



1 5. Respondents presented iCooper as a startup technology company focused on developing and selling  
2 applications for the Apple iPhone. The company's core product was an electronic daily log for truck drivers.  
3 Respondents represented to prospective investors that iCooper would use their investment funds to develop, program,  
4 and market its products.

5 6. To find prospective investors, Hines and Clark contacted their friends, family, and acquaintances. Several  
6 prospective investors then referred Respondents to their friends and associates as additional prospective investors.  
7 On at least one occasion, Hines requested an investor to identify other prospective investors. Some prospective  
8 investors made referrals that led to iCooper investments. Hines and Clark typically disseminated offering materials to  
9 prospective investors in person and over email. Generally, after Respondents provided offering materials to  
10 prospective investors for review, they had prospective investors sign and return the documents with a check for the  
11 investment funds.

12 7. For their investment, Respondents represented that investors were getting in at the ground floor of a company  
13 bound for success before going public. Respondents also represented that investors could reap profits of many times  
14 their principal investments after an initial public offering. Further, Hines represented to prospective investors that an  
15 increase in iCooper's stock value was imminent due to expectations of substantial investments and negotiated  
16 arrangements with interested companies, including Apple, Inc. and prospective consumers of iCooper's products.

17 8. Besides the predicted rise in stock value, Respondents projected to prospective investors that iCooper would  
18 generate total annual revenues of over \$27.6 million by 2012. Respondents also projected that iCooper's cash  
19 balance would, after 4 years, grow from a negative balance to over \$58 million. Respondents further projected that  
20 their core application would produce nearly \$5 million in sales by 2010 and would grow more than 10% each year,  
21 up to \$8 million by 2014.

22 9. In addition to profits and revenues, Respondents told prospective investors that proprietary information was a  
23 means for iCooper to "secure a prominent place in society." As early as September 2008, Respondents claimed that  
24 iCooper had a patented iPhone application process, that it owned patents, and that it held a patent pending.

25 10. As another investment incentive, Hines offered prospective investors additional shares at no extra cost for

1 early or large investments. In one case, Hines convinced an investor ready to purchase 10,000 shares for \$10,000 to  
2 invest an additional \$10,000 for 25,000 shares. For the additional investment, Hines promised not only that the  
3 investor would receive 5,000 bonus shares, but that iCooper would, within one year, repurchase \$10,000 worth of the  
4 investor's stock. Hines made similar promises to other investors, but later reneged on these promises. Similarly,  
5 Hines offered at least one investor a position on the board of directors for an additional investment.

6 11. In another case, Hines agreed that iCooper would repurchase \$25,000 worth of stock once an investor's stock  
7 value increased to \$35,000. The investor specifically requested this repurchase agreement because he had been  
8 saving the investment funds to remodel his house and build a barn. Hines also told this investor that, within six  
9 months, he would recoup his full investment, that the value of his investment would at least double, and that he  
10 would not lose money. Hines told the investor that multiple companies were ready to purchase iCooper's application  
11 upon its release, including local hospitals, United Parcel Service of America, Inc., and Apple, Inc.

12 12. In early 2010, iCooper decided to take out a loan to cover its capital needs. As collateral for the loan, iCooper  
13 pledged all of its assets. The company later defaulted on the loan and lost all of its assets. Afterward, iCooper  
14 became inactive and never repaid its investors.

#### 15 Misrepresentations and Omissions

16 13. When soliciting investment in iCooper, Respondents failed to adequately disclose material information to  
17 prospective investors regarding the risks associated with the investment, including the risk of dilution from the  
18 issuance of additional or bonus shares of stock. Respondents also failed to disclose that iCooper could pledge its  
19 assets as collateral in loan agreements and that such loans create risks of default and loss of company assets.

20 14. Respondents' claims and projections regarding an initial public offering, as described in paragraph seven  
21 above, were misleading because Respondents failed to provide a reasonable basis for the claims and projections.

22 15. Respondents' claims regarding an imminent increase in iCooper's stock value due to expected investments  
23 and agreements with large companies, as described in paragraph seven above, were misleading because Respondents  
24 failed to provide a reasonable basis for the claims.

25 16. Respondents' revenue projections, as described in paragraph eight above, were misleading because

1 Respondents failed to provide a reasonable basis for the projections.

2 17. Respondents' intellectual property rights claims, as described in paragraph nine above, were false and  
3 misleading because Respondents falsely represented the extent of their intellectual property rights. Namely, iCooper  
4 filed its patent applications over one year after it first made the claims and later abandoned its applications.

