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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-12-0990-12-SC01
Whether there has been a violation of the)
Securities Act of Washington by:) STATEMENT OF CHARGES AND NOTICE OF INTENT
Glenn Anthony Walker ; Varro Seattle LLC,) TO ENTER ORDER TO CEASE AND DESIST, TO
Respondents.) IMPOSE FINES AND TO CHARGE COSTS

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THE STATE OF WASHINGTON TO: Glenn Anthony Walker; Varro Seattle LLC

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STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the state of Washington has reason to believe that Respondents Glenn Anthony Walker and Varro Seattle LLC 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, to charge costs, and under RCW 21.20.395 to impose a fine. The Securities Administrator finds as follow:

TENTATIVE FINDINGS OF FACT

I.

Respondents

1. Respondent Varro Seattle LLC was a Washington limited liability company formed on June 23, 2010, for the purpose of opening and operating a restaurant named Varro. During the time period relevant to this Statement of Charges, Varro Seattle LLC maintained a principal place of business in Seattle, Washington. The Washington Secretary of State administratively dissolved Varro Seattle LLC on October 3, 2011.
2. Respondent Glenn Anthony Walker (Walker) served as a member and manager of CherryTree Management LLC and Varro Seattle LLC. Walker was and is a Washington resident.

II.

Related Entity

3. CherryTree Management LLC (Cherry Tree Management) was a Washington limited liability company formed on April 13, 2009. CherryTree Management served as the managing member of Varro Seattle LLC, and during the time period relevant to this Statement of Charges, CherryTree Management maintained a principal place of

1 business in Seattle, Washington. The Washington Secretary of State administratively dissolved the entity on January
2 13, 2012.

3 **III.**

4 Introduction

5 4. From the fall of 2009 to the fall of 2011, Walker raised capital to fund three separate ventures, all of which
6 failed. In the fall of 2009, Walker raised money to attempt to open a restaurant in Miami, Florida, but he failed to raise
7 enough money to open the restaurant. Soon thereafter, in late 2009 and early 2010, Walker sought and secured
8 investments in the refinement and sale of African gold dust, but the investment failed, as the principals of the African
9 gold dust investment never made any payments to any investors. Walker pursued both of these failed ventures through
10 CherryTree Management. From July 2010 through August 2011, Walker solicited investments in Varro Seattle LLC
11 in order to open and operate his restaurant Varro, but Varro Seattle LLC, grossly undercapitalized, failed as well.
Walker had never disclosed to Varro Seattle LLC investors his most recent business failures, along with other
important information.

12 Background

13 5. In the fall of 2009, Walker, acting through CherryTree Management, attempted to open a restaurant in Miami,
14 Florida. Walker had no prior experience in the restaurant industry. He initially raised \$100,000 from an acquaintance,
15 and, in his efforts to open the restaurant, Walker spent that money on travel expenses, legal expenses, and consulting
16 expenses. Walker also spent part of this \$100,000 investment on personal expenses. To raise additional capital,
17 Walker met with prospective investors and emailed offering materials to prospective investors. The restaurant in
Miami, Florida, however, never came to fruition, as Walker failed to secure sufficient capital to open the restaurant.

18 6. In late 2009 and early 2010, Walker, acting through CherryTree Management, invested in and solicited others
19 to invest in a scheme to import and refine gold dust from Africa. In an investment summary provided to Walker, the
20 two principals of the gold investment stated that they would facilitate the transfer of gold dust from Africa to a
21 refinery in the United States, that the refinery would then refine the dust into gold bullion, and that the gold bullion
would be sold each week for roughly \$70,000,000. For a \$275,000 investment, the principals of the gold investment
represented in their investment summary that investors could expect a 4,300 percent return on investment.

22 7. Using this investment summary, Walker solicited other people to invest in the gold enterprise, telling one
23 investor that if he invested \$240,000 in the deal, Walker could return him \$1,200,000 within 90 days. Walker
24 convinced three investors to invest a total of approximately \$120,000, and Walker wired this \$120,000 and \$15,000 of
his own money to an account for the benefit of the principals of the gold investment.

