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**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:

Thomas Madden,

Respondent.

Order No. S-21-3122-23-CO01

CONSENT ORDER

THE STATE OF WASHINGTON TO:

Thomas P. Madden

INTRODUCTION

On January 3, 2023, 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-21-3122-22-SC01 against Respondent Thomas Madden. Pursuant to the Securities Act of Washington, RCW 21.20, the Securities Division and Respondent Thomas Madden do hereby enter into this Consent Order in settlement of the matters set forth in the Statement of Charges and as alleged below. Respondent Thomas Madden neither admits, nor denies the Findings of Fact and Conclusions of Law as stated below.

FINDINGS OF FACT

Respondent

1. Thomas Madden (Madden) is a resident of Utah. Madden previously resided in the state of Washington.

CONSENT ORDER

DEPARTMENT OF FINANCIAL INSTITUTIONS
Securities Division
PO Box 9033
Olympia, WA 98507-9033
360-902-8760

1 **Nature of the Conduct**

2 *Prior DFI Enforcement Action and Consent Order*

3 2. On May 23, 2016, the Securities Division issued a Statement of Charges and Notice of Intent
4 to Enter Order to Cease and Desist, to Impose Fines, and to Charge Costs (Order No. S-14-1463-15-SC01)
5 against Madden for alleged violations of the Securities Act of Washington. On October 18, 2016, Madden
6 entered into a Consent Order with the Securities Division. As part of the Consent Order, Madden paid a
7 fine of \$4,000 and \$8,000 in investigative costs. Madden also agreed to cease and desist from violating
8 RCW 21.20.010, the anti-fraud section of the Securities Act of Washington.

9 3. Beginning in 2017, Madden offered and sold stock to Washington investors in violation of his
10 2016 Consent Order with the Securities Division. Madden initially sold shares of Vivos Therapeutics, Inc.
11 (previously known as Vivos BioTechnologies, Inc.) (“Vivos”), a private company that he owned shares in.

12 4. Madden sent emails to investors with offering documents and other information regarding
13 Vivos. Madden sent an email to at least one investor and attached a document that he described as a “pitch
14 deck.” Madden created a sense of urgency regarding the investment opportunity by claiming that a prior
15 \$3 million offering was oversubscribed and that Vivos “opened another \$500,000 to accommodate certain
16 folks who came in late.” Madden further stated: “We have an IPO slated for late Q1 of 2018.”

17 5. Madden executed stock purchase agreements with multiple Washington investors and sold
18 shares of Vivos at various prices, including \$0.40 per share and \$0.50 per share. Madden failed to disclose
19 that he sold shares at arbitrary prices that did not reflect the underlying value of the security. The stock
20 purchase agreements represented that Madden owned 300,000 shares of Class A common stock in Vivos.
21 The stock purchase agreements indicated that Madden was selling his own shares and that none of the
22 proceeds would be transferred to Vivos.

1 6. In 2017, Madden sold Vivos stock to multiple Washington residents. In May 2017, Madden
2 sold 20,000 shares of Vivos to a resident of Sumner, Washington. The investor had known Madden for
3 years and considered him a friend. Madden offered multiple investment opportunities to the investor and
4 represented that investor would double or triple his money with the investments. A few months later,
5 Madden wrote a \$5,000 personal check to the investor that was returned for insufficient funds. In July
6 2017, Madden sold 7,500 shares of Vivos to a resident of Federal Way, Washington for \$3,000. In August
7 2017, Madden sold 6,000 shares of Vivos to a resident of Fife, Washington for \$3,000.

8 7. By 2018, Madden began selling shares of Blockchain Industries, Inc. to Washington investors.
9 The company was a penny stock that was publicly traded under the symbol BCII. The company later
10 changed its name to BCII Enterprises, Inc. According to the OTC Markets website, BCII Enterprises, Inc.
11 is currently a shell company with limited operations. Madden provided investors with stock purchase
12 agreements that indicated he owned 200,000 shares of Class A common stock in Blockchain Industries, Inc.
13 and that he was selling his personal shares. In February 2018, Madden sold shares of BCII to a resident of
14 Auburn, Washington that he met at the Muckleshoot Casino. Madden provided the Auburn investor with a
15 stock purchase agreement for the sale of 2,500 shares of Blockchain Industries, Inc. for \$5,000. Madden
16 also executed a stock purchase agreement with the Sumner investor (described above) for the sale of 5,000
17 shares of Blockchain Industries, Inc. for \$25,000.

