hearing  
8 as set forth in the Notice of Opportunity for Hearing accompanying this Order. If the respondent does not  
9 make a hearing request in the time allowed, the Securities Administrator intends to adopt the above  
10 Tentative Findings of Fact and Conclusions of Law as final and to enter a permanent order to cease and  
11 desist as to the respondent, to impose the fines sought against the respondent, and to charge the costs sought  
12 against the respondent.

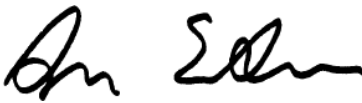
13 Signed and Entered this 7th day of January, 2021.

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16 William M. Beatty  
17 Securities Administrator

18 Approved by:

Presented by:

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21 Suzanne Sarason  
22 Chief of Enforcement

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25 Bridgett Fisher  
Financial Legal Examiner

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Reviewed by:



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Jack McClellan  
Financial Legal Examiner Supervisor