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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:

Jeffrey Beard; Harvest Wind Energy
Corp.; Tapemorr, LLC;

Respondents

Order Number S-08-138-10-FO01

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

THE STATE OF WASHINGTON TO:

Jeffrey Beard
Harvest Wind Energy Corp.
Tapemorr, LLC

INTRODUCTION

On September 29, 2010, the Securities Administrator of the State of Washington issued Statement of Charges and Notice of Intent to Enter Order to Cease and Desist, Impose Fines, and Charge Costs S-08-138-10-SC01, hereinafter referred to as "Statement of Charges," against Respondents Jeffrey Beard, Harvest Wind Energy Corp.; and Tapemorr, LLC.

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 Jeffrey Beard, Harvest Wind Energy Corp.; and Tapemorr, LLC on or about October 6, 2010.

The Notice of Opportunity for Hearing advised Jeffrey Beard, Harvest Wind Energy Corp.; and Tapemorr, LLC 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. Respondents Jeffrey Beard, Harvest Wind Energy Corp.; and Tapemorr, LLC each failed to request an administrative hearing within twenty days

1 of receipt of the Statement of Charges and Notice of Opportunity for Hearing, either on the Application for
2 Hearing provided or otherwise.

3 The Securities Administrator therefore will adopt as final the findings of fact and conclusions of law
4 as set forth in the Statement of Charges and enter a final order against Respondents Jeffrey Beard, Harvest
5 Wind Energy Corp.; and Tapemorr, LLC to cease and desist from violations of the Securities Act.

6 **FINDINGS OF FACT**

7 Respondents

8 1. Jeffrey Beard (“Beard”) is a Washington resident believed to reside in Aberdeen,
9 Washington.

10 2. Harvest Wind Energy Corp. (“HWE”) is a Washington corporation incorporated on March
11 20, 2002, with its principal place of business located in Aberdeen, Washington. HWE originally
12 incorporated under the name Resonance Composites, Inc., but changed its name to HWE on or about
13 February 27, 2004. HWE dissolved as a corporation on July 1, 2008. Beard acted as chief executive
14 officer and chairman of the board for HWE.

15 3. Tapemorr, LLC (“Tapemorr”) is a Washington limited liability company established on
16 September 29, 2004, with its principal place of business located in Hoquiam, Washington. Beard is a
17 member of Tapemorr.
18

19 Related Entities

20 4. Imaginal Technologies, Inc. (“Imaginal”) is a Washington corporation incorporated on
21 August 14, 2007, with its principal place of business located in Aberdeen, Washington. Beard acts as the
22 president of Imaginal.
23

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Nature of the Conduct

HWE

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3 5. Beard incorporated HWE in 2002 under the name Resonance Composites, Inc.
4 (“Resonance”). Beard purportedly formed Resonance to sell canoes and kayaks he hoped to produce
5 using new technology and composite materials that would make them lighter and less expensive than
6 traditional canoes and kayaks. By no later than October 2003, Resonance decided to design and produce
7 wind turbines, rather than canoes and kayaks, using the same technology and composite materials. In
8 early 2004 Resonance changed its name to Harvest Wind Energy Corp. and focused solely on wind
9 turbines.

10 6. Beginning in approximately June 2002, HWE (then known as Resonance Composites, Inc.)
11 began offering shares of preferred stock to investors. Between June 2002 and April 2006, HWE sold
12 approximately \$600,000 worth of the preferred shares to 50 investors, including approximately \$269,250
13 to 21 Washington residents.

14 7. Early investors may have received a private placement memorandum and subscription
15 packet which described Resonance’s proposed activities in the canoe and kayak industry. By 2004, HWE
16 stopped using the Resonance private placement memorandum and instead provided potential investors
17 with a business plan describing HWE’s wind turbines and proposed activities in the wind energy
18 industry. Neither the Resonance private placement memorandum nor the HWE business plan disclosed
19 Beard’s compensation with the company.
20

21 8. A small group of HWE executives located investors for the company. Those executives
22 typically referred potential investors to Beard who provided details on the wind turbine design
23

1 technology and HWE. Beard handled all the subscription agreements, collected checks from new
2 investors, and sent them stock certificates. Beard was the sole signer on HWE bank accounts.

3 9. In approximately November 2005, HWE hired an individual to become HWE's chief
4 financial officer ("CFO"). The new CFO discovered a five month period of missing check register
5 entries for the year 2004. The new CFO could not decipher how the company spent money during the
6 missing five month period. In 2006 the CFO and other members of HWE tried to take control of the
7 company from Beard as they began to question whether Beard misappropriated company funds.

8 10. The checkbook register, representing transactions from June 2002 through March 2006,
9 contained numerous withdrawals to Beard or his wife totaling approximately \$175,000. Beard's wife did
10 not work for HWE. The HWE checkbook register also showed approximately \$100,000 in payments
11 towards Beard's personal credit card.

12 11. In testimony, Beard said that he was entitled to make withdrawals from the company to
13 cover his monthly bills and that this was disclosed to investors, but not in specific terms. Beard also
14 testified that HWE did not have a system in place to account for which withdrawals went to business
15 expenses and which went to Beard's personal expenses.

16 12. HWE's last sale of shares of preferred stock occurred in April 2006.

17 13. In approximately November 2006, all but one of the other executives with HWE resigned
18 from the company. Beard said the executives left after a failed hostile takeover of the company in which
19 they accused him of improprieties with investor money.
20

21 14. In 2007, after the HWE executives resigned, Beard formed Imaginal to move forward with
22 his intent to build wind turbines using composite materials.
23

15. HWE dissolved as a corporation on July 1, 2008.

16. Beard did not notify HWE investors when the company dissolved. After HWE dissolved, Beard received inquiries from HWE investors on the status of their investment. Beard told at least two HWE investors that he expected funding to come through shortly and that it appeared the company might be turning the corner.

