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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:

ICON TRADING, INC., CYRUS INDUSTRIES, INC.,  
RAECE B. RICHARDSON, PAUL DOMBO, FIRST  
AMERICAP, CORP., d/b/a US CAPITAL, STEPHEN H.  
THOMAS, ROBERT D. WILLIAMS, JOSEPH ISAAC,  
PATTI ROWE, BARRINGTON NUGENT, and JAIME  
FLORES,

Respondents.

SDO - 75(A) - 00

SUMMARY ORDER TO CEASE  
AND DESIST AND REVOKING  
EXEMPTIONS

Case No. 99 - 09 - 273

THE STATE OF WASHINGTON TO:

ICON TRADING, INC., CYRUS INDUSTRIES, INC.  
RAECE B. RICHARDSON, PAUL DOMBO  
FIRST AMERICAP, CORP., d/b/a US CAPITAL  
STEPHEN H. THOMAS, ROBERT D. WILLIAMS  
JOSEPH ISAAC, PATTIE ROWE  
BARRINGTON NUGENT, JAIME FLORES

**STATEMENT OF CHARGES**

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents, Icon Trading, Inc., Cyrus Industries, Inc., Raece B. Richardson, Paul Dombo, First Americap, Corp., d/b/a US Capital, Stephen H. Thomas, Robert D. Williams, Joseph Isaac, Pattie Rowe, Barrington Nugent, and Jaime Flores have each violated the Securities Act of Washington and that their violations justify the entry of an order against each by the Securities Administrator under RCW 21.20.390 to cease and desist from such violations, and RCW 21.20.325 withdrawing the availability of exemptions under RCW 21.20.320 to Respondents. The Securities Administrator finds that delay in ordering the Respondents to cease and desist from such violations would be hazardous to investors and to the public, and that a Summary Order to Cease and Desist should be entered immediately. The Securities Administrator finds as follows:

SUMMARY ORDER TO CEASE AND  
DESIST AND REVOKING EXEMPTIONS

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

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**TENTATIVE FINDINGS OF FACT**

**I. Respondents**

1. Icon Trading, Inc. (Icon) is a closely held active for-profit California corporation with its principal place of business at 9003 Reseda Boulevard, Northridge, California. The sole shareholder is Raece B. Richardson. Icon is a holding company and retailer specializing in "extreme" sports clothes and accessories. Icon was incorporated on October 16, 1998.

2. Cyrus Industries, Inc. (Cyrus) is an active for-profit Nevada corporation with its principal place of business at 207 West 138th Street, Los Angeles, California. Cyrus was incorporated February 25, 1997 as Norfolk Development, Ltd. Cyrus is listed on the National Quotation Bureau "pink sheets" trading under the symbol CYRS. On May 20, 2000, Cyrus purchased four of Icon's subsidiaries.

3. Raece B. Richardson (Richardson) is the President, Chief Executive Officer Chief Financial Officer, Chairman of the Board, and sold shareholder of Icon. Richardson is believed to be a Director of Cyrus. He resides at 214 Hartford Avenue, Huntington Beach, California.

4. Paul Dombo (Dombo) is the Secretary, Treasurer, and Vice President of Corporate Relations of Icon. Dombo is also the Secretary and a Director of Cyrus. He resides at 402 Oceanfront, Unit B, Newport Beach, California.

5. First Americap, Corp. (Americap) is an active for-profit Texas corporation with its principal place of business at 3852 South Dairy Ashford, Houston, Texas. Americap do business as US Capital. Americap is a consulting and marketing company providing clients such as Icon with assistance in capital formation and investor relations. Americap was incorporated on July 22, 1999.

6. Stephen Harrison Thomas (Thomas) is the original incorporator, Director, and Registered Agent for Americap. Thomas resides at 3931 Tanglewilde, Houston, Texas.