18 8. On or about December 15, 2020, Vivos conducted an initial public offering (IPO) and began
19 trading on the NASDAQ under the symbol VVOS. On December 29, 2020, the Fife investor contacted
20 Madden and asked him to repay her \$3,000 investment because she was unemployed and living in a trailer.
21 Madden told the investor that Vivos never went public and agreed to pay back her investment funds.
22 Madden sent \$2,500 to the investor using MoneyGram. In January 2021, the investor filed a complaint
23

1 regarding Madden with the Securities Division. The investor also contacted Madden, who sent an additional
2 \$750 to the investor.

3 9. Transfer agent records for Vivos and BCII Enterprises, Inc. (formerly known as Blockchain
4 Industries, Inc.) do not show that any stock was transferred from Madden to the Washington investors
5 described above.

6 10. In connection with the offer and sale of securities, Madden failed to disclose material facts to
7 investors, including the fact that he was the subject of a Statement of Charges by the Securities Division in
8 2016 for alleged securities violations. Madden also failed to disclose to investors that he entered into a
9 Consent Order with the Securities Division in 2016 and agreed to cease and desist from violating the
10 Securities Act of Washington.

11 *Arizona Enforcement Action*

12 11. In March 2018, the Arizona Corporation Commission issued a Notice of Opportunity for
13 Hearing Regarding Proposed Order to Cease and Desist, Order for Restitution, Order for Administrative
14 Penalties, and Order for Other Affirmative Action against Madden. In March 2019, the Arizona
15 Corporation Commission issued an Order to Cease and Desist against Madden and ordered him to pay
16 approximately \$3.2 million in restitution to 79 investors and a \$75,000 administrative penalty.

17 *Failure to Comply with Subpoena*

18 12. In May 2022, the Securities Division sent a letter to Madden and directed him to produce
19 documents relating to his offer and sale of securities in Washington. Through his attorney, Madden made
20 multiple requests for extensions and did not produce any records. In September 2022, the Securities
21 Division issued a subpoena to Madden. Madden failed to comply with the subpoena and did not produce
22 any records to the Securities Division.

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

2 **CONCLUSIONS OF LAW**

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

5 2. Thomas Madden violated RCW 21.20.010 by making untrue statements of material fact or
6 omitting to state material facts necessary to make the statements made, in light of the circumstances in
7 which they were made, not misleading.

8 3. Thomas Madden violated an administrative order issued under RCW 21.20.390.

9
10 Based upon the foregoing and finding it in the public interest:

11 **CONSENT ORDER**

12 IT IS AGREED AND ORDERED that Respondent Thomas Madden shall cease and desist from
13 violating RCW 21.20.010, the anti-fraud section of the Securities Act of Washington.

14 IT IS FURTHER AGREED AND ORDERED that Thomas Madden shall be liable for and shall pay
15 investigative costs of \$2,500 before the entry of this Consent Order.

16 IT IS FURTHER AGREED AND ORDERED that Respondent Thomas Madden shall be liable for
17 and shall pay a fine of \$10,000. Respondent Thomas Madden shall pay \$5,000 before the entry of this Consent
18 Order. Respondent Thomas Madden shall then make an additional payment of \$5,000 within 30 days of the
19 entry date of this Consent Order. Failure to make said payment shall be grounds to vacate this Consent Order.

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

21 IT IS FURTHER AGREED that Respondent Thomas Madden entered into this Consent Order freely
22 and voluntarily and with a full understanding of its terms and significance.

1 IT IS FURTHER AGREED that in consideration of the foregoing, Respondent Thomas Madden
2 waives his right to a hearing and to judicial review of this matter pursuant to RCW 21.20.440 and Chapter
3 34.05 RCW.

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

5
6 Signed this 14 day of February 2023.

7
8 Signed by:

9 /s/

10 _____
11 Thomas Madden

