

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
5 Securities Act of Washington by:
Educator of Truth, and His or Her Successors, a
6 corporation sole, d/b/a Educational
Empowerment Corporation;
7 Mark Laurence Donald Emerson,
Respondents.

Order No. S-23-3552-23-SC01
STATEMENT OF CHARGES AND NOTICE OF
INTENT TO ENTER ORDER TO CEASE AND
DESIST, TO IMPOSE A FINE, AND TO CHARGE
COSTS

8 **THE STATE OF WASHINGTON TO:**

Educator of Truth, and His or Her Successors, a
9 corporation sole, d/b/a Educational
Empowerment Corporation;
10 Mark Laurence Donald Emerson

11 **STATEMENT OF CHARGES**

12 Please take notice that the Securities Administrator of the State of Washington has reason to believe
13 that Respondents Educator of Truth, and His or Her Successors, a corporation sole, d/b/a Educational
14 Empowerment Corporation; and Mark Laurence Donald Emerson violated the Securities Act of Washington.
15 The Securities Administrator believes these violations justify the entry of an order against Respondents
16 Educator of Truth, and His or Her Successors, a corporation sole, d/b/a Educational Empowerment
17 Corporation; and Mark Laurence Donald Emerson to cease and desist from such violations, to impose a fine,
18 and to charge costs pursuant to RCW 21.20.390 and RCW 21.20.395. The Securities Administrator finds as
19 follows:

20 **TENTATIVE FINDINGS OF FACT**

21 **Respondents**

22 1. Respondent Educator of Truth, and His or Her Successors, a corporation sole, d/b/a
23 Educational Empowerment Corporation (“EEC”) is a Nevada entity formed on April 17, 2003 with its

1 principal place of business in Austin, Texas. EEC’s business is developing a program for teaching algebra,
2 primarily to homeschoolers.

3 2. Respondent Mark Laurence Donald Emerson (“Emerson”) is a resident of Texas and the
4 principal of EEC.

5 **Nature of the Conduct**

6 3. From early to mid-2023, EEC and Emerson offered investments issued by EEC via EEC’s
7 website, algebraVictory.com. In the offering prospectus on EEC’s website, Emerson describes EEC as “a
8 patriotic, nonprofit, spiritual, educational, tax-exempt, 501(c)(3)1 organization seeking investment capital to
9 develop AlgebraVictory and sell it to a vast market, focusing initially on homeschoolers.”

10 4. EEC characterizes its investments as “charms,” which it subdivides into two types, “hearts”
11 and “stars.” EEC claims that “[h]eart investments are tax-deductible donations,” and that “[r]eturns are paid
12 as grants to [the investor’s] nonprofit.” For “stars,” EEC stated that “[r]eturns are paid to [the investor] and
13 may be taxable.” An investor in EEC would receive a certain number of “charms” depending on their level of
14 investment; the investor would choose whether their “charms” were “hearts” or “stars.”

15 5. In the most recent iteration of its prospectus, EEC offered six levels of investment package,
16 ranging from a low of \$990 to a high of \$1,000,000. EEC projected extraordinarily high returns on every level
17 of investment, ranging from a “**2,093%** return on cumulative investment” for the \$990 package to a “**3,242%**
18 return on cumulative investment” for the \$1,000,000 package (emphases in originals). EEC further claims
19 that the “projected pre-Offering current valuation of EEC is \$132,551,301.” EEC bases this valuation on its
20 own revenue growth projections of 3,259% from 2023-24, 288% from 2024-25, and 400% in both 2025-26
21 and 2026-27. Emerson and EEC further represented that their extraordinarily high financial projections were
22 “normal for startups” and compared them to venture capital investments, but failed to explain how EEC’s
23 offering was reasonably comparable to such investments.

1 Emerson are relying in the offer. Although the model accredited investor exemption does allow an issuer to
2 provide further information to persons it reasonably believes are accredited investors, Emerson and EEC had
3 no mechanism for establishing such a reasonable belief. While EEC’s website contained a click-through page
4 where the viewer purportedly confirmed that they were accredited before viewing the prospectus, EEC and
5 Emerson took no steps to verify this claim, and did not even ask the viewer of the website to state how they
6 qualified as an accredited investor. Because EEC and Emerson made a public offering which contained
7 substantially more information than allowed by the rule, the model accredited investor exemption is not
8 available to them.

