

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 Equilus Group, Inc.;
Equilus Capital Partners, LLC;
6 Joel Richard Frank;
Cheney Park Commons I, LLC;
7 Cheney Park Commons II, LLC;
OldTown Commons, LLC;
8 1421 Meadow Wood, DST;
ECP Opportunities Fund I, LP,

9 Respondents.

Order No. S-24-3878-26-TO01

SUMMARY ORDER TO SUSPEND
REGISTRATIONS AND TO CEASE AND DESIST
AND STATEMENT OF CHARGES AND NOTICE OF
INTENT TO ENTER ORDER TO REVOKE
REGISTRATIONS, TO DENY FUTURE
REGISTRATIONS, TO REVOKE EXEMPTIONS, TO
REQUIRE DISGORGEMENT, TO IMPOSE A FINE,
AND TO CHARGE COSTS

10 **THE STATE OF WASHINGTON TO:**

Equilus Group, Inc., CRD No. 300142
Equilus Capital Partners, LLC
11 Joel Richard Frank, CRD No. 5263015
12 Cheney Park Commons I, LLC
Cheney Park Commons II, LLC
13 OldTown Commons, LLC
14 1421 Meadow Wood, DST
ECP Opportunities Fund I, LP

15 **STATEMENT OF CHARGES**

16 Please take notice that the Securities Administrator of the state of Washington has reason to believe
17 that Respondents Equilus Group, Inc., Equilus Capital Partners, LLC, and Joel Richard Frank (collectively,
18 the "Respondents"), and Respondents Cheney Park Commons I, LLC, Cheney Park Commons II, LLC,
19 OldTown Commons, LLC, 1421 Meadow Wood, DST, and ECP Opportunities Fund I, LP (collectively, the
20 "Equilus Funds") are violating the Securities Act of Washington (the "Act"). The Securities Administrator
21 believes these violations justify suspending the registrations of Respondents Equilus Group, Inc. and Joel
22 Richard Frank and ordering that the Respondents and the Equilus Funds cease and desist from such violations
23

1 pursuant to RCW 21.20.110(1) and RCW 21.20.390. The Securities Administrator further has reason to
2 believe that these violations justify the entry of an order against Respondents Equilus Group, Inc. and Joel
3 Richard Frank to revoke registrations, to deny future registrations, to revoke exemptions, and to require
4 disgorgement, and entry of an order against the Respondents and the Equilus Funds to impose a fine and to
5 charge costs pursuant to RCW 21.20.110, RCW 21.20.390, and RCW 21.20.395.

6 The Securities Administrator finds it is in the public interest and is necessary or appropriate for the
7 protection of investors to enter a summary order immediately suspending the registrations of Respondents
8 Equilus Group, Inc. and Joel Richard Frank and ordering that the Respondents and the Equilus Funds cease
9 and desist from violating the Act. The Securities Administrator finds as follows:

10 **TENTATIVE FINDINGS OF FACT**

11 **Respondents**

12 1. Equilus Group, Inc., also doing business as Equilus Financial Group, Inc., (“Equilus
13 Adviser”), is a Washington State entity formed on January 1, 2013 with its principal place of business in
14 Wenatchee, Washington. Equilus Adviser first registered with the Division as an investment adviser on April
15 10, 2019. Equilus Adviser has a Central Registration Depository (“CRD”) number of 300142. Equilus
16 Adviser provides advisory services to clients and is also in the business of managing, advising, and acting as
17 the broker-dealer for private real estate offerings sponsored by Equilus Capital Partners, LLC.

18 2. Equilus Capital Partners, LLC (“Equilus Fund Sponsor”) is a Washington State entity formed
19 on April 11, 2017 with its principal place of business in Wenatchee, Washington. Equilus Fund Sponsor
20 characterizes itself as a “private capital equity firm.” Equilus Fund Sponsor is in the business of sponsoring
21 and acting as the co-manager or general partner of private real estate fund offerings.

22 3. Joel Richard Frank (“Frank”) is the Founder, President, and Chief Compliance Officer of
23 Equilus Adviser and a Founder and Managing Member of Equilus Fund Sponsor. He acts on behalf of both

1 entities. As the Chief Compliance Officer of Equilus Adviser, Frank is responsible for developing and
2 enforcing the investment adviser’s policies and procedures. Frank has been registered with the Division as
3 an investment adviser representative of Equilus Adviser since April 10, 2019. Frank has a CRD number of
4 5263015.

5 4. Cheney Park Commons I, LLC (“Cheney Park I”) is a Washington State entity formed on
6 January 28, 2019 with its principal place of business in Wenatchee, Washington. Cheney Park I is a pooled
7 investment vehicle that is in the business of developing real estate projects. Frank and Member B¹ invested
8 in Cheney Park I in 2017, prior to the fund’s official formation and launch.

9 5. Cheney Park Commons II, LLC (“Cheney Park II”) is a Washington State entity formed on
10 March 15, 2019 with its principal place of business in Wenatchee, Washington. Cheney Park II is a pooled
11 investment vehicle that is in the business of developing real estate projects.

12 6. OldTown Commons, LLC (“OldTown”) is a Washington State entity formed on March 26,
13 2018 with its principal place of business in Wenatchee, Washington. OldTown is a pooled investment vehicle
14 that is in the business of developing real estate projects.

15 7. 1421 Meadow Wood, DST (“Meadow Wood”) is a Delaware entity formed on August 17,
16 2022 with its principal place of business in Wenatchee, Washington. Meadow Wood is a Delaware statutory
17 trust that is in the business of acquiring commercial property located at 1421 North Meadowwood Lane,
18 Liberty Lake, WA 99019.

19 8. ECP Opportunities Fund I, LP (“ECP Opportunities”) is a Washington entity formed on April
20 27, 2021 with its principal place of business in Wenatchee, Washington. ECP Opportunities is a pooled
21 investment vehicle that is in the business of developing real estate projects.

22
23 ¹ Member B is a former Managing Member and Founder of Equilus Fund Sponsor. He exited Equilus Fund Sponsor in late 2021, approximately.

1 **Related Parties**

2 9. Colt Creek Real Estate, LLC (“Colt Creek”) is a Washington State entity formed on April 27,
3 2021 with its principal place of business in Wenatchee, Washington. Colt Creek is an upcoming pooled
4 investment vehicle that is in the business of developing real estate projects, including acquiring properties
5 currently owned by Cheney Park I, Cheney Park II, OldTown, and ECP Opportunities.

