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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

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IN THE MATTER OF DETERMINING) Order No.: S-11-0593-14-FO01
Whether there has been a violation of the)
Securities Act of Washington by:) ENTRY OF FINDINGS OF FACT AND CONCLUSIONS
Ken Hines; iCooper, Inc.,) OF LAW AND FINAL ORDER TO CEASE AND DESIST,
) TO IMPOSE A FINE, AND TO CHARGE COSTS
)
Respondents.)

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INTRODUCTION

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On September 17, 2013, the Securities Administrator of the state of Washington issued a Statement of Charges and Notice of Intent to Enter Order to Cease and Desist, To Impose Fines and To Charge Costs, Order Number S-11-0593-13-SC01, against Respondents, Ken Hines, Christopher Clark, and iCooper, Inc. (hereinafter referred to as "Statement of Charges"). 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 Respondents, Ken Hines and iCooper, Inc. on September 19, 2013. The Notice of Opportunity for Hearing advised Respondents, Ken Hines and iCooper, Inc., 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, Ken Hines and iCooper, Inc., failed to request an administrative hearing within twenty days of receipt of the Statement of Charges and Notice of Opportunity for Hearing, either on the Application for Hearing provided, or otherwise.

The Securities Administrator therefore will adopt as final the following Findings of Fact and Conclusions of Law as set forth in the Statement of Charges and enter a final order against the Respondent to cease and desist from violations of the Securities Act.

The Securities Administrator makes the following Findings of Fact and Conclusions of Law:

FINDINGS OF FACT

Respondents

1. iCooper, Inc. ("iCooper") is an inactive Washington corporation with its principal place of business in Washougal, WA. The company was in the business of developing applications for handheld mobile devices, with an

1 initial focus on data collection applications for trucking operators. The company was founded in July 2008.

2 2. Ken Hines (“Hines”) was the president, CEO, and a promoter of iCooper. Hines was also a member of
3 iCooper’s Board of Directors. Hines is a Washington resident.

4 3. Christopher Clark (“Clark”) was iCooper’s Sales Director. Clark is a Washington resident.

5 Nature of the Offering

6 4. Between 2008 and 2011, Respondents offered and sold over \$985,000 of iCooper stock to over 25 investors,
7 of whom at least 21 were Washington residents. Respondents also sold iCooper stock to residents of Tennessee and
8 Oregon. At least 5 investors were not accredited. Respondents offered investors up to \$1,000,000 in Series A
9 restricted stock with a \$10,000 minimum purchase amount.

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

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

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

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

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

9 10. As another investment incentive, Hines offered prospective investors additional shares at no extra cost for
10 early or large investments. In one case, Hines convinced an investor ready to purchase 10,000 shares for \$10,000 to
11 invest an additional \$10,000 for 25,000 shares. For the additional investment, Hines promised not only that the
12 investor would receive 5,000 bonus shares, but that iCooper would, within one year, repurchase \$10,000 worth of the
13 investor's stock. Hines made similar promises to other investors, but later reneged on these promises. Similarly,
14 Hines offered at least one investor a position on the board of directors for an additional investment.

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

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

24 Misrepresentations and Omissions

25 13. When soliciting investment in iCooper, Respondents failed to adequately disclose material information to

1 prospective investors regarding the risks associated with the investment, including the risk of dilution from the
2 issuance of additional or bonus shares of stock. Respondents also failed to disclose that iCooper could pledge its
3 assets as collateral in loan agreements and that such loans create risks of default and loss of company assets.

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

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

9 16. Respondents' revenue projections, as described in paragraph eight above, were misleading because
10 Respondents failed to provide a reasonable basis for the projections.

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

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

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

20 Failure to Comply With Regulation D Rule 504

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

24 Registration Status

25 21. Respondent, iCooper, Inc., is not currently registered to sell its securities in the state of Washington and has

not previously been so registered.

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

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

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

CONCLUSIONS OF LAW

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

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

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

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

FINAL ORDER

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

IT IS HEREBY ORDERED that the Respondents, Ken Hines and iCooper, Inc., their agents and employees each shall cease and desist from offering and/or selling securities in any manner in violation of RCW 21.20.140, the section of the Securities Act of Washington requiring registration.

IT IS FURTHER ORDERED that Respondent, Ken Hines, his agents and employees each shall cease and desist from violating RCW 21.20.040, the securities salesperson and broker-dealer registration section of the Securities Act of Washington.

IT IS FURTHER ORDERED that the Respondents, Ken Hines and iCooper, Inc., 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.

1 IT IS FURTHER ORDERED that the Respondent, Ken Hines, shall be liable for and pay a fine in the amount
2 of \$5,000.

3 IT IS FURTHER ORDERED that the Respondent, Ken Hines, shall be liable for and pay costs in the amount
4 of \$1,000.

5 **AUTHORITY AND PROCEDURE**

6 This FINAL ORDER is entered pursuant to the provisions of RCW 21.20.110 and 21.20.390, and is subject to
7 the provisions of RCW 21.20.120 and Chapter 34.05 RCW. Respondents have the right to petition the superior court
8 for judicial review of this agency action under the provisions of RCW 34.05. For the requirements for Judicial
9 Review, see RCW 34.05.510 and sections following. Pursuant to RCW 21.20.395, a certified copy of this Order may
10 be filed in Superior Court. If so filed, the clerk shall treat the Order in the same manner as a Superior Court judgment
11 as to the fine, and the fine may be recorded, enforced, or satisfied in like manner.

12 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

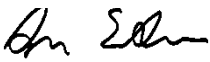
13 SIGNED and ENTERED this 30th day of January 2014.

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15 _____
16 William M. Beatty
17 Securities Administrator

18 Approved by:

18 Presented by:

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20 _____
21 Suzanne Sarason
22 Chief of Enforcement

20 _____
21 Drew Stillman
22 Financial Legal Examiner

23 Reviewed by:

23 

24 _____
25 Jack McClellan
26 Financial Legal Examiner Supervisor