

1 **STATE OF WASHINGTON**
2 **DEPARTMENT OF FINANCIAL INSTITUTIONS**
3 **SECURITIES DIVISION**

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

5 WA State Construction LLC;
6 Cody Hopkins;

Respondents.

Order No. S-21-3213-22-FO01

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

7 THE STATE OF WASHINGTON TO:

8 WA State Construction LLC
Cody Hopkins

9 Please take notice that the Securities Administrator of the state of Washington has reason to believe
10 that Respondents WA State Construction LLC and Cody Hopkins have each violated the Securities Act of
11 Washington. The Securities Administrator believes these violations justify the entry of an order against
12 Respondents WA State Construction LLC and Cody Hopkins to cease and desist from such violations, to
13 impose fines, and to charge costs pursuant to RCW 21.20.390 and RCW 21.20.395. The Securities
14 Administrator finds as follows:

15 On March 21, 2022, the Securities Administrator of the state of Washington issued Statement of
16 Charges and Notice of Intent to Enter Order to Cease and Desist, To Impose Fines, and to Charge Costs,
17 Order No. S-21-3213-21-SC01 (“Statement of Charges”). The Statement of Charges, together with a Notice
18 of Opportunity for Hearing (“Notice”) and an Application for Adjudicative Hearing (“Application”), were
19 served on Respondents WA State Construction LLC and Cody Hopkins on March 25, 2022. The Notice
20 advised Respondents WA State Construction LLC and Cody Hopkins that the Application must be received
21 within twenty days from the date of service. Respondents WA State Construction LLC and Cody Hopkins
22 failed to request an administrative hearing within twenty days of service.

1 The Securities Administrator therefore adopts as final the following Findings of Fact and
2 Conclusions of Law as set forth in the Statement of Charges and enters a final order against Respondents
3 WA State Construction LLC and Cody Hopkins to cease and desist from violations of the Securities Act,
4 and to impose the fines and costs sought in the Statement of Charges.

5 FINDINGS OF FACT

6 Respondents

7 1. WA State Construction LLC was a Washington limited liability company that was formed on
8 March 15, 2008. WA State Construction LLC was administratively dissolved on August 3, 2020.

9 2. Cody Hopkins is a resident of Battle Ground, Washington and was the founder of WA State
10 Construction LLC. In October 2010, Hopkins entered a guilty plea and was convicted of theft in second
11 degree.

12 Nature of the Conduct

13 3. Between 2019 and 2020, Cody Hopkins and WA State Construction LLC raised more than
14 \$250,000 through the offer and sale of promissory note investments to a retired senior citizen who resides
15 in Battle Ground, Washington. The senior citizen invested through his self-directed individual retirement
16 account (IRA). The senior citizen initially made his investment checks out to WA State Construction LLC.
17 Hopkins later instructed the senior citizen to make his investment checks out to him personally.

18 4. Hopkins told the senior citizen that he would use his investment funds to acquire and remodel
19 specific properties and resell them at a profit. Hopkins told the senior citizen that he would split the profits
20 from the resale of the remodeled properties. The senior citizen was a passive investor and was not
21 responsible for any of the remodeling work on the properties. Hopkins executed promissory notes that had
22 a term of one year. The promissory notes indicated that the senior citizen would receive interest at the rate
23

1 of 15% per annum for any unpaid principal. The promissory notes were issued by WA State Construction
2 LLC.

3 5. The Respondents did not provide the senior citizen investor with a written offering document
4 and failed to disclose the risks of the investments. The Respondents did not provide the senior citizen
5 investor with financial statements for WA State Construction, LLC. Hopkins failed to disclose to the
6 investor that he had a 2010 criminal conviction for theft in the second degree. Hopkins failed to disclose
7 to the investor that his construction contractor license had been suspended in 2019.

8 6. Beginning around May 2019, Hopkins sold promissory note investments that involved
9 renovating two mobile homes in Oregon. Beginning around August 2019, Hopkins sold promissory note
10 investments involving three properties in Battle Ground, Washington that were owned by his mother. Two
11 of the properties were vacant lots and one of the properties contained a home that Hopkins said he would
12 remodel and sell.

13 7. By approximately December 2019, the mobile homes in Oregon had been remodeled and sold.
14 Hopkins led the senior citizen to believe that he had earned a return of \$48,000 on his original investment
15 of \$25,000 and a return of \$45,000 on his original investment of \$19,000. Hopkins convinced the senior
16 citizen to roll the proceeds into a new promissory note.

17 8. In approximately February 2020, Hopkins executed a deed of trust and provided a copy to the
18 senior citizen. The deed of trust indicated that the investor was owed \$313,000 by Hopkins and WA State
19 Construction LLC. The deed of trust indicated that this amount was secured by the three Battle Ground
20 properties described above. Hopkins led the senior citizen to believe that he would promptly record the
21 deed of trust. In truth and in fact, Hopkins never recorded the deed of trust, which left the investor's
22 promissory notes unsecured.
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1 **CONCLUSIONS OF LAW**

2 1. The offer and/or sale of the promissory note investments described above constitutes the offer
3 and/or sale of a security as defined in RCW 21.20.005(14) and (17).

4 2. WA State Construction LLC and Cody Hopkins violated RCW 21.20.010 by making untrue
5 statements of material fact or omitting to state material facts necessary to make the statements made, in
6 light of the circumstances in which they were made, not misleading.

7 **FINAL ORDER**

8 IT IS HEREBY ORDERED that Respondents WA State Construction LLC and Cody Hopkins, and
9 their agents and employees, shall each cease and desist from offering and/or selling securities in any manner
10 in violation of RCW 21.20.140, the securities registration section of the Securities Act of Washington.

11 IT IS FURTHER ORDERED that Respondent WA State Construction LLC shall be liable for and
12 pay a fine in the amount of \$10,000.

13 IT IS FURTHER ORDERED that Respondent Cody Hopkins shall be liable for and pay a fine in the
14 amount of \$10,000.

15 IT IS FURTHER ORDERED that Respondent Cody Hopkins shall be liable for and pay costs in the
16 amount of \$2,500.

17 **AUTHORITY AND PROCEDURE**

18 This FINAL ORDER is entered pursuant to RCW 21.20.390 and is subject to Chapter 34.05 RCW.
19 Respondents have the right to petition the superior court for judicial review of this agency action under Part
20 V of Chapter 34.05 RCW. Pursuant to RCW 21.20.395(4), a certified copy of this Final Order may be filed
21 in superior court. If so filed, the clerk shall treat the Final Order in the same manner as a superior court
22 judgment as to the fine, and the fine may be recorded, enforced, or satisfied in like manner.
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2 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

3 SIGNED and ENTERED this 18th day of April, 2022.
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7 _____
8 William M. Beatty
9 Securities Administrator

10 Approved by:

10 Presented by:

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12 _____
13 Brian J. Guerard
14 Chief of Enforcement

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12 _____
13 Robert Kondrat
14 Financial Legal Examiner