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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:

VALKYRIE, INC.; ROBERT STORSETH,

Respondents.

Order Number S-07-303-09-FO01

ENTRY OF FINDINGS OF FACT AND
CONCLUSIONS OF LAW AND FINAL
ORDER TO CEASE AND DESIST AND
IMPOSE FINES AS TO VALKYRIE, INC.

8 THE STATE OF WASHINGTON TO:

Valkyrie, Inc.

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10 On August 26, 2008, the Securities Administrator of the State of Washington issued Statement of
11 Charges and Notice of Intent to Enter an Order to Cease and Desist, Impose Fines, and Recover Costs,
12 hereinafter referred to as "Statement of Charges," against Valkyrie, Inc. and Robert Storseth.

13 The Statement of Charges, together with a Notice of Opportunity to Defend and Opportunity for
14 Hearing, hereinafter referred to as "Notice of Opportunity for Hearing," and an Application for
15 Adjudicative Hearing, hereinafter referred to as "Application for Hearing," were personally served on
16 Valkyrie, Inc. on September 6, 2008.

17 The Notice of Opportunity for Hearing advised Valkyrie, Inc. that a written application for an
18 administrative hearing on the Statement of Charges must be received within twenty days from the date of
19 receipt of the notice. Valkyrie, Inc. failed to request an administrative hearing within 20 days of receipt of
20 the Statement of Charges and Notice of Opportunity for Hearing, either on the Application for Hearing
21 provided or otherwise.

22 The Securities Administrator therefore will adopt as final the findings of fact and conclusions of
23 law as set forth in the Statement of Charges.

1 **FINDINGS OF FACT**

2 Respondents

3 1. Valkyrie, Inc. (“Valkyrie”), a Delaware corporation, was formed on October 19, 1999.
4 Valkyrie’s last known place of business was 157 Rockaway Ave., Valley Stream, NY 11580. Valkyrie
5 was formed to acquire licensing rights to explore and produce oil and gas.

6 2. Robert Storseth (“Storseth”), a Washington resident, is the President and CEO of Valkyrie.

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8 Nature of the Conduct

9 *Background*

10 3. Storseth formed Valkyrie, Inc. to procure licensing rights in oil and gas deposits in
11 countries such as Colombia, Ecuador, and the Philippines. Storseth worked with Oswaldo Pinilla, a
12 partner in New York who purportedly had connections to political figures in Colombia which could
13 help Valkyrie secure oil rights there. Oswaldo Pinilla acted as Vice President of Valkyrie.

14 4. Storseth had no background in the oil and gas industry but had read books about the oil
15 industry and previously had been an investor in an unsuccessful oil deal. Storseth intended for
16 Valkyrie to participate in the bidding process for oil and gas licensing in Colombia. In order to
17 participate in the bidding process, Valkyrie needed a \$1.5 million standing letter of credit. Once
18 obtained, the rights would be exercised or sold for profit.

19 5. Obtaining and executing on an oil license can require several million dollars. In general,
20 once the oil rights are obtained, seismic and geologic studies still need to be funded and performed to
21 locate potential oil deposits. Then exploratory wells must be drilled. If the exploratory wells are
22 successful, production wells can be drilled and oil produced and sold from those wells.

1 available in the short term and will expire as the business develops.” Storseth supplied a document
2 titled “Offering Summary” to another investor. The Offering Summary stated that Valkyrie “is
3 prepared to offer investors the opportunity to participate.” The Offering Summary further stated that
4 “Valkyrie, due to certain political and business relationships, has the opportunity to execute on
5 multiple blocks being offered by Ecopetrol.” The Offering Summary further represented that Valkyrie
6 “is fully capable of delivering a developed field to the point of commercial licensing and recovery
7 operations” and “Valkyrie will execute its contract in the next sixty days and subsequently will begin
8 operations for recovery.” To a least one investor, Storseth provided a copy of a of letter apparently
9 memorializing discussions for a third-party to contribute \$600,000 and a \$1.5 million letter of credit.
10 To a different investor, Storseth provided a memorandum from a petroleum company offering to do
11 business with Valkyrie if Valkyrie provided a \$1.5 million letter of credit.

