



BEFORE THE COMMISSIONER OF COMMERCE AND INSURANCE
FOR THE STATE OF TENNESSEE

TENNESSEE SECURITIES DIVISION,)

Petitioner,)

v.)

TSD No.: 18-022

FUNDRISE EAST COAST)
OPPORTUNISTIC REIT, LLC;)
FUNDRISE MIDLAND)
OPPORTUNISTIC)
REIT, LLC; AND)
FUNDRISE WEST COAST)
OPPORTUNISTIC REIT, LLC,)

Respondents.)

CONSENT ORDER

The Securities Division ("Division") of the Tennessee Department of Commerce and Insurance, Fundrise East Coast Opportunistic REIT, LLC, Fundrise Midland Opportunistic REIT, LLC, and Fundrise West Coast Opportunistic REIT, LLC ("Respondents"), by and through undersigned counsel, agree to the entry of this Consent Order in accordance with Tennessee Code Annotated ("Tenn. Code Ann.") § 48-1-116 of the Tennessee Securities Act of 1980 ("Act"), as amended, and Tennessee Code Annotated §§ 48-1-101 to 48-1-201, subject to the approval of the Commissioner of the Department ("Commissioner").

PARTIES

1. Respondents are private investment funds with their principal place of business located at: 1601 Connecticut Avenue NW, Suite 300, Washington, DC, 20009.¹
2. Fundrise East Coast Opportunistic REIT, LLC is registered with the Securities and Exchange Commission with the assigned Central Index Key number: 0001660918.
3. Fundrise Midland Opportunistic REIT, LLC is registered with the Securities and Exchange Commission with the assigned Central Index Key number: 0001661023.
4. Fundrise West Coast Opportunistic REIT, LLC is registered with the Securities and Exchange Commission with the assigned Central Index Key number: 0001660919.

GENERAL STIPULATIONS

5. It is expressly understood that this Consent Order is subject to the Commissioner's acceptance and has no force and effect until such acceptance is evidenced by the entry of the Commissioner.
6. This Consent Order is executed by the Commissioner, the Division, and the Respondents for the purpose of avoiding further administrative action with respect to this cause. Should this Consent Order not be accepted by the Commissioner, it is agreed that presentation to and consideration of this Consent Order by the Commissioner shall not unfairly or illegally prejudice the Commissioner from further participation or resolution of these proceedings.
7. Respondents fully understand that this Consent Order will in no way preclude additional proceedings by the Commissioner against them for acts and/or omissions not

¹ Fundrise Advisors, LLC's Form ADV, Uniform Application for Investment Adviser Registration and Report by Exempt Reporting Advisers, revised October 2017, available at: https://www.adviserinfo.sec.gov/IAPD/IAPDFirmSummary.aspx?ORG_PK=172036 (last visited September 11, 2018).

specifically addressed in this Consent Order or for facts and/or omissions that do not arise from the facts or transactions herein.

8. Respondents fully understand that this Consent Order will in no way preclude proceedings by state government representatives, other than the Commissioner, for acts or omissions addressed specifically in this Consent Order, violations of law under statutes, rules, or regulations of the State of Tennessee that arise out of the facts, acts, or omissions contained in this Consent Order, or acts or omissions addressed specifically herein that result from the execution of this Consent Order.

9. Respondents waive all further procedural steps, and waive all rights to seek judicial review of, or otherwise challenge the validity of this Consent Order, the stipulations and imposition of discipline contained herein, or the consideration and entry of this Consent Order by the Commissioner.

10. This Consent Order is submitted on the condition that, if accepted, the Commissioner will not bring any future actions against Respondents alleging violations based on the same factual findings described herein.

FINDINGS OF FACT

11. On July 7, 2016, Respondents submitted notice filings for a sale of Regulation A, Tier 2 covered securities to the Division pursuant to Tenn. Code Ann. § 48-1-125(c)(1), effective July 9, 2012, to May 17, 2017. These notice filings expired on December 31, 2016.

12. After Fundrise East Coast Opportunistic REIT, LLC's filing expired on December 31, 2016, Fundrise East Coast Opportunistic REIT, LLC sold Regulation A, Tier 2 securities totaling four hundred twenty-one thousand, nine hundred sixty-six dollars and ninety-five cents (\$421,966.95) to four thousand, two hundred seventy-five (4,275) Tennessee investors.