1 disclose any of the risks associated with the investment, did not provide any financial disclosures, and failed  
2 to include important facts necessary in order to make statements made in the kit not misleading.

3 11. Sometime after receiving the media kit potential investors received another telephone call  
4 from their shareholder representative checking to see if the kit had been received. They claimed that Icon  
5 was going public on May 30, 1999, and that by investing before then investors would benefit from the  
6 planned public offering. Salespeople claimed that Icon was about to acquire a shell company that was  
7 already being traded on the National Association of Securities Dealers Automatic Quotation system's over-  
8 the-counter bulletin board (NASDAQ OTCBB). Callers claimed that Icon was guaranteeing the investment,  
9 and that if the company did not go public investors could get their money back.

10 12. The salespeople said that Icon stock was selling for \$1.60 per share, but that once the stock  
11 was listed the price would be at least \$2.50 a share. Some Washington investors were told that Icon would  
12 have to stop selling for some period of time prior to the firm going public, and that potential investors would  
13 have to invest quickly to avoid missing out on the opportunity. Potential investors who agreed to invest  
14 received a Federal Express package from Icon. The package included a letter dated May 22, 1999 from  
15 Richardson addressed to "Future Client." The letter promised that Icon would be "fully trading on the  
16 NASDAQ OTCBB no later than May 30th, 1999," and that if the stock were not trading at \$2.50 per share  
17 on May 30th, investors would be entitled to a full refund within 10 days. Also enclosed was a "Purchase  
18 Confirmation" detailing the commitment to purchase shares and requesting that the investor remit the funds  
19 within 72 hours. A Federal Express airbill with Icon's name, address, and FedEx account number already  
20 filled in so investors could remit funds quickly was also included.

21 13. After investing in Icon investors received a "Receipt of Funds" letter confirming the purchase  
22 and promising delivery of a share certificate. Included with the letter was a "Certificate of Investment"  
23 indicating that investors were entitled to receive shares in Icon Trading prior to a merger with a publicly  
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1 traded company. No shares of Icon stock were ever delivered to investors. Icon's attempt to go public  
2 through a reverse merger failed, and Icon was not trading on the NASDAQ OTCBB on May 30th, 1999.

3 Investors who requested refunds pursuant to the guarantee have not been paid.

### 4 **III. Icon's Non-Guaranteed Securities**

5 14. After the May 30, 1999 deadline to go public passed without the Icon stock being listed, the  
6 solicitations continued. Potential investors were given different dates that the firm was allegedly going  
7 public, including January 1, 2000 and March 31, 2000. Investors who purchased after the May 30, 1999  
8 deadline did not receive the letter from Richardson guaranteeing the investment.

9 15. These later investors were also promised that the stock would be listed at \$2.50 or more per  
10 share. Salespeople claimed the share price would increase rapidly once it was listed, and gave a range of  
11 increases from doubling to \$3.20 up to \$15 a share. As the promised dates passed without Icon stock being  
12 listed, investors who complained to Icon or Americap were told that the firm was making progress and that  
13 stock certificates would be issued shortly.

### 14 **IV. Icon's World Wide Web Page**

15 16. Investors who questioned the delays in going public, or who asked for additional information  
16 about the firm prior to investing, were often referred to Icon's World Wide Web site, [www.icontrading.com](http://www.icontrading.com).  
17 The site contained information about Icon's stock offering and planned reverse merger.  
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### 19 **V. Icon's Sale of Assets to Cyrus, Cyrus/Icon Unregistered 20 Offer, and Cyrus/Icon Rescission Offer**

21 17. On June 1, 2000, Richardson mailed a letter to all Washington shareholders announcing that  
22 on May 20, 2000, Cyrus purchased Icon's primary assets consisting of four subsidiary companies. Cyrus  
23 was described as a "publicly traded company currently trading on the NASDAQ pink sheets." While stocks  
24 listed on the pink sheets are publicly traded, the trades are not done through NASDAQ. The letter claimed  
25

1 that Cyrus would notify the SEC that they desired to be a reporting company moved to the NASDAQ  
2 OTCBB, and that certain information would be filed with the SEC within two weeks.

