

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

IN THE MATTER OF DETERMINING) Order No.: S-17-2359-18-CO01
Whether there has been a violation of the)
Securities Act of Washington by:) CONSENT ORDER
Somatika Incorporated,) AS TO SOMATIKA INCORPORATED
William D. Enersen,) AND WILLIAM D. ENERSEN
Laura E. Davidson,)
Respondents)

INTRODUCTION

On August 24, 2018, the Securities Administrator of the Securities Division of the Department of Financial Institutions (“Securities Division”) issued a Statement of Charges and Notice of Intent to Enter Order to Cease and Desist, to Impose Fines, and to Charge Costs (“Statement of Charges”), Order Number S-17-2359-18-SC01, against Respondents Somatika Incorporated, William D. Enersen, and Laura E. Davidson Pursuant to the Securities Act of Washington, RCW 21.20, the Securities Division and Respondents Somatika Incorporated and William D. Enersen hereby enter into this Consent Order in settlement of the matters set forth in the Statement of Charges and as alleged below. Respondents Somatika Incorporated and William D. Enersen neither admit, nor deny the Findings of Fact and Conclusions of Law as stated below.

FINDINGS OF FACT

Respondents

1. Somatika Incorporated (“Somatika”) is a Washington entity that was incorporated on May 20, 2014 and had its principal place of business in Normandy Park, Washington. Somatika was administratively dissolved on October 18, 2016. Somatika represented to investors that its primary business purpose was the sale of formulas for skin care products that would be manufactured using inert adult stem cells.

1 2. William D. Enersen ("Enersen") resided in Normandy Park, Washington from at least May
2 2014 until October 2016. Enersen was the President of Somatika.

3 3. Laura E. Davidson ("Davidson") resided in California from at least May 2014 until October
4 2016. Davidson was a Vice President of Somatika. Davidson was formerly known as Laura Warren.

5 **Nature of the Conduct**

6 4. Between March 2014 and October 2016, the Respondents offered and sold Somatika stock
7 totaling approximately \$470,000 to approximately 20 investors, including at least three Washington investors.
8 Enersen and Davidson offered and sold Somatika stock through one-on-one presentations to investors. The
9 Respondents gave the investors written offering materials that included false and misleading information and
10 omitted material information about the investment.

11 5. In September 2014, Davidson and Somatika offered and sold a \$51,000 investment to a
12 California resident with a law degree who invested her 401(k) retirement funds to buy Somatika stock.
13 Later, when the investor had cancer and needed funds for medical treatment, she was unable to get any
14 return of her investment. The investor also had to pay a significant early withdrawal penalty for the use of
15 her retirement funds. Before she invested, Davidson offered the investor a job as the Vice President of
16 Business Development for Somatika. Davidson told the investor that she would be paid \$300,000 a year,
17 but the investor was only paid a total of approximately \$6,700. Davidson and Somatika also offered and
18 sold approximately \$85,000 worth of Somatika stock to relatives or friends of the investor.
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20 6. When soliciting Somatika investments, the Respondents provided the investors with a private
21 placement memorandum. The July 1, 2014 memorandum misleadingly stated that the company's first
22 licensed formula, an inert adult stem cell first aid cream, was "conservatively valued at two hundred and
23 twenty-five million dollars (\$225 million)." The formula was listed as an asset on Somatika's balance sheet.
24 The Respondents failed to disclose to investors that there was no reasonable basis for the \$225 million
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1 valuation. The memorandum also included a five-year income projection. The projection misleadingly
2 indicated that Somatika would have a net income of more than \$918 million by the end of 2015. The
3 Respondents failed to disclose that there was no reasonable basis for the projected net income. The
4 memorandum also falsely stated that within the next four to five months, the company would develop its
5 own stem cell processing lab for “our patented commercial, pharmaceutical, medical therapeutics and
6 university R&D offerings,” when, in fact, Somatika had no patents. The memorandum also misleadingly
7 stated that “[w]e conservatively project to create in excess of three and one half billion dollars (\$3.5 billion)
8 in revenue in the next five years.... We expect two hundred and twenty-five million dollars (\$225 million) in
9 revenue by the end of the first quarter of 2015 from the sale of a hair growth formula that is currently in
10 testing....” The Respondents failed to disclose that there was no reasonable basis for the projected
11 revenues.

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13 7. When offering and selling Somatika stock, the Respondents failed to disclose to investors
14 that Davidson was subject to a prior Desist and Refrain Order from the California Department of
15 Corporations. In June 2008, when Davidson was married and had the name Laura E. Warren, Davidson was
16 charged with violations of the California securities laws for selling unregistered stock in a company
17 (Giovinezza Cosmetics Corporation) that was allegedly going to create, formulate, and manufacture
18 cosmetics. According to the allegations, Davidson misrepresented that the money invested in the cosmetics
19 company would double within a year and that the company would be “going public,” when there was no
20 reasonable basis for those claims.