6 10. Equilus Classics, LLC (“Equilus Classics”) is a Washington State entity formed on June 16,
7 2020 with its principal place of business in Wenatchee, Washington. Frank and his wife, Rhonda Frank (the
8 “Franks”), are the governors. Equilus Classics is in the business of purchasing and selling collector cars.
9 Equilus Classics previously had a website at <https://equilusclassics.com> that advertised collector cars for sale.
10 Equilus Classics once posted a video on Equilus Fund Sponsor’s Facebook page discussing the value of
11 alternative assets, like classic cars.

12 **Nature of the Conduct**

13 11. Between at least April 2017 and October 2025, the Respondents offered and sold more than
14 \$39 million worth of interests in real estate funds that they managed. In connection with these fund offerings,
15 and as described below, Equilus Adviser, Frank, and/or Equilus Fund Sponsor misappropriated fund money,
16 made Ponzi-like payments to investors, created false account statements, made material misrepresentations
17 to investors, sold unregistered and non-exempt securities, operated as an unregistered broker-dealer,
18 submitted false filings to the Division, violated fiduciary duties, and failed to adhere to custody requirements.

19 **Real Estate Fund Offerings**

20 12. A pooled investment vehicle (“PIV”) is an entity, often termed a “fund,” that is created by an
21 adviser to pool money from multiple investors. The pooled money is then invested into stocks, bonds, or
22 other securities and assets. Examples of PIVs include mutual funds, hedge funds, private equity funds, and
23 venture capital funds.

1 13. Equilus Fund Sponsor offers and sells interests in five real estate fund offerings. The funds,
2 which are pooled investment vehicles, consist of Cheney Park I, Cheney Park II, OldTown, Meadow Wood,
3 and ECP Opportunities (together, the “Equilus Funds”). Colt Creek is an upcoming offering that intends to
4 acquire properties currently owned by the Equilus Funds. The Equilus Funds purchase and/or develop
5 residential and commercial real estate projects. At least twenty-three properties are owned by the Equilus
6 Funds.

7 14. Equilus Adviser and its agents, including Frank, solicit investments in the funds on Equilus
8 Fund Sponsor’s behalf and receive commissions for effecting the transactions.

9 15. Prior to investment, Equilus Adviser provides investors with offering documents that were
10 prepared by Equilus Fund Sponsor, including a prospectus or private placement memorandum.

11 16. At the time of initial investment, investors sign a Subscription Agreement with Equilus Fund
12 Sponsor to purchase fund interests. Concurrently, investors sign a Financial Advisory Agreement with
13 Equilus Adviser for advisory services related to the Equilus Funds.

14 17. The business operations of Equilus Fund Sponsor and Equilus Adviser are significantly
15 commingled. Equilus Adviser is the de facto manager of the Equilus Funds, and Equilus Fund Sponsor acts
16 as the co-manager or general partner. Frank, as principal of Equilus Fund Sponsor and Equilus Adviser,
17 directs the actions of both entities.

18 18. Between April 2021 and February 2025, ECP Opportunities raised approximately
19 \$22,110,125.04 in initial investments from over 80 investors who purchased Tier I and Tier II interests. ECP
20 Opportunities raised at least an additional \$657,733.53 in initial purchases of Real Estate Index Fund interests
21 from eight or more investors.

22 19. Between April 2017 and October 2022, Cheney Park I raised approximately \$3,852,013.69 in
23 initial investments from over 30 investors.

1 20. Between March 2019 and October 2025, Cheney Park II raised approximately \$7,673,663.15
2 in initial investments from over 40 investors. ECP Opportunities is also a Cheney Park II investor.

3 21. Between April 2019 and January 2025, OldTown raised approximately \$2,115,957.60 in
4 initial investments from about 14 investors. In July 2024, ECP Opportunities also purchased over
5 \$115,000.00 of OldTown interests.

6 22. ECP Opportunities initially owned 100% of the interests in Meadow Wood. Between
7 December 2022 and June 2024, ECP Opportunities sold a portion of its Meadow Wood interests to two
8 investors, totaling \$2,920,081.63. As of May 2025, ECP Opportunities owns 54.7% of the remaining interests
9 in the fund.

10 23. Investors can set up a self-directed IRA to invest in the Equilus Funds or directly tender their
11 investment funds to Equilus Fund Sponsor. Equilus Fund Sponsor deposits investor funds into its bank
12 account and then transfers the money to bank accounts held by the Equilus Funds. Frank has signatory
13 authority on all Equilus Funds, Equilus Adviser, and Equilus Fund Sponsor bank accounts.

14 **Misappropriation of Funds**

15 24. Between at least 2020 and 2025, the Respondents misappropriated fund money by: (a) sending
16 Ponzi-like payments to investors; (b) distributing at least \$779,777.43 worth of dividends to Frank that he
17 was not entitled to, so that Frank could pay personal expenses; and (c) improperly sourcing at least
18 \$734,566.88 from ECP Opportunities to fund Managing Member payouts from other PIVs.

19 Ponzi-Like Payments

20 25. The Respondents are making Ponzi-like payments to investors. For example, on August 14,
21 2025, the Respondents received \$85,000.00 in new investment funds, which were deposited into Cheney
22 Park II's bank account. Prior to the deposit, the account had a balance of less than \$5,000.00. The next day,
23 ECP Opportunities received a check from Cheney Park II for \$55,000.00. ECP Opportunities' bank account

1 had a balance of less than \$250 prior to cashing the check from Cheney Park II. The same day that the
2 Respondents made the deposit into ECP Opportunities' bank account, the Respondents began distributing
3 dividend payments to existing investors. The Respondents therefore used some of the new investment funds
4 to make dividend payments to present investors.²

5 Improper Dividend Distributions for Frank's Expenses

6 26. Investors in PIVs may receive dividend payments in proportion to their interest in the fund, if
7 profitable.

8 27. The Respondents distributed dividends to Frank in excess of those earned to cover Frank's
9 personal expenses. Although the Respondents characterized the disbursements to Frank as "dividend
10 distributions" from Joel and Rhonda Frank's Equilus Funds investment accounts, the Franks had not earned
11 enough in dividends for the payouts to be considered legitimate dividend distributions. Furthermore, some
12 of these "dividend distributions" occurred at times when no other investors received distributions.