9 10. In Algebra Victory’s prospectus, EEC and Emerson also claim to be exempt from registration
10 in numerous other states under an exemption for securities issued by nonprofit organizations (in Washington,
11 RCW 21.20.310(11) sets forth the nonprofit exemption). This exemption is unavailable to EEC and Emerson
12 for several reasons. First, the person claiming the exemption must first file a notice of the offering with DFI’s
13 Securities Division; Emerson and EEC did not do so. Second, securities offered by a nonprofit organization
14 must be “offered or sold only to persons who, prior to their solicitation for the purchase of said securities,
15 were members of, contributors to, or listed as participants in, the organization.” As set forth above, EEC’s
16 prospectus was generally available to both EEC members and non-members on Algebra Victory’s website,
17 meaning that it was offered to non-members of EEC. Finally, even if the nonprofit exemption were available,
18 the exemptions set forth in RCW 21.20.310 only provide a method for the securities themselves to be exempt
19 from registration, not the persons selling the securities. As noted above, Emerson is not and has never been
20 registered with the Securities Division as a broker-dealer or securities salesperson, meaning that he would not
21 be appropriately licensed to sell Algebra Victory securities even if EEC qualified for the nonprofit exemption.

22 **Other State Actions**

1 Pursuant to RCW 21.20.390(1), and based upon the Tentative Findings of Fact and Conclusions of
2 Law, the Securities Administrator intends to order Respondent Educator of Truth, and His or Her Successors,
3 a corporation sole, d/b/a Educational Empowerment Corporation, and their agents and employees, to each
4 permanently cease and desist from violating RCW 21.20.140, and Respondent Mark Laurence Donald
5 Emerson, and his agents and employees, to each permanently cease and desist from violating RCW 21.20.040.

6 **NOTICE OF INTENT TO IMPOSE FINES**

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

9 a. Respondent Educator of Truth, and His or Her Successors, a corporation sole, d/b/a
10 Educational Empowerment Corporation shall be liable for and shall pay a fine of \$5,000; and

11 b. Respondent Mark Laurence Donald Emerson shall be liable for and shall pay a fine of \$5,000.

12 **NOTICE OF INTENT TO CHARGE COSTS**

13 Pursuant to RCW 21.20.390, and based upon the Tentative Findings of Fact and Conclusions of Law,
14 the Securities Administrator intends to order that Respondents Educator of Truth, and His or Her Successors,
15 a corporation sole, d/b/a Educational Empowerment Corporation and Mark Laurence Donald Emerson shall
16 be jointly and severally liable for and for and shall pay the costs, fees, and other expenses incurred in the
17 administrative investigation and hearing of this matter, in an amount not less than \$1,000.

18 **AUTHORITY AND PROCEDURE**

19 This Statement of Charges is entered pursuant to the provisions of Chapter 21.20 RCW and is subject
20 to the provisions of Chapter 34.05 RCW. Respondents Educator of Truth, and His or Her Successors, a
21 corporation sole, d/b/a Educational Empowerment Corporation and Mark Laurence Donald Emerson may
22 each make a written request for a hearing as set forth in the Notice of Opportunity for Hearing accompanying
23 this Order. If a respondent does not make a hearing request in the time allowed, the Securities Administrator

1 intends to adopt the above Tentative Findings of Fact and Conclusions of Law as final and to enter a permanent
2 order to cease and desist as to that respondent, to impose any fines sought against that respondent, and to
3 charge any costs sought against that respondent.

4
5 SIGNED and ENTERED this 5th day of January, 2024.



/s/

William M. Beatty
Securities Administrator

14 Approved by:

Presented by:

/s/

Brian Guerard
Chief of Enforcement

/s/

Adam N. Yeaton
Financial Legal Examiner

17 Reviewed by:

/s/

Holly Mack-Kretzler
Financial Legal Examiner Supervisor