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)

STATE OF WASHINGTON DEPARTMENT OF FINANCIAL INSTITUTIONS SECURITIES DIVISION

2 SECURITIES DIVISION IN THE MATTER OF DETERMINING Order Number S-07-273-12-CO01 3 whether there has been a violation 4 of the Securities Act of Washington by: CONSENT ORDER AS TO MRSI INTERNATIONAL, INC. AND MICHAEL C. RABANNE 5 MRSI International, Inc.; Michael C. Rabanne, 6 7 Respondents. 8 9 INTRODUCTION 10 On July 26, 2011, the Securities Administrator of the State of Washington issued 11 Statement of Charges and Notice of Intent to Issue an Order to Cease and Desist, Impose Fines, 12 and Charge Costs, S-07-273-07-SC01, hereinafter referred to as the "Statement of Charges," 13 against the Respondents MRSI International, Inc. and Michael C. Rabanne. The Securities 14 Division and MRSI International, Inc. and Michael C. Rabanne do hereby agree to this Consent 15 Order in settlement of the above captioned matter. The Securities Division has, in the 16 Statement of Charges, made certain allegations and conclusions, set forth under the headings 17 "Tentative Findings of Fact" and "Conclusions of Law." MRSI International, Inc. and Michael 18 C. Rabanne neither admit nor deny the Tentative Findings of Fact and Conclusions of Law, 19 which are hereby incorporated by reference into this Consent Order. 20 CONSENT ORDER 21

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

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CONSENT ORDER

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.			
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19	WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.			
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24	CONSENT ORDER 2 DEPARTMENT OF FINANCIAL INSTITUTION Securities Division			

1	SIGNED this <u>26</u> day of <u>January</u> , 2012.
2	Signed by:
3	Michael C. Rabanne, individually
5	G: 11
6	Signed by: MRSI International, Inc.
7	WIKSI International, Inc.
8	Michael C. Rabanne, President
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10	
11	DATED AND ENTERED this <u>2nd</u> day of <u>February</u> , 2012.
12	By:
13	Millian rest
14	
1516	William M. Beatty Securities Administrator
17	Approved by: Presented by:
18	An Eller Bridgett Fisher
19	Suzanne Sarason Bridgett Fisher
20	Chief of Enforcement Enforcement Attorney
21	
22	
23	
24	CONSENT ORDER 3 DEPARTMENT OF FINANCIAL INSTITUTIONS Securities Division PO Box 9033 Olympia, WA 98507-9033

360-902-8760

STATE OF WASHINGTON DEPARTMENT OF FINANCIAL INSTITUTIONS SECURITIES DIVISION

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

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

Respondents.

THE STATE OF WASHINGTON TO:

IN THE MATTER OF DETERMINING

of the Securities Act of Washington by:

MRSI International, Inc.; Michael C.

whether there has been a violation

Rabanne.

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.

DEPARTMENT OF FINANCIAL INSTITUTIONS Securities Division PO Box 9033 Olympia, WA 98507-9033 360-902-8760

2 Michael C. Rabanne ("Rabanne") is an individual believed to reside in Utah. Rabanne is the President and CEO of MRSI.

Nature of the Conduct

- 3. Respondent MRSI owns a patent on a system for tracking personal possessions. Using the patent technology, Respondent MRSI is developing an electronic monitoring and tracking device to be used for locating personal possessions. In order to fund the development and marketing of the device, Respondents offered investments in the form of a royalty. Beginning in May 2000, Respondents sold investments in the form of a royalty to at least 87 Washington residents. Many of the Washington residents had never invested in a royalty before. Subsequently, in April 2006, Respondents sold common stock in the company to at least two Washington residents. investments made by Washington residents in the royalty and common stock investments totaled at least \$1.5 million dollars.
- 4. In May 2000, Respondents began the offer and sale of the MRSI royalty investments. It is believed that Respondent Rabanne initially sold the royalty investment to friends and/or family who reside in Washington. The offering then spread through word of mouth referral to other residents. Several residents spoke with Respondent Rabanne via telephone about the investment opportunity, and at least one resident traveled to Utah to meet in person with Respondent Rabanne.
- 5. A MRSI business plan was purportedly available for viewing on a password protected investor login area of the MRSI website. Respondents also sent a MRSI business plan to investors that requested one. However, not all of the Washington residents received a MRSI business plan, nor viewed the business plan on the MRSI website prior to investing.

