

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:

Patrick Reagan; John C. Shriner;
The World Bikini Sports League, LLC
(now known as The World Women's
Sports Association),

Respondents

Order Number S-09-464-10-SC01

STATEMENT OF CHARGES AND NOTICE
OF INTENT TO ENTER ORDER TO CEASE
AND DESIST, IMPOSE FINES, AND
RECOVER COSTS

THE STATE OF WASHINGTON TO:

Patrick Reagan
John C. Shriner
The World Bikini Sports League, LLC (now
known as The World Women's Sports
Association)

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents, Patrick Reagan; John C. Shriner; and The World Bikini Sports League, LLC (now known as The World Women's Sports Association), 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 pursuant to 21.20.395 and charge costs pursuant to 21.20.390(5).

The Securities Administrator finds as follows:

STATEMENT OF CHARGES AND NOTICE OF INTENT TO
ENTER ORDER TO CEASE AND DESIST, IMPOSE FINES,
AND RECOVER COSTS

1

DEPARTMENT OF FINANCIAL INSTITUTIONS
Securities Division
PO Box 9033
Olympia, WA 98507-9033
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1 **TENTATIVE FINDINGS OF FACT**

2 Respondents

3 1. Patrick Reagan (“Reagan”), also known as Pat Reagan, is a Washington resident. Reagan
4 was a managing member of The World Bikini Sports League, LLC (now known as The World
5 Women’s Sports Association).

6 2. John C. Shriner (“Shriner”), also known as Curt Shriner, is a Washington resident.
7 Shriner was the other managing member of The World Bikini Sports League, LLC (now known
8 as The World Women’s Sports Association).

9 3. The World Bikini Sports League, LLC (“TWBSL”) is a dissolved Washington limited
10 liability company that was established on November 24, 2008. Its principal place of business was
11 in Snohomish, Washington. TWBSL was a football league featuring women playing football in
12 bikinis. TWBSL is now known as The World Women’s Sports Association (“TWWSA”) and
13 features women playing football in athletic sportswear. This change purportedly occurred
14 because of dress code restrictions at fields and venues. TWWSA’s principal place of business is
15 in Snohomish, Washington.

16 Nature of the Conduct

17 4. From approximately November 2008 through August 2009, Reagan and Shriner offered
18 and sold investments in the form of membership units (“units”) in TWBSL to approximately
19 fifteen investors, raising approximately \$228,500. At the time of their investment, all investors
20 were Washington residents.

21 5. Initial investors had the opportunity to purchase either a “league” ownership, which
22 required an investment of \$25,000, or a “team” ownership, which required an investment of
23 \$10,000. An investor who purchased a “league” ownership would own forty units of TWBSL,
24 while an investor who purchased a “team” ownership would own fifteen units of TWBSL.
25

1 Respondents represented to investors that their returns would vary depending upon the number
2 of units owned. According to Reagan, TWBSL initially had five “league” ownerships and ten
3 “team” ownerships available for purchase by investors.

4 6. A few of the investors were friends or family members of Reagan and Shriner. Some of
5 the investors were friends or family members of other investors but had no pre-existing
6 relationship with either Reagan or Shriner. Reagan and Shriner conducted presentations and
7 meetings for potential investors. At least one presentation was attended by at least four investors.
8 Respondents would discuss how TWBSL planned to operate and generate revenue. According to
9 Respondents, TWBSL primarily planned to generate revenue by recording football games and
10 making them available on TWBSL’s website for paid subscribers to view.

11 7. Most potential investors saw a PowerPoint presentation, which described TWBSL’s
12 potential revenue sources, game structure, and “spinoff opportunities” such as endorsements,
13 clothing, and novelty items. Respondents also showed potential investors an Excel spreadsheet
14 with a disclaimer at the bottom of the page. This was purportedly an “interactive” spreadsheet
15 that showed the “optimistic,” “most likely,” and “pessimistic” income and returns that investors
16 could expect, and Respondents could show investors what impact the number of subscribers
17 would have on their return by changing the number of subscribers. For example, in January
18 2009, if each player and investor knew twenty people, and 3% of the people that were in the
19 players’ and investors’ extended social network purchased subscriptions, TWBSL “most likely”
20 expected to generate \$138,000 of income through the subscriptions. An investor with a “team”
21 ownership would be entitled to a return of \$958.06 that month, while an investor with a “league”
22 ownership would be entitled to a return of \$2,322.56 that month. The spreadsheet further
23 projected that by December 2009, TWBSL would generate \$3,817,373 in revenue, including
24 \$2,760,000 of revenue in subscriptions and \$724,500 of revenue in advertising. A “league”
25 owner would be entitled to a return of \$192,171.82 that month, while a “team” owner would be

1 entitled to \$28,456.21 in returns that month. “Pessimistic totals” for December 2009 projected
2 that TWBSL would generate monthly revenue of \$3,004,915.

