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

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

MICHAEL ANDRE JONES,  
  
Respondent.

Order Number S-14-1478-15-SC02

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

THE STATE OF WASHINGTON TO:

Michael Andre Jones (CRD #2157872)

**INTRODUCTION**

On July 25, 2014, the Securities Administrator of the State of Washington issued a Statement of Charges and Notice of Intent to Enter an Order to Cease and Desist, Impose a Fine, and Charge Costs (“Statement of Charges”), Order Number S-14-1478-14-SC01, against Respondent Michael Andre Jones. After entry of the Statement of Charges, the Securities Administrator received information that requires the amendment of the Statement of Charges. The Statement of Charges has been amended to include an additional investor and to increase the amount of fines and costs that are sought. The Securities Administrator now proceeds to amend the prior Statement of Charges as set forth below:

**AMENDED STATEMENT OF CHARGES**

Please take notice that the Securities Administrator of the state of Washington has reason to believe that Respondent, Michael Andre Jones, has violated the Securities Act of Washington and that his violations justify the entry of an order of the Securities Administrator under RCW 21.20.390 to cease and desist from such violations and to charge costs and under RCW 21.20.395 to impose a fine. The Securities Administrator finds as follows:

1 **TENTATIVE FINDINGS OF FACT**

2 Respondent

3 1. Michael Andre Jones (“Jones”) is currently a Washington resident. From 1992 until 2006,  
4 Jones was a registered securities salesperson with the National Association of Securities Dealers  
5 (“NASD”), now known as the Financial Industry Regulatory Authority (“FINRA”). In 2007, Jones was  
6 barred by the NASD from registering as a securities salesperson with any member broker-dealer firm  
7 because Jones had violated NASD securities regulations and because he failed to comply with a \$300,000  
8 customer arbitration award.  
9

10 Related Company

11 2. Green Bash, LLC (“Green Bash”) is a New Mexico limited liability company that was  
12 formed on September 11, 2002. While offering and selling investments issued by Green Bash, Jones  
13 represented in offering materials to two Washington investors that he was a managing director of Green  
14 Bash and that Jones had an equity interest in the company.

15 Offering of Convertible Promissory Note Investments

16 Investor A

17 *Initial Investment*

18 3. During 2010 and 2011, Jones was residing in California. In late 2010 or early 2011, Jones  
19 “cold called” a retired Washington investor (hereinafter “Investor A”). Jones told the investor that Jones  
20 was offering investments in Green Bash. Jones represented to the investor that Green Bash was a start-up  
21 company that would host parties that would be given after concerts that were held to promote “green”  
22 sustainability and environmental awareness. Jones told the investor that either Jones personally or Green  
23 Bash also owned stock in MagNet Solutions, Inc. (“MagNet Solutions”), a California software company  
24 that was developing some valuable software.  
25



1 additional purchase of a convertible promissory note investment. The investor was a passive investor who  
2 did not participate in the management of Green Bash. The investor purchased from Jones a \$20,000  
3 convertible promissory note investment issued by Green Bash in June 2011.

4 7. Shortly afterwards, Jones called and offered the Washington investor a \$25,000 convertible  
5 promissory note investment issued by Green Bash, with the same terms and conditions as the investor's  
6 previous two Green Bash investments. Jones sent the investor a subscription agreement for the third  
7 investment. The investor was a passive investor who did not participate in the management of Green  
8 Bash. The investor purchased from Jones a \$25,000 convertible promissory note investment issued by  
9 Green Bash in July 2011.

10 8. Investor A received partial interest payments totaling more than \$2,400 for the \$20,000 and  
11 the \$25,000 investments, but never received any repayment of principal for those two investments.  
12 Investor A never converted the \$20,000 and the \$25,000 promissory notes. The notes became past due  
13 and were never repaid.

