

**BEFORE THE INVESTOR PROTECTION DIRECTOR
OF THE STATE OF DELAWARE**

IN THE MATTER OF:)	
)	
PATHMAKER SOLUTIONS, LLC)	Investor Protection Case No. 17-0030
AND JARED GUCKENBERGER)	
)	
Respondents.)	

**ADMINISTRATIVE CONSENT ORDER AS TO PATHMAKER
SOLUTIONS, LLC AND JARED GUCKENBERGER**

WHEREAS, Pathmaker Solutions, LLC ("Pathmaker") is a Limited Liability Company organized under Delaware law;

WHEREAS, since September 16, 2013, Pathmaker has operated as a real estate company with a business model focused on using funds obtained from investors and lenders to purchase, renovate, and sell undervalued properties located in Delaware;

WHEREAS, Jared Guckenberger ("Guckenberger"), at all relevant times, has been the owner, operator, and managing member of Pathmaker;

WHEREAS, the Delaware Investor Protection Unit of the Delaware Department of Justice (the "IPU") has investigated Pathmaker's and Guckenberger's sale of investment contracts to real estate investors;

WHEREAS, Pathmaker and Guckenberger have cooperated with the IPU by providing various documents over the course of the IPU's investigation;

WHEREAS, the IPU has filed an administrative complaint against Pathmaker and Guckenberger alleging that Pathmaker and Guckenberger violated 6 *Del. C. § 73-201* and 6 *Del. C. § 73-202* of the Delaware Securities Act;

WHEREAS, Pathmaker and Guckenberger have agreed to resolve this matter with IPU, with respect to the various individuals, entities, investors and lenders referenced hereunder arising from the various transactions referenced hereunder and arising from the conduct complained of in the Complaint including, but not limited to, the alleged violations of 6 *Del. C. § 73-201* and 6 *Del. C. § 73-202* of the Delaware Securities Act, pursuant to the terms specified in this administrative consent order (the "Consent Order");

WHEREAS, Pathmaker and Guckenberger enter into this Consent Order for settlement purposes only and this Consent Order does not constitute an admission of the IPU's allegations;

WHEREAS, Pathmaker and Guckenberger agree (i) to be permanently barred from soliciting investors in any security or real estate related business; and (ii) to make a certain one-time, lump-sum payment to the IPU, representing payment of the agreed upon settlement amount from Pathmaker and Guckenberger;

WHEREAS, the IPU will distribute Pathmaker's and Guckenberger's one-time, lump-sum payment to various individuals, investors, lenders and/or other entities who have not previously been made whole by Pathmaker or Guckenberger

and who are listed in EXHIBIT A;¹

WHEREAS, Pathmaker and Guckenberger elect to permanently waive any right to a hearing and any right or ability to seek judicial review with respect to the terms of this Consent Order, except to the extent there is a dispute concerning the terms, interpretation, or enforcement of the Consent Order and only to the extent permitted by the Act and the Rules;

WHEREAS, Pathmaker and Guckenberger admit to the jurisdiction of the IPU in this matter;

WHEREAS, in consideration of the representations and agreements set forth herein, Pathmaker and Guckenberger consent to the entry of this Consent Order;

NOW THEREFORE, the Administrative Hearing Officer, Deputy Attorney General Allison McCowan, as an administrative hearing officer appointed pursuant to 6 *Del. C.* § 73-102(c) of the Delaware Securities Act, 6 *Del. C.* § 73-101, *et seq.* (the “Act”), and 6 *Del. Admin. C.* § 225A of the Rules and Regulations Pursuant to the Delaware Securities Act (the “Rules”), having had the powers of the Investor Protection Director of the State of Delaware (the “Director”) to issue orders pursuant to §§ 73-501 through 73-601 delegated to her, on the basis of the Findings of Fact, Conclusions of Law, and Pathmaker’s and Guckenberger’s consent to the entry of this Consent Order; finds the following relief appropriate and in the public interest, and hereby enters this Consent Order:

¹ While every entity in Exhibit A may ultimately receive a portion of the settlement, IPU may choose not to pay some entities listed on Exhibit A.

