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**STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
SECURITIES DIVISION**

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IN THE MATTER OF DETERMINING  
whether there has been a violation  
of the Securities Act of Washington by:

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Michael Laine and LiftPort, Inc.,

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Respondents.

Order Number S-06-077-09-CO01

CONSENT ORDER

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**INTRODUCTION**

On April 18, 2007, the Securities Administrator of the State of Washington issued Statement of Charges, S-06-077-SCO01, against the Respondents Michael Laine and LiftPort, Inc. The Securities Division and Michael Laine and LiftPort, Inc. do hereby enter into this CONSENT ORDER in settlement of the above captioned matter. Respondents neither admit nor deny the Findings of Fact and Conclusions of Law stated below.

**FINDINGS OF FACT**

1. Respondents Liftport, Inc. dba Liftport Group ("Liftport"), a Washington corporation, was incorporated on July 7, 2003 and is currently conducting business at 245 4<sup>th</sup> Street Suite 508 Bremerton, Washington. Liftport was created to develop an alternative method of sending cargo and people to space using a Space Elevator and is supposedly developing the technology to build a space elevator.

2. Michael Laine ("Laine") is a resident of Bremerton, Washington. Laine is the President of Liftport, Inc.

**NATURE OF THE OFFERING**

CONSENT ORDER

1           1.     Between June 2003 and March 2006, Laine offered and sold investments in Liftport, Inc. to at least  
2 85 investors. At least nine of the investors were Washington residents. Investors found out about the offering via  
3 Liftport’s website and at presentations made by Laine. Some of the investors were neither accredited nor  
4 sophisticated investors. The investment was in the form of common stock. The stock was sold at \$1.50 per share  
5 with a minimum investment of \$500 and a maximum investment of \$10,000. The investments made totaled at least  
6 \$117,542; at least \$5,050 of the investments came from Washington residents.

7           2.     Liftport maintains a website at [www.liftport.com](http://www.liftport.com). As early as 2004 the Liftport website contained a  
8 section called “Get Involved” and “Help us Grow” which stated, “Money: At present, Liftport, Inc. is in the early  
9 start-up stages, and like any start-up, has strong financial needs in order to achieve our goal of building the Space  
10 Elevator. We’re interested in scientific grants, sponsorships, private investing, donations, the works. If you think  
11 you can help, let us know.” All of the underlined text was hyperlinked to another section on the website which  
12 provided an email address for potential investors to use to request further information about Liftport’s investment  
opportunities.

13           3.     At least one Washington resident submitted a request for information on Liftport’s investment  
14 opportunities to the email address provided on the Liftport website. At least one resident received an email from  
15 Laine with information about an upcoming offering. At least one resident received offering documents from  
16 Liftport via email. The offering documents specified Liftport was selling shares of common stock. The shares  
17 were offered at \$1.50 per share. There was a \$500 minimum investment and a \$10,000 maximum investment. At  
18 least one resident purchased shares of common stock.

19           4.     The Liftport website also projected that Liftport would develop and build an operational space  
elevator by 2018. That projection was later changed on the website to 2031.

20           5.     As early as the fall of 2005 Laine made presentations about Liftport. After at least one such  
21 presentation Laine spoke to a Washington resident about investment opportunities in Liftport. Prior to investing,  
22 the resident was sent Liftport offering materials by a representative of the company. The terms of the offering as

1 well as the offering materials were identical to those provided to residents who contacted the company through  
2 Liftport's website.

3 6. The offering materials Liftport provided to potential investors in connection with the offering did  
4 not include financial statements, a detailed use of proceeds, projected costs to develop and build the space elevator,  
5 general risk factors related to the space technology, and specific risk factors related to space elevator production.

### 6 **MISREPRESENTATIONS AND OMISSIONS**

7 7. Liftport failed to provide material information regarding the company including, but not limited to:  
8 financial statements; use of proceeds; projected costs to develop and build the space elevator; general risk factors  
9 related to the space technology; and specific risk factors related to space elevator production.

10 8. Liftport failed to provide a reasonable basis for its projection that the space elevator would be  
11 completed by 2018 and/or 2031 and failed to disclose limitations on the projection.

### 12 **REGISTRATION STATUS**

13 9. Liftport, Inc. is currently not registered to sell its securities in the State of Washington and has not  
14 previously been so registered.

15 10. Michael Laine is not currently registered as a securities salesperson or broker-dealer in the State of  
16 Washington and has not previously been so registered.

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

### 18 **CONCLUSIONS OF LAW**

19 1. The offer and/or sale of the investments described above constitute the offer and/or sale of a  
20 security as defined in RCW 21.20.005 (10) and (12).

21 2. Michael Laine violated RCW 21.20.040, by offering and selling said securities while not registered  
22 as a securities salesperson or broker-dealer in the State of Washington.

1 3. Liftport, Inc. violated 21.20.140 by offering and selling unregistered securities.

2 4. In connection with the offer or sale of the said securities Liftport, Inc., violated RCW  
3 21.20.010 because, as set forth in the Tentative Findings of Fact, Respondent made misstatements of  
4 material fact or omitted to state material facts necessary in order to make the statements made, in light of  
5 circumstances under which they were made, not misleading and/or engaged in acts and practices that  
6 operated as a fraud or deceit.

7 **CONSENT ORDER**

8 Based upon the foregoing and finding it in the public interest:

9 IT IS AGREED AND ORDERED that Respondents, Michael Laine and LiftPort, Inc., and their agents and  
10 employees each shall cease and desist from offering or selling securities in violations of RCW 21.20.140, the  
11 securities registration section of the Securities Act of Washington.

12 IT IS FURTHER AGREED AND ORDERED that Respondents, Michael Laine and LiftPort, Inc., and their  
13 agents and employees each shall cease and desist from acting as an unregistered securities broker-dealer or  
14 salesperson in violation of RCW 21.20.040, the broker-dealer and securities salesperson registration section of the  
15 Securities Act of Washington.

16 IT IS FURTHER AGREED AND ORDERED that Respondents, Michael Laine and LiftPort, Inc., and their  
17 agents and employees each shall cease and desist from violating RCW 21.20.010, the anti-fraud section of the  
18 Securities Act of Washington.

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

20 IT IS FURTHER AGREED that Respondents, Michael Laine and Liftport, Inc., each enter into this  
21 Consent Order freely and voluntarily and with a full understanding of its terms and significance .

22 IT IS FURTHER AGREED that in consideration of the foregoing Respondents Michael Laine and LiftPort,  
23 Inc. each waives their rights to a hearing in this matter and judicial review of this order.

24 CONSENT ORDER

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WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

SIGNED this 11th day of February, 2010.

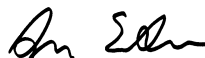
Signed by:

Liftport, Inc.

By \_\_\_\_\_ /s/ \_\_\_\_\_  
Michael Laine, President

By \_\_\_\_\_ /s/ \_\_\_\_\_  
Michael Laine, individually

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SIGNED and ENTERED this 16th day of February, 2010



\_\_\_\_\_  
SUZANNE SARASON  
Chief of Enforcement

Presented by:



\_\_\_\_\_  
MARTIN CORDELL  
Enforcement Attorney