

1 STATE OF WASHINGTON
2 DEPARTMENT OF FINANCIAL INSTITUTIONS
3 SECURITIES DIVISION

4 IN THE MATTER OF DETERMINING
5 whether there has been a violation of the
6 Securities Act of Washington by:

7 Better World Materials Inc., Dalyn S. Judd,
8 and Mark K. Abney,

9 Respondents

Order Number S-11-004-12-SC01

STATEMENT OF CHARGES AND NOTICE
OF INTENT TO ENTER AN ORDER TO
CEASE AND DESIST, TO IMPOSE A FINE,
AND TO CHARGE COSTS

10 THE STATE OF WASHINGTON TO:

Better World Materials Inc.
Dalyn Scott Judd
Mark Kendall Abney

11
12 **STATEMENT OF CHARGES**

13 Please take notice that the Securities Administrator of the State of Washington has reason
14 to believe that Respondents, Better World Materials, Inc., Dalyn S. Judd, and Mark K. Abney,
15 have each violated the Securities Act of Washington and that their violations justify the entry
16 of an order of the Securities Administrator under RCW 21.20.390 to cease and desist from such
17 violations and to charge costs and under RCW 21.20.395 to impose a fine. The Securities
18 Administrator finds as follows:
19

20
21 **TENTATIVE FINDINGS OF FACT**

22 Respondents

23 1. Better World Materials Inc. ("Better World Materials") is a Wyoming corporation
24 that was incorporated on February 26, 2010. Better World Materials is a start-up company
25 that has a process for heating shredded plastics and forming them into building materials.

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Olympia, WA 98507-9033
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1 The company wants to use garbage to manufacture and sell “environmentally friendly”
2 products. During 2010, Better World Materials had its principal place of business in
3 Spanaway, Washington. In 2011, the company moved its principal place of business to
4 Kearns, Utah.

5
6 2. Dalyn Scott Judd (“Judd”) is the President and Chief Executive Officer of Better
7 World Materials. Judd was President of Better World Materials during 2011 and was Co-
8 President of Better World Materials during 2010. At that time, Judd was a Washington
9 resident.

10
11 3. Mark K. Abney (“Abney”) was the President and Chief Executive Officer of Better
12 World Materials during 2010. Abney is a Washington resident.

13 Offering of Common Stock

14 4. From April 2010 through September 2011, Respondents offered and sold
15 approximately \$1,475,000 worth of Better World Materials common stock at \$1 per share to
16 approximately 400 shareholders. During that time, Better World Materials offered and sold
17 approximately \$970,000 worth of its common stock at \$1 per share to approximately 175
18 Washington shareholders.

19
20 5. When offering and selling common stock in Better World Materials, Respondents
21 each personally solicited investors and prospective investors. To encourage investments in
22 Better World Materials, Respondents participated in Webinar presentations about the
23 company. Respondents each gave investors private placement memorandums that described
24 the offering of Better World Materials common stock and Respondents each directed
25 investors to fill out purchaser questionnaires before accepting common stock investments.

1 Abney and Judd each signed stock certificates that were issued in connection with sales of
2 Better World Materials common stock.

3 Misrepresentations and Omissions

4
5 6. When offering and selling the stock, Respondents each failed to disclose risks
6 associated with the investment, including competition, technology risks, and operational
7 risks. Respondents each failed to specify the intended use of investor funds. Respondents
8 each failed to disclose to investors the minimum amount of capital that was required by the
9 company. Respondents each failed to disclose that investors might lose their entire
10 investment because Better World Materials was inadequately capitalized.
11

12 7. When offering and selling the stock, Respondents each failed to disclose financial
13 information about the company. Respondents each failed to disclose to investors that during
14 2010, Better World Materials had no income and had an annual net loss of more than
15 \$845,000.
16

17 8. When offering and selling the stock, Respondents each misrepresented the
18 company's projected net worth and failed to disclose the basis and assumptions for financial
19 projections. Respondents gave investors a 2010 business plan that included financial
20 projections. The projections indicated that Better World Materials would have a net worth
21 of more than \$15.6 million by the end of fiscal year 2011 and a net worth of more than \$202
22 million by the end of fiscal year 2015. There was no reasonable basis for the projected net
23 worth.
24

25 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

1 profits. Respondents gave investors private placement memorandums that described the
2 offering of common stock. The private placement memorandums included profit
3 projections for Better World Materials. These projections indicated that Better World
4 Materials would have more than a \$290 million net profit in year 2 and more than a \$1
5 billion net profit in year 4. There was no reasonable basis for the projected profits.
6

