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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 the State
of Washington by:

GITAN LLC;
MARK MORONEY;
BRIAN THOMPSON,

Respondents.

Order Number S-07-453-08-FO01

ENTRY OF FINDINGS OF FACT AND
CONCLUSIONS OF LAW AND FINAL ORDER
TO CEASE AND DESIST, CHARGE COSTS,
AND IMPOSE FINES AS TO MARK MORONEY

THE STATE OF WASHINGTON TO:

Mark Moroney

On April 23, 2008, the Securities Administrator of the State of Washington issued Statement of Charges and Notice of Intent to Enter an Order to Cease and Desist, Charge Costs, and Impose Fines, hereinafter referred to as "Statement of Charges," against Gitan LLC, Mark Moroney, and Brian Thompson.

The Statement of Charges, together with a Notice of Opportunity to Defend and Opportunity for Hearing, hereinafter referred to as "Notice of Opportunity for Hearing," and an Application for Adjudicative Hearing, hereinafter referred to as "Application for Hearing," were served on Mark Moroney on July 29, 2008.

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

ENTRY OF FINDINGS OF FACT AND CONCLUSIONS OF LAW AND FINAL ORDER TO CEASE AND DESIST, CHARGE COSTS, AND IMPOSE FINES AS TO MARK MORONEY 1

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

1 The Securities Administrator therefore will adopt as final the findings of fact and conclusions of law
2 as set forth in the Statement of Charges with respect to Mark Moroney.

3 The Securities Administrator makes the following findings of fact and conclusions of law:
4

5 **FINDINGS OF FACT**

6 Respondents

7 1. Gitan, LLC (“Gitan”) was an Arizona limited liability company purportedly in the business of
8 developing and marketing mold resistant paints and coatings.

9 2. Mark Moroney (“Moroney”) was a founding member and chief technical officer of Gitan.
10 Moroney resides in Arizona.

11 3. Brian Thompson (“Thompson”) was a founding member, president, and manager of Gitan.
12 From December 2002 to July 2004, Thompson was licensed in Washington State as a securities salesperson
13 at JR Snell Capital Management, LLC. His Financial Industry Regulatory Authority salesperson
14 identification number is 4620697. Thompson resides in Arizona.
15

16 Nature of the Offering

17 *Investor A*

18 4. In early 2004, Investor A, a resident of Snohomish County, Washington, met Thompson
19 through a mutual friend. Thompson told Investor A that Gitan had developed new technology in mold
20 resistant paints. Investor A owned a business that sealed masonry and the Gitan products, as represented,
21 would be a nice complement to the services Investor A offered.

22 5. Investor A and Thompson met at a restaurant in Seattle, Washington to discuss the product.
23 Thompson provided Investor A with brochures about the product and product samples.

1 6. Investor A tested the product samples for several months and was impressed with it. Investor
2 A asked Thompson and Moroney how the company had obtained the technology. Both Thompson and
3 Moroney told Investor A that Moroney's uncle had developed the technology. When Moroney's uncle died,
4 he left the technology to Moroney. This statement was false or misleading because the Veron Coating
5 Systems, Inc. ("Veron") developed and owned the products. Veron is an Arizona company that develops
6 and manufactures coatings.

7 7. The Gitan principals did not have an interest in Veron and Gitan only had an informal oral
8 agreement to distribute the products. This was not disclosed to Investor A.

9 8. Moroney told Investor A that the Gitan product was being sold across the country and
10 distributorships were also being set up. This statement was false or misleading because the product was not
11 being sold across the country and no distributorships had been set up.

12 9. In approximately late May 2004, Moroney called Investor A and asked Investor A if he would
13 like to buy a 1% interest in Gitan for \$30,000. Moroney said that Gitan was only going to sell one 1%
14 interest in the company and there were other people that wanted to invest. Moroney told Investor A that
15 because of their relationship Moroney wanted to sell the interest to Investor A. Moroney told Investor A
16 that he would have to act quickly to purchase the 1% interest.

17 10. On June 7, 2004, based on the representations of Moroney and Thompson, Investor A decided
18 to purchase a convertible promissory note for \$30,000. Thompson sent a Loan Agreement to Investor A's
19 address in Washington State. Investor A thought that the Loan Agreement was for the sole purpose of the
20 converting the funds to a 1% interest in Gitan. Investor A and Moroney signed the Loan Agreement.
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1 11. Moroney instructed Investor A to wire his funds from his bank account in Washington State to
2 a Bank One bank account in Arizona. Investor A later found out that the Bank One bank account belonged
3 to Moroney's wife.