FINDINGS OF FACTS

I. Pathmaker's Origin

1. In June of 2013, Guckenberger began purchasing real estate with the intent to profit from renovating and selling the real estate. A deed transferred 40 Gilbert Court, Newark, Delaware 19712 to Guckenberger on June 17, 2013. A deed transferred 5 Donwood Drive, New Castle, Delaware 19720 to Guckenberger on November 26, 2013. Guckenberger did not use investor funds to finance these purchases. By May of 2014, Guckenberger had successfully transferred each of these properties to new owners.

2. Pathmaker was formed in Delaware on September 16, 2013. It is a real estate company with a business model focused on using funds obtained from investors and lenders to purchase, renovate, and sell undervalued properties.

3. Pathmaker operated its business in Delaware.

4. At all relevant times, Guckenberger was the owner, operator, and managing member of Pathmaker.

5. Starting in December of 2013, Guckenberger began purchasing and renovating properties using funds from investors.² The first such purchase was 7

² In addition to investor funds, Jared Guckenberger also invested his own money in projects at 18 Tamarack Avenue, Wilmington, Delaware 19805; 102 Winder Road, New Castle, Delaware 19720; 2026 Crystal Road, Hartly, Delaware 19953; 25 Lyric Drive, Newark, Delaware 19702; 2028 Longridge Road, Clayton, Delaware 19938; 2679 Peachtree Run Road, Dover, Delaware 19901; 631 Wynnwood Circle, Camden, Delaware 19934; 105 Paddock Drive, Newark, Delaware 19711; 2218 Regal Drive, Wilmington, Delaware 19810; 1759 Lion Hope Road, Clayton, Delaware 19938; 109 Hillview Avenue, New Castle, Delaware 19720; 151 Winding Ridge Road, Dover, Delaware 19904; 452 Morehouse Drive, Wilmington, Delaware 19801; 15 Yarmouth Way, Dover, Delaware 19904; 33 Weldon Drive, Smyrna, Delaware 19977; 536 Lilac Drive, Middletown, Delaware 19709; 741 Strauss Avenue, Marydel, Delaware 19964; 134 Rodney Street, Smyrna, Delaware 19977; and 100 Hazletville Road, Hartly, Delaware 19953.

Waltham Street, Newark, Delaware 19713. As of May 2014, this project was still ongoing. Each investor's investment addressed in this Consent Order involved investment contracts.³

II. The Investment Contracts

6. Although Pathmaker used various forms of investment contracts, the contracts all shared five key characteristics. These contracts: (1) were limited to a specified property or properties in which the investor's money could be invested; (2) required an investment of money; (3) were entered into by the investors with the purpose and expectation of profit; (4) created a common enterprise; and (5) burdened Pathmaker with the majority of the powers and responsibilities they assigned.

7. Pathmaker's use of each investor's funds was limited to a few specified properties by a section of each investment contract titled "Purpose." In each investment contract this section read "the purpose of this joint venture is to purchase, renovate, and sell the specific properties listed below. The joint venture shall not engage in any other business without the written consent of both parties." Below this text, the specific properties involved in the investment contract were always listed.⁴

8. Each investment contract also required an investment of money. The

³ IPU is aware of one instance in which [REDACTED] structured an investment in Pathmaker as a loan. IPU does not allege at this time that that loan was an investment contract.

⁴ IPU has confirmed that Pathmaker and Guckenberger failed to tell all investors, at the time they purchased their investment, with the exception of [REDACTED] Real Estate Investment Partnership, LLC, and Real Estate Investment Partnership, LLC's owners, key facts regarding whether Pathmaker and Guckenberger deposited, or planned on depositing, their investors' funds in accounts separate from unrelated investments.

amount of money each investor invested was usually addressed in the “Capital and Profit Sharing” section of each investment contract. That section would also address when the investor’s investment was due, how profits and losses were to be split, and when an investor could demand payment of profits and principal.

