

1 **STATE OF WASHINGTON**  
2 **DEPARTMENT OF FINANCIAL INSTITUTIONS**  
3 **SECURITIES DIVISION**

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

7 Global Marine Exploration Inc.,  
8 Robert ("Bobby") Henry Pritchett III,  
9 Ronald R. Alber,

Respondents

Order No. S-20-2872-20-SC01

STATEMENT OF CHARGES AND NOTICE OF  
INTENT TO ENTER ORDER TO CEASE AND  
DESIST, TO IMPOSE FINES, AND TO CHARGE  
COSTS

10 **THE STATE OF WASHINGTON TO:**

Global Marine Exploration Inc.  
Robert ("Bobby") Henry Pritchett III  
Ronald R. Alber

11 **STATEMENT OF CHARGES**

12 Please take notice that the Securities Administrator of the state of Washington has reason to believe  
13 that Respondents Global Marine Exploration Inc., Robert Henry Pritchett III, and Ronald R. Alber violated  
14 the Securities Act of Washington. The Securities Administrator believes these violations justify the entry  
15 of an order against Respondents Global Marine Exploration Inc., Robert Henry Pritchett III, and Ronald R.  
16 Alber to cease and desist from such violations, to impose a fine, and to charge costs pursuant to RCW  
17 21.20.390 and RCW 21.20.395. The Securities Administrator finds as follows:

18 **TENTATIVE FINDINGS OF FACT**

19 **Respondents**

20 1. Global Marine Exploration Inc. ("GME") is a Delaware corporation that was formed on  
21 December 29, 2011. During 2012, GME had its principal place of business in Vero Beach, Florida. GME  
22 is a salvage diving company that recovers treasure from shipwrecks. During 2012, GME was operating in  
23 waters off the Dominican Republic and the Florida coast.

1 2. Robert Henry Pritchett III ("Pritchett") resides in Sebastian, Florida. Pritchett is the President  
2 and the Chief Executive Officer of GME. Pritchett has significant experience in the diving and recovery  
3 business.

4 3. Ronald R. Alber ("Alber") resides in Orlando, Florida. During 2012, Alber was the Vice  
5 President of Investor Relations for GME.

#### 6 **Nature of the Conduct**

7 4. During January 2012, GME commenced its initial stock offering. In the initial offering, GME  
8 offered and sold a total of \$1,000,000 worth of GME common stock to more than twenty-five investors,  
9 including at least one Washington investor.

10 5. Alber solicited the Washington investor, who was introduced by a mutual acquaintance. The  
11 Washington investor was not accredited and was not sophisticated in financial or business matters. Before  
12 investing, the investor never received any financial statements for GME. On or about January 23, 2012,  
13 the investor purchased 27,700 shares of GME stock for \$1 per share. Most of the funds that were used to  
14 purchase the stock came from the investor's 401(k) retirement savings plan.

15 6. When offering the GME stock to the Washington investor, Alber misrepresented the future  
16 value of the stock. In January 2012, Alber solicited the investor to purchase GME common stock for \$1  
17 per share. Alber falsely represented that GME stock would soon be publicly traded and the investor would  
18 make at least four times the amount of his investment.

19 7. In a January 19, 2012 email to the investor, Alber falsely and misleadingly stated that the next  
20 GME stock offering would be for \$2 per share and the new offering would probably begin within one to  
21 three months. In fact, GME did begin a second offering of common stock a few months after the initial  
22 offering was completed, but the stock price was still only \$1 per share. In addition, the stock price was an  
23 arbitrary amount that had no relationship to the actual value of the stock. The email also stated that GME

1 planned to go public in 2013 and the minimum share price would be \$4 per share, “but our advisors and  
2 experts have told us they believe the price will be substantially higher than that.” In fact, GME stock has  
3 never gone public and to date the Washington investor has been unable to recover any of his invested funds.