1 8. The principals of the gold investment never made any payments to any investors, did not return any of the
2 investors' principal, and stated that they had ceased operations after eighteen months. The principals of the gold
3 investment excused non-payment by claiming that different gold dust purchases had been stolen, were subject to other
4 property claims, had been hijacked, or could not be exported due to sudden changes in a nation's export rules.

5 IV.

6 Nature of the Offering

7 9. On June 19, 2010, Walker, as the managing partner of CherryTree Management, signed a retail lease
8 agreement on behalf of CherryTree Management in order to open a restaurant in Seattle, Washington. On July 22,
9 2010, Walker assigned the retail lease from CherryTree Management to Varro Seattle LLC.

10 10. To raise funds for the restaurant, Walker offered investors an investment, including both debt and equity, in
11 Varro Seattle LLC. Specifically, in exchange for \$25,000, Walker, in 2010, offered investors a half of one percent
12 equity ownership interest in Varro Seattle LLC and an \$18,750 promissory note issued and guaranteed by Varro
13 Seattle LLC. The promissory note would have a five year maturity date and accrued a seven percent interest rate per
14 year. At another point in 2010, Walker offered investors a four-and-a-half percent equity interest in Varro Seattle LLC
15 and a \$20,000 promissory note issued and guaranteed by Varro Seattle LLC in exchange for a \$100,000 investment.
16 The promissory note would have a five year maturity date and accrued a nine percent interest rate per year.

17 11. In July 2010, Walker was introduced to Investor A through a mutual friend, and Walker offered Investor A
18 the opportunity to invest in Varro Seattle LLC. Walker met with Investor A to discuss the investment, and Walker
19 provided Investor A with an investment agreement to sign. Walker told Investor A that Varro Seattle LLC had a
20 number of investors and plenty of capital. Walker also stated that Investor A's investment would be used to cover the
21 costs of building and opening the restaurant, and Walker never disclosed to Investor A that he had filed for
22 bankruptcy in 1996. At the end of July 2010, Investor A wrote a \$20,000 check to Varro Seattle LLC, and in return,
23 Varro Seattle LLC provided Investor A an equity position in the entity of less than five percent. Investor A anticipated
24 a four to six percent return on the investment in Varro Seattle LLC per-year, and Investor A did not participate in the
25 day-to-day management of Varro Seattle LLC.

26 12. In July 2010, Walker's acquaintance provided Investor B with offering materials for an investment in Varro
27 Seattle LLC and then introduced Investor B to Walker. In the offering materials, Walker claimed that Varro Seattle
28 LLC's net income before taxes for years one through five would be \$14,189, \$262,272, \$302,642, \$321,125, and
29 \$302,642 respectively, but Walker did not include explanations for or the assumptions underlying these financial
30 projections. Walker failed to identify the minimum amount of capital the restaurant would require to stay in business,
31 and Walker never disclosed to Investor B that he had filed for bankruptcy in 1996. Investor B then met with Walker to
32 discuss the investment and sign an investment agreement. In September 2010, Investor B wrote a \$25,000 check to

1 Varro Seattle LLC, and in return, Varro Seattle LLC provided Investor B with a half of one percent equity position in
2 the entity, as well as an \$18,000.00 promissory note issued and guaranteed by Varro Seattle LLC. Walker represented
3 that the promissory note would be paid back in five years and that Varro Seattle LLC would make semi-annual
4 interest payments of seven percent of the note's principal. Investor B did not participate in the day-to-day
5 management of Varro Seattle LLC.

6 13. Varro, the restaurant, did not open for business until April 2011. From July 2010, until the restaurant's
7 closing in August 2011, Walker continued to solicit investments in Varro Seattle LLC. In emails that Walker sent in
8 September 2010, he provided potential investors the financial statements of an established and profitable, but
9 unaffiliated, restaurant in Miami, Florida, representing to the potential investors that these financial statements
10 reflected Varro Seattle LLC's financial projections. An April 2011 version of the Varro Seattle LLC prospectus that
11 Walker emailed to a potential investor failed to disclose that Varro Seattle LLC was grossly undercapitalized.

12 14. In all of the offering materials that Walker solicited, he described his professional experience in CherryTree
13 Management as that of a managing partner of "a global holding and investment vehicle specializing in international
14 monetary instruments, hospitality and restaurant investments and other commercial projects." Walker failed to
15 disclose that CherryTree Management's only activity to date consisted of a failed restaurant opening in the fall of
16 2009 and a failed gold investment.