9. The terms of each investment contract made clear that investors invested money in each investment contract in order to make a profit. Every Pathmaker investment contract included a term that anticipated total profits.⁵

10. Each investor’s fortunes were interwoven with and dependent upon the efforts and success of Pathmaker and Guckenberger. Likewise, each investor’s profits were dependent upon the expertise or efforts of Pathmaker and Guckenberger. Thus, each investment contract created a common enterprise. Every investment contract provided that Pathmaker would be in charge of the general day-to-day management of the projects and included a provision which read in essence⁶ “a ‘deal management’ allotment equating to \$2,000 or 20% of final profits, whichever is greater, are to be paid to Pathmaker Solutions, LLC. The

⁵ For example, the investment contract for 102 Winder Road, New Castle, Delaware 19720 included a term that read “total profits for this project are anticipated to range from \$22,000.00 to \$32,000.00 . . . but as with all real estate projects of this nature profits could be significantly less, depending on unforeseen circumstances and discovery as the project proceeds.”

⁶ The investment contracts for 102 Winder Road, New Castle, Delaware 19720 included a provision which read “a ‘deal management’ allotment equating to 20% of final profits are to be paid to Pathmaker Solutions, LLC. The remaining 80% is to be paid between the parties in the share that is equal to the percentage of participation. Any losses are to be allocated in the same manner.”

Some investment contracts stated that “upon a loss the \$2,000 ‘deal management’ will be applied by property prior to calculating the final loss split.

The investment contract for 18 Tamarack Avenue also allocated profits and losses in a different way. It indicates “A ‘Deal Management’ allotment equating to 25% of final profits are to be paid to Pathmaker Solutions, LLC. The remaining 75% is to be paid between the parties in the share that is equal to the percentage of participation. Any losses are to be allocated in the same manner.”

remaining 80% of the profits are to be paid between the parties in the share that is equal to the percentage of participation. Any losses are to be allocated in the same manner. Upon a loss the \$2,000 'deal management' will be applied prior to calculating the final loss split."

11. All of the investment contracts assigned powers and responsibilities in roughly the same way. They all gave Pathmaker a large portion of control over the projects. Pathmaker was in charge of general day-to-day management of the projects, making initial pricing decisions, and selecting the realtor. The contracts allocated minimal control over the sale price of the properties and the value of the renovations to the investors.⁷ All of the investment contracts also included a provision that read "each party will make available to the other any accounting documents and receipts for inspection."⁸

12. None of the investment contracts Pathmaker and Guckenberger sold were registered under the Act.

13. None of the investment contracts Pathmaker and Guckenberger sold were exempt under the Act.

14. Pathmaker and Guckenberger did not make any notice filing with respect to any of the investment contracts they sold.

⁷ For example, every investment contract included a provision that required decreases of after repair value that reached a certain level to be either agreed to by all parties, a majority of the parties, or reviewed by all parties. Another example is that all investment contracts required renovation budget increases of a certain level to be approved by the majority of parties or communicated to all parties.

⁸ ██████████ represented in an interview that even after requesting settlement sheets for properties he invested in pursuant to this provision he had difficulties obtaining the settlement sheets from Guckenberger and Pathmaker.

III. The Properties, Parties, Transactions and Dates at Issue

15. For the purposes of the Consent Order, Pathmaker and Guckenberger concede that it/they accepted investments in the following properties, from the following parties, and in transactions on the dates listed hereunder:

A. In 2014, Pathmaker entered into a real estate investment contract with [REDACTED] relating to the purchase, renovation, and sale of 18 Tamarack Avenue, Wilmington, Delaware 19805 ("Tamarack").

B. In 2014, Pathmaker entered into a real estate investment contract with [REDACTED] relating to the purchase, renovation, and sale of 102 Winder Road, New Castle, Delaware 19720 ("Winder").

C. In 2014, Pathmaker entered into a real estate investment contract with [REDACTED] relating to the purchase, renovation, and sale of Winder.

C. In 2015, Pathmaker entered into a real estate investment contract with [REDACTED] relating to the purchase, renovation, and sale of 2026 Crystal Road, Hartly, Delaware 19953 ("Crystal") and 1222 Slaughter Station Road, Hartly, Delaware 19953 ("Slaughter Station").⁹

D. In 2015, Pathmaker entered into a real estate investment contract with White Wolf LLC (and its owner, [REDACTED]) relating to the purchase, renovation, and sale of 2026 Crystal Road, Hartly, Delaware 19953 ("Crystal") and 1222 Slaughter Station Road, Hartly, Delaware 19953 ("Slaughter

⁹ Pathmaker never purchased of 1222 Slaughter Station Road, Hartly, Delaware 19953.

