# 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:

Pinnacle Opportunity Team, LLC, Ryan A. Purdie,

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Respondents

Order No. S-19-2652-21-SC01

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

THE STATE OF WASHINGTON TO:

Pinnacle Opportunity Team, LLC Ryan A. Purdie

### STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the state of Washington has reason to believe that Respondents Pinnacle Opportunity Team, LLC and Ryan A. Purdie have each violated the Securities Act of Washington. The Securities Administrator believes these violations justify the entry of an order against Respondents Pinnacle Opportunity Team, LLC and Ryan A. Purdie to cease and desist from such violations, to impose a fine, and to charge costs pursuant to RCW 21.20.390 and RCW 21.20.395. The Securities Administrator finds as follows:

### TENTATIVE FINDINGS OF FACT

## Respondents

1. Pinnacle Opportunity Team, LLC ("Pinnacle") is a Washington entity formed on June 10, 2016 with its principal place of business in Kennewick, Washington. Pinnacle held itself out to investors as a company that was going to operate as a Washington-based marijuana processor. However, in 2016, it was impossible for a company that accepts out-of-state funds to ever be licensed as a marijuana processor in Washington state.

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2. Ryan A. Purdie ("Purdie") currently resides in Grand Terrace, California. According to an email that Purdie sent to the Washington State Liquor and Cannabis Board, Purdie resided in Richland, Washington during 2016. Purdie is the managing member of Pinnacle. Purdie is also a registered investment adviser representative, CRD #5281890. Purdie was registered as an investment adviser representative in California from October 2009 until October 2016. In May 2021, Purdie again became

### **Nature of the Conduct**

registered in California as an investment adviser representative.

- During 2016, Purdie offered and sold a total of at least \$70,000 worth of Pinnacle LLC 3. membership interests to at least four New York investors. Three out of four of the investors were eventually repaid. One of the investors, who had invested \$10,000 in Pinnacle, filed a complaint with the Securities Division. That investor has never been repaid.
- 4. When offering and selling the Pinnacle LLC membership interests, Purdie solicited family members and their friends to invest. Purdie generally contacted the investors by phone. Purdie told the investors that he was raising funds to build two marijuana processing facilities that would be located in Washington. Purdie represented that the facilities would produce edible products that would be made with marijuana. When offering and selling the investments, Purdie did not disclose any specific risks of the investments and he did not provide the investors with a private placement memorandum or other written offering materials. The investors were passive LLC members who did not participate in the operation of Pinnacle's business. The investors were relying upon Purdie to generate a return on their investments.

## **Misrepresentations or Omissions**

5. Purdie falsely represented to each of the investors that they would make a lot of money on their Pinnacle investments and that the investments would be repaid within a short time. Purdie told one investor that they could earn \$120,000 on a \$10,000 investment within six months and they could earn more

than \$200,000 annually on a \$20,000 investment. Purdie told another investor that they would be repaid within less than six months and thereafter they would double their investment every month. Purdie told another investor that they would earn at least three times the amount they invested and they would be repaid within three to four months. Purdie told a fourth investor that they would earn "millions of dollars" from their \$10,000 investment and their initial investment would be paid within one financial quarter. Purdie had no reasonable basis for the projected profits and there was no reasonable basis for promising a quick return on the investments.

- 6. When offering and selling the Pinnacle LLC membership interests, Purdie failed to disclose to the investors that he was under investigation by the Internal Revenue Service for promoting abusive tax shelters. Allegedly, Purdie had clients donate fabricated intellectual property in order to claim inappropriate tax deductions.
- 7. When offering and selling the Pinnacle investments, Purdie failed to disclose to the investors that during 2016, the Washington State Liquor and Cannabis Board did not allow any investments in Washington marijuana processors from out-of-state investors. Purdie also failed to disclose that Pinnacle was never licensed as a marijuana processor, which would have been required in order for Pinnacle to do business as a marijuana processor in the state of Washington.
- 8. Purdie also failed to disclose other significant risks of the Pinnacle investments. Purdie failed to provide the investors with any financial information about the company, including any listing of assets and liabilities, projected income and expenses, and a construction budget for the processor building project. Purdie failed to disclose the amount of capital that would be required to complete the construction project and to operate the business and he failed to disclose the risk of having inadequate capitalization. Purdie failed to disclose that even if the Pinnacle processing facility was ever completed, the company had never produced any product or established any market for marijuana edibles.

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# **Securities Registration Status**

9. Pinnacle is not currently registered to sell its securities in the state of Washington and has not previously been so registered.

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

### **CONCLUSIONS OF LAW**

- 1. The offer and/or sale of the LLC interests described above constitutes the offer and/or sale of a security as defined in RCW 21.20.005(14) and (17).
- 2. Pinnacle Opportunity Team, LLC and Ryan A. Purdie violated RCW 21.20.140, the securities registration section of the Securities Act of Washington, by offering and selling securities for which no registration is on file with the Securities Administrator.
- 3. Pinnacle Opportunity Team, LLC and Ryan A. Purdie violated RCW 21.20.010, the anti-fraud section of the Securities Act of Washington, by making untrue statements of material fact or omitting to state material facts necessary to make the statements made, in light of the circumstances in which they were made, not misleading.

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

Pursuant to RCW 21.20.390(1), and based upon the Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order Pinnacle Opportunity Team, LLC and Ryan A. Purdie, and their agents and employees, to each permanently cease and desist from violating RCW 21.20.140 and RCW 21.20.010.

### 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 Ryan A. Purdie shall be liable for and shall pay a fine of \$20,000.

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### NOTICE OF INTENT TO CHARGE COSTS

Pursuant to RCW 21.20.390, and based upon the Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that Ryan A. Purdie shall be liable for and shall pay the costs, fees, and other expenses incurred in the administrative investigation and hearing of this matter, in an amount not less than \$5,000.

### 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. Pinnacle Opportunity Team, LLC and Ryan A. Purdie may each make a written request for a hearing as set forth in the Notice of 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	<u>16th</u>	day of	<u>September</u>	, 2021
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William M. Beatty Securities Administrator

Presented by:

Financial Legal Examiner

Suzanne E. Sarason Chief of Enforcement

Approved by:

Reviewed by:

Prior I Gyarand

Brian J. Guerard

Financial Legal Examiner Supervisor