# 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:

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Darrell Singleton, d/b/a D. Singleton Investments,

Respondent.

Order No.: S-22-3455-23-CO01

CONSENT ORDER

## **INTRODUCTION**

Pursuant to the Securities Act of Washington, RCW 21.20, the Securities Division of the Department of Financial Institutions ("Securities Division") and the Respondent, the Estate of Darrell Singleton, do hereby enter into this Consent Order in settlement of the matters alleged herein. The Respondent, the Estate of Darrell Singleton, neither admits nor denies the Findings of Fact and Conclusions of Law as stated below.

### FINDINGS OF FACT

# Respondent

1. Darrell Singleton ("Singleton") is a deceased former resident of Federal Way, Washington. As set forth further below, Singleton ran an investment program called Fast Track, often using the name "D. Singleton Investments." The Estate of Darrell Singleton is the respondent in this matter.

### Nature of the Conduct

## Overview

2. From approximately 2006 until his death in December 2021, Singleton offered and sold interests in, and purportedly managed, an unregistered investment program which he called "Fast Track." By no later than 2013, Singleton was (a) misrepresenting the amount of funds in the program and the success of

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his investing strategy; (b) repeatedly lying to investors about the reasons they were unable to withdraw their funds from the program; and (c) misrepresenting to at least one investor, who believed they were purchasing another investor's shares, his plans for the use of that investor's money.

# **Beginning of the Fast Track Program**

- 3. Singleton generally located investors in the program through an investing class that he taught regularly in Las Vegas. In approximately 2005, Singleton began soliciting students in the class and acquaintances in similar circles to invest in what he referred to as the "Fast Track" program. Singleton generally told investors that he would pool program participants' money together with his own funds, and would manage the program himself. Singleton represented that he would trade a wide variety of assets, using an investing strategy based on profiting from short-term price movements for those assets. At the outset of the Fast Track program, Singleton told investors that the program would last for ten years, meaning that they would receive payouts from the program in approximately 2015. Singleton did not provide Fast Track investors with any materials disclosing the risks related to the program, and most investors interviewed by the Division indicated that they did not receive any contract or other written materials in connection with their investment.
- 4. Due to the length of time since the Fast Track program began, the Securities Division has been unable to obtain bank records which would enable a complete analysis of the program and Singleton's use of funds from investors. However, in several emails to investors, Singleton represented that there were 48 original investors in the program, many of whom had sold or otherwise disposed of their shares over time. Singleton also claimed in a July 2017 email to investors that there was a total of "\$9 to \$10 Million" originally invested in the program.

# Singleton's False Claims About the Fast Track Program's Success

5. Although the Fast Track program was supposed to end in 2015, Singleton did not allow investors to withdraw their funds from the program at that point. From the purported end date of the program until his death in 2021, Singleton sent semi-regular emails to Fast Track investors with updates on the program's performance. In an October 2019 email, Singleton claimed that the Fast Track program was "now totaling well over the \$38 Million range which includes all of our original investments + the profits earned during our span over the years." Singleton also told investors that the Fast Track program's investments had returned over 100% during its operation, and "Fed Auditors" had given the program "a Ninety-Eight Percent, double AA+ rating...which means that, over the years we outperformed the majority of investment companies around the globe." There are no government auditors which give these types of post-hoc ratings to investment programs, and the Securities Division is not aware of any private-sector auditors which do so.

6. Based on the records reviewed by the Securities Division, Singleton's claims about the success of the program were false. In his emails to investors, Singleton claimed to have accounts or monitoring relationships with Scottrade, TD Ameritrade (which purchased Scottrade in 2017), and ING Sharebuilder (which was purchased by Capital One Investing in 2012). In response to a Securities Division inquiry, Capitol One Investing indicated that they have no record of Singleton ever having a Capitol One Investing or a Sharebuilder account. Singleton did have an account at Scottrade (and later at TD Ameritrade), for which the Securities Division has obtained account records from October 2013 until Singleton's death in December 2021. The highest account value in any month from October 2013 until Singleton's death in December 2021 was \$62,881.25, approximately 0.16% of the \$38 million value claimed by Singleton.

<sup>&</sup>lt;sup>1</sup> Singleton had sent investors similar emails, which he styled as "Daily Support News," during the Fast Track program.

