

**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:

Pacific Coast Investment Company,
Respondent

Order Number S-05-073-05-CO01

CONSENT ORDER

Pursuant to the Securities Act of Washington, ch. 21.20 RCW, the Securities Division of the Department of Financial Institutions (“Securities Division”) and Respondent, Pacific Coast Investment Company, do hereby enter into this CONSENT ORDER in settlement of the matters alleged herein. Respondent admits the Findings of Fact set forth below, but neither admits nor denies the Conclusions of Law.

FINDINGS OF FACT

RESPONDENT

1. Pacific Coast Investment Company (“PCIC”) is a Washington corporation with its principal place of business at 700 Fifth Avenue, Suite 6010, Seattle, WA 98104. PCIC is a “broker-dealer” under RCW 21.20.005(3) and a “mortgage broker-dealer” under WAC 460-33A-015. PCIC is currently registered as a broker-dealer and is currently registered to offer and sell “mortgage paper securities” under chapter 460-33A WAC. PCIC originates or acquires loans secured by real property and resells to investors fractionalized participation interests in those loans.

DELAYS IN DEPOSITING AND DISBURSING ESCROW FUNDS

2. In connection with the offer and sale of participation interests to 15 investors in a \$400,000 loan to Evangelist Hutchinson Ministries, from August 2004 through October 2004, PCIC held four investors' funds in its escrow trust account for more than 60 days without disbursing the funds. PCIC also failed to deposit 11 investors' funds in its escrow account within 48 hours of receipt.

PCIC SELF-REPORTED ITS DELAYS AND CHANGED ITS PROCEDURES

3. On October 26, 2004, with regard to the Evangelist Hutchinson Ministries Loan, PCIC requested a waiver from the Securities Division of the rule requiring PCIC to disburse funds from investors within 60 days. In a letter dated October 29, 2004, the Securities Division denied PCIC's waiver request. Meanwhile, on October 28, 2004, the assignment of the mortgage securing the loan was recorded and on October 29, 2004, the funds were disbursed. On November 2, 2004, PCIC notified the Securities Division that PCIC held four investors' funds in the PCIC trust account for 63 days before disbursing the funds. PCIC orally notified the four investors about the delay in disbursing their funds and gave them each the right to ask for a return of their funds.

4. PCIC also gave information to the Securities Division that showed funds from 11 investors in the Evangelist Hutchinson Ministries loan had not been deposited within 48 hours of receipt. PCIC explained that during 2004, PCIC would sometimes accept an incomplete subscription packet from an investor and would retain the investor's funds until his or her subscription documentation was complete. PCIC has now changed its

procedures and will not accept funds from an investor until the investor has provided a complete set of subscription documents.

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

CONCLUSIONS OF LAW

1. The offer or sale of the loan participation interests described above constitutes the offer or sale of a security as defined in RCW 21.20.005(10) and (12).

2. As set forth in the Findings of Fact, PCIC violated WAC 460-33A-055 by holding investor funds in its escrow account for longer than 60 days without disbursing the funds and by failing to deposit investor funds in its escrow account within 48 hours of receipt.

CONSENT ORDER

Based upon the foregoing:

IT IS AGREED AND ORDERED that Respondent, Pacific Coast Investment Company, and its officers, agents and employees, each shall cease and desist from any violations of WAC 460-33A-055.

IT IS FURTHER AGREED AND ORDERED THAT Respondent, Pacific Coast Investment Company, shall pay investigative costs to the Securities Division in the amount of \$5,000.

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

IT IS FURTHER AGREED that in consideration of the foregoing, Respondent, Pacific Coast Investment Company, hereby waives its right to a hearing in this matter and to judicial review of this order.

WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

SIGNED this 5th day of November, 2005

Approved by:

/s/ Jack G. Orr
Jack G. Orr
Attorney for Pacific Coast Investment Company

Signed by:

Pacific Coast Investment Company

By /s/ Raymundo Salgado
Raymundo Salgado, President

THIS ORDER IS SIGNED AND ENTERED THIS 16th DAY OF
November, 2005



MICHAEL E. STEVENSON
Securities Administrator

Approved by:



Martin Cordell
Chief of Enforcement

Presented by:



Janet So
Financial Legal Examiner