Station”).

E. In 2015, Pathmaker entered into a real estate investment contract with Ace Property Group LLC (and its owner, [REDACTED]) relating to the purchase, renovation, and sale of 25 Lyric Drive, Newark, Delaware 19702 (“Lyric”) and 2028 Longridge Road, Clayton, Delaware 19938 (“Longridge”).

F. In 2015, Pathmaker entered into a real estate investment contract with Delaware Falcon Homes (and its owner, [REDACTED]) relating to the purchase, renovation, and sale of Lyric and Longridge.

G. In 2015, Pathmaker entered into a real estate investment contract with White Wolf relating to the purchase, renovation, and sale of Lyric and 2679 Peachtree Run Road, Dover, Delaware 19901 (“Peachtree Run”).

H. In 2015, Pathmaker entered into a real estate investment contract with Real Estate Investment Partnership, LLC relating to the purchase, renovation, and sale of 631 Wynnwood Circle, Camden, Delaware 19934 (“Wynnwood”).

I. In 2015, Pathmaker entered into a real estate investment contract with White Wolf (and its owner, [REDACTED]) relating to the purchase, renovation, and sale of 109 Hillview Avenue, New Castle, Delaware 19720 (“Hillview”); 105 Paddock Road, Newark, Delaware 19711 (“Paddock”); 1759 Lion Hope Road, Clayton, Delaware 19938 (“Lion Hope”); and 2218 Regal Drive, Wilmington, Delaware 19801 (“Regal”).

J. In 2015, Pathmaker entered into a real estate investment

contract with Cyntellex Properties, LLC (and its owner, [REDACTED]) relating to the purchase, renovation, and sale of Hillview, Paddock, Lion Hope, and Regal.

K. In 2015, Pathmaker entered into a real estate investment contract with [REDACTED] relating to the purchase, renovation, and sale of Hillview, Paddock, Lion Hope, and Regal.

L. In 2015, Pathmaker entered into a real estate investment contract with White Wolf (and its owner, [REDACTED]) relating to the purchase, renovation, and sale of 151 Winding Ridge Road, Dover, Delaware 19901 ("Winding Ridge"); 452 Morehouse Drive, Wilmington, Delaware 19801 ("Morehouse"); and 15 Yarmouth Way, Dover, Delaware 19904 ("Yarmouth").

M. In 2015, Pathmaker entered into a real estate investment contract with Real Estate Investment Partnership, LLC relating to the purchase, renovation, and sale of Winding Ridge, Morehouse, and Yarmouth.

N. In 2015, Pathmaker entered into a real estate investment contract with [REDACTED] relating to the purchase, renovation, and sale of 33 Weldon Drive, Smyrna, Delaware 19977 ("Weldon").

O. In 2015, Pathmaker entered into a real estate investment contract with White Wolf (and its owner, [REDACTED]) relating to the purchase, renovation, and sale of Slaughter Station; 536 Lilac Drive, Middletown, Delaware 19709 ("Lilac"); 368 Windrow Way, Magnolia, Delaware 19962

("Windrow Way");¹⁰ 741 Strauss Avenue, Marydel, Delaware 19964 ("Strauss"); and 134 Rodney Street, Smyrna, Delaware 19977 ("Rodney").

P. In 2015, Pathmaker entered into a real estate investment contract with [REDACTED] relating to the purchase, renovation, and sale of Slaughter Station, Lilac, Windrow Way, Strauss, and Rodney.

Q. In 2015, Pathmaker entered into a real estate investment contract with [REDACTED] relating to the purchase, renovation, and sale of Rodney; 100 Hazlettsville Road, Hartly, Delaware 19953 ("Hazlettsville"), Lilac, and Strauss.

16. Unless otherwise stated above, Pathmaker or Guckenberger purchased and sold, or is in the process of selling, all of the properties listed on the real estate investment contracts noted above. None of the deeds for any of these properties list any of the investors as owners.