12 11. Storseth documented the investments in Valkyrie in multiple ways. Some but not all
13 investors received stock certificates representing the shares they owned in Valkyrie. At least one
14 investor signed two different Stock Subscription and Purchase Agreements. One subscription
15 agreement stated that the investor would purchase 10 shares of Valkyrie for \$10,000. A second
16 subscription agreement stated that the investor would purchase 100 shares of Valkyrie for \$100,000.
17 Another investor signed a promissory note agreeing to pay \$100,000 in exchange for 100 shares of
18 Valkyrie stock. However, most investors did not sign promissory notes or subscription agreements.

19 12. Storseth accepted funds from investors in various ways. Investors were instructed to
20 either write checks to Robert Storseth or to wire the money to the personal bank account of Oswaldo
21 Pinilla in New York. Storseth also accepted cash payments. At least two investors were instructed to
22 write a personal check to Storseth for part of the investment and wire the other part of their investment

1 to Oswaldo Pinilla. At least one investor was advised to use a portion of his investment funds to
2 directly pay certain bills, including Storseth's travel expenses, Storseth's attorney's fees, and the bill
3 for a yacht chartered by Storseth to celebrate Valkyrie's success. This investor was also instructed to
4 pay a portion of his investment to a previous investor.

5 13. Storseth represented to at least one investor that the oil deal was about to become
6 successful. Storseth encouraged this investor to contribute more funds so that Storseth could complete
7 the deal

8 14. At least three investors requested return of their investment from Storseth. To date, funds
9 have not been returned.

10 15. Since its incorporation, Valkyrie has not secured any oil licenses. Valkyrie has not made
11 any profits. Valkyrie currently has no assets and no income streams. Valkyrie has not obtained a \$1.5
12 million letter of credit.

13 16. Investors invested with the expectation of eventual profits and did not otherwise
14 participate in the business. Investors were not screened for sophistication, suitability, or accredited
15 status. Not all of the investors were sophisticated or accredited. Investors did not sign any agreements
16 not to resell or distribute shares. In addition, Valkyrie maintained company records in New York
17 which precluded access or inspection by the investors in Washington. Certain records, including but
18 not limited to financial statements, were not maintained at all.

19 Misrepresentations and Omissions

20 17. Storseth and Valkyrie failed to provide material information regarding investing in
21 Valkyrie, including but not limited to: financial statements, use of proceeds, the business background
22

1 and experience of Storseth and Pinilla, the general risks of investing, and the specific risks of investing
2 in a new, undercapitalized company in the oil and gas industry.

3 18. Storseth represented to investors that Valkyrie was just about to become profitable when
4 in fact it had no finalized agreements or funding which would make profits possible.

5 19. Storseth and his wife had a civil judgment of \$500,000 entered against them in January
6 1996. Storseth and his wife filed for Chapter 7 bankruptcy in late 1996 and received a discharge in
7 February 1997. The civil judgment was not discharged during the bankruptcy, but the court ordered
8 the civil judgment reduced to \$250,000. As of November 30, 2005, Storseth and his wife still owed
9 \$459,608.55 on the civil judgment which represented the \$250,000 judgment plus \$235,643.84 in
10 interest and less \$26,035.28 in that had been taken in garnishments. Storseth did not disclose the
11 existence of the civil judgment or bankruptcy to investors.

12 Registration Status

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

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

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

19 **CONCLUSIONS OF LAW**

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

1 34.050.510 and sections following. Pursuant to 21.20.395, a certified copy of this order may be filed
2 in Superior Court. If so filed, the clerk shall treat the order in the same manner as a Superior Court
3 judgment as to the fine, and the fine may be recorded, enforced, or satisfied in like manner.

4 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

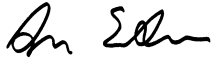
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6 DATED AND ENTERED this 30th day of June, 2009.

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MICHAEL E. STEVENSON
Securities Administrator

10 Approved by:

Presented by:

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15 _____
SUZANNE SARASON
Chief of Enforcement

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JILL M. VALLELY
Enforcement Attorney