14  
15 *Misrepresentations and Omissions*

16 9. When offering and selling convertible promissory note investments issued by Green Bash to  
17 Investor A, Jones represented to the investor that part of the investment would be convertible into stock in  
18 MagNet Solutions and that the stock would be publicly traded within one year. Investor A later talked to  
19 the Chief Executive Officer of MagNet Solutions, who told Investor A that MagNet Solutions was a  
20 privately held company that had never planned to go public before the maturity date of any of the three  
21 notes that were purchased by Investor A.

22 10. When offering and selling convertible promissory note investments issued by Green Bash,  
23 Jones bragged to Investor A that Jones had been in the securities business for many years, but Jones failed  
24

1 to disclose to the investor that Jones had been barred by the NASD for securities violations and for failing  
2 to pay a \$300,000 customer arbitration award.

3 11. When offering and selling the initial \$30,000 investment to Investor A, Jones sent Investor A  
4 a document that referenced an August 1, 2010 confidential private placement memorandum, but Investor  
5 A never received the memorandum.

6 12. When offering and selling each of the convertible promissory note investments issued by  
7 Green Bash to Investor A, Jones failed to disclose any risks of the investments. Jones failed to disclose  
8 Green Bash's operating history and financial information and failed to give Investor A any financial  
9 statements for Green Bash or MagNet Solutions. Although Jones told Investor A that the investor's funds  
10 would be used to pay for party expenses, Jones failed to disclose how much money Green Bash had raised  
11 and exactly how the funds were being used. Jones also failed to disclose the source of repayment for the  
12 investments made by Investor A.  
13

14 Investor B

15 *Initial Investment*

16 13. During October 2011, Jones "cold called" a second retired Washington resident regarding an  
17 investment opportunity (hereinafter, "Investor B"). Jones told the investor about a company called "Green  
18 Bash, LLC," a concert promotion company that produces "green" environmental concerts. Jones also told  
19 the investor about MagNet Solutions, Inc. According to Jones, MagNet Solutions owned software that  
20 would allow concert goers to purchase memorabilia instantly by using their mobile phone.

21 14. Jones offered to sell the investor a \$15,000 promissory note that was issued by Green Bash.  
22 Jones represented that the note would pay 10% annual interest, with interest paid quarterly, and would be  
23 due at the end of one year. Jones also represented to the investor that the note would be convertible, at the  
24 option of the investor, into shares of stock in Green Bash and shares of stock in MagNet Solutions. Jones  
25

1 represented that 35% of the note's principal could be converted into publicly traded common stock in  
2 MagNet Solutions at a conversion price of \$8.90 per share. Jones also represented that 65% of the note's  
3 principal could be converted into publicly traded shares of Green Bash at a price of 25 cents per share.

4 15. When offering the investment, Jones gave the investor offering materials that stated that the  
5 conversion of the note into MagNet Solutions stock would generate a 2:1 return on investment and the  
6 conversion of the note into Green Bash, Inc. stock would generate a 3:1 return on investment. The  
7 offering materials also included financial projections for Green Bash. The projections showed that Green  
8 Bash would have earnings of \$53,539 for 2011, \$1,687,337 for 2012, and \$2,634,750 for 2013.

9 16. In October 2011, the investor purchased a \$15,000 convertible promissory note investment  
10 issued by Green Bash. The investor was a passive investor, whose only role was to advance funds to  
11 purchase the investment. The investor relied upon Jones and others to generate a return on the investment.  
12 Jones represented to the investor that Jones would manage the business that would generate the return on  
13 the investment.

#### 14 *Additional Investments*

15 17. Also in October 2011, Jones called and offered the investor a \$10,000 convertible promissory  
16 note investment, with the same terms and conditions as the initial \$15,000 investment. Jones told the  
17 investor that MagNet Solutions had just signed a deal with Walmart, so the investor agreed to make  
18 another investment.

19 18. In December 2011, Jones called and offered the investor another \$10,000 convertible  
20 promissory note investment, with the same terms and conditions as the initial \$15,000 investment. Jones  
21 told the investor that Samsung had made a \$200 million offer to purchase MagNet Solutions, so the  
22 investor agreed to make a third investment.

