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

IN THE MATTER OF DETERMINING) Order No.: S-18-2372-19-SC01
Whether there has been a violation of the)
Securities Act of Washington by:) STATEMENT OF CHARGES AND
SeaTech Trade Associates LLC,) NOTICE OF INTENT TO
Kim Brian Boddy,) ENTER ORDER TO CEASE AND DESIST,
Respondents) TO IMPOSE A FINE,
) AND TO CHARGE COSTS
)

9 THE STATE OF WASHINGTON TO: **SeaTech Trade Associates LLC**
Kim Brian Boddy

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STATEMENT OF CHARGES

12 Please take notice that the Securities Administrator of the state of Washington has reason to believe
13 that Respondents, SeaTech Trade Associates LLC and Kim Brian Boddy, have each violated the Securities
14 Act of Washington. The Securities Administrator believes those violations justify the entry of an order
15 against the Respondents to cease and desist from such violations and to charge costs pursuant to RCW
16 21.20.390, and under RCW 21.20.395 to impose a fine. The Securities Administrator finds as follows:

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TENTATIVE FINDINGS OF FACT

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Respondents

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20 1. SeaTech Trade Associates LLC (“SeaTech”) is a Washington limited liability company that
21 was formed on March 16, 2016, with its principal place of business in Seattle, Washington. SeaTech
22 represented to investors that it was facilitating the purchase and sale of D6 diesel fuel, which is used to
23 power ships.

1 2. Kim Brian Boddy (“Boddy”) is the managing member of SeaTech. Boddy is also a sea
2 captain who has operated commercial fishing vessels.

3 **Nature of the Conduct**

4 3. During 2017, SeaTech and Boddy offered and sold a total of at least \$25,000 worth of LLC
5 membership interest investments in SeaTech to at least four out-of-state investors. The investors were
6 initially solicited by a Florida resident, who was a friend or relative of the investors, to invest in SeaTech.
7 Boddy also had contact with the investors and solicited the investments. The investors were told that
8 SeaTech needed their money right away to fund a pending fuel transaction. As instructed by Boddy, each of
9 the investors wire transferred their funds to SeaTech. The funds were deposited in a common account and
10 the investors had no control over the use of their invested funds.

11 4. Each of the investors expected to receive a significant return on their investment. Seatech
12 and Boddy represented that Seatech had a commitment for buying and selling 200 million gallons of D6
13 diesel fuel per week. SeaTech and Boddy represented that the United States Department of Defense
14 (“DOD”) was going to purchase the fuel. SeaTech projected gross revenues of \$.005 per gallon of fuel
15 traded. (So for \$200 million of fuel sales, there would be projected gross revenues of \$1 million.) SeaTech
16 also projected an investment return of \$5,000 per week for every \$5,000 invested. The investment had a
17 one-year initial term.

18 5. The investors were passive and did not participate in the fuel business. SeaTech was
19 responsible for operating the business, including performing due diligence for petroleum companies who
20 would buy and sell the diesel fuel, and negotiating purchase and sale contracts.

21 6. The investors were each provided with written offering documents from Boddy. The
22 investors were given a written Investment Agreement that set forth the terms of the investment. The
23 investors were given a Promissory Note. The maker of the note was SeaTech. The note was personally
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1 guaranteed by Boddy. The note had a 6% annual interest rate, with an initial term ranging from
2 approximately five to nine weeks. The investors were also given a Memorandum of Understanding. The
3 Memorandum stated that SeaTech had entered into a joint venture with Petty Consulting Inc. to acquire D6
4 fuel from IWC/Sunoco of Houston, Texas. The fuel would be injected into Titan Fuel LLC (“Titan”)
5 storage tanks in Houston. The Memorandum stated that \$108,000 would be paid for the rental of fuel
6 storage tanks and \$12,000 would be used for expenses relating to the sale of the fuel. The Memorandum
7 also stated that SeaTech was offering an “immediate return” of a \$5,000 investment, plus a “success fee” of
8 \$5,000 and a continuing “success fee” of \$5,000 per week for a term of 52 weeks. That means that SeaTech
9 was offering to pay a projected total of \$260,000 (\$5,000 per week) from the proceeds of 52 weeks of fuel
10 deliveries. As described in the Investment Agreement, the weekly payment of \$5,000 was based on a sales
11 commission of \$0.000025 (one-quarter of one basis point) per gallon of fuel delivered. If the transaction did
12 not proceed as intended, then the tank storage fund deposit was to be immediately returned to SeaTech by
13 Titan and the funds would be returned to the investor.