3 18. Cyrus paid for the Icon assets by issuing Richardson 5 million shares of Cyrus stock. In  
4 addition, Cyrus agreed to issue 3.8 million shares of Cyrus stock to 1,184 Icon investors, including the  
5 Washington investors, who had purchased shares of Icon stock that were never issued. Using the services of  
6 First American Stock Transfer, Inc., respondents Cyrus, Icon and Richardson arranged for First American to  
7 issue proportionate shares of Cyrus stock to the Washington Icon shareholders. The Cyrus share  
8 certificates, signed by David McKenzie as President and Paul Dombo as Secretary, were delivered to  
9 Washington shareholders along with Richardson's June 1, 2000 letter.

10 19. The June 1, 2000 letter offered Icon investors/Cyrus shareholders the option of either  
11 accepting the shares in Cyrus or requesting a refund from Icon. Investors who elected to request a refund  
12 were instructed to return their Cyrus shares, along with a written request for a refund, by June 21, 2000.  
13 The shares and request were to be sent to Lawrence R. Young, Esq. "Agent for Icon Trading Shareholders."  
14 Mr. Young was then to place investors names on a "refund list," and they would be notified concerning the  
15 date the refund would be made. Investors who have requested refunds have not been paid.

16 20. The offering did not disclose the risks associated with the investment opportunity in Cyrus,  
17 failed to disclose the risks associated with the refund opportunity from Icon, and failed to provide any  
18 financial disclosures.

19 21. Since the June 1, 2000, letter was mailed, salespeople from Americap and Icon have been  
20 calling Washington investors on behalf of both Icon and Cyrus. The callers have discouraged investors  
21 from requesting refunds from Icon. In addition, callers have been encouraging investors to keep their  
22 shares of Cyrus, promising that Cyrus would be trading on the NASDAQ OTCBB within two weeks and  
23 that the price of the Cyrus shares would be \$3.00.  
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## VI. Icon's Enforcement History

22. In March 1999 the Arkansas Securities Division demanded that Icon cease and desist the offer and sale of unregistered securities in that state. Though Icon agreed to pay restitution to investors, no payments were ever made.

23. In April 1999 the Pennsylvania Securities Division issued a Cease and Desist order against Icon and Richardson for offering and selling unregistered securities in that state. Though Icon agreed to pay restitution to investors, no payments were ever made.

24. In May 1999 the Iowa Securities Division demanded that Icon cease and desist the offer and sale of unregistered securities in that state. Though Icon agreed to pay restitution to investors, no payments were ever made.

25. In August 1999 the Kansas Securities Division issued an Emergency Cease and Desist Order against Icon, Richardson and Americap for offering and selling unregistered securities in Kansas. Though Icon agreed to pay restitution to investors, no payments were ever made.

26. The existence of the aforementioned demands and orders were not disclosed to investors.

## VI. Respondent's Registration Status

27. None of the Respondents have ever been or are currently registered to offer or sell securities in the state of Washington.

The Securities Administrator finds that the continued offering of securities by Respondents in the manner described in the Tentative Finding of Fact violates the registration and anti-fraud provision of the Securities Act of Washington, RCW 21.20. Those violations and the continued availability of exemptions to registration present a threat to the investing public.

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

3 **CONCLUSIONS OF LAW**

4 **Offer and Sale of Securities**

5 The offer and/or sale of Icon and Cyrus stock by Respondents constitutes the offer and/or sale of a  
6 security as defined in RCW 21.20.005(10) and (12).

7 **Violation of RCW 21.20.140**

8 The offer and/or sale of said securities by Respondents violated RCW 21.20.140 because the offers  
9 and sales were not registered in Washington.

