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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:

David Lai and Golden Solutions Mortgage, Inc.
Respondents

Order Number S-03-227-04-CO01

CONSENT ORDER

Pursuant to the Securities Act of Washington, RCW 21.20, the Securities Division of the Department of Financial Institutions (“Securities Division”) and Respondents, David Lai and Golden Solutions Mortgage, Inc., do hereby enter into this CONSENT ORDER in settlement of the matters alleged herein.

FINDINGS OF FACT

I. OFFER AND SALE OF NOTES

From 2002 through 2004, David Lai (“Lai”) and Golden Solutions Mortgage, Inc. (“Golden Solutions”) have offered and sold approximately 30 promissory notes totaling approximately \$800,000 to four investors, including one Washington investor. The notes were made by borrowers from Golden Solutions who were purchasing or refinancing their homes. The notes are secured by second or third position deeds of trust against the homes, which are located in Nevada or Washington. The notes have terms of approximately five years with annual interest of 11.125%. Each note is funded by a single investor.

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II. FAILURE TO DISCLOSE SIGNIFICANT INFORMATION

When offering and selling the promissory notes, Lai and Golden Solutions failed to adequately disclose the risks of the investments. Lai and Golden Solutions failed to disclose the risk of possible decline in the value of the real estate that purportedly secured the investment. Lai and Golden Solutions failed to disclose the risk of loss due to the failure to insure the investor’s interest in the real estate that purportedly secured the investment. Lai and Golden Solutions failed to disclose the costs of foreclosing a deed of trust if a borrower stopped making payments on a note. Lai and Golden Solutions failed to disclose the risk of foreclosure if a borrower stopped paying property taxes on the real property that purportedly secured the investment. Lai and Golden Solutions failed to disclose the risks associated with foreclosing second and third position deeds of trust, including the need to maintain adequate cash reserves to buy out or make payments on notes secured by prior recorded deeds of trust against the real property that purportedly secured the investment.

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CONCLUSIONS OF LAW

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I.

16 The offer and sale of the notes described in the above Findings of Fact constitute a “security,” as
17 defined in RCW 21.20.005(10) and RCW 21.20.005(12), in the form of notes.

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II.

19 The offer and sale of these securities violated RCW 21.20.010 because, in connection with the
20 offer and sale of the securities, Respondents each omitted to state material facts necessary in order to
21 make the statements that were made not misleading.
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CONSENT ORDER

Based upon the foregoing:

IT IS AGREED AND ORDERED that Respondents, David Lai and Golden Solutions Mortgage, Inc., and their agents and employees each shall cease and desist from violating RCW 21.20.010, the anti-fraud section of the Securities Act of Washington.

IT IS AGREED AND ORDERED that, in consideration of resolving this matter, David Lai and Golden Solutions Mortgage, Inc. each shall pay the Securities Division \$750 for the costs of investigating this matter.

IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this order.

IT IS FURTHER AGREED that, in consideration of resolving this matter, David Lai and Golden Solutions Mortgage, Inc., each shall waive their rights to a hearing in this matter and to judicial review of this order.

SIGNED this 24th day of September, 2004

Approved for entry by:

/s/Ralph R. Smith

Ralph R. Smith
WSBA #5358
Attorney for David Lai and Golden Solutions Mortgage, Inc.

Signed by:

Golden Solutions Mortgage, Inc.

/s/ David Lai

By _____
David Lai, President

1 Signed by:

2
3 /s/David Lai

4 _____
David Lai, individually

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7 SIGNED and ENTERED this 28th day of September, 2004

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11 MICHAEL E. STEVENSON
Securities Administrator

12 Approved by:

12 Presented by:

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16 _____
Martin Cordell
Chief of Enforcement

17 _____
Janet So
Financial Legal Examiner