14 **Additional Misrepresentations and Nondisclosures**

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16 7. When soliciting the investments, SeaTech and Boddy each misrepresented material
17 information about the investments. Boddy falsely represented that a SeaTech investment would have “zero
18 risk.” SeaTech and Boddy each misrepresented that the investments would be secured either by the fuel that
19 was being sold to the DOD or by a fuel tank deposit. SeaTech and Boddy each misrepresented that SeaTech
20 had a commitment from the DOD to purchase 200 million gallons of D6 fuel per week. According to a
21 Fiscal Year 2017 Fact Book published by the Defense Logistics Agency, the combat support agency for the
22 DOD, it appears that the DOD purchases a total of approximately 70 million gallons of bunker fuel per year,
23 not per week, and that total includes both D6 and other types of diesel fuel.
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1 8. When offering and selling the investments, SeaTech and Boddy each failed to disclose other
2 significant risks of the investment. The Respondents failed to disclose the risks of handling and storing
3 diesel fuel. (After they invested, Boddy told investors that a hurricane had flooded the storage tanks and
4 disrupted the fuel sales.) The Respondents failed to disclose that there was no perfected security interest to
5 protect the investors against the loss of their investment. The Respondents failed to disclose SeaTech's
6 financial operating history. They failed to disclose the company's assets and liabilities and its revenues and
7 expenses. They failed to disclose the net worth of Boddy, who guaranteed the promissory notes given to the
8 investors. They failed to disclose that Boddy was subject to federal tax liens totaling approximately
9 \$375,000. They failed to disclose the possible risk of losing the entire amount of the investment.

10 **Repayment of the Investments**

11 9. When offering and selling the investments, Boddy estimated that the initial fuel sale
12 transaction would be completed and the investors would have their full investment repaid within as little as
13 5 business days or within a couple of months. Instead, three of the investors, who invested \$5,000 each,
14 have never been repaid. The other investor, who filed a complaint with the Securities Division, was paid
15 \$12,750 in August 2019 for her \$10,000 investment. The complaining investor was paid after Boddy failed
16 to provide any documents or testimony in response to a Securities Division subpoena.

18 **Registration Status**

19 10. SeaTech is not currently registered to sell its securities in the state of Washington and has not
20 previously been so registered.

21 11. Boddy is not currently registered as a securities salesperson or broker-dealer in the state of
22 Washington and has not previously been so registered.

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

1. The offer and/or sale of the investments in SeaTech LLC membership interests and promissory notes as described above constitute the offer and/or sale of a security as defined in RCW 21.20.005(14) and (17).

2. SeaTech and Boddy have each violated RCW 21.20.140, because, as set forth in the Tentative Findings of Fact, Respondents offered and/or sold securities for which no registration is on file with the Securities Administrator.

3. SeaTech and Boddy have each violated RCW 21.20.010, because, as set forth in the Tentative Findings of Fact, Respondents made untrue statements of material fact or omitted to state material facts necessary to make the statements made, in light of the circumstances in which they were made, not misleading.

4. Boddy has violated RCW 21.20.040 by offering and/or selling securities while not being registered as a securities salesperson or broker-dealer in the state of Washington.

NOTICE OF INTENT TO ORDER THE RESPONDENT TO CEASE AND DESIST

Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order, pursuant to RCW 21.20.390(1), that SeaTech Trade Associates LLC and Kim Brian Boddy, their agents and employees each shall cease and desist from violations of RCW 21.20.010, RCW 21.20.140, and RCW 21.20.040.

NOTICE OF INTENT TO IMPOSE A FINE

Pursuant to RCW 21.20.395, and based upon the Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that Respondent Kim Brian Boddy shall be liable for and shall pay a fine of \$10,000.

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NOTICE OF INTENT TO CHARGE COSTS

Pursuant to 21.20.390, and based upon the Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that Respondent Kim Brian Boddy shall be liable for and shall pay the costs, fees, and other expenses incurred in the administrative investigation, in an amount not less than \$2,500.

AUTHORITY AND PROCEDURE

This 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. The Respondents, SeaTech Trade Associates LLC and Kim Brian Boddy, may each make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Order. If a 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 that Respondent, to impose any fines sought against that Respondent, and to charge any costs sought against that Respondent.

Signed and Entered this 5th day of September, 2019

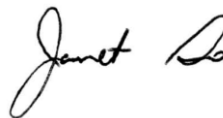


William M. Beatty
Securities Administrator

Approved by:



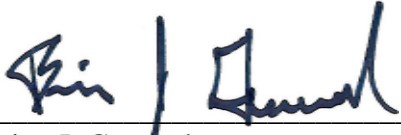
Presented by:



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Suzanne E. Sarason
Chief of Enforcement
Reviewed by:

Janet So
Financial Legal Examiner



Brian J. Guerard
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