10 **Violation of RCW 21.20.010**

11 The offers and/or sales of securities by Respondents violated RCW 21.20.010 because Respondents  
12 misrepresented facts and omitted facts necessary in order to make their statements, in light of the  
13 circumstances in which they were made, not misleading.

14 **Violation of RCW 21.20.040**

15 The offer and/or sale of said securities by Respondent First Americap, Corp. violated RCW  
16 21.20.040 because the firm was not registered as a broker/dealer to offer or sell securities in the state of  
17 Washington. The offer and/or sale of said securities by Respondents Raece B. Richardson, Stephen H.  
18 Thomas, Robert D. Williams, Joseph Isaac, Pattie Rowe, Barrington Nugent, and Jaime Flores violated  
19 RCW 21.20.040 because the salespeople who offered and/or sold the securities were neither registered to  
20 sell securities in the state of Washington nor exempt from registration.  
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22 **Emergency**

23 Based upon the foregoing, the Securities Administrator finds that an emergency exists, that  
24 Respondents' continued violations of RCW 21.20.140, RCW 21.20.010, and RCW 21.20.040, and the  
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1 availability of exemptions under RCW 21.20.320, constitutes a threat to the investing public. The Securities  
2 Administrator further finds that summary orders to cease and desist from those violations, and summary  
3 withdrawal of the availability of the exemptions of RCW 21.20.320, are in the public interest and necessary  
4 for the protection of the investing public.

### 5 **SUMMARY ORDER**

6 Based on the foregoing, NOW, THEREFORE, IT IS HEREBY SUMMARILY ORDERED that  
7 Respondents Icon Trading, Inc., Cyrus Industries, Inc., Raece B. Richardson, Paul Dombo, First Americap,  
8 Corp., Stephen H. Thomas, Robert D. Williams, Joseph Isaac, Pattie Rowe, Barrington Nugent, and Jaime  
9 Flores, their agents and employees shall each cease and desist from offering and/or selling securities in any  
10 manner in violation of RCW 21.20.140, the registration section of the Securities Act of Washington.

11 It is further SUMMARILY ORDERED that Respondents, their agents, and employees shall each  
12 cease and desist from violation of RCW 21.20.010, the anti-fraud section of the Securities Act.

13 It is further SUMMARILY ORDERED that Respondents First Americap, Corp., Raece B.  
14 Richardson, Stephen H. Thomas, Robert D. Williams, Joseph Isaac, Pattie Rowe, Barrington Nugent, and  
15 Jaime Flores, their agents, and employees shall each cease and desist from violation of RCW 21.20.040, the  
16 broker/dealer and salesperson registration section of the Securities Act.

17 It is further SUMMARILY ORDERED that based upon the foregoing violations of RCW 21.20.010,  
18 all exemptions available to Respondents under RCW 21.20.320(1), (9), (11) and (17) are hereby revoked.

### 19 **AUTHORITY AND PROCEDURE**

20 This Order is entered pursuant to the provisions of RCW 21.20.325 and RCW 21.20.390, and is  
21 subject to the provisions of Chapter 34.05 RCW. Respondents may each make a written request for a  
22 hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR  
23 HEARING accompanying this order.  
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1 If a respondent does not request a hearing, the Securities Administrator intends to adopt the above  
2 Tentative Findings of Fact and Conclusions of Law set forth above as final as to that Respondent, make the  
3 Summary Order to Cease and Desist permanent as to that Respondent, and permanently revoke the  
4 exemptions available to that Respondent under RCW 21.20.320.

5  
6 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

7  
8 DATED this 19th day of July, 2000.

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12 DEBORAH R. BORTNER  
13 Securities Administrator

14  
15  
16 Approved by:

17 Michael E. Stevenson

18 Michael E. Stevenson  
19 Chief of Enforcement

20 Presented by:

21 Anthony W. Carter

22 Anthony W. Carter  
23 Securities Examiner