4 12. Investor A received at his Washington State address a promissory note signed by Moroney by
5 mail. The promissory note was three paragraphs and did not contain many terms commonly found in a
6 promissory note. Investor A did not receive disclosure about the risks of investing or financial information
7 about the company.

8 13. Several months later, Investor A set up a sales meeting with a major builder that wanted to
9 purchase the Gitan product. Investor A contacted Thompson to place the order for the product. Thompson
10 told Investor A that the order could not be filled because there was no Gitan product.

11 14. On November 13, 2005, Investor A asked for his funds back. He has not received any funds
12 back.

13
14 *Investor B*

15 15. In approximately September 2004, Investor B, a resident of Clark County, Washington, was
16 contacted by telephone in Washington State by Thompson. Investor B owned a transportation company and
17 Thompson told Investor B that he was contacting Investor B to request Investor B's assistance with setting
18 up transportation for his company's product. Thompson said that he would be in Vancouver, Washington
19 on business and asked Investor B if he would be able to meet. Investor B agreed to meet with Thompson.

20 16. In approximately October 2004, Thompson and Investor B met at a restaurant in Vancouver,
21 Washington to discuss transportation of the Gitan product.

1 17. During the meeting, Thompson told Investor B that Moroney was a chemist for Gitan and
2 invented a paint technology that resisted mold and growth of other organisms. This statement was false or
3 misleading because Moroney was not a chemist and did not invent the paint technology.

4 18. Thompson gave Investor B a brochure that described three types of products. Thompson
5 represented that these were the company's products. Thompson failed to disclose to Investor B that Gitan
6 had only an informal oral agreement to distribute the products.

7 19. Thompson told Investor A that the technology was compliant with the regulations of the
8 Environmental Protection Agency ("EPA") and had been approved by the Federal Aviation Administration
9 ("FAA"). This statement was false or misleading because the Veron product was not EPA compliant and
10 the FAA had not approved the product.

11 20. Thompson also told Investor B that Gitan had over \$1 million of inventory. This statement
12 was false or misleading because Gitan had only product samples.

13 21. Thompson also represented that the partners believed in the product so much that they had
14 contributed their own money to the company. This statement was false or misleading because Moroney had
15 not contributed funds to Gitan.

16 22. Thompson said that the company salesperson had set up "imminent" orders for the product
17 and would need tankers and other shipping options to transport it. This statement was also misleading.
18 There were no imminent orders.

19 23. After Thompson and Investor B reached an agreement for the transportation of Gitan products,
20 Thompson told Investor B that Investor B would be a perfect investor in the company. Thompson told
21 Investor B that a 1% share of the company could be purchased for \$100,000. Thompson said that they had
22

1 sold 1% of the company previously for \$30,000 and because of the additional interest in the product and the
2 imminent orders for the product the company was now asking for \$100,000 for a 1% ownership interest.

3 24. Over the next couple of days, while Investor B was in Washington State, Investor B
4 telephonically spoke with Thompson and Moroney about Gitan's shipping needs and to verify the
5 information that Investor B had been given about the company.

6 25. Thompson sent to Investor B's Washington State address a document that indicated that Gitan
7 was within months of obtaining exclusive commitments from various Federal agencies, that there were
8 several medical facility clinic trials in the proposal stage, that the Washington Department of Transportation
9 ("DOT") was rewriting the paint specifications to Gitan's specifications, and that there were imminent
10 contracts worth over \$4,200,000. These statements were false or misleading because there were no such
11 commitments from Federal agencies, no medical facility trials in the proposal stage, DOT was not rewriting
12 paint specifications to Gitan's specification, and contracts worth over \$4,200,000 were not imminent.

13 26. Thompson provided Investor B a resume that indicated he had a doctorate in dentistry and was
14 a part owner in two patent pending formulations developed by Gitan. The heading on the resume was
15 "Brian Thompson D.D.S.". The resume was misleading. Thompson failed to tell Investor B that in July
16 1999 his dentist license was revoked for giving poor care to his patients and that he had not developed the
17 Gitan products.
18

19 27. Moroney provided Investor B a resume that indicated he developed and formalized the Gitan
20 product line and its underlying patent pending technology. It also indicated that Moroney had "a lifelong
21 personal fascination with chemicals and their reactions, specifically in the coating area" that was "fueled by
22 a close relative" in the chemical engineering field. The resume also indicated that Moroney's "hands-on
23 construction experiences combined with" his "chemical knowledge have helped to bring about industrial

1 coating materials that work exceptionally well from the lab bench to actual construction site application.”