7 Offers and Sales of Stock to Non-accredited Investors

8 10. When offering and selling Better World Materials common stock, Respondents
9 each falsely represented in the private placement memorandum that the stock would only be
10 sold to accredited investors. Respondents gave investors suitability questionnaires to
11 complete before purchasing the stock. Some of the questionnaires were not completed.
12 Some questionnaires showed that investors had a net worth of less than one million dollars
13 and an individual annual income of less than \$200,000 during the last two years. Some
14 responses to the questionnaires appeared inconsistent with representations that the investor
15 had a net worth of more than \$1 million or an annual income of more than \$200,000 for the
16 last two years.
17
18

19 Registration Status of Respondents

20 11. Better World Materials is not currently registered to sell its securities in the state
21 of Washington and has not previously been so registered.
22

23 12. Judd has never been registered as a securities broker-dealer or as a securities
24 salesperson in the state of Washington.

25 13. Abney has never been registered as a securities broker-dealer or as a securities
salesperson in the state of Washington.

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

2 **CONCLUSIONS OF LAW**

3 1. As set forth in the Tentative Findings of Fact, the offer or sale of the common
4 stock described above constitutes the offer or sale of a security as defined in RCW
5 21.20.005(14) and (17).
6

7 2. As set forth in the Tentative Findings of Fact, Respondents, Better World
8 Materials, Judd, and Abney, have each made untrue statements of material fact or omitted to
9 state material facts necessary in order to make the statements made, in the light of the
10 circumstances under which they are made, not misleading, in violation of RCW 21.20.010,
11 the anti-fraud section of the Securities Act of Washington.
12

13 3. As set forth in the Tentative Findings of Fact, Respondents, Better World
14 Materials, Judd, and Abney, have each offered and sold unregistered securities in violation
15 of RCW 21.20.140, the securities registration section of the Securities Act of Washington.
16

17 4. As set forth in the Tentative Findings of Fact, Judd and Abney have each
18 offered and sold securities in violation of RCW 21.20.040, the securities broker-dealer and
19 securities salesperson registration section of the Securities Act of Washington.
20

21 **NOTICE OF INTENT TO ORDER RESPONDENTS TO CEASE AND DESIST**

22 Pursuant to RCW 21.20.390, and based on the above Tentative Findings of Fact and
23 Conclusions of Law, the Securities Administrator intends to order that Respondents, Better
24 World Materials Inc., Dalyn S. Judd, and Mark K. Abney, each shall cease and desist from
25 any violation of RCW 21.20.010, RCW 21.20.040 and RCW 21.20.140.

1 **NOTICE OF INTENT TO IMPOSE A FINE**

2 Pursuant to RCW 21.20.395, and based on the above Tentative Findings of Fact and
3 Conclusions of Law, the Securities Administrator intends to order that Better World
4 Materials Inc. and Dalyn S. Judd shall be jointly and severally liable for and shall pay a fine
5 of \$7,500. The Securities Administrator intends to order that Mark K. Abney shall be liable
6 for and shall pay a fine of \$1,500.
7

8 **NOTICE OF INTENT TO CHARGE COSTS**

9 Pursuant to RCW 21.20.390, and based on the above Tentative Findings of Fact and
10 Conclusions of Law, the Securities Administrator intends to order that Better World
11 Materials Inc. and Dalyn S. Judd shall be jointly and severally liable for and shall pay
12 investigative costs of \$2,500. The Securities Administrator intends to order that Mark K.
13 Abney shall be liable for and shall pay investigative costs of \$1,000.
14

15 **AUTHORITY AND PROCEDURE**

16 This Statement of Charges is entered pursuant to the provisions of chapter 21.20 RCW
17 and is subject to the provisions of chapter 34.05 RCW. Respondents, Better World Materials
18 Inc., Dalyn S. Judd, and Mark K. Abney, may each make a written request for a hearing, as set
19 forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR
20 HEARING accompanying this Statement of Charges.
21

22 If a Respondent does not make a hearing request in the time allowed, the Securities
23 Administrator intends to adopt the above Tentative Findings of Fact and Conclusions of Law
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25

1 as final, to enter a permanent cease and desist order as to that respondent, and to impose any
2 fine and charge any costs that are sought against that respondent.

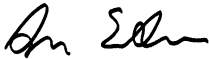
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4 Signed and Entered this 13th day of March, 2012

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8
9 WILLIAM M. BEATTY
Securities Administrator

10 Approved by:

Presented by:

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15 Suzanne E. Sarason
Chief of Enforcement
16 Reviewed by:

17 

18
19 Janet So
Enforcement Attorney

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21 Robert Kondrat
Financial Legal Examiner Supervisor

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23
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