STATE OF WASHINGTON 1 DEPARTMENT OF FINANCIAL INSTITUTIONS **SECURITIES DIVISION** 2 Order Number S-08-040-08-SC01 IN THE MATTER OF DETERMINING 3 Whether there has been a violation of the Business Opportunity Fraud Act of STATEMENT OF CHARGES AND NOTICE 4 Washington by: OF INTENT TO ISSUE AN ORDER TO 5 **CEASE AND DESIST** Arlan Galbraith; and Pigeon King International, Inc. 6 7 Respondents. 8 THE STATE OF WASHINGTON TO: Arlan Galbraith Pigeon King International, Inc. 9 STATEMENT OF CHARGES 10 11 Please take notice that the Securities Administrator of the State of Washington has reason to 12 believe that Respondents, Arlan Galbraith and Pigeon King International, Inc. and their agents and 13 employees, have violated the Business Opportunity Fraud Act of Washington, RCW 19.110, and that their violations justify the entry of an order of the Securities Administrator under RCW 19.110.150 to cease 14 and desist from such violations. The Securities Administrator finds as follows: 15 16 TENTATIVE FINDINGS OF FACT 17 I. RESPONDENTS 18 1. Arlan Galbraith is the Chief Executive officer of Pigeon King International, Inc. 19 2. Pigeon King International, Inc. is an Ontario, Canada corporation whose principal address 20 is Unit 4-299 Northfield Drive East, Waterloo, Ontario N2K 4H2 Canada. Pigeon King, International 21 maintains a website at www.PigeonKingInternational.com.

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STATEMENT OF CHARGES AND NOTICE OF INTENT TO ISSUE AN ORDER TO CEASE AND DESIST

DEPARTMENT OF FINANCIAL INSTITUTIONS Securities Division PO Box 9033 Olympia, WA 98507-9033 360-902-8760 3

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STATEMENT OF CHARGES AND NOTICE OF INTENT TO ISSUE AN ORDER TO CEASE AND DESIST

II. NATURE OF THE OFFERING

- 3. Respondents are a seller of a business opportunity that allows a potential purchaser to own and operate a pigeon breeding stock business. Investors are solicited to purchase breeding pigeons from Respondents. Investors are responsible for all costs related to the care and housing of the pigeons and their offspring. Respondents would then purchase all healthy offspring from investors.
- 4 Respondents advertise the business opportunity on the internet at www.pigeonkinginternational. At least one Washington resident requested additional information regarding the business opportunity. Respondents sent the Washington resident a brochure describing how to enter into a pigeon raising business for profit.
- 5. Respondents represented, in their brochure, that potential purchasers of the business opportunity are required to pay Respondents \$100 to \$500 per pair of breeding stock pigeon, with a suggested minimum of 100 pairs required to be purchased. The variance in cost per pigeon pair would depend on how much a potential purchaser wished to make when selling the healthy offspring back to Respondents. Respondents guaranteed the health of each breeding pair for one year.
- 6. Respondents represented to the potential Washington purchaser a "guaranteed fixed market price" per bird, with a written 10 year contract. Respondents project a minimum of 10 offspring sales per breeding pair.

III. MISREPRESENTATIONS AND OMMISSIONS

7. Respondents failed to provide material information regarding its business opportunity, including but not limited to, disclosure documents, financial statements, and a reasonable basis on which the revenue projections for the business opportunity were made.

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STATEMENT OF CHARGES AND NOTICE OF INTENT TO ISSUE AN ORDER TO CEASE AND DESIST

IV. REGISTRATION STATUS

8. Pigeon King International, Inc. is not currently and has not previously been registered to offer or sell business opportunities in the state of Washington.

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

CONCLUSIONS OF LAW

- 1. The offer and/or sale of the business opportunity described above constitute the offer and/or sale of a business opportunity as defined in RCW 19.110.020(1) and RCW 19.110.030(1).
- 2. The offer and/or sale of said business opportunity is in violation of RCW 19.110.050 because no registration for such offer and/or sale is on file with the Securities Administrator.
- 3. The offers and/or sales of said business opportunity were in violation of RCW 19.110.120, the antifraud provision of the Business Opportunity Fraud Act, because Respondents, Arlan Galbraith and Pigeon King International, Inc., made misstatements of material facts and/or omitted to state material facts necessary in order to make the statements made, in light of circumstances under which they were made, not misleading and/or engaged in acts and practices that operated as fraud or deceit.

NOTICE OF INTENT TO ISSUE AN ORDER TO CEASE AND DESIST

Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to Order that Respondents, Arlan Galbraith and Pigeon King International, Inc., and their agents and employees, shall each permanently cease and desist from violations of RCW 19.110.050 and RCW 19.110.120.

AUTHORITY AND PROCEDURE

This STATEMENT OF CHARGES AND NOTICE OF INTENT TO ISSUE AN ORDER TO CEASE AND DESIST is entered pursuant to the provisions of RCW 19.110.150, and is subject to the

1	provisions of RCW 34.05. The Respondents, Arlan Galbraith and Pigeon King International, Inc., may each
2	make a written request for hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND
3	OPPORTUNITY FOR HEARING accompanying this order.
4	If a respondent does not request a hearing, the Securities Administrator intends to adopt the above
5	Tentative Findings of Fact and Conclusions of Law as final and enter a permanent cease and desist order
6	against that Respondent.
7	Dated and Entered this 19th day of March, 2008.
8	Quidel Z, Stevenson
9	MICHAEL E. STEVENSON
10	Securities Administrator
11	Approved by: Presented by:
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13	Martin Cordell Martin Cordell Patrick Kim
14	Chief of Enforcement Enforcement Attorney
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