

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

4 IN THE MATTER OF DETERMINING) Order No.: S-13-1291-13-SC01
5 Whether there has been a violation of the)
6 Securities Act of Washington by:) STATEMENT OF CHARGES AND NOTICE OF INTENT
7 Charles Feick; William Moore; James Harrison;) TO ENTER ORDER TO CEASE AND DESIST, TO
8 Northwest Growers Association, Inc.,) IMPOSE FINES AND TO CHARGE COSTS
9 Respondents.)

10 **THE STATE OF WASHINGTON TO:** **Charles Feick; William Moore; James Harrison;**
11 **Northwest Growers Association, Inc.**

12 **STATEMENT OF CHARGES**

13 Please take notice that the Securities Administrator of the state of Washington has reason to believe that
14 Respondents, William Moore; James Harrison; Charles Feick; and Northwest Growers Association, Inc., have each
15 violated the Securities Act of Washington and that their violations justify the entry of an order of the Securities
16 Administrator under RCW 21.20.390 against each to cease and desist from such violations and to charge costs, and
17 under RCW 21.20.395 to impose a fine. The Securities Administrator finds as follow:

18 **TENTATIVE FINDINGS OF FACT**

19 Respondents

- 20 1. Northwest Growers Association, Inc. ("NWGA") is a Washington corporation with its principal place of
21 business in Aberdeen, WA.
22 2. Charles Feick ("Feick") is a Washington resident and the CEO of NWGA.
23 3. William Moore ("Moore") is a Washington resident, and a former NWGA vice president and board member.
24 4. James Harrison ("Harrison") is a Washington resident, and a former NWGA president and board member.

25 Nature of the Offering

- Between February and August 2013, Respondents offered and sold over \$46,000 of NWGA stock to at least
54 investors. At least 50 investors were Washington residents and at least 9 were not accredited. Respondents required

1 would-be investors to become NWGA “members” by submitting to a background check and paying \$100.
2 Membership entitled individuals to purchase up to \$5,000 of NWGA stock, either for themselves or for others who
3 successfully completed a background check.

4 6. Respondents presented NWGA as a startup company and trade member association that worked to support the
5 implementation, regulation, and taxation of recreational marijuana in Washington. To find prospective investors,
6 Respondents solicited friends, family, and acquaintances by phone, in person, or via newsletters. NWGA also held
7 public meetings at the SouthShore Mall. Some prospective investors learned about NWGA through newspaper articles
8 or NWGA’s website. Respondents also encouraged prospective investor referrals.

9 7. Respondents used the recent passage of Initiative Measure No. 502 and the potential of a multi-million dollar
10 marijuana industry in Washington as the bases for their sales pitch. When Respondents solicited prospective investors,
11 they represented that investors would get in on the ground floor of a company with great financial potential and would
12 participate in the “new cannabis gold rush.” Moore told at least one investor, who contemplated making an additional
13 investment, that investors would benefit from future stock splits or dividends. Respondents also told prospective
14 investors that NWGA would use offering proceeds to pay for expenses, including legal fees, lobbying fees, building
15 fees, and licensing fees.

16 8. Feick, Moore, and Harrison each sold NWGA stock – to approximately 11, 20, and 12 investors, respectively.

17 Misrepresentations and Omissions

18 9. Respondents failed to provide material information to prospective investors including information concerning
19 the experience of NWGA’s officers, NWGA’s financial condition, the nature and value of NWGA’s assets, the
20 feasibility of NWGA’s business, the marketability of NWGA’s products, the potential for competition, the valuation
21 of NWGA’s stock, the registration status of NWGA’s stock and salespersons, and NWGA’s capital requirements.
22 Respondents also failed to provide material information to prospective investors concerning risks associated with the
23 investment, including the risk that NWGA would not obtain the necessary licenses, that NWGA’s business activities
24 could violate federal law thus exposing shareholders to additional liability, that the investment could result in a
25 complete loss, and that there may never be a market for NWGA’s stock.

10. Respondents' representations, as described in paragraph 7 above, were misleading. Respondents failed to provide a reasonable basis for the representations.

Registration Status

11. Northwest Growers Association, Inc., is not currently registered to sell its securities in the state of Washington and has not previously been so registered.

12. William Moore is not registered as a securities salesperson or broker-dealer in the state of Washington and has not previously been so registered.

13. James Harrison is not registered as a securities salesperson or broker-dealer in the state of Washington and has not previously been so registered.

14. Charles Feick is not registered as a securities salesperson or broker-dealer in the state of Washington and has not previously been so registered.

Based upon the above Tentative 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. The offer and/or sale of said securities was 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.

3. Charles Feick, William Moore, and James Harrison each 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.

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

NOTICE OF INTENT TO ORDER 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,

1 the Securities Administrator intends to order that Respondents, Charles Feick; William Moore; James Harrison; and
2 Northwest Growers Association, Inc., each shall cease and desist from violations of RCW 21.20.010, RCW
3 21.20.040, and RCW 21.20.140.

4 **NOTICE OF INTENT TO IMPOSE FINES**

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

- 7 a. Charles Feick shall be liable for and shall pay a fine of \$5,000.
- 8 b. Northwest Growers Association, Inc. shall be liable for and shall pay a fine of \$5,000.
- 9 c. William Moore shall be liable for and shall pay a fine of \$5,000.
- 10 d. James Harrison shall be liable for and shall pay a fine of \$5,000.

11 **NOTICE OF INTENT TO CHARGE COSTS**

12 Pursuant to RCW 21.20.390, and based upon the Tentative Findings of Fact and Conclusions of Law, the
13 Securities Administrator intends to order that:

- 14 a. Charles Feick shall be liable for and shall pay investigative costs of \$1,000.
- 15 b. Northwest Growers Association, Inc. shall be liable for and shall pay investigative costs of \$1,000.
- 16 c. William Moore shall be liable for and shall pay investigative costs of \$1,000.
- 17 d. James Harrison shall be liable for and shall pay investigative costs of \$1,000.

18 **AUTHORITY AND PROCEDURE**

19 This Statement of Charges is entered pursuant to the provisions of Chapter 21.20 RCW and is subject to the
20 provisions of Chapter 34.05 RCW. The Respondents, Charles Feick; William Moore; James Harrison; and Northwest
21 Growers Association, Inc., may each make a written request for a hearing as set forth in the NOTICE OF
22 OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Order. If a respondent
23 does not make a hearing request in the time allowed, the Securities Administrator intends to adopt the above Tentative
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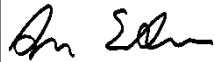
1 Findings of Fact and Conclusions of Law as final and to enter a permanent order to cease and desist as to that
2 respondent, to impose any fines sought against that respondent, and to charge any costs sought against that
3 respondent.

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5 Signed and Entered this 21st day of January 2014.

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10 William M. Beatty
Securities Administrator

11 Approved by:

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14 Suzanne Sarason
Chief of Enforcement

11 Presented by:

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14 Drew Stillman
Financial Legal Examiner

15 Reviewed by:

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17 

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19 Jack McClellan
Financial Legal Examiner Supervisor