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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:

DWIGHT CLIFFORD PETERSON  
Respondent

SDO-068-02

CONSENT ORDER AND ORDER VACATING  
SDO-026-02

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 State of Washington Department of Financial Institutions (“Securities Division”) and Respondent, Dwight Clifford Peterson, do hereby enter into this CONSENT ORDER AND ORDER VACATING SDO-026-02 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, Dwight Clifford Peterson, is a Washington resident who was employed by Advanced Biometrics, Inc. (“ABI”), a Washington corporation, from 1997 until May 2002. Peterson was a co-founder, director and vice 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.

## II. Sales of Peterson's ABI Stock

From 1999 through 2001, Peterson offered and sold more than \$50,000 worth of his own ABI stock to approximately 30 investors, many of whom are Washington residents. The stock was sold at an arbitrary price per share. When offering and selling the stock, Peterson failed to disclose significant information about the investment. He failed to give investors disclosure documents about ABI. He failed to give investors financial statements for ABI. He failed to disclose the amount of money that the company needed for product development, testing, manufacturing and marketing; the amount of financing required to continue operating the company; the accumulated losses of the company; the capital structure of the corporation; the competition that the company faced; the technological changes required to mass market the company's products; the problems that the company had with product distribution; and the general and particularized risks of the investment.

## III. Sales of Personal Promissory Notes Secured by Peterson's ABI Stock

During 2001, Peterson offered and sold approximately \$600,000 worth of personal promissory notes secured by shares of Respondent's ABI stock to approximately 100 investors, most of whom are Washington residents. When offering and selling the secured notes, Peterson failed to disclose significant information about the notes and the purported security for the notes. Peterson failed to give investors Peterson's personal financial statement. He failed to give investors financial statements for ABI. He failed to disclose the amount of money that the company needed for product development, testing, manufacturing and marketing; the amount of financing required to continue operating the company; the accumulated losses of the company; the capital structure of the corporation; the competition that the company faced; the technological changes required to mass market the company's products; the problems that the company had with product distribution; and the general and particularized risks of the investment.

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

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

**V. Unregistered Stock and Personal Promissory Notes**

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

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

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

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

**I.**

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

**II.**

The offer and sale of Peterson’s ABI stock and the offer and sale of personal promissory notes secured by Peterson’s ABI stock violated RCW 21.20.140 because the offering of those securities were not registered in Washington.

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**III.**

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

**IV.**

The offer and sale of Peterson's ABI stock, the offer of ABI stock and the offer and sale of personal promissory notes secured by Peterson's ABI stock violated RCW 21.20.010 because, in connection with the offer and sale of said securities, Peterson 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 Dwight Clifford Peterson have agreed upon a basis for resolution of the matters set forth in SDO-026-02 and Dwight Clifford Peterson hereby agrees to the entry of this Order pursuant to the Securities Act of Washington, ch. 21.20 RCW. Dwight Clifford Peterson 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 Dwight Clifford Peterson and his agents and employees shall each cease and desist from offering or selling securities in violation of RCW 21.20.140, the securities registration section of the Securities Act of Washington.

IT IS ALSO AGREED AND ORDERED that Dwight Clifford Peterson and his agents and employees shall each cease and desist from acting as an unregistered securities broker-dealer or

1 salesperson in violation of RCW 21.20.040, the broker-dealer and securities salesperson registration  
2 section of the Securities Act of Washington.

3 IT IS ALSO AGREED AND ORDERED that Dwight Clifford Peterson and his agents and  
4 employees shall each cease and desist from violating RCW 21.20.010, the anti-fraud section of the  
5 Securities Act of Washington.

6 IT IS ALSO AGREED AND ORDERED that Dwight Clifford Peterson shall be subject to a fine in  
7 the amount of Forty Thousand Dollars (\$40,000), with the entire amount suspended based on future  
8 compliance with this Order. If Dwight Clifford Peterson violates this Order, the Securities Division will  
9 seek enforcement of the Order pursuant to RCW 21.20.395.

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

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

19 In consideration of the foregoing, Dwight Clifford Peterson waives any rights to an administrative  
20 hearing or judicial review of this matter and the Securities Division hereby vacates the Summary Order  
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1 to Cease and Desist and Notice of Intent to Impose Fine, SDO-026-02.

2 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

3 SIGNED this \_\_\_\_\_ day of \_\_\_\_\_, 2002

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5 \_\_\_\_\_  
6 Dwight Clifford Peterson

7 Approved as to form by:

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9 \_\_\_\_\_  
10 Michael David Myers  
11 Attorney for Dwight Clifford Peterson

12 SIGNED and ENTERED this 22nd day of July, 2002

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15 \_\_\_\_\_  
16 Deborah R. Bortner  
17 Securities Administrator

18 Approved by:

19 \_\_\_\_\_  
20 Michael E. Stevenson  
21 Chief of Enforcement

22 Presented by:

23 \_\_\_\_\_  
24 Janet So  
25 Financial Legal Examiner