4 8. When offering GME stock to the Washington investor, Alber provided the investor with a  
5 January 10, 2012 private placement memorandum (“PPM”) that included materially misleading financial  
6 information. An Executive Summary dated December 25, 2011, which was an addendum to the PPM,  
7 contained misleading information about the likely success of GME’s salvage operations. In a section  
8 captioned “Financial Projections,” the PPM stated that “[U]sing extremely conservative values, we have  
9 determined that we have recovered sufficient artifacts in our first year to cover all operating expenses and  
10 create a substantial profit once sold.” The PPM went on to state that although the company’s salvage  
11 operations had just started, it was likely that one or several of the ships would be “Treasure” ships with  
12 “Treasure and Artifacts in the millions to billions of dollars.” There was no reasonable basis for the  
13 financial projections in the PPM. The 2011 and 2012 audited financial statements for GME were issued in  
14 May 2013. The audited financial statements for both 2011 and 2012 indicated that GME had a rescission  
15 liability of more than \$1 million for an unregistered securities offering that was made by GME’s wholly-  
16 owned subsidiary, a salvage company that was doing business in the Dominican Republic. GME’s audited  
17 financial statements also reported a net loss of more than \$670,000 for 2011 and a net loss of more than  
18 \$2,800,000 for 2012.

### 19 **Registration Status**

20 9. On February 16, 2012, GME filed a Regulation D, Rule 506(b) claim of exemption with the  
21 United States Securities & Exchange Commission for GME’s initial \$1 million offering of common stock.

22 10. GME has never been registered to sell its securities in the state of Washington, nor has it ever  
23 filed a claim of exemption with the Washington Securities Division.

1 Based upon the above Tentative 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. GME, Pritchett, and Alber violated RCW 21.20.140 by offering and/or selling securities for  
6 which no registration is on file with the Securities Administrator.

7 3. GME, Pritchett, and Alber violated RCW 21.20.010 by making untrue statements of material  
8 fact or omitting to state material facts necessary to make the statements made, in light of the circumstances  
9 in which they were made, not misleading.

10 **NOTICE OF INTENT TO ORDER THE RESPONDENT TO CEASE AND DESIST**

11 Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities  
12 Administrator intends to order, pursuant to RCW 21.20.390(1), that Global Marine Exploration Inc., Robert  
13 Henry Pritchett III, and Ronald R. Alber, and their agents and employees, shall each cease and desist from  
14 violations of RCW 21.20.010 and RCW 21.20.140.

15 **NOTICE OF INTENT TO IMPOSE FINE**

16 Pursuant to RCW 21.20.395, and based upon the Tentative Findings of Fact and Conclusions of Law,  
17 the Securities Administrator intends to order that Robert Henry Pritchett III shall be liable for and shall pay a  
18 fine of \$10,000 and that Ronald R. Alber shall be liable for and shall pay a fine of \$10,000.

19 **NOTICE OF INTENT TO CHARGE COSTS**

20 Pursuant to RCW 21.20.390, and based upon the Tentative Findings of Fact and Conclusions of Law,  
21 the Securities Administrator intends to order that Robert Henry Pritchett III and Ronald R. Alber shall be  
22 liable for and shall pay the costs, fees, and other expenses incurred in the administrative investigation and  
23 hearing of this matter, in an amount not less than \$1,500 each.

**AUTHORITY AND PROCEDURE**


This Statement of Charges is entered pursuant to the provisions of Chapter 21.20 RCW and is subject to the provisions of Chapter 34.05 RCW. Global Marine Exploration Inc., Robert Henry Pritchett III, and Ronald R. Alber may each make a written request for a hearing as set forth in the Notice of Opportunity for Hearing accompanying this Order. If a respondent does not make a hearing request in the time allowed, the Securities Administrator intends to adopt the above Tentative Findings of Fact and Conclusions of Law as final and to enter a permanent order to cease and desist as to that respondent, to impose any fines sought against that respondent, and to charge any costs sought against that respondent.

SIGNED and ENTERED this 24th day of April, 2020



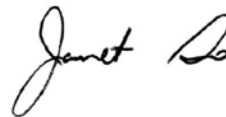
William M. Beatty  
Securities Administrator

Approved by:



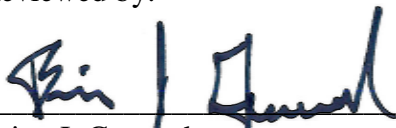
Suzanne E. Sarason  
Chief of Enforcement

Presented by:



Janet So  
Financial Legal Examiner

Reviewed by:



Brian J. Guerard  
Financial Legal Examiner Supervisor