2 The resume was misleading because Moroney was not a chemist but a professional rodeo roper and he did
3 not develop the underlying technology in the Gitan product line.

4 28. Moroney told Investor B that the paint technology had been developed by Moroney’s uncle.
5 When the uncle died he left the formulas to Moroney. This information was false because the technology
6 had been developed by Veron.

7 29. Based on their representations, Investor B told Thompson that he would be willing to purchase
8 a 1% interest in the company for \$60,000. Thompson instructed Investor B to wire \$60,000 from his bank
9 account in Washington State to Gitan. On October 28, 2004, Investor B wired \$60,000 to the Gitan account
10 at Wells Fargo bank in Arizona.

11 30. At the time of the investment, while Investor B was in Washington State, he received an
12 operating agreement. He did not receive written financial statements or documents disclosing the risk of the
13 investment. After the investment, Thompson and Moroney continued to represent that Gitan had imminent
14 orders that needed transportation by Investor B’s company. They also continued to make representations
15 about the company’s products and financial condition.
16

17 31. In 2006, Investor B was notified that Gitan was filing for bankruptcy. Through the bankruptcy
18 process Investor B obtained the financial records of the company.

19 32. Investor B learned that the investment funds were not used as represented. He also discovered
20 numerous misrepresentations about the company and the products had been made to him.

21 33. Investor B requested his funds back. He has not been repaid.
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1 Based upon the above Findings of Fact, the following Conclusions of Law are made:

2 **CONCLUSIONS OF LAW**

3 1. The offer or sale of the LLC ownership interest in Gitan in the manner described above each
4 constitutes the offer or sale of a security, as defined in RCW 21.20.005(10) and (12).

5 2. Respondent Mark Moroney has violated RCW 21.20.010 because, in connection with the offer
6 or sale of said securities, he directly or indirectly, made untrue statements of material fact, or omitted to state
7 material facts necessary in order to make the statements made, in the light of the circumstances under which
8 they were made, not misleading.

9 3. Respondent Mark Moroney has violated RCW 21.20.140, the securities registration provision
10 of the Securities Act, because he offered and/or sold securities for which there was no registration on file
11 with the Securities Administrator.

12 4. Respondent Mark Moroney has violated RCW 21.20.040 because he transacted business in
13 Washington State as a broker-dealer or securities salesperson while not registered as such.

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16 Based on the foregoing, and finding it in the public interest,

17 **FINAL ORDER**

18 It is hereby ORDERED that the Respondent Mark Moroney, and his agents and employees, each
19 cease and desist from violation of RCW 21.20.010, the anti-fraud section of the Securities Act.

20 It is further ORDERED that Respondent Mark Moroney, and his agents and employees, each
21 cease and desist from violation of RCW 21.20.140, the securities registration section of the Securities
22 Act.

1 It is further ORDERED that Respondent Mark Moroney, and his agents and employees, each
2 cease and desist from violation of RCW 21.20.040, the broker-dealer and securities salesperson
3 registration section of the Securities Act.

4 It is further ORDERED that Respondent Mark Moroney shall be liable for and pay a fine in the
5 amount of \$15,000.

6 It is further ORDERED that Respondent Mark Moroney shall be liable for and pay costs in the
7 amount of \$500.

8 **AUTHORITY AND PROCEDURE**

9 This Final Order is entered pursuant to the provisions of RCW 21.20.390 and RCW 21.20.395
10 and is subject to the provisions of RCW 21.20.440 and Chapter 34.05 RCW. The Respondent has the
11 right to petition the superior court for judicial review of this agency action under the provisions of
12 chapter 34.05 RCW. For the requirements for filing a Petition for Judicial Review, see RCW 34.050.510
13 and sections following. Pursuant to 21.20.395, a certified copy of this order may be filed in Superior
14 Court. If so filed, the clerk shall treat the order in the same manner as a Superior Court judgment as to
15 the fine, and the fine may be recorded, enforced, or satisfied in like manner.
16

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

18 DATED and ENTERED this 9th day of October, 2008.

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22 _____
23 MICHAEL E. STEVENSON
24 Securities Administrator

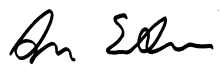
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Approved by:

Presented by:



SUZANNE SARASON
Chief of Compliance and Exams

JILL M. VALLELY
Enforcement Attorney

ENTRY OF FINDINGS OF FACT AND CONCLUSIONS 10
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