3 8. Neither Reagan nor Shriner provided any offering documents to investors prior to their
4 investment. Most investors did not receive any financial statements prior to investing. According
5 to Reagan, TWBSL did not have an operating agreement in effect prior to investments being
6 solicited, although a draft version was available for investors to view.

7 9. Around February or March 2009, Respondents purportedly finalized the TWBSL
8 operating agreement and increased the units of TWBSL from 2,000 to 3,000. Investors who had
9 initially purchased “league” ownerships now owned “franchise league” ownerships. An investor
10 who had a “franchise league” ownership now owned sixty units of TWBSL instead of the forty
11 units they initially purchased. Three investors who had purchased “team” ownerships for
12 \$10,000 in December 2008 now owned a “franchise team” ownership and twenty-two units of
13 TWBSL instead of fifteen. Investors who purchased “team” ownerships for \$10,000 in January
14 and February 2009 continued to have a “team” ownership interest and fifteen units of TWBSL.
15 The amounts required for “league” and “team” investments were purportedly raised to \$30,000
16 and \$15,000, respectively.

17 10. As majority owners, Reagan and Shriner retained 51% of the units in TWBSL. According
18 to the finalized operating agreement, TWBSL was to be managed by the Commissioners, who
19 were Reagan and Shriner. The operating agreement further established an “Executive Board” of
20 six members. The members would be appointed by Reagan and Shriner. Each investor was also
21 given a position on the “Board of Directors.” As majority owners, Reagan and Shriner retained
22 and exercised the right to veto or trump decisions of the Executive Board and Board of Directors.
23 The operating agreement did not describe the rights, responsibilities or duties of either the
24 Executive Board or Board of Directors. Reagan told at least one investor that he and Shriner
25 would handle the “day-to-day matters” of TWBSL. According to this investor, who “was to have

1 no management role in TWBSL,” the investor’s main duties were to “show enthusiasm, attend
2 games and practices, and help out on an as-needed basis.”

3 11. Although this finalized operating agreement was purportedly available for investors to
4 sign around March 2009, only one investor, who invested around May 2009, is believed to have
5 signed this agreement.

6 12. TWBSL purportedly had approximately eighty-eight players and played approximately
7 sixteen games from January through August 2009. Players were also considered members of
8 TWBSL and were entitled to membership units of TWBSL without any capital contribution as
9 compensation for games.

10 13. According to TWBSL’s profit and loss statement, dated January 2010, TWBSL has only
11 generated approximately \$5,182.02 in total income since its inception. Approximately \$2,267.02
12 of this total income was generated through selling subscriptions. According to Reagan, TWBSL
13 only had about eighty-eight subscribers, and it obtained its first subscriber around January 2009
14 and did not have any subscribers after April or May 2009.

15 14. As of April 2010, none of the investors had received any payment on their investment. In
16 addition, none of the players had received payment for playing in the games.

17 Misrepresentations and Omissions

18 15. Respondents failed to provide material information to all investors regarding investing in
19 TWBSL, including but not limited to: financial statements; a complete description of Reagan and
20 Shriner’s business backgrounds; and the general and specific risks involved, including the risk of
21 inadequate capitalization, information about competitors in the industry, and the risks of
22 investing in a start-up company with no operating history.

23 16. Respondents failed to provide a reasonable basis for financial projections and any
24 limitations on those projections. The returns on investment for a company with no operating
25 history were misleading and unrealistic.

1 17. According to Reagan, no operating agreement was in effect prior to investments being
2 solicited. Respondents failed to disclose the risks associated with investing in a company with no
3 operating agreement. Respondents further failed to provide material information regarding the
4 management of TWBSL, and the rights and responsibilities of the investors as limited liability
5 company members.

6 18. Around June 2009, Respondents became aware that they could be in violation of
7 Washington State's securities laws. At least one investor made an additional investment in
8 TWBSL around August 2009. Respondents failed to provide any written disclosures to this
9 investor that TWBSL might have significant contingent liability for the offer and sale of
10 unregistered securities.