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

6 From May 2000 to approximately August 2007, 87 Washington residents invested a total of \$1,497,000 in the MRSI royalty investments. The residents entered into Royalty Agreements with the Respondents. According to the Royalty Agreements, the residents would receive a percentage of the gross income derived from the patent and device, less certain taxes paid by MRSI. The percentage of the royalty was generally .01% for each \$1,000 invested.

- 7. It is believed that beginning in approximately September 2005, the Respondents began to offer and sell MRSI common stock, with the intent to raise two million dollars. Investor funds would be used to complete the development of the device, for working capital, and to buy back the royalty investments. In April 2006, at least two Washington residents purchased common stock from the Respondents for a total of \$9,000. At least one of the residents was familiar with the Respondents as he had previously purchased a royalty investment.
- 8. Prior to the MRSI common stock purchase, the two residents received a Confidential Private Placement Memorandum from the Respondents, dated September 15, 2005. According to the Confidential Private Placement Memorandum, the return on investment is projected to be 302.1%. The Respondents calculated this by dividing the company's net profit of \$634,425 by its total assets of \$210,000. The Confidential Private Placement Memorandum further projected that the sales for the upcoming years would be \$2,264,100 in 2005, \$47,498,660 in 2006, and \$115,986,390 in 2007.

Misrepresentations and Omissions

9. The Respondents failed to provide material information to many of the investors in the royalty investment, including, but not limited to: financial statements, operational history, full representation of the company history, prior performance information, and the specific risks involved.

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- The Respondents failed to provide a reasonable basis and limitations for the projected return on investment and sales forecast that were included in the Confidential Private Placement Memorandum for the MRSI common stock offering.
- The Respondents did not disclose to the MRSI common stock investors that the royalty investments were not registered with the Washington State Securities Division, and that MRSI might have significant contingent liability for the offer and sale of unregistered securities.

Registration Status

- 12. MRSI International, Inc. was not registered to sell the royalty investments in the State of Washington during the relevant period.
- Michael C. Rabanne is not currently registered as a securities salesperson or broker-dealer in the State of Washington and has not previously been so registered.
- MRSI International, Inc. claimed an exemption from registration for an offering of common stock under Regulation D Rule 506 with a notice filing submitted to the Securities Administrator on April 27, 2006.

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

CONCLUSIONS OF LAW

- 1. The offer and/or sale of the royalty interests and common stock, as described above, constitutes the offer and/or sale of a security as defined by RCW 21.20.005(10) and (12).
- 2. The offer and/or sale of the royalty interests were in violation of RCW 21.20.140 because no registration for such offer and sale is on file with the Securities Administrator.

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

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

NOTICE OF INTENT TO ISSUE AN ORDER TO CEASE AND DESIST

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

NOTICE OF INTENT TO IMPOSE FINES

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

NOTICE OF INTENT TO CHARGE COSTS

Pursuant to RCW 21.20.390(5), and based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that the Respondents MRSI 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.		
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12	DATED AND ENTERED this <u>26th</u> day of July, 2011.		
13	By:		
14			
15	Million 14 Seats		
16	William M. Beatty		
17	Securities Administrator		
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19	Approved by: Presented by:		
20	Approved by. Fresented by. Fresented by. Fresented by.		
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22			
23	6 DEPARTMENT OF FINANCIAL INSTITUTIONS STATEMENT OF CHARGES AND NOTICE OF INTENT TO ISSUE AN ORDER TO CEASE AND 6 DEPARTMENT OF FINANCIAL INSTITUTIONS Securities Division PO Box 9033		

Olympia, WA 98507-9033

360-902-8760

INTENT TO ISSUE AN ORDER TO CEASE AND

DESIST, IMPOSE FINES, AND CHARGE COSTS

1	Suzanne Sarason	Bridgett Fisher
2	Chief of Enforcement	Enforcement Attorney
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23		7 DEPARTMENT OF FINANCIAL INSTITUTIONS
24	STATEMENT OF CHARGES AND NOTICE OF INTENT TO ISSUE AN ORDER TO CEASE AND DESIST, IMPOSE FINES, AND CHARGE COSTS	Securities Division PO Box 9033 Olympia, WA 98507-9033 360-902-8760
		300-902-8700