

MRSI International, Inc.; Michael C. Rabanne - S-07-273-12-CO01 - Consent Order

On February 2, 2012, the Securities Division entered into a Consent Order, S-07-273-12-CO01, with MRSI International, Inc. and Michael C. Rabanne (collectively “Respondents”). The Securities Division had previously entered a Statement of Charges and Notice of Intent to Issue an Order to Cease and Desist, Impose Fines, and Charge Costs, S-07-273-07-SC01, against the Respondents on July 26, 2011. MRSI International, Inc., a corporation located in Utah, owns a patent on a system for tracking personal possessions. Using the patent technology, the company developed an electronic tracking device. The Securities Division alleged that the Respondents raised at least \$1.5 million dollars by selling securities to at least 87 Washington residents. The Securities Division alleged that the Respondents sold common stock in the company, and also investments in the form of a royalty on the gross income derived from the patent and electronic tracking device. The Securities Division further alleged that when selling the royalty investments, the Respondents offered and sold unregistered securities and acted as unregistered broker-dealers or securities salespersons, and that both securities offerings violated the anti-fraud provision of the Securities Act of Washington. The Respondents neither admitted nor denied the allegations, but agreed to cease and desist from violating the Securities Act. The Respondents each waived their right to a hearing and to judicial review of this matter.

(SEE CONSENT ORDER/STATEMENT OF CHARGES BELOW)

1 STATE OF WASHINGTON
2 DEPARTMENT OF FINANCIAL INSTITUTIONS
3 SECURITIES DIVISION

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

7 MRSI International, Inc.; Michael C.
8 Rabanne,

9 Respondents.

Order Number S-07-273-12-CO01

CONSENT ORDER AS TO MRSI
INTERNATIONAL, INC. AND
MICHAEL C. RABANNE

10 **INTRODUCTION**

11 On July 26, 2011, the Securities Administrator of the State of Washington issued
12 Statement of Charges and Notice of Intent to Issue an Order to Cease and Desist, Impose Fines,
13 and Charge Costs, S-07-273-07-SC01, hereinafter referred to as the "Statement of Charges,"
14 against the Respondents MRSI International, Inc. and Michael C. Rabanne. The Securities
15 Division and MRSI International, Inc. and Michael C. Rabanne do hereby agree to this Consent
16 Order in settlement of the above captioned matter. The Securities Division has, in the
17 Statement of Charges, made certain allegations and conclusions, set forth under the headings
18 "Tentative Findings of Fact" and "Conclusions of Law." MRSI International, Inc. and Michael
19 C. Rabanne neither admit nor deny the Tentative Findings of Fact and Conclusions of Law,
20 which are hereby incorporated by reference into this Consent Order.

21 **CONSENT ORDER**

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

1 IT IS AGREED AND ORDERED that the Respondent Michael C. Rabanne shall cease
2 and desist from violations of RCW 21.20.040, the securities salesperson and broker-dealer
3 registration section of the Securities Act of Washington.

4 IT IS FURTHER AGREED AND ORDERED that the Respondents MRSI
5 International, Inc. and Michael C. Rabanne shall cease and desist from violations of RCW
6 21.20.140, the securities registration section of the Securities Act of Washington.

7 IT IS FURTHER AGREED AND ORDERED that the Respondents MRSI
8 International, Inc. and Michael C. Rabanne shall cease and desist from violations of RCW
9 21.20.010, the anti-fraud section of the Securities Act of Washington.

10 IT IS FURTHER AGREED that the Respondents MRSI International, Inc. and Michael
11 C. Rabanne enter into this Consent Order freely and voluntarily and with full understanding of
12 its terms and significance.

13 IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this
14 order.

15 IT IS FURTHER AGREED that in consideration of the foregoing, the Respondents
16 MRSI International, Inc. and Michael C. Rabanne waive their right to a hearing in this matter
17 and judicial review of this order.

18
19 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

1 SIGNED this 26 day of January, 2012.

2 Signed by:


3 _____
4 /s/
5 Michael C. Rabanne, individually

6 Signed by:

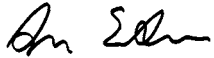
7 MRSI International, Inc.
8 _____
9 /s/
10 Michael C. Rabanne, President

11 DATED AND ENTERED this 2nd day of February, 2012.


12 By:

13 
14 _____
15 William M. Beatty
16 Securities Administrator

17 Approved by:

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19 _____
20 Suzanne Sarason
21 Chief of Enforcement

Presented by:

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23 _____
24 Bridgett Fisher
Enforcement Attorney

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

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

MRSI International, Inc.; Michael C.
Rabanne,

Respondents.