17. Beard told at least two HWE investors that the company was being restructured and told at least one investor the restructuring included a name change to Imaginal Technologies, Inc. Beard told at least one investor that Imaginal would issue HWE investors new stock certificates for Imaginal or buy back the HWE certificate once the new company closed on its financing.

18. According to Beard, Imaginal has not issued any stock certificates or raised any money through investors.

Tapemorr

19. Beard formed Tapemorr to sell different kinds of tape (duct, athletic, medical) branded with graphic logos. Tapemorr specifically sought to sell branded tape featuring automotive company and sports team logos.

20. On November 19, 2004, Tapemorr solicited a \$10,000 investment from at least one Washington resident. The investment agreement, signed by Beard, required Tapemorr to return the investor's \$10,000 principal and an additional \$30,000 within one year of the agreement.

21. Beard told the Washington resident that his funds would be used for travel and expenses at a Special Equipment Manufacturers Association ("SEMA") trade show in Las Vegas, where Tapemorr hoped to market its graphic logo tape.

1 22. Two other individuals invested approximately \$20,000 each with Tapemorr. One of those
2 investors was to receive \$100,000 for his \$20,000 investment, with the \$100,000 generated by a
3 percentage of each roll of tape sold. Those funds were also purportedly used to pay expenses at SEMA.

4 23. On November 22, 2004 Tapemorr transferred \$3,000 to HWE's bank account. On
5 November 29, 2004 Tapemorr transferred another \$3,000 to HWE's bank account. According to Beard,
6 HWE had bigger potential than Tapemorr and because of that, if HWE ran low on funds, Tapemorr
7 transferred money to HWE.

8 24. As of June 2010, Tapemorr has made no payments on the funds provided by investors.
9 Tapemorr has not sold any branded tape. Beard testified that minimum order requirements for the tape
10 were too large and lag times on producing the tape were too long for potential customers.

11 Misrepresentations and Omissions

12 25. Respondents HWE and Beard failed to provide to at least one investor, material
13 information regarding investing in HWE stock, including but not limited to: financial statements, the
14 general risks of investing in a start-up company, and the specific risks of investing in manufacturing
15 composite materials and wind turbines.
16

17 26. Respondents HWE and Beard failed to disclose that Beard had unregulated access to HWE
18 accounts to pay personal expenses and no system existed to account for which withdrawals were for
19 business or Beard's personal expenses.

20 27. Respondents Tapemorr and Beard failed to provide to at least one investor, material
21 information regarding investing with Tapemorr, including but not limited to: financial statements, the
22 general risks of investing in a start-up company, and the specific risks of investing in graphic logo tape.
23

1 28. Respondents Tapemorr and Beard misrepresented to at least one investor that his funds
2 would be used for expenses at a SEMA trade show. Days after receiving \$10,000 from the investor
3 Beard transferred \$6,000 to HWE.

4 29. Respondents HWE and Beard failed to disclose to HWE investors that Beard also operated
5 Tapemorr and sometimes took money from Tapemorr to support the activities of HWE.

6 Registration Status

7 30. Respondent Harvest Wind Energy Corp. is not currently registered to sell its securities in
8 the state of Washington and has not previously been so registered nor has it filed a claim of exemption
9 from registration.

10 31. Respondent Tapemorr is not currently registered to sell its securities in the state of
11 Washington and has not previously been so registered nor has it filed a claim of exemption from
12 registration.

13 32. Respondent Jeffrey Beard is not currently registered as a securities salesperson or broker-
14 dealer in the state of Washington and has not previously been so registered.
15

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

18 **CONCLUSIONS OF LAW**

19 1. The offer or sale of the HWE stock described in paragraph 6 above constitutes the offer or
20 sale of a security as defined in RCW 21.20.005(10) and (12).

21 2. The offer of the Tapemorr investment agreement described in paragraphs 19-21 above
22 constitutes the offer or sale of a security as defined in RCW 21.20.005(10) and (12).
23

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1 It is further ORDERED that Respondent Jeffrey Beard shall be liable for and pay a fine of
2 \$10,000.

3 It is further ORDERED that Respondent Jeffrey Beard shall be liable for and pay costs incurred in
4 the investigation of this matter in the amount of \$5,000.

5 **AUTHORITY AND PROCEDURE**

6 This Final Order is entered pursuant to the provisions of RCW 21.20.390, and is subject to the
7 provisions of Chapter 34.05 RCW. Respondents have the right to petition the superior court for judicial
8 review of this agency action under the provisions of Chapter 34.05 RCW. For the requirements for filing a
9 Petition for Judicial Review, see RCW 34.05.510 and sections following. Pursuant to 21.20.395, a
10 certified copy of this order may be filed in Superior Court. If so filed, the clerk shall treat the order in the
11 same manner as a Superior Court judgment as to the fine, and the fine may be recorded, enforced, or
12 satisfied in like manner.

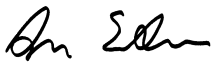
13 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

14 DATED and ENTERED this 17th day of November, 2010.

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18 WILLIAM M. BEATTY
19 Securities Administrator

20 Approved by:

21 

22 _____
23 Suzanne Sarason
24 Chief of Enforcement

20 Presented by:

21 

22 _____
23 Jack McClellan
24 Enforcement Attorney

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