

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

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

IN THE MATTER OF DETERMINING ) Order No.: S-17-2197-17-SC01  
Whether there has been a violation of the )  
Securities Act of Washington by: ) STATEMENT OF CHARGES AND  
 ) NOTICE OF INTENT TO  
Ryan Oliver Lyden, ) ENTER ORDER TO CEASE AND DESIST,  
 ) TO IMPOSE A FINE, TO CHARGE COSTS,  
 ) AND TO DENY FUTURE REGISTRATION  
Respondent ) APPLICATIONS  
 )

THE STATE OF WASHINGTON TO: Ryan Oliver Lyden

**STATEMENT OF CHARGES**

Please take notice that the Securities Administrator of the state of Washington has reason to believe that Respondent, Ryan Oliver Lyden, has violated the Securities Act of Washington. The Securities Administrator believes those violations justify the entry of an order against the Respondent to cease and desist from such violations and to charge costs pursuant to RCW 21.20.390, and under RCW 21.20.395 to impose a fine, and under RCW 21.20.110(1) to deny future registration applications. The Securities Administrator finds as follows:

**TENTATIVE FINDINGS OF FACT**

**Respondent**

1. Ryan Oliver Lyden ("Lyden") was a Washington resident. In 2017, Lyden resided and did business in Liberty Lake, Washington.

**Nature of the Conduct**

2. During February 2017, Lyden offered and sold a total of approximately \$11,700 worth of stock to at least two investors, both of whom were Washington residents. Lyden represented to the

1 investors that they would be purchasing penny stock in a cryptocurrency company that would be going  
2 public. Instead, Lyden converted the investors' funds to his own use and never purchased any stock for the  
3 investors.

### 4 **Misrepresentations and Omissions**

5 3. When offering and selling the stock, Lyden failed to disclose to the investors that  
6 cryptocurrency, a digital medium of exchange that uses encryption techniques to regulate virtual currency  
7 transactions, is subject to significant risks. Lyden failed to disclose that cryptocurrency has no government  
8 backing and no insurance, that there is no centralized control over the issuance of the currency, that the  
9 value of the cryptocurrency depends on peer-to-peer acceptance of the currency as a medium of exchange,  
10 that virtual currencies are subject to significant price volatility, and that virtual currency is subject to  
11 hacking and is vulnerable to fraud.

12 4. When offering and selling the stock, Lyden failed to disclose material information about the  
13 company that would allegedly issue the stock. Lyden failed to disclose the financial condition and operating  
14 history of the company, including any assets and liabilities and any income and expenses, and whether  
15 Lyden owned any stock or any rights to purchase stock in the company. Lyden failed to disclose the  
16 background and experience of company management.

17 5. Lyden misleadingly represented to the investors that the company's value would increase  
18 significantly, and the stock price could double or triple within a short time after going public. However,  
19 Lyden failed to disclose why there would be such a dramatic price increase. Lyden also failed to disclose  
20 the securities registration status of the company's stock.

21 6. Lyden misleadingly represented to the investors that they needed to invest quickly with  
22 Lyden, so that they could purchase the company's stock before it went public. However, Lyden failed to  
23  
24

1 disclose that Lyden was going to convert the investors' funds to his own use. Lyden kept the investor funds  
2 and never delivered any stock to the investors.

### 3 **Criminal Proceeding**

4 7. On May 25, 2017, Lyden admitted to a Liberty Lake police officer that Lyden had never  
5 purchased any stock for the two investors. On June 22, 2017, Lyden was charged in Spokane County  
6 Superior Court with two counts of first degree theft.

### 7 **Lyden's Registration Status**

8 8. When offering and selling the stock, Lyden falsely represented to the investors that Lyden  
9 was an investment adviser. Lyden also falsely represented to the Liberty Lake police officer that Lyden was  
10 a financial adviser who was doing business under the name "Oliver & Associates." In fact, Lyden has never  
11 been registered as an investment adviser or an investment adviser representative in the state of Washington.  
12 Lyden has also never been registered as a securities salesperson or a broker-dealer in the state of  
13 Washington.

14  
15 Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:

### 16 **CONCLUSIONS OF LAW**

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

19 2. Lyden violated RCW 21.20.010, because, as set forth in the Tentative Findings of Fact, the  
20 Respondent made untrue statements of material fact or omitted to state material facts necessary to make the  
21 statements made, in light of the circumstances in which they were made, not misleading. Such conduct is  
22 grounds for denying a securities broker-dealer, securities salesperson, investment adviser, or investment  
23 adviser representative registration pursuant to RCW 21.20.110(1)(b).  
24



FOR HEARING accompanying this Order. If the Respondent does not make a hearing request in the time allowed, the Securities Administrator intends to adopt the above Tentative Findings of Fact and Conclusions of Law as final and to enter a permanent order to cease and desist as to the Respondent, to impose any fines sought against the respondent, to charge any costs sought against the Respondent, and to deny any future registration applications from the respondent.

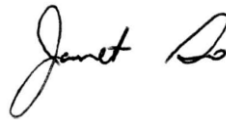
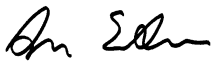
Signed and Entered this 17th day of July, 2017



William M. Beatty  
Securities Administrator

Approved by:

Presented by:



Suzanne Sarason  
Chief of Enforcement

Janet So  
Financial Legal Examiner