Order Number S-07-273-07-SC01

STATEMENT OF CHARGES AND
NOTICE OF INTENT TO ISSUE AN
ORDER TO CEASE AND DESIST,
IMPOSE FINES, AND CHARGE COSTS

THE STATE OF WASHINGTON TO:

MRSI International, Inc.
Michael C. Rabanne

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that the Respondents, MRSI International, Inc. and Michael C. Rabanne have each violated the Securities Act of Washington and that their violations justify the entry of an order of the Securities Administrator under RCW 21.20.390 against each to cease and desist from such violations, and to impose fines and recover costs. The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

Respondents

1. MRSI International, Inc. ("MRSI"), incorporated in Nevada in November 1998, maintains its principal place of business at 205 Lakeview, Stansbury Park, Utah. MRSI specializes in wireless technologies that are designed to help locate people, pets, and personal possessions in real time using radio-frequency identification and Global Positioning System technologies.

1 10. The Respondents failed to provide a reasonable basis and limitations for the projected
2 return on investment and sales forecast that were included in the Confidential Private Placement
3 Memorandum for the MRSI common stock offering.

4 11. The Respondents did not disclose to the MRSI common stock investors that the royalty
5 investments were not registered with the Washington State Securities Division, and that MRSI might
6 have significant contingent liability for the offer and sale of unregistered securities.

7 Registration Status

8 12. MRSI International, Inc. was not registered to sell the royalty investments in the State of
9 Washington during the relevant period.

10 13. Michael C. Rabanne is not currently registered as a securities salesperson or broker-dealer
11 in the State of Washington and has not previously been so registered.

12 14. MRSI International, Inc. claimed an exemption from registration for an offering of
13 common stock under Regulation D Rule 506 with a notice filing submitted to the Securities
14 Administrator on April 27, 2006.

15
16 Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:

17 **CONCLUSIONS OF LAW**

18 1. The offer and/or sale of the royalty interests and common stock, as described above,
19 constitutes the offer and/or sale of a security as defined by RCW 21.20.005(10) and (12).

20 2. The offer and/or sale of the royalty interests were in violation of RCW 21.20.140 because
21 no registration for such offer and sale is on file with the Securities Administrator.

1 3. The offer and/or sale of the royalty interests were in violation of RCW 21.20.040 because
2 Michael C. Rabanne offered and/or sold said securities while not registered as a securities salesperson
3 or broker-dealer in the State of Washington.

4 4. The offer and/or sale of the royalty interests and common stock were made in violation of
5 RCW 21.20.010 because, as set forth in the Tentative Findings of Fact, MRSI International, Inc. and
6 Michael C. Rabanne omitted to state material facts necessary in order to make the statements made, in
7 light of the circumstances under which they were made, not misleading.

8 **NOTICE OF INTENT TO ISSUE AN ORDER TO CEASE AND DESIST**

9 Pursuant to RCW 21.20.390(1), and based upon the above Tentative Findings of Fact and
10 Conclusions of Law, the Securities Administrator intends to order that the Respondents MRSI
11 International, Inc. and Michael C. Rabanne, and their agents and employees, shall each cease and desist
12 from violations of RCW 21.20.010, RCW 21.20.040 and RCW 21.20.140.

13 **NOTICE OF INTENT TO IMPOSE FINES**

14 Pursuant to RCW 21.20.395, and based upon the above Tentative Findings of Fact and
15 Conclusions of Law, the Securities Administrator intends to order that the Respondents MRSI
16 International, Inc. and Michael C. Rabanne shall each be liable for and shall pay a fine of \$10,000.

17 **NOTICE OF INTENT TO CHARGE COSTS**

18 Pursuant to RCW 21.20.390(5), and based upon the above Tentative Findings of Fact and
19 Conclusions of Law, the Securities Administrator intends to order that the Respondents MRSI
20 International, Inc. and Michael C. Rabanne shall be liable for and shall pay the Securities Division the
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1 costs, fees and other expenses incurred in the conduct of the investigation of this matter in an amount not
2 less than \$1,500.

3 **AUTHORITY AND PROCEDURE**

4 This Statement of Charges is entered pursuant to the provisions of RCW 21.20.390 and RCW
5 21.20.395, and is subject to the provisions of RCW 34.05. The Respondents may each make a written
6 request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND
7 OPPORTUNITY FOR HEARING accompanying this Statement of Charges.

8 If a Respondent does not request a hearing, the Securities Administrator intends to adopt the above
9 Tentative Findings of Fact and Conclusions of Law as final, enter a permanent cease and desist order as to
10 that Respondent, and impose the fines and costs sought.

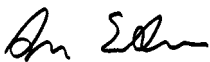
11
12 DATED AND ENTERED this 26th day of July, 2011.

13 By:

14 

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16 _____
17 William M. Beatty
18 Securities Administrator

19 Approved by:

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Presented by:

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1 Suzanne Sarason
Chief of Enforcement

Bridgett Fisher
Enforcement Attorney

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STATEMENT OF CHARGES AND NOTICE OF
INTENT TO ISSUE AN ORDER TO CEASE AND
DESIST, IMPOSE FINES, AND CHARGE COSTS