13 28. Between 2020 and July 2024, Equilus Adviser, Equilus Fund Sponsor, and Frank distributed
14 at least \$779,777.43 in unearned dividend distributions³ to Frank for his own personal benefit from OldTown,
15 ECP Opportunities (Tier II interests), Cheney Park I, and Cheney Park II. Frank used the money for his
16 individual expenses and also transferred funds to his personal bank account.

17 29. Highlighted in the chart below are examples of unearned dividend distributions to Frank in
18 2021 to 2022 that funded particular purchases. To disburse these payouts, Frank wrote checks out to himself
19 and/or his classic car company, Equilus Classics, from the funds' respective bank accounts. The chart
20 demonstrates a pattern of dividend payouts that surpass actual dividend earnings. Some of the listed
21

22 ² The Division is continuing to analyze records of additional Ponzi-like payments.

23 ³ The amount of unearned dividend distributions was determined by calculating the difference between the dividend distributions and dividend earnings as reported on the Franks' investor statements.

1 transactions occurred after multiple prior dividend distributions which had also exceeded earnings. The chart
 2 specifies the payout dates, the PIV name, the total distributions made before the payout, the distribution
 3 amount, the total dividends earned as of the payout, and the use of funds.

Payout Date	PIV Name	Total Distributions Before Payout	Dividend Distribution Amount	Total Dividends Earned as of Payout	Use of Funds
03/03/2021	OldTown	\$25,000.00	\$25,000.00	\$6,196.32	\$24,000.00 Downpayment on Corvette
05/28/2021	OldTown	\$50,000.00	\$22,000.00	\$8,104.50	\$19,550.06 for Car Equipment
09/07/2021	ECP Opportunities	\$0.00	\$25,000.00	\$5,249.31	\$22,914.60 for Garage Construction Expenses
09/19/2022	Cheney Park Commons II	\$0.00	\$158,000.00	\$68,892.85	\$158,000.00 for a Boat Slip

21 30. The \$22,000.00 dividend distribution on May 28, 2021 from OldTown, as listed above,
 22 occurred at a time when the Franks had zero interests left in the fund. Previously, on May 1, 2021, the Franks'
 23 OldTown interests were completely liquidated, and the cash value was transferred to ECP Opportunities. The

1 “dividend distribution” on May 28, 2021 therefore generated a negative \$22,000 balance in the Franks’
2 OldTown investment account.

3 31. In July 2024, the Respondents distributed over half of the value of the Franks’ interests in
4 Cheney Park I, Cheney Park II, OldTown, and ECP Opportunities to fund the Franks’ downpayment on a
5 multi-million-dollar residence. The Respondents distributed \$459,990.00 in total to Frank via checks,
6 consisting of \$115,908.00 from OldTown, \$73,512.00 from Cheney Park I, \$180,480.00 from Cheney Park
7 II, and \$90,090.00 from ECP Opportunities.

8 32. The Respondents termed these payouts as “dividend distributions,” but like the prior
9 disbursements listed in the chart above, the Franks were not entitled to the distributions.

10 Improper Sourcing of Funds from ECP Opportunities for Payouts

11 33. The Respondents improperly sourced at least \$734,566.88 from ECP Opportunities to fund
12 Managing Member payouts to Frank and Member B from other PIVs, including \$369,900.00 of the unearned
13 dividend distributions paid out to Frank in July 2024, as described above. The Respondents sourced the
14 money from ECP Opportunities instead of the corresponding fund because those funds’ bank accounts did
15 not have sufficient cash to cover the withdrawals.

16 *Frank Payouts*

17 34. As described above, in July 2024, the Respondents improperly distributed over half of the
18 value of the Franks’ interests in all funds except Meadow Wood to fund the downpayment on a 2.1 million
19 dollar house. To fund these unearned dividend distributions from Cheney Park I, Cheney Park II, and
20 OldTown, the Respondents misappropriated \$369,900.00 from ECP Opportunities.

21 35. Immediately prior to the distributions, on July 11, 2024, the Respondents facilitated the
22 transfer of \$369,000.00 from ECP Opportunities’ bank accounts to bank accounts held by Cheney Park I,
23 Cheney Park II, and OldTown. The respective bank accounts for Cheney Park I, Cheney Park II, and

1 OldTown did not contain enough money to fund the July 2024 distributions before these transfers. The cash
 2 transferred to each account was the exact amount needed to cover the Franks' purported distribution from
 3 that PIV, respectively.

4 36. The chart below lists the July 11, 2024 distributions of the Franks' interests in Cheney Park I,
 5 Cheney Park II, OldTown, and ECP Opportunities. It specifies the PIV names, the total distributions made
 6 before the payout, the distribution amounts, the total dividends earned as of the payout, and the direct and
 7 indirect sources of the funds.

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PIV Name	Total Distributions Before Payout	Dividend Distribution Amount	Total Dividends Earned as of Payout	Direct Source of Funds	Indirect Source of Funds
OldTown	\$142,000.00	\$115,908.00	\$43,314.26	OldTown Bank Account	ECP Opportunities Bank Account
Cheney Park I	\$84,000.00	\$73,512.00	\$64,668.29	Cheney Park Holdings Bank Account	ECP Opportunities Bank Account

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Cheney Park II	\$158,000.00	\$180,480.00	\$98,533.71	Cheney Park II Bank Account	ECP Opportunities Bank Account
ECP Opportunities	\$177,000.00	\$90,090.00	\$34,696.31	ECP Opportunities Bank Account	N/A

Member B Payouts

37. The Respondents purchased Member B’s interests in the Equilus Funds as part of a buyout agreement after Member B’s departure from Equilus Fund Sponsor. Between 2022 and 2023, the Respondents misappropriated \$364,658.88 from ECP Opportunities to buy out Member B’s interests in Cheney Park I and Cheney Park II. ECP Opportunities did not purchase these shares, rather, the shares were sold to individual investors pursuant to Share Transfer Forms.⁴

38. At the time of the Cheney Park I buyout in 2022, Cheney Park I’s bank accounts had insufficient funds to pay out the value of Member B’s interests. The Respondents therefore sourced the funds for the buyout from ECP Opportunities instead, despite ECP Opportunities not being the purchaser of the shares. On September 7, 2022, Frank wrote out a check to Member B for \$232,658.88 from ECP Opportunities’ bank account. The memo line on the check noted, “Sale of CPC1 [Member B] Shares.”