#### 23 *Misrepresentations and Omissions*

1 19. When offering and selling convertible promissory note investments issued by Green Bash to  
2 Investor B, Jones represented to the investor that part of the investments would be convertible into  
3 publicly traded stock in MagNet Solutions. However, MagNet Solutions was a privately held company  
4 that had never planned to go public before the maturity date of the three notes that were purchased by  
5 Investor B. Jones also represented to the investor that the conversion of the promissory notes into MagNet  
6 Solutions stock would generate a 2:1 return on investment. Jones failed to disclose any reasonable basis  
7 for that projected return on investment.

8 20. When offering and selling convertible promissory notes issued by Green Bash to Investor B,  
9 Jones represented to Investor B that the conversion of the promissory notes into Green Bash, Inc. stock  
10 would generate a 3:1 return on investment. Jones failed to disclose any reasonable basis for that projected  
11 return on investment. Jones represented to the investor that Green Bash would have earnings of \$53,539  
12 for 2011, \$1,687,337 for 2012, and \$2,634,750 for 2013. Jones failed to disclose any reasonable basis for  
13 the projected earnings and failed to disclose that Green Bash was actually losing money during 2011.

14 21. Jones represented to the investor that MagNet Solutions had signed a deal with Walmart, but  
15 failed to disclose that the deal was not finalized. Jones represented to the investor that Samsung had made  
16 a \$200 million offer to purchase MagNet Solutions, but failed to disclose that the offer was not a firm  
17 purchase offer.

18 22. Jones failed to disclose Green Bash's operating history and financial information to Investor  
19 B and failed to give Investor B any financial statements for Green Bash or MagNet Solutions. Jones failed  
20 to disclose to Investor B that Jones had been barred by the NASD for securities violations and for failing  
21 to pay a \$300,000 customer arbitration award.

22 Based upon the Tentative Findings of Fact, the following Conclusions of Law are made:  
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**CONCLUSIONS OF LAW**

1. The offer and sale of the investments described above constitute the offer and sale of a security, as defined in RCW 21.20.005(14) and RCW 21.20.005(17), in the form of an investment contract, a promissory note, and the right to purchase stock.

2. As set forth in the Tentative Findings of Fact, Respondent, Michael Andre Jones, violated RCW 21.20.010, the anti-fraud section of the Securities Act of Washington.

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

Pursuant to RCW 21.20.390, and based on the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that Respondent, Michael Andre Jones, shall cease and desist from any violation of RCW 21.20.010.

**NOTICE OF INTENT TO IMPOSE A FINE**

Pursuant to RCW 21.20.395, and based on the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that Respondent, Michael Andre Jones, shall be liable for and shall pay a fine of \$15,000. However, payment of the fine shall be deferred until the two Washington investors described in the Tentative Findings of Fact have been repaid in full.

**NOTICE OF INTENT TO CHARGE COSTS**

Pursuant to RCW 21.20.390, and based on the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that Respondent, Michael Andre Jones, shall be liable for and shall pay costs, fees, and other expenses incurred in the administrative investigation and hearing of this matter, in an amount of not less than \$5,000. However, payment of the costs shall be deferred until the two Washington investors described in the Tentative Findings of Fact have been repaid in full.



**AUTHORITY AND PROCEDURE**

This Amended Statement of Charges is entered pursuant to the provisions of chapter 21.20 RCW and is subject to the provisions of chapter 34.05 RCW. Respondent, Michael Andre Jones, may make a written request for a hearing on the Amended Statement of Charges, as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Amended Statement of Charges.

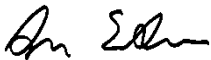
Signed and Entered this 6th day of April, 2015




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WILLIAM M. BEATTY  
Securities Administrator

Approved by:

Presented by:



\_\_\_\_\_  
Suzanne E. Sarason  
Chief of Enforcement



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Janet So  
Enforcement Attorney

Reviewed by:



\_\_\_\_\_  
Robert Kondrat  
Financial Legal Examiner Supervisor