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:	 Order No. S-11-004-12-CO01 CONSENT ORDER AS TO BETTER WORLD MATERIALS INC. AND DALYN S. JUDD
Better World Materials Inc., Dalyn S. Judd, and Mark K. Abney, Respondents)))

INTRODUCTION

On March 13, 2012, the Securities Administrator of the State of Washington issued a Statement of Charges and Notice of Intent to Enter an Order to Cease and Desist, to Impose a Fine, and to Charge Costs, Order Number S-09-078-10-SC01, against Respondents, Better World Materials Inc., Dalyn S. Judd, and Mark K. Abney. Pursuant to the Securities Act of Washington, chapter 21.20 RCW, the Securities Division and Better World Materials Inc. and Dalyn S. Judd do hereby enter into this CONSENT ORDER in settlement of the matters alleged herein. Respondents, Better World Materials Inc. and Dalyn S. Judd, neither admit nor deny the Findings of Fact and Conclusions of Law as stated below.

FINDINGS OF FACT

Respondents

1. Better World Materials Inc. ("Better World Materials") is a Wyoming corporation that was incorporated on February 26, 2010. Better World Materials is a start-up company that has a process for heating shredded plastics and forming them into building materials. The company wants to use garbage to manufacture and sell "environmentally friendly" products. During 2010, Better World Materials had its principal place of business in Spanaway, Washington. In 2011, the company moved its principal place of business to Kearns, Utah. 1

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- 2. Dalyn Scott Judd ("Judd") is the President and Chief Executive Officer of Better World Materials. Judd was President of Better World Materials during 2011 and was Co-President of Better World Materials during 2010. At that time, Judd was a Washington resident.
- 3. Mark K. Abney ("Abney") was the President and Chief Executive Officer of Better World Materials during 2010. Abney is a Washington resident.

Offering of Common Stock

- 4. From April 2010 through September 2011, Respondents offered and sold approximately \$1,475,000 worth of Better World Materials common stock at \$1 per share to approximately 400 shareholders. During that time, Better World Materials offered and sold approximately \$970,000 worth of its common stock at \$1 per share to approximately 175 Washington shareholders.
- 5. When offering and selling common stock in Better World Materials, Respondents each personally solicited investors and prospective investors. To encourage investments in Better World Materials, Respondents participated in Webinar presentations about the company. Respondents each gave investors private placement memorandums that described the offering of Better World Materials common stock and Respondents each directed investors to fill out purchaser questionnaires before accepting common stock investments. Abney and Judd each signed stock certificates that were issued in connection with sales of Better World Materials common stock.

Misrepresentations and Omissions

6. When offering and selling the stock, Respondents each failed to disclose risks associated with the investment, including competition, technology risks, and operational risks. Respondents each failed to specify the intended use of investor funds. Respondents each failed to disclose to investors the minimum amount of capital that was required by the company. Respondents each failed

to disclose that investors might lose their entire investment because Better World Materials was inadequately capitalized.

- 7. When offering and selling the stock, Respondents each failed to disclose financial information about the company. Respondents each failed to disclose to investors that during 2010 Better World Materials had no income and had an annual net loss of more than \$845,000.
- 8. When offering and selling the stock, Respondents each misrepresented the company's projected net worth and failed to disclose the basis and assumptions for financial projections. Respondents gave investors a 2010 business plan that included financial projections. The projections indicated that Better World Materials would have a net worth of more than \$15.6 million by the end of fiscal year 2011 and a net worth of more than \$202 million by the end of fiscal year 2015. There was no reasonable basis for the projected net worth.
- 9. When offering and selling the stock, Respondents each misrepresented the company's potential profits and failed to disclose the basis and assumptions for projected profits. Respondents gave investors private placement memorandums that described the offering of common stock. The private placement memorandums included profit projections for Better World Materials. These projections indicated that Better World Materials would have more than a \$290 million net profit in year 2 and more than a \$1 billion net profit in year 4. There was no reasonable basis for the projected profits.