⁴ The Division is continuing to analyze the records, but it appears that ECP Opportunities was not refunded by these investors’ funds. Some of the funds were used to pay out dividends to other investors.

1 39. At the time of the Cheney Park II buyout in 2023, Cheney Park II’s bank accounts had
 2 insufficient funds to pay out the value of Member B’s interests. The Respondents therefore partially sourced
 3 the funds for the buyout from ECP Opportunities. On July 12, 2023, Frank wrote out a check to Member B
 4 from Equilus Fund Sponsor’s bank account in the amount of \$392,522.13. The memo line on the check noted,
 5 “Cheney Park 2 Share Buyout.” Days prior to the issuance of this check, the Respondents caused \$132,000
 6 to be transferred from ECP Opportunities’ bank account to Equilus Fund Sponsor’s bank account. The
 7 transfers are labelled on the relevant bank statement as, “[Member B] Share Purchase” and “[Member B]
 8 Transfer.”

9 40. The chart below lists the buyouts of Member B’s interests in Cheney Park I, Cheney Park II,
 10 OldTown, and ECP Opportunities from June 2022 to July 2023. It specifies the PIV names, the buyout
 11 amounts, the payment dates, and the direct and indirect sources of the funds.

PIV Name	Buyout Amount	Payment Date	Direct Source of Funds	Indirect Source of Funds
ECP Opportunities	\$166,767.14	07/07/2022	ECP Opportunities Fund Bank Account	N/A
OldTown	\$160,520.49	07/07/2022	OldTown Bank Account	N/A
Cheney Park I	\$232.658.88	09/12/2022	ECP Opportunities Bank Account	N/A

1	Cheney Park II	\$392,522.13	07/17/2023	Equilus Fund	\$132,000 from
2				Sponsor Bank	ECP
3				Account	Opportunities
4					Fund Bank
5					Account

6

7 **Fraudulent Client Statements**

8 41. The Respondents sent false statements to investors regarding their holdings in ECP
9 Opportunities' Real Estate Index Fund.

10 42. ECP Opportunities offers three types of investments: Real Estate Index Fund Class F shares,
11 Tier I Unsecured Bondholder interests, and Tier 2 Limited Partnership interests.

12 43. The offering documents for ECP Opportunities represent that by purchasing Real Estate Index
13 Fund Class F shares, an investor's funds are directly invested on the investor's behalf into SEI's⁵ SIMT Real
14 Estate Fund Class F shares ("SETAX"). Prior to investment, a prospective ECP Opportunities investor is
15 provided with the SIMT Real Estate Fund Fact Sheet along with ECP Opportunities' prospectus.

16 44. At least seven investors purchased ECP Opportunities' Real Estate Index Fund Class F shares
17 ("Real Estate Index Fund Investors").

18 45. The Respondents commingled investor funds to purchase SETAX shares, which are held in a
19 single SEI Private Trust Company ("SPTC") account in the name of ECP Opportunities. SPTC sends regular
20 account statements to ECP Opportunities.

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23 ⁵ SEI provides financial services through its subsidiaries. SEI Institutional Managed Trust ("SIMT") permits investment in its funds, including the Real Estate Fund, and is generally managed by the SEC-registered adviser SEI Investments Management Corporation ("SIMC").

1 46. Real Estate Index Fund Investors receive quarterly investor statements prepared by the
2 Respondents listing the number of shares owned, account value, deposits, fees, and dividends earned. Frank
3 is listed on multiple investors' statements as their "Investment Advisor."

4 47. The holdings of the SETAX shares reflected on the investor statements do not align with the
5 actual holdings as reported by SPTC, the custodian.

6 48. Statements provided to investors by the Respondents overstate the value and number of
7 SETAX shares held by the Real Estate Index Fund Investors.

8 49. For example, Investor B received a statement from the Respondents reporting that as of
9 December 31, 2023, they owned 13,462.26 shares of SETAX, valued at \$205,164.80.

10 50. In actuality, the sum of all of the Real Estate Fund Investors' holdings in ECP Opportunities'
11 SEI account as of December 31, 2023 was only 436.27 shares of SETAX, valued at \$6,648.75. There is
12 therefore a \$198,516.05 difference between what was reported to Investor B as their individual holdings and
13 the actual SETAX holdings of all Real Estate Index Fund Investors as of that same date.

14 51. The Respondents therefore created and sent false account statements to Real Estate Index
15 Investors that grossly misrepresented the investors' actual holdings.

16 **Misrepresentations to Investors**

17 Trust Company

18 52. The Respondents falsely represent to investors that a limited purpose savings association and
19 wholly-owned subsidiary of Equilus Adviser, ECP Private Trust Company, is the custodian holding
20 investors' assets. In actuality, ECP Private Trust Company appears to be a fictitious entity and investor funds
21 are held at various financial institutions. By claiming that ECP Private Trust Company is a limited purpose
22 savings association affiliated with Equilus Adviser, the Respondents are misleading investors as to their
23 services and qualifications.

1 53. The Respondents provide investors, at the time of initial subscription, with a form entitled
2 “Equilus Capital Partners, LLC. (“ECP”) Private Trust Company.”

3 54. This form falsely represents that the custodian of the investors’ accounts is “ECP Private Trust
4 Company,” a “limited purpose savings association and a wholly owned subsidiary of Equilus Group Inc.”

5 55. ECP Private Trust Company is not registered with any state or federal government entity as a
6 trust company, including the Department of Financial Institutions. It appears to be a fictitious entity.

7 56. The form provided by the Respondents to investors appears to be cribbed from a nearly
8 identical form used by SEI entitled “SEI Private Trust Company.” SEI Private Trust Company is a federally
9 chartered limited-purpose savings association.

10 FINRA and NASDAQ Claims

11 57. In connection with the advertising and solicitation of Equilus Funds clients, the Respondents
12 are making false and misleading statements about their qualifications to gain investors’ trust.