IV. Amounts Invested by Investors and Payments Made by Pathmaker

17. As of the date of the entering of this Consent Order, Pathmaker has received at least \$541,500.00 in investments from investors.

18. Pathmaker and Guckenberger have paid investors back at least \$223,150.00.

19. Investors in Pathmaker's investment contracts lost a total of \$318,350.00.

¹⁰ Pathmaker never purchased or sold Windrow Way.

CONCLUSIONS OF LAW¹¹

20. IPU has jurisdiction over this matter pursuant to 6 *Del. C.* § 73-501.

21. IPU concludes that the investment contracts that Pathmaker entered with investors are securities under 6 *Del. C.* § 73-103(a)(20).

22. IPU concludes that Pathmaker and Guckenberger violated 6 *Del. C.* § 73-202 (Registration of and notice filing for securities). In particular, IPU concludes that Pathmaker and Guckenberger sold securities in Delaware that were not registered under the Delaware Securities Act, exempt under 6 *Del. C.* § 73-207, or federally covered securities for which a notice filing had been made under 6 *Del. C.* § 73-208.

23. IPU concludes that, pursuant to 6 *Del. C.* § 73-601(a) of the Act, the violation described above constitutes justification for the Administrative Hearing Officer to issue an order providing for “fines, assessment of costs, restitution to investors, conditional or probationary registration, censure or reprimand, special reporting requirements, or other remedies which the Director determines to be in the public interest.”

ORDER

24. This Consent Order concludes this administrative proceeding against Pathmaker and Guckenberger and any other action that IPU or the Delaware Department of Justice could commence against Pathmaker and Guckenberger under applicable Delaware administrative or civil law regarding Pathmaker's and

¹¹ Respondents would have contested every conclusion of law were there a hearing in this matter.

Guckenberger's sale of investment contracts for the purpose of profiting off of the purchase and sale of undervalued properties between June of 2014 and December of 2015 (the "Matter"). IPU and the Delaware Department of Justice agree to refrain from taking any additional administrative or civil action against Pathmaker and Guckenberger covering the Matter provided that Pathmaker and Guckenberger fully comply with the terms and conditions of this Consent Order. Failure to comply with any term of this Consent Order shall be a basis for further action by the Director, including the commencement of an administrative or civil action.

25. Pathmaker and Guckenberger acknowledge that the above described investors' investment losses total of \$318,350.00.

26. Pathmaker and Guckenberger agree to pay restitution to the above-identified investors directly to the IPU.

27. As consideration for resolving the Matter, IPU will accept a reduced payment of \$100,000.00 from Pathmaker and Guckenberger, in lieu of \$318,350.00, consisting of restitution of \$100,000.00 to the above-identified investors within sixty (60) days of the date of this Consent Order, such payment to be made by (i) certified check or bank cashier's check, made payable to the "Delaware Department of Justice" and mailed to Investor Protection Unit, 820 N. French Street, 5th Floor, DE 19801, Attn: Joseph Tabler; or (ii) by ACH transfer. The monies received by IPU pursuant to this paragraph will be distributed to the above-identified investors as restitution.

28. If Guckenberger and Pathmaker have not paid \$100,000.00 in

accordance with paragraph 27 of this Consent Order within sixty (60) days of the date of this Consent Order, then the amount Guckenberger and Pathmaker owe by the terms of this order will become \$318,350.00 on the sixty-first (61st) day after the date of this Consent Order.

29. Pathmaker and Guckenberger shall be permanently barred from soliciting investors in any security or real estate related business.

30. Pathmaker and Guckenberger are ordered to refrain from committing any future violations of the Act or the Rules.

31. This Consent Order shall be binding upon Pathmaker and Guckenberger and their successors and assigns with respect to all conduct subject to the provisions above and all future obligations, responsibilities, undertakings, commitments, limitations, restrictions, events, and conditions.

32. This Consent Order concludes any and all investigations by the IPU into the investment properties purchased by the Respondents.

33. Pathmaker and Guckenberger waive any right or ability to seek judicial review with respect to the terms of this Consent Order, except to the extent there is a dispute concerning the terms, interpretation, or enforcement of the order and only to the extent permitted by the Act and the Rules.

