

**BEFORE THE DIRECTOR OF THE DEPARTMENT OF FINANCE
OF THE STATE OF IDAHO**

In the matter of:

KAREN LYNN HOAGLAND; and
ALL-STAR-STAFFING, LLC.

Docket No. 2020-7-15

AGREEMENT AND ORDER

The State of Idaho, Department of Finance, acting through its Securities Bureau ("Department") has instituted an investigation into the conduct of Karen Lynn Hoagland and All-Star-Staffing, LLC (collectively "Respondents"). Pursuant to said investigation, it appears that violations of the Idaho Uniform Securities Act (2004) ("Act"), Idaho Code § 30-14-101 *et seq.* have occurred. The Department and Respondents have agreed to resolve this matter without a public hearing or adjudication of this matter. Therefore, the Director of the Department of Finance ("Director") deems it appropriate and in the public interest that this Agreement and Order ("Order") be entered and the Respondents consent to the entry of this Order.

RESPONDENTS

1. **Karen Lynn Hoagland** ("Hoagland") is a resident of Melba, Idaho. Hoagland is currently employed as a Home Care Account Executive with Caring.com and was previously employed as a recruiter with the company since 2015. An application for registration was submitted to the Financial Industry Regulatory Authority ("FINRA") for Hoagland in 2001 (Central Registration Depository ("CRD") #2178524), however, the registration was never finalized. Hoagland was never registered to sell securities or provide investment advice.
2. Hoagland owned and registered at least four businesses with the Idaho Secretary of State; All-Star-Staffing, LLC (2000-2006), Soil Needs, LLC (2002-2004), Mold-B-Gone, LLC (2003-2008), and AB&H Cryo, LLC (2013-2014). Hoagland registered at least one business, in 2015, with the Arizona Corporation Commission, R&K 7Kickers, LLC which is currently

inactive. Hoagland claims ownership of JBK (2006-2014) which is not registered with any Secretary of State.

3. **All-Star-Staffing, LLC** (“All-Star”) registered with the Idaho Secretary of State in September 2000. All-Star has never been registered as a broker-dealer or an investment adviser firm.

BACKGROUND

4. On April 25, 2003, Hoagland offered and sold securities issued by All-Star to at least one Idaho couple, WW and NW. WW and NW invested \$15,000 in a note, titled *Payroll Agreement* (“2003 Note”). The note stated they would receive daily interest of 0.0975% due on the 3rd of each month. The note was silent as to when the initial principal was due.
5. On January 26, 2004, Hoagland offered and sold another note issued by All-Star to WW and NW. WW and NW invested \$30,000 and in exchange for their investment funds, WW and NW received a 3-month note, titled *Promissory Note*, at 20% interest, and due in full on April 26, 2004 (“2004 Note”).
6. A document from All-Star, dated February 3, 2005, titled *Payroll Funding* was issued to WW and NW revising the terms of the 2003 Note involving their investment of \$15,000. The Payroll Funding document shows that no interest payments had been paid out in connection to the initial investment and the monthly income payments All-Star failed to pay were now being calculated as principal due for a principal balance of \$17,325.89 as of February 1, 2005. The document remained silent as to when the principal was due.
7. By letter dated August 29, 2005, WW and NW requested repayment in full from Hoagland and All-Star of the 2003 Note of \$15,000 principal plus 29.25% interest. The letter claims that WW and NW left phone messages for Hoagland multiple times, but Hoagland did not respond.

8. On July 11, 2006, WW and NW entered into another *promissory note* (the “2006 Note”) for the total due from their prior investments, which the 2006 Note calculated as \$53,325.89 (the actual total investment, however, was \$61,713.35) based on the following:
 - a. 2003 Note:
 - i. \$15,000 principal,
 - ii. \$2,325.89 interest from 2003 – 2005, and
 - iii. \$8,387.46 interest from 2005 – 2006
 - b. 2004 Note:
 - i. \$30,000 principal;
 - ii. \$6,000 interest
9. The terms of the 2006 Note stated this was a promissory note with 11.25% annual interest, payable through 12-monthly payments of \$500, and a balloon payment due on July 1, 2007.
10. From 2003 through 2018, Hoagland made payments to WW and NW totaling \$13,789.24 towards the 2006 Note. Payments were made by All-Star, Mold-B-Gone, LLC, or Hoagland’s personal account.
11. The securities issued by All-Star, i.e. the 2003 Note, 2004 Note, and 2006 Note, were not registered, nor did they qualify for an exemption from the registration requirements.
12. Hoagland was not registered to sell securities in Idaho, nor did she qualify for an exemption from the registration requirements.
13. Respondents represent that the securities discussed above are the only securities that they have sold in or from Idaho since 2003.