13 58. Frank, in an article on <https://www.citylifestyle.com>, said, “People can trust Equilus...
14 because what it does is all federally regulated.” He further claimed, “They can look us up on NASDAQ or
15 FINRA.”

16 59. However, Equilus Adviser is not a member of FINRA because it is not a registered broker-
17 dealer. In addition, neither Equilus Adviser nor Equilus Fund Sponsor are listed on NASDAQ, which requires
18 a comprehensive screening process.

19 Litigation

20 60. Offering documents for ECP Opportunities and Meadow Wood falsely state that there are no
21 material legal actions pending against Equilus Adviser or Equilus Fund Sponsor.

22 61. However, a civil lawsuit was filed against Equilus Adviser and Equilus Fund Sponsor on
23 March 20, 2020 in Douglas County Superior Court, Case No. 20-2-00101-09. The lawsuit, filed by a former

1 investment adviser representative who was employed by Equilus Adviser and Equilus Fund Sponsor, alleges
2 breach of contract, conversion, unjust enrichment, and violations of RCW 49.48 and RCW 49.52 by Equilus
3 Adviser and Equilus Fund Sponsor due to unpaid commissions. A monetary judgment of \$224,876.34 was
4 entered in the former employee's favor on September 23, 2025, but proceedings are ongoing.

5 Unregistered Broker-Dealer Activity

6 62. Equilus Adviser is holding itself out as a registered broker-dealer and operating as such on
7 behalf of the Equilus Funds offerings, excluding Meadow Wood.

8 63. Equilus Adviser is not currently registered as a broker-dealer in the state of Washington and
9 has not previously been so registered.

10 64. Equilus Adviser receives a commission for each sale of Cheney Park I, Cheney Park II,
11 OldTown, and ECP Opportunities interests that it facilitates. The funds' prospectuses state: "Sales
12 Commissions of up to 6.00% of the gross proceeds of the Offering will be paid to broker-dealers, including
13 Equilus Group Inc, ("Sales Agent"), an Affiliate of ECP."

14 65. In a brochure provided to clients, Equilus Adviser falsely claims that it is a member of SIPC
15 and FINRA. Members of these entities are registered broker-dealers, with some exceptions. However,
16 Equilus Adviser is not a registered broker-dealer and thus is not a member of SIPC or FINRA.

17 **Unregistered Offerings and Failure to Qualify for Exemptions**

18 66. The Respondents are selling unregistered and non-exempt securities to Equilus Funds
19 investors.

20 67. The Equilus Funds are not currently registered to sell securities in the state of Washington and
21 have not previously been so registered.

22 68. Interests in PIVs are usually sold via a Regulation D, Rule 506 offering, which requires an
23 exemption filing with the Securities Division. Under Rule 506(b), general solicitation is prohibited, and

1 securities may not be sold to more than 35 non-accredited investors. Under Rule 506(c), general solicitation
2 is permitted, but all purchasers in the offering must be accredited, and the issuer must take reasonable steps
3 to verify each investor’s accredited status.

4 69. Meadow Wood claimed an exemption from registration for its offering under Regulation D,
5 Rule 506(b). Meadow Wood filed the Notice of Exempt Offering of Securities with the SEC on October 11,
6 2022. Meadow Wood filed the Notice of Exempt Offering of Securities with the Securities Division on
7 December 8, 2022.

8 70. The offering documents for the four other funds state that they are relying on an exemption
9 from registration, but do not specify which exemption. No exemption filings have been made with either the
10 SEC or the Securities Division for Cheney Park I, Cheney Park II, OldTown, or ECP Opportunities.

11 71. As outlined below, the combination of general solicitation and acceptance of investments from
12 non-accredited investors renders the Equilus Funds ineligible for any exemption from securities registration
13 pursuant to Regulation D, Rule 506.

14 General Solicitation

15 72. The Respondents and their agents generally solicited and advertised the Equilus Funds
16 offerings online and via seminars.

17 73. Equilus Fund Sponsor engaged in general solicitation online by making offering summaries
18 for all of the Equilus Funds publicly available on <https://www.issuu.com>. In addition, offering summaries for
19 at least ECP Opportunities and Meadow Wood were also publicly available on Equilus Fund Sponsor’s
20 website at <https://www.equiluscapitalpartners.com>. An informational video about the ECP Opportunities
21 offering was produced and posted on that same website.

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1 74. Furthermore, investment adviser representatives of Equilus Adviser, including Frank, have
2 hosted public seminars advertising the Equilus Funds to solicit investments. Investors in the funds have been
3 obtained through these seminars.

4 75. Due to general solicitation, the Meadow Wood offering does not qualify for an exemption
5 under Rule 506(b), nor would any of the other Equilus Funds.

6 Non-Accredited Investors

7 76. The offering documents for the Equilus Funds limit the sales of interests in the funds to
8 accredited investors, “as that term is defined under the Securities Act and Regulation D.” However, the
9 Respondents accept investments in the Equilus Funds from non-accredited investors.

10 77. Approximately ten non-accredited investors own interests in Cheney Park I, about 15 non-
11 accredited investors own interests in Cheney Park II, at least seven non-accredited investors own interests in
12 OldTown, and around 32 non-accredited investors own interests in ECP Opportunities. Furthermore, ECP
13 Opportunities owns interests in Meadow Wood, but not all equity owners in the ECP Opportunities entity are
14 accredited.

15 78. All five Equilus Funds therefore permit investment by non-accredited investors and thus do
16 not meet the conditions of Rule 506(c).

17 **Suitability**

18 79. Equilus Adviser and Frank made unsuitable purchase recommendations to clients that were
19 contrary to investor restrictions in the PIVs’ offering documents.

20 80. The offering documents for the Equilus Funds state that the interests are being offered for sale
21 only to accredited investors, and that the purchase of interests is only suitable for persons of substantial
22 financial means who have no need for liquidity.

1 clients of the identity of the qualified custodian maintaining client funds or securities; and (d) sending account
2 statements to clients. In addition, such an investment adviser must engage a third-party to authorize
3 withdrawals from the pooled account or provide audited financial statements of the PIV to members. Equilus
4 Adviser has not complied with these custody requirements.

5 86. The Director has not been notified by Equilus Adviser that it is in possession of client funds
6 or securities.