34. The IPU maintains jurisdiction over Pathmaker and Guckenberger for the purposes of monitoring compliance with the provisions herein.

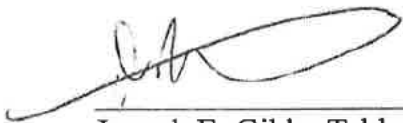
35. Any failure by Pathmaker or Guckenberger to make payments to the IPU (on behalf of the above-identified investors) when due, or any other default of

the obligations set forth in this Consent Order, shall be considered a violation of this Consent Order and will, thereby, authorize the IPU to apply to the Delaware Court of Chancery to enforce compliance pursuant to 6 *Del. C.* § 73- 602.

36. This Consent Order and any dispute related thereto shall be construed and enforced in accordance with, and governed by, the laws of Delaware without regard to any choice of law principles. The exclusive venue for any litigation related to this Consent Order shall be in New Castle County, Delaware.

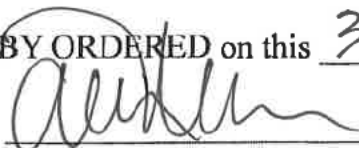
37. This Consent Order shall not limit the rights of any of Pathmaker's investors to pursue relief related to his/her investment with Pathmaker.

38. Pathmaker and Guckenberger are entitled to proceeds, if any, from any unsold properties.



Joseph E. Gibbs-Tabler (#6367)
Deputy Attorney General
Department of Justice
820 North French Street Wilmington, DE 19801
(302) 577-8876

IT IS HEREBY ORDERED on this 30th day of September, 2020.



Administrative Hearing Officer

CONSENT TO ENTRY OF THIS CONSENT ORDER

Jared Guckenberger (i) admits to the jurisdiction of the Delaware Investor Protection Unit of the Delaware Department of Justice; (ii) admits to the jurisdiction of IPU and/or the Delaware Court of Chancery for any matters related to the enforcement of this Consent Order; (iii) without admitting to the Findings of Fact and Conclusions of Law set forth above enters this Consent Order to avoid litigation; (iv) acknowledges he has been served a copy of this Consent Order and has read it; (v) agrees to entry of this Consent Order as a settlement of the issues addressed in this Consent Order; (vi) acknowledges he is aware of his right to a hearing and appeal in this matter under Sections 73-304, 73-502 or 73-601 of the Delaware Securities Act, and waives this right; (vii) states that no promise of any kind or nature whatsoever that is not reflected in this Consent Order was made in order to induce him to enter into this Consent Order and (viii) that he enters into this Consent Order voluntarily.

Jared Guckenberger

Date:

CONSENT TO ENTRY OF THIS CONSENT ORDER

Pathmaker Solutions, LLC ("Pathmaker") (i) admits to the jurisdiction of the Delaware Investor Protection Unit of the Delaware Department of Justice; (ii) admits to the jurisdiction of IPU and/or the Delaware Court of Chancery for any matters related to the enforcement of this Consent Order; (iii) without admitting to the Findings of Fact and Conclusions of Law set forth above enters this Consent Order to avoid litigation; (iv) acknowledges it has been served a copy of this Consent Order and has read it; (v) agrees to entry of this Consent Order as a settlement of the issues addressed in this Consent Order; (vi) acknowledges it is aware of its right to a hearing and appeal in this matter under Sections 73-304, 73-502 or 73-601 of the Delaware Securities Act, and waives this right; (vii) states that no promise of any kind or nature whatsoever that is not reflected in this Consent Order was made in order to induce it to enter into this Consent Order and (viii) that it enters into this Consent Order voluntarily. The individual signing below on behalf of Pathmaker represents that the individual has been duly authorized by Pathmaker to agree to this Consent Order and to execute this Consent to Entry of Consent Order for and on behalf of Pathmaker.

Pathmaker Solutions, LLC

Name: Jared Guckenberger

Title: Managing Member, Pathmaker Solutions, LLC

Date: _____

EXHIBIT A

**Individuals, Investors, Lenders and/or Other Entities Who Have Not
Previously Been Made Whole by Pathmaker or Guckenberger**