FINDINGS OF VIOLATIONS

OFFER AND SALE OF UNREGISTERED SECURITIES

14. Investments in notes are “securities” as defined by Idaho Code § 30-14-102(28).

15. Pursuant to Idaho Code § 30-14-301, it is unlawful for a person to offer or sell a security in this state unless: (a) The security is a federal covered security; (b) The security, transaction or offer is exempted from registration under sections 30-14-201 through 30-14-203, Idaho Code; or (c) The security is registered under this chapter.

Hoagland, as an agent of All-Star, offered and sold securities in the form of notes, issued by All-Star. The securities were not registered, nor did they qualify for a registration exemption at the time they were sold, in violation of Idaho Code § 30-14-301. OFFER AND SALE OF SECURITIES BY AN UNREGISTERED AGENT

16. Idaho Code § 30-14-102(2) defines an “agent,” in relevant part, as an individual who represents an issuer in effecting or attempting to effect purchases or sales of the issuer’s securities.

17. Pursuant to Idaho Code § 30-14-402, it is unlawful for an individual to transact business in this state as an agent unless the individual is registered under this chapter as an agent or is exempt from registration as an agent under subsection (b) of this section.

18. Hoagland offered and sold All-Star notes to Idaho residents. Hoagland was not registered to sell securities, nor did she qualify for a registration exemption at the time the securities were sold, in violation of Idaho Code § 30-14-402.

FRAUD PROVISIONS

19. Pursuant to Idaho Code § 30-14-501, it is unlawful for any person, in connection with the offer, sale, or purchase of a security, directly or indirectly: (2) To make an untrue statement of material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

20. Hoagland and All-Star misrepresented the investment by:

- a. Claiming the investments would receive monthly interest.
- b. Claiming the investments would be repaid in 12-months or less.

21. Hoagland and All-Star violated Idaho Code § 30-14-501(2) by misrepresenting material facts in connection with the sale of securities.

ACKNOWLEDGEMENT AND REMEDIES

22. The parties agree to entry of this Order in lieu of other proceedings.

23. Respondents admit to the Complainant's findings of violations set forth in this Order.

24. Respondents waive their right to notice and opportunity for a hearing on this matter provided by Idaho Code § 30-14-604 and under the contested case provision of the Idaho Administrative Procedures Act, I.C. § 67-5240 *et seq.* Respondents further waive their right to seek judicial review of this Order.

25. Respondents agree to pay restitution in the amount of thirty-one thousand, two hundred-ten dollars, and seventy-six cents (\$31,210.76).

26. Respondents agree to pay a civil penalty in the amount of twenty thousand dollars (\$20,000) for the violations of the Act, pursuant to *Idaho Code §30-14-604(d)*. As an incentive, the Department agrees to waive \$18,000 of the penalty upon completion of the payment plan, and if Respondents otherwise complies with the terms of this Order.

27. Respondents will make payments as follows:

- a. A good faith payment of \$1,210.76 shall be remitted not later than thirty (30) days from the date the Director executes this Order.
- b. Payments of \$1,000 per month, for a period of thirty-three (33) months, shall be remitted every thirty (30) days after the initial good faith payment has been remitted.
- c. Respondent may make additional payments but will continue paying as agreed until the restitution and penalty has been paid in full, after which his payments will cease.
- d. Payment shall be made to the "Idaho Department of Finance."

28. Respondents agree to not now, nor in the future, offer or sell securities in, into, or from Idaho without complying with the requirements of the Act and its rules.

29. Respondents agree to not claim the availability of, use, or offer or sell securities under any exemptions under the Act without giving written notice to the Director. Said written notice shall be provided at least ten (10) day in advance of the proposed activities in Idaho.

30. In the event that the Respondents commit future violations of the Act or fail to adhere to the terms of this Order, Respondents acknowledge that the Idaho Department of Finance can incorporate the allegations giving rise to this Order in any future proceeding.

AGREED TO and ACKNOWLEDGED

Dated: 4-7-2021 Karen L Hoagland
ALL-STAR-STAFFING, LLC (Signature)

By: Karen L Hoagland member
(Printed Name and Title)

Dated: 4-7-2021 Karen L Hoagland
KAREN LYNN HOAGLAND (Signature)

Dated: 4/13/21 Patricia Highley
PATRICIA HIGHLEY, Securities Bureau Chief
Idaho Department of Finance

IT IS SO ORDERED

DATED this 13th day of April, 2021.



STATE OF IDAHO
DEPARTMENT OF FINANCE
Patricia R. Perkins
PATRICIA R. PERKINS, Director
Idaho Department of Finance