7 87. Furthermore, although client funds are held by qualified custodians, not all funds are
8 maintained in a separate account for each client under that client's name, or in accounts in the name of the
9 PIV that contain only client funds and securities.

10 88. Additionally, Equilus Adviser failed to notify investors of the identities of the qualified
11 custodians holding their funds in writing, including the custodians' names, addresses, and the manner in
12 which the funds are maintained. Equilus Adviser misrepresented to investors that their funds were being held
13 by ECP Private Trust Company, a fictitious entity. In actuality, investor funds are held at various financial
14 institutions, including Banner Bank, First Interstate Bank, Idaho Central Credit Union, and SEI Private Trust
15 Company.

16 89. The Respondents do send quarterly account statements to investors in the Equilus Funds.
17 However, account statements for the Equilus Funds fail to state required information, including the net asset
18 value, additions to and withdrawals from the fund, or a listing of the long and short positions.

19 90. Investment advisers who send account statements to clients themselves are obligated to hire
20 an independent certified public accountant ("CPA") to verify all client funds and securities by surprise
21 examination at least once per calendar year pursuant to a written agreement. The written agreement must
22 require the CPA to file a certificate on Form ADV-E with the Director within 120 days of examination stating
23 that they have examined the funds and securities and describing the nature and extent of the examination.

1 Equilus Adviser failed to provide documentation to the Division, pursuant to its requests, demonstrating that
2 they have met this surprise examination requirement.

3 91. Finally, Equilus Adviser has failed to provide documentation to the Division, pursuant to its
4 requests, indicating that Equilus Adviser has either: (a) engaged a third-party to authorize withdrawals from
5 the pooled accounts, or (b) provided audited financial statements of the PIVs to members.

6 92. Equilus Adviser's failure to comply with custody requirements has jeopardized investor funds
7 in the PIVs.

8 **Principal Transaction**

9 93. Frank engaged in a principal transaction with a client without disclosing it in writing and
10 receiving consent prior to effecting the sale. This is a conflict of interest and a violation of Frank's fiduciary
11 duties.

12 94. Investor A is an Equilus Fund Sponsor and Equilus Adviser client. Frank is Investor A's
13 Financial Advisor.

14 95. On July 27, 2020, Investor A purchased \$53,000 worth of Cheney Park I interests. The
15 interests sold to Investor A belonged to Joel and Rhonda Frank. The entry on the Franks' Cheney Park I
16 investor statement for July 27, 2020 states: "Share sold to [Investor A]."

17 96. At the time of Investor A's investment, Member B wrote out a check for \$53,000 to Equilus
18 Adviser and Joel Richard Frank. The funds came from Cheney Park I's bank account.

19 97. A few days later, the fund received the \$53,000 deposit from Investor A.

20 98. Investor A's investor statement does not disclose that Investor A was purchasing Frank's own
21 interests. The transaction is labeled as, "Received from Cole Capital."
22
23

1 105. On March 11, 2019, the Division sent Equilus Adviser a comment letter during the initial
2 registration process. In the letter, the Division relayed to Equilus Adviser that it must notify the Division
3 immediately if Equilus Adviser currently manages or intends to manage a PIV and provide related documents
4 prior to registration. Frank, the Chief Compliance Director of Equilus Adviser, confirmed his understanding
5 and provided the Division with a written assurance that Equilus Adviser was not currently managing a PIV
6 and did not intend to establish one in the next year. On April 10, 2019, the Division approved Equilus
7 Adviser's initial investment adviser registration.

8 106. Although Frank assured the Division that Equilus Adviser was not managing a PIV at the time
9 of initial registration, Equilus Adviser was managing at least two PIVs, Cheney Park I and Cheney Park II,
10 prior to Equilus Adviser's registration with the Division. Cheney Park I began accepting investor
11 subscriptions in April 2017 and Cheney Park II began accepting investor subscriptions in March 2019.

12 107. Since initial registration, Equilus Adviser has begun managing three additional funds:
13 OldTown, which began accepting investor subscriptions in April 2019, ECP Opportunities, which began
14 accepting investor subscriptions in April 2021, and Meadow Wood, which began accepting investor
15 subscriptions in December 2022.

16 108. Equilus Adviser did not notify the Division that it was managing PIVs, nor did it submit the
17 required documentation to the Division concerning Equilus Adviser's management of PIVs. Furthermore,
18 Equilus Adviser failed to notify the Division that it has custody of client funds or securities and has not
19 submitted any Form ADV-Es documenting audits.

20 109. Equilus Adviser has filed a Form ADV numerous times since its initial registration in April
21 2019. Each of these filings falsely stated that Equilus Adviser does not manage a private fund and does not
22 have custody of client funds or securities. Frank, as Equilus Adviser's Chief Compliance Officer, signed off
23 on the Form ADVs.

1 **Need for Further Investigation**

2 110. The Securities Division is continuing to investigate the matters alleged herein to determine
3 the full extent of the violations of the Securities Act that have occurred.

4 **Emergency**

5 111. The Securities Administrator finds that the continued registration of Respondent Equilus
6 Group, Inc. as an investment adviser, and the continued registration of Respondent Joel Richard Frank as an
7 investment adviser representative, as described in the above Tentative Findings of Fact, presents a threat to
8 the investing public, and that a Summary Order to suspend these registrations is in the public interest and
9 necessary for the protection of the investing public.

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

11 **CONCLUSIONS OF LAW**

12 1. The offer and/or sale of the Equilus Funds interests described above constitutes the offer and/or
13 sale of a security as defined in RCW 21.20.005(14) and (17).

14 2. Joel Richard Frank, Equilus Group, Inc., Equilus Capital Partners, LLC, Cheney Park
15 Commons I, LLC, Cheney Park Commons II, LLC, OldTown Commons, LLC, 1421 Meadow Wood DST,
16 and ECP Opportunities Fund I, LP are violating RCW 21.20.140, the securities registration section of the
17 Securities Act of Washington, by offering and/or selling securities for which no registration is on file with the
18 Securities Administrator and for which no exemption applies.

19 3. Equilus Group, Inc. is violating RCW 21.20.040 by engaging in the business of effecting
20 transactions in securities for the account of others, as described above, while not being registered as a broker-
21 dealer in the State of Washington.

22 4. Joel Richard Frank is violating RCW 21.20.040, as described above, by offering and/or selling
23 securities while not being registered as a securities salesperson in the State of Washington.