21 8. When offering and selling Somatika stock, the Respondents failed to disclose other material
22 risks of the investment. The Respondents failed to disclose that the formulas for the company’s products
23 had never been widely tested and had no proven track record of success for multiple users. The
24 Respondents failed to disclose that the formulas that were supposed to be the property of Somatika actually
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1 came from Davidson and were never assigned to Somatika. The Respondents failed to disclose that
2 Somatika had no sales contracts or letters of intent for the purchase of any formulas. The Respondents also
3 failed to disclose that Enersen had filed for bankruptcy in September 2009.

4 **Registration Status**

5 9. Somatika Incorporated is not currently registered to sell its securities in the state of Washington
6 and has not previously been so registered, nor has it filed a claim of exemption from registration.

7 10. William D. Enersen is not currently registered as a securities salesperson or broker-dealer in the
8 state of Washington and has not previously been so registered.

9 11. Laura E. Davidson is not currently registered as a securities salesperson or broker-dealer in the
10 state of Washington and has not previously been so registered.

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

12 **CONCLUSIONS OF LAW**

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

15 2. Somatika Incorporated, William D. Enersen, and Laura E. Davidson have each violated RCW
16 21.20.140, because, as set forth in the Findings of Fact, Respondents offered and/or sold securities for which
17 no registration is on file with the Securities Administrator.

18 3. William D. Enersen and Laura E. Davidson have each violated RCW 21.20.040 by offering
19 and/or selling said securities while not being registered as a securities salesperson or broker-dealer in the state
20 of Washington.

21 4. Somatika Incorporated, William D. Enersen, and Laura E. Davidson have each violated RCW
22 21.20.010, because, as set forth in the Findings of Fact, Respondents made untrue statements of material fact
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1 or omitted to state material facts necessary to make the statements made, in light of the circumstances in which
2 they were made, not misleading.

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

4 **CONSENT ORDER**

5 IT IS AGREED AND ORDERED that Respondents Somatika Incorporated, William D. Enersen, their
6 agents, and employees each shall cease and desist from violating RCW 21.20.140, the securities registration
7 section of the Securities Act of Washington.

8 IT IS FURTHER AGREED AND ORDERED that Respondent William D. Enersen, his agents, and
9 employees each shall cease and desist from violating RCW 21.20.040, the securities salesperson and broker-
10 dealer registration section of the Securities Act of Washington.

11 IT IS FURTHER AGREED AND ORDERED that Respondents Somatika Incorporated, William D.
12 Enersen, their agents, and employees each shall cease and desist from violating RCW 21.20.010, the anti-
13 fraud section of the Securities Act of Washington.

14 IT IS FURTHER AGREED AND ORDERED that Respondent William D. Enersen shall be liable for
15 and shall pay a fine of \$1,000 prior to the entry of this Consent Order.

16 IT IS FURTHER AGREED AND ORDERED that William D. Enersen shall be liable for and shall
17 pay investigative costs of \$500 on or before entry of this Consent Order.

18 IT IS FURTHER AGREED that Respondent William D. Enersen shall continue to cooperate with the
19 Securities Division in this and any related investigations or hearings.

20 IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this Consent Order.

21 IT IS FURTHER AGREED that Respondents Somatika Incorporated and William D. Enersen entered
22 into this Consent Order freely and voluntarily and with a full understanding of its terms and significance.
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1 IT IS FURTHER AGREED that in consideration of the foregoing, Respondents, Somatika
2 Incorporated and William D. Enersen, waive their right to a hearing and to judicial review of this matter
3 pursuant to RCW 21.20.440 and Chapter 34.05 RCW.

4 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

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6 Signed this 12th day of September, 2018

7 Signed by:

8 Somatika Incorporated

9
10 /s/ _____
11 William D. Enersen
12 President

13 Signed by:

14
15 _____
16 William D. Enersen, Individually

17 Approved as to form by:

18
19 /s/ _____
20 John Arthur Bender Jr.
21 Attorney for William D. Enersen
22 WSBA #19540

23 SIGNED and ENTERED this 13th day of September, 2018



William M. Beatty

William M. Beatty
Securities Administrator

Approved by:

Presented by:

Suzanne Sarason
Chief of Enforcement

Janet So

Janet So
Financial Legal Examiner

Reviewed by:

Robert Kondrat

Robert Kondrat
Financial Legal Examiner Supervisor

