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

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IN THE MATTER OF DETERMINING
Whether there has been a violation
of the Securities Act of Washington by:

JOHN AARON STIVER
Respondent

SDO-067-02
CONSENT ORDER
CASE NO. 01-10-410

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Pursuant to the Securities Act of Washington, ch. 21.20 RCW, the Securities Division of the Department of Financial Institutions (“Securities Division”) and Respondent, John Aaron Stiver (“Stiver”), do hereby enter into this CONSENT ORDER in settlement of the matters alleged herein. Respondent wishes to obtain final disposition of this matter without invoking any rights to an administrative or judicial hearing. Respondent neither admits nor denies the Findings of Fact and Conclusions of Law stated below. This Consent Order is reached between the parties and its effect is limited to the parties.

FINDINGS OF FACT

I. Respondent

Respondent, John Aaron Stiver, is a Washington resident who was employed by Advanced Biometrics, Inc. (“ABI”), a Washington corporation, from 1997 until May 2002. Stiver was a co-founder, director and president of ABI, a company that is in the business of developing, manufacturing and marketing products that use subcutaneous images of the hand for verification or identification of persons.

1 **II. Sales of Stiver's ABI Stock**

2 From 1999 through 2001, Stiver offered and sold more than \$50,000 worth of his own ABI stock to
3 approximately 25 investors, many of whom are Washington residents. The stock was sold at an arbitrary
4 price per share. When offering and selling the stock, Stiver failed to disclose significant information about
5 the investment. He failed to give investors disclosure documents about ABI. He failed to give investors
6 financial statements for ABI. He failed to disclose the amount of money that the company needed for
7 product development, testing, manufacturing and marketing; the amount of financing required to continue
8 operating the company; the accumulated losses of the company; the capital structure of the corporation; the
9 competition that the company faced; the technological changes required to mass market the company's
10 products; the problems that the company had with product distribution; and the general and particularized
11 risks of the investment.

12 **III. Sales of Personal Promissory Notes Secured by Stiver's ABI Stock**

13 From December 2000 through March 2002, Stiver offered and sold approximately \$500,000 worth
14 of personal promissory notes secured by shares of Respondent's ABI stock to approximately 60 investors,
15 many of whom are Washington residents. When offering and selling the secured notes, Stiver failed to
16 disclose significant information about the notes and the purported security for the notes. Stiver failed to
17 give investors Stiver's personal financial statement. He failed to give investors financial statements for
18 ABI. He failed to disclose the amount of money that the company needed for product development, testing,
19 manufacturing and marketing; the amount of financing required to continue operating the company; the
20 accumulated losses of the company; the capital structure of the corporation; the competition that the
21 company faced; the technological changes required to mass market the company's products; the problems
22 that the company had with product distribution; and the general and particularized risks of the investment.

1 **IV. April 28, 2000 Offer of ABI Stock**

2 In April 2000, Stiver signed a letter dated April 28, 2000 that was sent to all of the ABI
3 shareholders. In part, the letter states as follows: "This offer allows shareholders the opportunity to
4 purchase additional shares of ABI stock at its current share value of \$4.00 per share before the share value
5 increases to \$8.00 on May 16, 2000."

6 **V. Sales of Unregistered Stock and Personal Promissory Notes**

7 Stiver's offerings of Advanced Biometrics, Inc. stock and his offering of personal promissory notes
8 secured by Advanced Biometrics, Inc. stock were never registered with the Washington Securities Division.

9 **VI. Unregistered Broker-Dealer or Securities Salesperson**

10 Stiver has never been registered as a securities broker-dealer or a securities salesperson in the State
11 of Washington.

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

13 **I.**

14 As described above, Stiver's offer and sale of Advanced Biometrics, Inc. stock and the offer and
15 sale of personal promissory notes secured by Stiver's ABI stock each constitute the offer and sale of a
16 security, as defined in RCW 21.20.005(10) and (12).

17 **II.**

18 The offer and sale of Stiver's ABI stock and the offer and sale of personal promissory notes secured
19 by Stiver's ABI stock violated RCW 21.20.140 because the offering of those securities were not registered
20 in Washington.

21 **III.**

22 The offer and sale of Stiver's ABI stock and the offer and sale of personal promissory notes secured
23 by Stiver's ABI stock violated RCW 21.20.040 because Stiver was not registered as a securities broker-
24 dealer or a securities salesperson in Washington.

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IV.

The offer and sale of Stiver's ABI stock, the offer of ABI stock and the offer and sale of personal promissory notes secured by Stiver's ABI stock violated RCW 21.20.010 because, in connection with the offer and sale of said securities, Stiver made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

CONSENT ORDER

The Securities Division and John Aaron Stiver have agreed upon a basis for resolution of the matters described above. Stiver agrees to the entry of this Consent Order pursuant to the Securities Act of Washington and acknowledges the Securities Division's jurisdiction over this matter and its authority to enter this order.

Based upon the foregoing:

IT IS AGREED AND ORDERED that John Aaron Stiver and his agents and employees shall each cease and desist from offering or selling securities in violations of RCW 21.20.140, the securities registration section of the Securities Act of Washington.

IT IS ALSO AGREED AND ORDERED that John Aaron Stiver and his agents and employees shall each cease and desist from acting as an unregistered securities broker-dealer or salesperson in violation of RCW 21.20.040, the broker-dealer and securities salesperson registration section of the Securities Act of Washington.

IT IS ALSO AGREED AND ORDERED that John Aaron Stiver and his agents and employees shall each cease and desist from violating RCW 21.20.010, the anti-fraud section of the Securities Act of Washington.

1 IT IS ALSO AGREED AND ORDERED that, based upon the above Findings of Fact and
2 Conclusions of Law, John Aaron Stiver shall be subject to a fine in the amount of Forty Thousand Dollars
3 (\$40,000), with the entire amount suspended based upon future compliance with this Order. In the event
4 of a violation of this order, the Securities Division will seek enforcement of the order pursuant to RCW
5 21.20.395.

6 IT IS ALSO AGREED AND ORDERED that John Aaron Stiver shall pay a total of One Thousand
7 Dollars (\$1,000) to the Securities Division for reimbursement of the Securities Division's investigative
8 costs. John Aaron Stiver shall make payments of One Hundred Dollars (\$100) per month for ten
9 consecutive months and each payment shall be due by the 15th day of the month. The first payment shall
10 be due on July 15, 2002. All payments shall be made by cashier's checks made payable to the Washington
11 State Treasurer. If John Aaron Stiver fails to make any payment on a timely basis, the Forty Thousand
12 Dollar fine imposed in this order shall become immediately due and payable.

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14 IT IS ALSO AGREED that this Consent Order will expire four years from the date that it is
15 entered.

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20 In consideration of the foregoing, John Aaron Stiver waives his right to a hearing on this matter
21 and to judicial review of this Order under RCW 21.20.440 and ch. 34.05 RCW.

22 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

23
24 DATED this _____ day of _____, 2002

25 CONSENT ORDER

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

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John Aaron Stiver

Approved as to form by:

Michael David Myers
Attorney for John Aaron Stiver

SIGNED and ENTERED this 22nd day of July, 2002



Deborah R. Bortner
Securities Administrator

Approved by:

Presented by:

Michael E. Stevenson
Chief of Enforcement

Janet So
Financial Legal Examiner