1 5. Joel Richard Frank, Equilus Group, Inc., Equilus Capital Partners, LLC, Cheney Park
2 Commons I, LLC, Cheney Park Commons II, LLC, OldTown Commons, LLC, 1421 Meadow Wood DST,
3 and ECP Opportunities Fund I, LP as described above, are violating RCW 21.20.010, the anti-fraud section
4 of the Securities Act of Washington, by making untrue statements of material fact or omitting to state material
5 facts necessary to make the statements made, in light of the circumstances in which they were made, not
6 misleading, and/or engaging in an act, practice, or course of business which operates or would operate as a
7 fraud or deceit upon any person, in connection with the offer and/or sale of securities. Such conduct is grounds
8 for an order to suspend or revoke the investment adviser representative registration of Joel Richard Frank and
9 the investment adviser registration of Equilus Group, Inc. pursuant to RCW 21.20.110(1)(b), and to impose
10 fines.

11 6. Joel Richard Frank and Equilus Group, Inc., as described above, violated RCW
12 21.20.020(1)(b) and (c) by misappropriating fund money, including: (a) paying out unearned dividend
13 distributions to Frank; and (b) improperly sourcing money from ECP Opportunities to fund Managing
14 Member payouts from other PIVs. These are unfair or deceptive business practices pursuant to WAC 460-
15 24A-220(20). Such conduct is grounds for an order to suspend or revoke the investment adviser representative
16 registration of Joel Richard Frank and the investment adviser registration of Equilus Group, Inc. pursuant to
17 RCW 21.20.110(1)(g), and to impose a fine.

18 7. Joel Richard Frank and Equilus Group, Inc., as described above, violated RCW 21.20.350, the
19 false filing section of the Securities Act of Washington, by falsely stating in Equilus Group, Inc.'s Form ADVs
20 that Equilus Group, Inc. was not an adviser to a private fund and that Equilus Group, Inc. did not have custody
21 of client funds or securities.

22 8. Joel Richard Frank and Equilus Group, Inc., as described above, violated WAC 460-24A-
23 050(5)(a)(ii)(C) by failing to submit, at the time of initial registration, the required documentation for advisers

1 managing pooled investment vehicles. Such conduct is grounds for an order to suspend or revoke the
2 investment adviser representative registration of Joel Richard Frank and the investment adviser registration
3 of Equilus Group, Inc. pursuant to RCW 21.20.110(1)(a).

4 9. Equilus Group, Inc., as described above, is violating RCW 21.20.020(1)(b) by having custody
5 of client funds or securities without notifying the Director as required by WAC 460-24A-105(1).

6 10. Equilus Group, Inc., as described above, is violating RCW 21.20.020(1)(b) by having custody
7 of client funds or securities and failing to have a qualified custodian maintain the funds or securities as
8 required by WAC 460-24A-105(2) in either: (a) a separate account for each client under that client's name,
9 or (b) in accounts that contain only the clients' funds and securities in the name of the pooled investment
10 vehicle.

11 11. Equilus Group, Inc., as described above, is violating RCW 21.20.020(1)(b) by having custody
12 of client funds or securities and failing to notify clients of the identity of the qualified custodian including the
13 name, address, and manner in which funds or securities are maintained as required by WAC 460-24A-105(3).

14 12. Equilus Group, Inc., as described above, is violating RCW 21.20.020(1)(b) by having custody
15 of client funds or securities and failing to abide by the requirements in WAC 460-24A-105(4)(b)(ii) for
16 sending account statements, including engaging an independent CPA to verify client funds and securities by
17 actual examination at least once per calendar year and then file a Form ADV-E with the Director.

18 13. Equilus Group, Inc., as described above, is violating WAC 460-24A-107 by failing to engage
19 an independent party to authorize withdrawals from the pooled account or provide audited financial statements
20 of the pooled investment vehicle to all limited partners or members.

21 14. Joel Richard Frank and Equilus Group, Inc., as described above, violated RCW 21.20.702, the
22 suitability section of the Securities Act of Washington, by: (a) recommending that non-accredited investors
23 purchase interests in the Equilus Funds when the funds' offering documents restricted the offering to

1 accredited investors; and (b) recommending that non-accredited investors purchase interests in the Equilus
2 Funds without conducting a reasonable inquiry into the investors' financial situation and needs to determine
3 whether the investors met the offering documents' financial means and liquidity criteria. There is no
4 reasonable grounds for an investment adviser or investment adviser representative to believe that such
5 recommendations would be suitable.

6 15. Joel Richard Frank and Equilus Group, Inc., as described above, violated RCW
7 21.20.020(1)(c) by: (a) recommending that non-accredited investors purchase interests in the Equilus Funds
8 when the funds' offering documents restricted the offering to accredited investors; and (b) recommending that
9 non-accredited investors purchase interests in the Equilus Funds without conducting a reasonable inquiry into
10 the investors' financial situation and needs to determine whether the investors met the offering documents'
11 financial means and liquidity criteria. Based on the circumstances, Joel Richard Frank and Equilus Group,
12 Inc. had no reasonable grounds to believe that such recommendations were suitable. These are unfair or
13 deceptive business practices pursuant to WAC 460-24A-220(1). Such conduct is grounds for an order to
14 suspend or revoke the investment adviser representative registration of Joel Richard Frank and the investment
15 adviser registration of Equilus Group, Inc. pursuant to RCW 21.20.110(1)(g), and to impose fines.

16 16. Joel Richard Frank, as described above, violated RCW 21.20.020(1)(c) by effecting a principal
17 transaction without first disclosing the material conflict of interest in writing and obtaining the client's
18 consent, as described above. This is an unfair or deceptive business practice pursuant to WAC 460-24A-
19 220(11). Such conduct is grounds for an order to suspend or revoke the investment adviser representative
20 registration of Joel Richard Frank pursuant to RCW 21.20.110(1)(g), and to impose a fine.

21 17. Equilus Group, Inc., as described above, violated WAC 460-24A-110 by effecting
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1 agency cross transactions without complying with applicable rules, including obtaining written consent from
2 each such advisory client, making written disclosures to the party, and sending the client a written
3 confirmation at or before the completion of the transaction with certain required information.