5 18. Respondents' representations regarding their ability to repurchase stock from investors, as described in  
6 paragraphs ten and eleven above, were misleading because Respondents failed to provide a reasonable basis for the  
7 representations.

8 19. Respondents' claims regarding investment time horizon, risk of loss, growth potential, and popularity of  
9 iCooper's product among large organizations were misleading because Respondents failed to provide a reasonable  
10 basis for the claims.

11 Failure to Comply With Regulation D Rule 504

12 20. iCooper claimed an exemption from registration for its stock offering under federal Regulation D, Rule 504.  
13 Respondents failed to comply with conditions of Rule 504 by, among other things, generally soliciting prospective  
14 investors and failing to adequately screen investors for investment suitability.

15 Registration Status

16 21. Respondent, iCooper, Inc., is not currently registered to sell its securities in the state of Washington and has  
17 not previously been so registered.

18 22. Respondent, Ken Hines, is not currently registered as a securities salesperson or broker-dealer, or to otherwise  
19 sell securities in the state of Washington, and has not previously been so registered.

20 23. Respondent, Christopher Clark, is not currently registered as a securities salesperson or broker-dealer, or to  
21 otherwise sell securities in the state of Washington, and has not previously been so registered.

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

23 **CONCLUSIONS OF LAW**

24 1. The offer or sale of stock as described above constitute the offer and/or sale of a security as defined in RCW  
25 21.20.005(14) and (17).

1 2. Ken Hines violated RCW 21.20.040 by offering and/or selling said securities while not registered as a  
2 securities salesperson or broker-dealer in the state of Washington.

3 3. Christopher Clark violated RCW 21.20.040 by offering and/or selling said securities while not registered as a  
4 securities salesperson or broker-dealer in the state of Washington.

5 4. The offer and/or sale of said securities is in violation of RCW 21.20.140 because no registration for such an  
6 offer and/or sale is on file with the Securities Administrator, state of Washington.

7 5. The offer and/or sale of said securities were in violation of RCW 21.20.010 because Respondents made  
8 untrue statements of material fact or omitted to state material facts necessary in order to make the statements made,  
9 in light of the circumstances under which they were made, not misleading.

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

11 Pursuant to RCW 21.20.390(1) and based upon the above Tentative Findings of Fact and Conclusions of Law,  
12 the Securities Administrator intends to order that Respondents, iCooper, Inc.; Ken Hines; and Christopher Clark, each  
13 shall cease and desist from violations of RCW 21.20.010, RCW 21.20.040, and RCW 21.20.140.

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

15 Pursuant to RCW 21.20.395, and based upon the above Tentative Findings of Fact and Conclusions of Law,  
16 the Securities Administrator intends to order that:

- 17 a. Respondent Ken Hines shall be liable for and shall pay a fine of \$5,000; and  
18 b. Respondent Christopher Clark shall be liable for and shall pay a fine of \$3,000.

19 **NOTICE OF INTENT TO CHARGE COSTS**

20 Pursuant to RCW 21.20.390, and based upon the Tentative Findings of Fact and Conclusions of Law, the  
21 Securities Administrator intends to order that Respondents Ken Hines and Christopher Clark shall be jointly and  
22 severally liable for and shall pay investigative costs of at least \$1,000.

23 **AUTHORITY AND PROCEDURE**

24 This Statement of Charges is entered pursuant to the provisions of Chapter 21.20 RCW and is subject to the  
25 provisions of Chapter 34.05 RCW. The Respondents, iCooper, Inc.; Ken Hines; and Christopher Clark, may each

1 make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND  
2 OPPORTUNITY FOR HEARING accompanying this Order. If a respondent does not make a hearing request in the  
3 time allowed, the Securities Administrator intends to adopt the above Tentative Findings of Fact and Conclusions of  
4 Law as final and to enter a permanent order to cease and desist as to that respondent, to impose any fines sought  
5 against that respondent, and to charge any costs sought against that respondent.

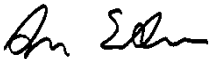
6 Signed and Entered this 17th day of September 2013.

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11 William M. Beatty  
Securities Administrator

12 Approved by:

Presented by:

13 

14 

15 Suzanne Sarason  
Chief of Enforcement

Drew Stillman  
Enforcement Attorney

16 Reviewed by:

17 

18 Jack McClellan  
19 Financial Legal Examiner Supervisor