#### CONSENT ORDER

## Singleton's False Claims About Regulatory Audits and Other Programs

- 7. In addition to his false claims about the Fast Track program's performance, Singleton lulled investors with a wide range of false claims about why the program's investors could not withdraw their money. Most prominently, Singleton claimed in various emails from approximately 2017 to 2019 that the program was being audited by the Securities and Exchange Commission ("SEC"), the Government Accountability Office, and the Canadian counterpart to the SEC. While the SEC regulates many types of investments and conducts examinations of its financial-industry licensees, it (a) does not perform audits, and (b) has no record of ever having dealt with Singleton. And, while the Government Accountability Office does perform audits, it does so only for federal government agencies, and does not and has never performed private-sector audits.
- 8. Singleton also claimed that distributions could not be made because the auditors were requiring all investors in the program to pay "brokerage fees" of several hundred dollars before any distributions. The Securities Division is not aware of any investment vehicle structures, laws, or regulatory practices which would require investors to pay previously-undisclosed "brokerage fees" before distributions would be allowed. To the extent that this structure exists at all, it would be a material omission to fail to disclose to investors that their investment could be locked up if a co-investor failed to make a required payment.
- 9. Singleton also claimed, in an August 2020 email, to have significant assets invested in a "Bond Redemption Program, tied to the reinstatement of the Iraqi Dinar," which he claimed would be used to pay investors if the Fast Track program was not approved to make distributions. The dinar, which is Iraq's main currency and lost significant value during the United States' invasion of Iraq, has been a common avenue for scammers for at least the past decade. Singleton claimed that the Iraqi dinar program in which he was investing "had enough bonds of value to literally pay-off the American National debt...twice over and then some." According to data from the World Bank, Iraq's GDP in 2020 was \$184.37 billion, approximately 0.68% of the \$26.95 trillion total value of the US national debt at that time. Given that it would take approximately 147

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years of Iraq's total GDP to pay off the US national debt, Singleton's claim that any Iraqi bond program could be worth the stated amounts is extraordinarily implausible.

## Singleton's Share Buyout Fraud

10. Singleton also repeatedly defrauded one investor, A.B., by falsely representing that other investors in the Fast Track program wanted to sell their shares and taking payments from A.B. to buy them. Singleton never told A.B. whose shares he was supposedly purchasing, and did not provide A.B. with any documentation of the share purchases. From October 2015 to August 2018, A.B. sent Singleton 19 different payments totaling over \$2.3 million, which A.B. believed were to buy out the shares of other investors who wanted to exit the Fast Track program. While some payments did go to other investors during this period, the overwhelming majority was spent on Singleton's personal expenses. In total, approximately \$485,000 went to other Fast Track investors from October 2015 to August 2018, while the remainder of A.B.'s funds (approximately \$1.8 million) were spent on Singleton's personal expenses such as credit card payments, taxes, Singleton's mortgage, and a car and tuition payments for Singleton's family members.

## **Registration Status**

- 11. The Fast Track program is not, and has never been, registered to sell its securities in the State of Washington, nor has it filed a claim of exemption from registration.
- 12. Darrell Singleton is not, and has never been, registered as an investment adviser, investment adviser representative, broker-dealer, or securities salesperson in the State of Washington.

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

### **CONCLUSIONS OF LAW**

1. The offer and/or sale of the Fast Track program interests, as described above, constitute the offer and/or sale of a security as defined in RCW 21.20.005(14) and (17).

- 2. Darrell Singleton has violated RCW 21.20.140, because, as set forth in the Tentative Findings of Fact, Respondents offered and/or sold securities for which no registration is on file with the Securities Administrator.
- 3. Darrell Singleton has violated RCW 21.20.040 by providing investment adviser services, for compensation, to the Fast Track program without being registered as an investment adviser or investment adviser representative in the State of Washington.
- 4. Darrell Singleton has violated RCW 21.20.020, because, as set forth in the Tentative Findings of Fact, he engaged in acts, practices, or courses of business which operated as a fraud or deceit on Fast Track investors.
- 5. Darrell Singleton has violated RCW 21.20.010 because, as set forth in the Tentative Findings of Fact, he failed to provide Fast Track program investors with any disclosures related to the risks of investing in the program.

Based upon the foregoing and finding it in the public interest:

### **CONSENT ORDER**

IT IS AGREED AND ORDERED that the Estate of Darrell Singleton shall use not less than \$55,000 of the estate's assets to make restitution to investors in the Fast Track program in proportion to their interest in the program.

IT IS FURTHER AGREED AND ORDERED that the Estate of Darrell Singleton shall be liable for and shall pay a fine of \$100,000 on or before the entry of this Consent Order, but that such fine shall be deemed satisfied by the restitution plan described above.

IT IS FURTHER AGREED AND ORDERED that the Estate of Darrell Singleton shall be liable for and shall pay investigative costs of \$10,000 on or before entry of this Consent Order, but that such costs shall be deemed satisfied by the restitution plan described above.

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	IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this Consent Order.
	IT IS FURTHER AGREED that the Respondent, the Estate of Darrell Singleton, enters into this
	Consent Order freely and voluntarily and with a full understanding of its terms and significance.
	IT IS FURTHER AGREED that in consideration of the foregoing, the Respondent, the Estate of
	Darrell Singleton, waives its right to a hearing and to judicial review of this matter pursuant to RCW 21.20.440
	and Chapter 34.05 RCW.
	WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.
	Signed this <u>28th</u> day of <u>June</u> , 2023.
	Signed by:
	Estate of Darrell Singleton
	/s
	Gay Singleton
	Personal Representative
	Approved as to form by:
	<u>/s</u>
	Rick Hoefel, Attorney for Estate of Darrell Singleton WSBA #17865
	SIGNED and ENTERED this12th day of _July, 2023.
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2	Chief of Enforcement
3	Reviewed by:
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5	Holly Mack-Kretzler Financial Legal Examiner Supervisor
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