4 **SUMMARY ORDER**

5 Based upon the foregoing and finding it in the public interest,

6 IT IS SUMMARILY ORDERED that the investment adviser registration of Respondent Equilus
7 Group, Inc. is suspended pending a final determination in this proceeding.

8 IT IS FURTHER SUMMARILY ORDERED that the investment adviser representative registration
9 of Respondent Joel Richard Frank is suspended pending a final determination in this proceeding.

10 IT IS FURTHER SUMMARILY ORDERED that Respondents Equilus Group, Inc., Equilus Capital
11 Partners, LLC, Joel Richard Frank, Cheney Park Commons I, LLC, Cheney Park Commons II, LLC, OldTown
12 Commons, LLC, 1421 Meadow Wood DST, and ECP Opportunities Fund I, LP, and their agents and
13 employees, each permanently cease and desist from violations of RCW 21.20.010 and RCW 21.20.140.

14 IT IS FURTHER SUMMARILY ORDERED that Respondents Equilus Group, Inc. and Joel Richard
15 Frank, and their agents and employees, each permanently cease and desist from violations of RCW 21.20.350,
16 WAC 460-24A-050(5)(a)(ii)(C), RCW 21.20.020, and RCW 21.20.702.

17 IT IS FURTHER SUMMARILY ORDERED that Respondent Equilus Group, Inc., and its agents and
18 employees, each permanently cease and desist from violating RCW 21.20.040, WAC 460-24A-107, and WAC
19 460-24A-110.

20 **NOTICE OF INTENT TO REVOKE REGISTRATION**

21 Pursuant to RCW 21.20.110(1)(a), (b), and (g), and based upon the above Tentative Findings of Fact
22 and Conclusions of Law, the Securities Administrator intends to order that the investment adviser registration
23

1 of Respondent Equilus Group, Inc. and the investment adviser representative registration of Respondent Joel
2 Richard Frank be revoked.

3 **NOTICE OF INTENT TO DENY FUTURE REGISTRATION**

4 Pursuant to RCW 21.20.110(1)(a), (b), and (g), and based upon the above Tentative Findings of Fact
5 and Conclusions of Law, the Securities Administrator intends to deny any investment adviser, broker-dealer,
6 investment adviser representative, or securities salesperson applications for registration that Respondent Joel
7 Richard Frank or Respondent Equilus Group, Inc. may file in the future.

8 **NOTICE OF INTENT TO REVOKE EXEMPTIONS**

9 Pursuant to RCW 21.20.325, and based upon the above Tentative Findings of Fact and Conclusions
10 of Law, the Securities Administrator intends to order that any exemptions from registration under RCW
11 21.20.320 be revoked with respect to any transactions or securities offered by Respondent Joel Richard
12 Frank and any entities under his management, including, but not limited to, Respondents Equilus Group,
13 Inc., Equilus Capital Partners, LLC, Cheney Park Commons I, LLC, Cheney Park Commons II, LLC,
14 OldTown Commons, LLC, 1421 Meadow Wood DST, and ECP Opportunities Fund I, LP.

15 **NOTICE OF INTENT TO ORDER DISGORGEMENT**

16 Pursuant to RCW 21.20.390(1) and (6), and based upon the above Tentative Findings of Fact and
17 Conclusions of Law, the Securities Administrator intends to order that: Respondents Equilus Group, Inc. and
18 Joel Richard Frank shall be jointly and severally liable for and shall disgorge all money misappropriated from
19 the Equilus Funds, with the exact amount to be determined at a later date.

20 **NOTICE OF INTENT TO IMPOSE FINES**

21 Pursuant to RCW 21.20.110(1)(a), (b), and (g) and RCW 21.20.395, and based upon the above
22 Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that:
23 Respondents Equilus Group, Inc., Equilus Capital Partners, LLC, Joel Richard Frank, Cheney Park Commons

1 I, LLC, Cheney Park Commons II, LLC, OldTown Commons, LLC, 1421 Meadow Wood DST, and ECP
2 Opportunities Fund I, LP shall be jointly and severally liable for and shall pay a fine of \$1,000,000.00.

3 **NOTICE OF INTENT TO CHARGE COSTS**

4 Pursuant to RCW 21.20.110(7) and RCW 21.20.390, and based upon the above Tentative Findings of
5 Fact and Conclusions of Law, the Securities Administrator intends to order that: Respondents Equilus Group,
6 Inc., Equilus Capital Partners, LLC, Joel Richard Frank, Cheney Park Commons I, LLC, Cheney Park
7 Commons II, LLC, OldTown Commons, LLC, 1421 Meadow Wood DST, and ECP Opportunities Fund I, LP
8 shall be jointly and severally liable for and shall pay the costs, fees, and other expenses incurred in the
9 administrative investigation and hearing of this matter, in an amount not less than \$194,131.50.

10 **AUTHORITY AND PROCEDURE**

11 This Summary Order and Statement of Charges is entered pursuant to the provisions of Chapter 21.20
12 RCW and is subject to the provisions of RCW 21.20.120 and Chapter 34.05 RCW. Respondents Equilus
13 Group, Inc., Equilus Capital Partners, LLC, Joel Richard Frank, Cheney Park Commons I, LLC, Cheney Park
14 Commons II, LLC, OldTown Commons, LLC, 1421 Meadow Wood DST, and ECP Opportunities Fund I, LP
15 may each make a written request for a hearing as set forth in the Notice of Opportunity for Hearing
16 accompanying this Order. If a respondent does not make a hearing request in the time allowed, the Securities
17 Administrator intends to adopt the above Tentative Findings of Fact and Conclusions of Law as final as to
18 that respondent, make the Summary Order to cease and desist and to suspend registrations permanent as to
19 that respondent, and, as described above, enter a permanent order to revoke registrations, to deny future
20 registrations, to revoke exemptions, to require disgorgement, to order fines, and to impose any costs sought
21 against the respondent.

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23 //

1 SIGNED and ENTERED this 10th day of April, 2026.



2
3 /s/

4 Faith L. Anderson
Acting Securities Administrator

5 Approved by:

Presented by:

6 /s/

7 /s/

8 Brian J. Guerard
Chief of Enforcement

Anna Harkness
Financial Legal Examiner

9 Reviewed by:

10 /s/

11 Holly Mack-Kretzler
Financial Legal Examiner Supervisor