13. After Fundrise Midland Opportunistic REIT, LLC's filing expired on December 31, 2016, Fundrise Midland Opportunistic REIT, LLC sold Regulation A, Tier 2 securities totaling four hundred twenty-one thousand, nine hundred sixty-six dollars and ninety-five cents (\$421,966.95) to approximately five thousand (5,000) Tennessee investors.

14. After Fundrise West Coast Opportunistic REIT, LLC's notice filing expired on December 31, 2016, Fundrise West Coast Opportunistic REIT, LLC sold Regulation A, Tier 2 securities totaling four hundred twenty-one thousand, nine hundred sixty-six dollars and ninety-five cents (\$421,966.95) to approximately five thousand (5,000) Tennessee investors.

15. Respondents failed to register or notice file again until July 30, 2018.

16. Respondents never qualified for any self-executing exemptions relating to these sales of the Regulation A, Tier 2 securities.

17. Respondents are not currently, and have never been, registered with the Division to issue securities in Tennessee.

18. On July 27, 2018, Peter LaVigne, the attorney for Respondents from the law firm Goodwin Procter LLP, sent three (3) separate letters on behalf of each Respondent to the Division. These letters disclosed that due to an "oversight" Goodwin Procter LLP failed to notice file on behalf of each Respondent from September 30, 2016, to June 29, 2018, during which time each Respondent sold Regulation A, Tier 2 securities as outlined above.

19. In these letters dated July 27, 2018, Peter LaVigne also enclosed the requisite filing fees and notice filings on behalf of Respondents for the remainder of 2018 and for some of 2019. Respondents are now properly notice filed in Tennessee as a covered security, their filings are currently still in effect, and they are not disqualified as Regulation A Tier 2 Securities.

CONCLUSIONS OF LAW

20. Pursuant to Tenn. Code Ann. § 48-1-115(a), the responsibility for the administration of the Act is vested in the Commissioner. The Division is the lawful agent through which the Commissioner discharges this responsibility. Tenn. Code Ann. § 48-1-115(b).

21. Tenn. Code Ann. § 48-1-116 provides that the Commissioner may make, promulgate, amend, and rescind such orders as are necessary to carry out the provisions of the Act upon a finding that such order is in the public interest, necessary for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the Act.

22. Tenn. Code Ann. § 48-1-125(c)(1), effective from July 9, 2012, to May 17, 2017, provided that notice filings expired annually on December 31st of each year the notice filing was made. This Sub-Section also provided that renewal of notice filings were made by making a filing and paying a fee no later than the close of business on the tenth business day prior to the date of expiration.

23. Tenn. Code Ann. § 48-1-125(a)(1)(B), amended on May 18, 2017, provides that any issuer planning to offer and sell securities in Tennessee pursuant to Tier 2 of Regulation A shall submit the requisite filing and fee at least twenty-one (21) days prior to the initial sale.

24. Tenn. Code Ann. § 48-1-104 provides that it is unlawful for any person to sell any security in this state unless: 1) it is registered under this part; 2) the security or transaction is exempted under Tenn. Code Ann. § 48-1-103; or 3) the security is a covered security.

25. Pursuant to Tenn. Code Ann. § 48-1-104(a)(1)(B), the Commissioner may, after notice and opportunity for a hearing under the Uniform Administrative Procedures Act, compiled in Title 4, Chapter 5, impose a civil penalty against any person found to violate this section, or

any rule or order adopted or issued under this section, in an amount not to exceed ten thousand dollars (\$10,000) per violation, or in an amount not to exceed twenty thousand dollars (\$20,000) per violation if an individual who is a designated adult is a victim.

26. The Findings of Fact detailed in paragraphs twelve (12) through twenty (20) prove that Respondents' notice filings on July 7, 2016, expired on December 31, 2016, and Respondents violated Tenn. Code Ann. § 48-1-125(c)(1), effective from July 9, 2012, to May 17, 2017, by selling securities in this state, pursuant to Tier 2 of Regulation A, without submitting the requisite filing and fee.

27. The Findings of Fact detailed in paragraphs twelve (12) through twenty (20) prove that Respondents violated Tenn. Code Ann. § 48-1-125(a)(1)(B) by selling securities in this state, pursuant to Tier 2 of Regulation A, without submitting the requisite filing twenty-one (21) days prior to the initial sale.