11 19. Respondents failed to disclose to at least one investor that Shriner had filed for Chapter 7
12 bankruptcy in 2001 and Chapter 13 bankruptcy in 2005.

13
14 Registration Status

15 20. The World Bikini Sports League, LLC (now known as The World Women's Sports
16 Association) is not currently registered to sell its securities in the state of Washington and has not
17 previously been so registered.

18 21. Patrick Reagan is not currently registered as a securities salesperson or broker-dealer in
19 the state of Washington and was not so registered for the time period relevant to this Statement
20 of Charges.

21 22. John C. Shriner is not currently registered as a securities salesperson or broker-dealer in
22 the state of Washington and has not previously been so registered.

23
24
25 Based upon the Tentative Findings of Fact, the following Conclusions of Law are made:

1 **CONCLUSIONS OF LAW**

2 1. The offer or sale of the investments described above constitutes the offer or sale of a
3 security as defined in RCW 21.20.005(10) and (12).

4 2. The offer or sale of said securities is in violation of RCW 21.20.140 because no
5 registration for such offer or sale is on file with the Securities Administrator.

6 3. Patrick Reagan violated RCW 21.20.040 by offering or selling said securities while not
7 registered as a securities salesperson or broker-dealer in the state of Washington.

8 4. John C. Shriner violated RCW 21.20.040 by offering or selling said securities while not
9 registered as a securities salesperson or broker-dealer in the state of Washington.

10 5. The offer or sale of said securities was made in violation of RCW 21.20.010 because, as
11 set forth in the Tentative Findings of Fact, Respondents, The World Bikini Sports League, LLC
12 (now known as The World Women’s Sports Association), Patrick Reagan, and John C. Shriner,
13 made misstatements of material facts or omitted to state material facts necessary in order to make
14 the statements made, in light of the circumstances under which they were made, not misleading.
15

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17 **NOTICE OF INTENT TO ORDER THE RESPONDENT TO CEASE AND DESIST**

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19 Based on the above Tentative Findings of Fact and Conclusions of Law, the Securities
20 Administrator intends to order, pursuant to RCW 21.20.390(1), that The World Bikini Sports
21 League, LLC (now known as The World Women’s Sports Association); Patrick Reagan; and
22 John C. Shriner, their agents and employees each cease and desist from violations of RCW
23 21.20.010, and RCW 21.20.140 and that Patrick Reagan and John C. Shriner each cease and
24 desist from violations of RCW 21.20.040.
25

1 **NOTICE OF INTENT TO IMPOSE FINES**

2
3 Pursuant to RCW 21.20.395, and based upon the Tentative Findings of Fact and
4 Conclusions of Law, the Securities Administrator intends to order that Patrick Reagan shall be
5 liable for and pay a fine of \$10,000.

6
7 Pursuant to RCW 21.20.395, and based upon the Tentative Findings of Fact and
8 Conclusions of Law, the Securities Administrator intends to order that John C. Shriner shall be
9 liable for and pay a fine of \$10,000.

10 **NOTICE OF INTENT TO RECOVER COSTS**

11
12 Pursuant to RCW 21.20.390(5), and based upon the Tentative Findings of Fact and
13 Conclusions of Law, the Securities Administrator intends to order that Patrick Reagan and John
14 C. Shriner shall be jointly and severally liable for and pay the Securities Division the costs, fees,
15 and other expenses incurred in the conduct of the administrative investigation and hearing of this
16 matter of not less than \$5,000.

17 **AUTHORITY AND PROCEDURE**

18
19 This Statement of Charges is entered pursuant to the provisions of RCW 21.20 and is
20 subject to the provisions of RCW 34.05. The respondents, The World Bikini Sports League,
21 LLC (now known as The World Women’s Sports Association); Patrick Reagan; and John C.
22 Shriner; may each make a written request for a hearing as set forth in the NOTICE OF
23 OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this
24 order.
25

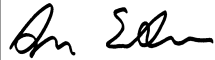
1 If a respondent does not request a hearing, the Securities Administrator intends to adopt
2 the above Tentative Findings of Fact and Conclusions of Law as final and enter an order to cease
3 and desist permanent as to that respondent.

4 Dated this 20th day of July, 2010.

6 

7
8 WILLIAM M. BEATTY
9 Securities Administrator

10 Approved by:

11 

12 SUZANNE SARASON
13 Chief of Enforcement

14 Presented by:

15 

16 Jiyoung C. Kwon
17 Financial Legal Examiner