17 15. From September 1, 2010, until July 7, 2011, Walker, acting on behalf of Varro Seattle LLC and using the
18 Varro Seattle LLC bank account, paid and signed checks to himself. In the notation line on these checks, Walker
19 either documented the payment as "pay" or as "reimbursement." No other Varro Seattle LLC investor ever received
20 any pay, and prior to investing, Investor A and Investor B were not aware that Walker would receive compensation or
21 a salary from Varro Seattle LLC. Furthermore, Walker failed to document any reimbursements for which he charged
22 Varro Seattle LLC.

23 16. Neither Investor A, nor Investor B received any return on their investments, as Varro, the restaurant, went out
24 of business within five months of opening.

25 V.

Misrepresentations and Omissions

17 17. Walker failed to disclose material information to Investor A and Investor B about the investment described
18 above in paragraphs 9 through 16, including but not limited to the total capital required for Varro Seattle LLC to stay
19 in business, the total amount of capital Varro Seattle LLC had at the time of the investment, and the risks associated
20 with inadequate capitalization, including the inability to continue operating.

18. For the investment described above in paragraphs 9 through 16, Walker also failed to disclose the basis and assumptions underlying the financial projections provided to investors, the actual use of investors' funds, and the number of investors that Varro Seattle LLC had at the time of investment.

19. Walker further failed to disclose to Investor A and Investor B that Walker filed for bankruptcy in 1996, that Walker would receive compensation from Varro Seattle LLC, and that through CherryTree Management he had failed to open a restaurant in the fall of 2009.

20. Walker materially misrepresented his professional experience by failing to disclose that CherryTree Management's only activity to date consisted of a failed restaurant opening in the fall of 2009 and failed gold investment.

VI.

Registration Status

21. Respondent Varro Seattle LLC is not currently registered to sell securities in the state of Washington and has not previously been so registered.

22. Respondent Glenn Anthony Walker is not currently registered as a securities salesperson 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 securities as described above constitute the offer and sale of a security as defined in RCW 21.20.005(14) and (17).

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

3. Glenn Anthony Walker has violated 21.20.040 by offering or selling securities while not registered as a securities salesperson in the state of Washington.

4. The offer and 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 to make the statements made, in light of the circumstances under which they were made, not misleading.

NOTICE OF INTENT TO ORDER THE RESPONDENTS TO CEASE AND DESIST

Pursuant to RCW 21.20.390(1) and based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that Respondents Varro Seattle LLC and Glenn Anthony Walker shall cease from violations 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 upon the above Tentative Findings of Fact and Conclusions of Law,
3 the Securities Administrator intends to order that Respondents Varro Seattle LLC and Glenn Anthony Walker shall
4 be liable for and shall pay a fine of \$8,500.00.

5 **NOTICE OF INTENT TO CHARGE COSTS**

6 Pursuant to RCW 21.20.390, and based upon the Tentative Findings of Fact and Conclusions of Law, the
7 Securities Administrator intends to order that Respondents Varro Seattle LLC and Glenn Anthony Walker shall be
8 liable for and shall pay investigative costs of \$1,500.00.

9 **AUTHORITY AND PROCEDURE**

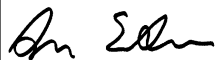
10 This Statement of Charges is entered pursuant to the provisions of Chapter 21.20 RCW and is subject to the
11 provisions of Chapter 34.05 RCW. The respondents Varro Seattle LLC and Glenn Anthony Walker may each make
12 a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY
13 FOR HEARING accompanying this Order. If a respondent does not make a hearing request in the time allowed, the
14 Securities Administrator intends to adopt the above Tentative Findings of Fact and Conclusions of Law as final and to
15 enter a permanent order to cease and desist as to that respondent, to impose any fines sought against that respondent,
16 and to charge any costs sought against that respondent.

16 Signed and Entered this 11th day of December 2012.

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18
19 William M. Beatty
20 Securities Administrator

21 Approved by:

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24 Suzanne Sarason
25 Chief of Enforcement

Presented by:

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24 Eric Palosaari
25 Enforcement Attorney

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Reviewed by:



Jack McClellan
Financial Legal Examiner Supervisor