28. The Findings of Fact detailed in paragraphs twelve (12) through twenty (20) prove that Respondents violated Tenn. Code Ann. § 48-1-104 by selling securities in this state that were not registered with the Division, without any applicable exemption under Tenn. Code Ann. § 48-1-103.

29. The Commissioner finds the following relief appropriate, in the public interest, and necessary for the protection of investors.

ORDER

NOW, THEREFORE, based on the foregoing, including Respondents' waiver of the right to a hearing and appeal under the Act and the Tennessee Uniform Administrative Procedures Act, Tenn. Code Ann. §§ 4-5-101 *et seq.*, and Respondents' admission to the

jurisdiction of the Commissioner, the Commissioner finds that Respondents agree to the entry of this Consent Order for the purpose of settling this matter.

IT IS ORDERED, pursuant to Tenn. Code Ann. § 48-1-116(a), that Respondents shall:

1. **COMPLY** with the Act, as amended, and all rules promulgated thereunder; and
2. **PAY A CIVIL PENALTY** to the State of Tennessee of one thousand dollar (\$1,000) on behalf of each Respondent, for a total of three thousand dollars (\$3,000). The payment of such civil penalty shall be made by check payable to the Tennessee Department of Commerce and Insurance. Page one (1) of this Consent Order must accompany the payment for reference. Payment shall be remitted within thirty (30) days after entry of this Consent Order, mailed to the attention of:

**State of Tennessee
Department of Commerce and Insurance
Attn: Virginia Smith
8th Floor, Davy Crockett Tower
500 James Robertson Parkway
Nashville, Tennessee 37243**

3. Respondents' failure to comply with the terms of this Consent Order, including the manner and method of payment of the civil penalty described above, shall result in further administrative disciplinary actions, which may include the assessment of additional civil penalties.

4. **IT IS FURTHER ORDERED** that this Consent Order represents the complete and final resolution of, and discharge of all administrative and civil claims, demands, actions, and causes of action by the Commissioner against Respondents for violations of the Act with respect to the transactions involved in the above-referenced facts. However, excluded from and not covered by this paragraph, are any claims by the Division arising from or relating to the enforcement of the Consent Order provisions contained herein.

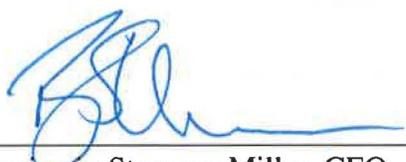
5. This Consent Order is in the public interest and the best interests of the Parties. It represents a settlement of the controversy between the Parties and is for settlement purposes only. By the signatures affixed below, Respondents affirmatively state the following: Respondents freely agree to the entry of this Consent Order; Respondents waive the right to a hearing on, or a review of, the matters, the Findings of Fact, and the Conclusions of Law underlying this Consent Order; and Respondents encountered no threats or promises of any kind by the Commissioner, the Division, or any agent or representative thereof.

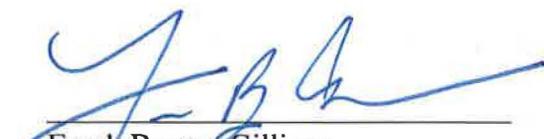
6. By signing this Consent Order, the Commissioner, Division, and Respondents affirmatively state their agreement to be bound by the terms of this Consent Order and aver that no promises or offers relating to the circumstances described herein, other than the terms of settlement as set forth in this Consent Order, are binding upon them.

ENTERED this 4 day of January, 2018-~~2018~~ 2019

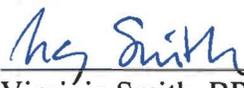

Julie Mix McPeak, Commissioner
Department of Commerce and Insurance

APPROVED FOR ENTRY:


Benjamin Stayman Miller, CEO
Fundrise East Coast Opportunistic REIT, LLC
Fundrise Midland Opportunistic REIT, LLC
Fundrise West Coast Opportunistic REIT, LLC


Frank Borger-Gilligan
Assistant Commissioner for Securities
Department of Commerce and Insurance


Peter W. LaVigne
Attorney for Respondents
Goodwin Procter, LLP


Virginia Smith, BPR #31248
Assistant General Counsel for Securities
Department of Commerce and Insurance