

**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:

Varner Technologies, Inc., Clay Varner, Ray  
Heflin, their employees and agents,

Respondents.

SDO - 58A - 99

SUMMARY ORDER TO CEASE AND DESIST

Case No. 99-08-0254

THE STATE OF WASHINGTON TO:

Varner Technologies, Inc.  
Clay Varner  
Ray Heflin  
1819 Clarkson Road  
Chesterfield, MO 63017

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents, Varner Technologies, Inc., Clay Varner, and Ray Heflin (also collectively referred to as Respondents) have violated the Securities Act of Washington and that their violations justify the entry of an order of the Securities Administrator under RCW 21.20.390 to cease and desist from such violations. The Securities Administrator finds that delay in ordering the Respondents to cease and desist from such violations would be hazardous to the investors and to the public and that a Summary Order to Cease and Desist should be entered immediately. The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

I.

Varner Technologies, Inc. is a Missouri corporation in the business of distributing and marketing Internet and communications services and whose corporate office address is 1819 Clarkson Road, Chesterfield, Missouri.

II.

Clay Varner is the Chief Executive Officer/President and Ray Heflin is the Chief Financial Operating Officer of Varner Technologies, Inc.

III.

On August 13, 1999, Varner Technologies, Inc., Clay Varner and Ray Heflin, participated in a trade show named the Third Annual Seattle Money Show ("Money Show") held in Seattle, Washington. The Money Show is a commercial venture that provides a forum for interaction between the public and business and commercial vendors and is marketed to the general public through advertising placed on the Internet and through signage placed in public areas surrounding the Show's location. A Securities Division staff member attending the Money Show and posing as a prospective investor visited the Varner Technologies, Inc. booth that contained signage inviting the Show attendees to participate in a Varner Technologies, Inc. 20,000 share stock giveaway promotion. Respondents solicited the staff member, posing as a potential investor, and other Washington residents to participate in the Varner Technologies, Inc. stock giveaway promotion and to purchase Varner Technologies, Inc. preferred stock at \$2.00 per share with a minimum purchase of 2,500 shares. Respondents distributed to prospective investors at the Money Show a Varner Technologies Private Placement Memorandum that contained the specifics of the offering.

#### IV.

Varner Technologies, Inc. is not currently registered to offer and/or sell securities in the state of Washington and has not previously been so registered.

#### V.

Clay Varner and Ray Heflin are not currently registered under the Securities Act of Washington as a broker-dealer or securities salesperson in the state of Washington and have not previously been so registered.

#### VI.

The Securities Administrator finds that the continued offering of Varner Technologies, Inc. preferred stock, in the manner described in Tentative Finding of Fact III through V, presents a threat to the investing public.

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

## CONCLUSIONS OF LAW

### I.

The offer and/or sale of stock by Varner Technologies, Inc., Clay Varner and Ray Heflin described above constitutes the offer and/or sale of a security as defined in RCW 21.20.005(10) and (12).

### II.

The offer and/or sale of said securities is in violation of RCW 21.20.140 because no registration for such offer and/or sale is on file with the Administrator of Securities of the state of Washington.

### III.

Clay Varner and Ray Heflin have violated RCW 21.20.040 by offering and/or selling said securities while not registered as a broker-dealer or securities salesperson in the state of Washington.

The Securities Administrator finds that an emergency exists, that the continued violations of RCW 21.20.040 and RCW 21.20.140 constitute a threat to the investing public, and that summary orders to cease and desist from those violations are in the public interest and necessary for the protection of the investing public.

## SUMMARY ORDER

Based on the foregoing, NOW, THEREFORE, IT IS HEREBY SUMMARILY ORDERED That Respondents Varner Technologies, Inc., Clay Varner, and Ray Heflin each cease and desist from offering and/or selling securities in any manner in violation of RCW 21.20.140.

Based on the foregoing, NOW, THEREFORE, IT IS HEREBY SUMMARILY ORDERED That Respondents Clay Varner, and Ray Heflin each cease and desist from offering and/or selling securities in any manner in violation of RCW 21.20.040.

## AUTHORITY AND PROCEDURE

This Summary Order is entered pursuant to the provisions of RCW 21.20.390 and chapter 34.05 RCW. The Respondents may each make a written request for hearing as set forth in the Notice of

Opportunity to Defend and Opportunity for Hearing accompanying this order. A request for a hearing should be in writing and sent to Deborah R. Bortner, Securities Administrator, Department of Financial Institutions, P.O. Box 9033, Olympia, Washington 98507-9033 to the attention of Brad Ferber. If a Respondent does not request a hearing as set forth in the Notice of Opportunity to Defend and Opportunity for Hearing, the Securities Administrator intends to adopt the Tentative Findings of Fact and Conclusions of Law as final and make this Summary Order to Cease and Desist permanent as to such Respondent.

WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 1999.

\_\_\_\_\_  
Deborah R. Bortner  
Securities Administrator

Presented by: \_\_\_\_\_  
Brad Ferber  
Securities Examiner

Approved by: \_\_\_\_\_  
Michael E. Stevenson  
Chief of Compliance