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

IN THE MATTER OF DETERMINING) Order No.: S-18-2506-19-CO01
Whether there has been a violation of the)
Securities Act of Washington by:) CONSENT ORDER
)
Ryan Lee Warriner,)
)
)
Respondent)

INTRODUCTION

Pursuant to the Securities Act of Washington, RCW 21.20, the Securities Division of the Department of Financial Institutions (“Securities Division”) and Respondent Ryan Lee Warriner, do hereby enter into this Consent Order in settlement of the matters alleged herein. Respondent Ryan Lee Warriner neither admits nor denies the Findings of Fact and Conclusions of Law as stated below.

FINDINGS OF FACT

Related Company and Respondent

Related Company

1. SeaTech Group Inc. (“SeaTech”) is a Washington entity formed on August 26, 2016 with its principal place of business in Sumner, Washington. SeaTech was formed to sell consumer products, including vinyl nitrile foam spacers for audio and video equipment.

Respondent

2. Ryan Lee Warriner (“Warriner”) resides in Sumner, Washington. Warriner is the President and Chief Executive Officer of SeaTech.

Nature of the Conduct

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2 3. In August 2016, Warriner offered and sold a total of \$10,000 worth of SeaTech stock to two
3 of Warriner’s neighbors, who were both Washington residents. Warriner told the investors that Warriner
4 had been in the audio and video business for more than 30 years and that he had learned about electronics
5 and electronic devices while he was serving in the United States Air Force. Warriner explained that “his
6 company,” SeaTech, would sell rubber foam spacers that would cover the legs and feet of audio and video
7 equipment. The spacers would create space between each of the components. The spacers would prevent
8 damage to audio and video equipment from overheating and from equipment vibrations.

9 4. When offering the investment, Warriner gave the investors a written Executive Summary
10 (“Summary”) for SeaTech. The Summary misleadingly indicated that consumers would buy the spacers
11 while shopping at well-known online retail sites or at large electronics stores, without disclosing that
12 SeaTech had no established sales history, no purchase orders from any large retail or electronics stores, and
13 no funds set aside for advertising. The Summary included financial projections. The low-end financial
14 projection estimated annual revenues of \$2,160,000 and a gross profit of \$1,200,000. The high-end
15 financial projection estimated annual revenues of \$5,088,000 and a gross profit of \$4,128,000. The
16 Summary failed to provide a reasonable basis for the projected profits, given that SeaTech had no prior
17 operating history, no test marketing, no product sales, and no established demand for its product. The
18 Summary failed to disclose the projected operating costs and the amount of the projected net profit or loss.
19 The Summary also misleadingly stated that the company had an “unaudited, pre-money company valuation”
20 of \$850,000. Warriner failed to disclose that there was no reasonable basis for the \$850,000 SeaTech stock
21 valuation.
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Other Material Omissions

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2 5. When offering and selling the investment, Warriner omitted material information about his
3 own business background. Warriner failed to disclose that he had filed for bankruptcy twice: in March 1993
4 and February 2001. Warriner failed to disclose that he was subject to at least two prior civil judgments in
5 2004 from operating his own home theater installation business. Warriner also failed to disclose that he was
6 subject to a 2012 judgment from the Washington State Department of Labor and Industries for
7 approximately \$4,000 for unpaid taxes.

8 6. When offering and selling the investment, Warriner failed to disclose other significant risks
9 of the investment. Warriner failed to disclose the minimum amount of money that would be required to
10 produce and sell the spacers. Warriner failed to disclose the risk of inadequate capitalization. Warriner
11 failed to disclose that between 2012 and 2014, he had raised a total of approximately \$35,000 from three
12 prior investors, but Warriner and SeaTech were unable to sell the spacers. Warriner failed to disclose that in
13 2014 he sought to raise more than \$250,000 in a crowdfunding campaign to fund a product launch and
14 obtain a design patent, but Warriner was unable to secure any additional financing and was unable to
15 complete the design patent process. Warriner failed to disclose that he had launched a Kickstarter campaign
16 in 2015 to raise money for producing and selling the spacers, but he received pledges of only \$322 from 10
17 backers and he was unsuccessful in reaching a \$9,965 funding goal. Warriner also failed to disclose that the
18 spacers could be easily reproduced and marketed by better-known and better-capitalized companies.
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21 Based upon the above 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 stock described above constitutes the offer and/or sale of a security as defined in RCW 21.20.005(14) and (17).

2. Warriner violated RCW 21.20.010, because, as set forth in the Findings of Fact, the Respondent 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.

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

CONSENT ORDER

IT IS AGREED AND ORDERED that Respondent Ryan Lee Warriner, his agents, and employees each shall cease and desist from violating RCW 21.20.010, the anti-fraud section of the Securities Act of Washington.

IT IS FURTHER AGREED AND ORDERED that Respondent Ryan Lee Warriner shall be liable for and shall pay a fine of \$2,000. \$500 of the fine shall be due by April 3, 2019 and shall be paid on or before the entry of this Consent Order. The remaining \$1,500 shall be paid in six monthly installments of \$250 each. The \$250 payments shall be due on the third day of each successive month, starting on May 3, 2019.

IT IS FURTHER AGREED AND ORDERED that Respondent Ryan Lee Warriner shall be liable for and shall pay investigative costs of \$500 on or before the entry of this Consent Order.

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

IT IS FURTHER AGREED that Respondent Ryan Lee Warriner, entered into this Consent Order freely and voluntarily and with a full understanding of its terms and significance.

IT IS FURTHER AGREED that in consideration of the foregoing, Respondent, Ryan Lee Warriner, waives his right to a hearing and to judicial review of this matter pursuant to RCW 21.20.440 and Chapter 34.05 RCW.

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

2 Signed this ___9th___ day of _____ March _____, 2019

3 Signed by:

4
5 /s/ _____
6 Ryan Lee Warriner

7 Approved as to form by:

8
9 /s/ _____
10 Jimmy Garg, Attorney for Respondent
11 WSBA #49049

12 SIGNED and ENTERED this 10th day of April, 2019

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16 _____
17 William M. Beatty
18 Securities Administrator

19 Approved by:

20 

21 _____
22 Suzanne Sarason
23 Chief of Enforcement

24 Presented by:

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Janet So
Financial Legal Examiner

Reviewed by:

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Robert Kondrat
Financial Legal Examiner Supervisor