Offers and Sales of Stock to Non-accredited Investors

10. When offering and selling Better World Materials common stock, Respondents each falsely represented in the private placement memorandum that the stock would only be sold to accredited investors. Respondents gave investors suitability questionnaires to complete before purchasing the stock. Some of the questionnaires were not completed. Some questionnaires showed that investors

had a net worth of less than one million dollars and an individual annual income of less than \$200,000 during the last two years. Some responses to the questionnaires appeared inconsistent with representations that the investor had a net worth of more than \$1 million or an annual income of more than \$200,000 for the last two years.

Registration Status of Respondents

- 11. Better World Materials is not currently registered to sell its securities in the state of Washington and has not previously been so registered.
- 12. Judd has never been registered as a securities broker-dealer or as a securities salesperson in the state of Washington.
- 13. Abney has never been registered as a securities broker-dealer or as a securities salesperson in the state of Washington.

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

CONCLUSIONS OF LAW

- 1. As set forth in the Tentative Findings of Fact, the offer or sale of the common stock described above constitutes the offer or sale of a security as defined in RCW 21.20.005(14) and (17).
- 2. As set forth in the Tentative Findings of Fact, Respondents, Better World Materials, Judd, and Abney, have each made untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, in violation of RCW 21.20.010, the anti-fraud section of the Securities Act of Washington.
- 3. As set forth in the Tentative Findings of Fact, Respondents, Better World Materials, Judd, and Abney, have each offered and sold unregistered securities in violation of RCW 21.20.140, the securities registration section of the Securities Act of Washington.

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4. As set forth in the Tentative Findings of Fact, Judd and Abney have each offered and sold securities in violation of RCW 21.20.040, the securities broker-dealer and securities salesperson registration section of the Securities Act of Washington.

CONSENT ORDER

Based upon the foregoing and finding it in the public interest:

IT IS AGREED AND ORDERED that Respondents, Better World Materials Inc. and Dalyn S. Judd, and their agents and employees each shall cease and desist from violating RCW 21.20.040, the securities broker-dealer and securities salesperson registration section of the Securities Act of Washington.

IT IS AGREED AND ORDERED that Respondents, Better World Materials Inc. and Dalyn S. Judd, and their agents and employees each shall cease and desist from violating RCW 21.20.140, the securities registration section of the Securities Act of Washington.

IT IS FURTHER AGREED AND ORDERED that Respondents, Better World Materials Inc. and Dalyn S. Judd, and their agents and employees each shall cease and desist from violating RCW 21.20.010, the anti-fraud section of the Securities Act of Washington.

IT IS FURTHER AGREED AND ORDERED that Respondents, Better World Materials Inc. and Dalyn S. Judd, shall be jointly and severally liable for and shall pay a fine of \$7,500.

IT IS FURTHER AGREED AND ORDERED that Respondents, Better World Materials Inc. and Dalyn S. Judd, shall be jointly and severally liable for and shall pay investigative costs of \$2,500, with an initial payment of \$1,000 to be made prior to the entry of this Consent Order.

IT IS FURTHER AGREED AND ORDERED that Respondents, Better World Materials Inc. and Dalyn S. Judd, shall continue to make payments of \$1,000 per month until the fine and costs shall have been paid in full. The payments shall be due on the 15th day of each month. The first two payments of

\$1,000 shall be applied to costs. The third payment of \$1,000 shall be split: \$500 shall be applied to costs and \$500 shall be applied to the fine. The remaining seven payments of \$1,000 shall be applied to the fine.

IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this Consent Order.

IT IS FURTHER AGREED that Respondents, Better World Materials Inc. and Dalyn S. Judd, each enter into this Consent Order freely and voluntarily and with a full understanding of its terms and significance.

IT IS FURTHER AGREED that in consideration of the foregoing, Respondents, Better World Materials Inc. and Dalyn S. Judd, each waive their right to a hearing and to judicial review of this matter pursuant to RCW 21.20.440 and Chapter 34.05 RCW.

WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

Signed this9th day o	fMay	, 2012
Signed: Better World Materials Inc.		Approved for entry by:
Ву:		
/s/ Dalyn S. Judd		/s/ James C. Lewis
Dalyn S. Judd, President		James C. Lewis Attorney for Respondents
Signed by:		
/s/ Dalyn S. Judd		
Dalyn S. Judd, Individually		

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