

STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION

IN THE MATTER OF DETERMINING) Order Number S-08-014-08-SC01
Whether there has been a violation of the)
Securities Act of the State of Washington by:) STATEMENT OF CHARGES AND NOTICE
) OF INTENT TO ENTER ORDER TO CEASE
) AND DESIST AND TO CHARGE COSTS
Michael Kerner)
Respondent)

THE STATE OF WASHINGTON TO: Michael Kerner

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondent, Michael Kerner, has violated the Securities Act of Washington and that his violations justify the entry of an order of the Securities Administrator under RCW 21.20.390 against him to cease and desist from such violations and charging costs pursuant to RCW 21.20.390(5). The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

I. RESPONDENT

1. Michael Kerner ("Kerner") is a resident of the State of Washington.

II. BACKGROUND INFORMATION

2. Taecan.com Inc. ("Taecan") was a non-public, for profit Washington Corporation formed in 1996. From approximately 1999 through 2001, Taecan conducted an offering of its stock. The stock offering purported to be a non-public offering.

1 requesting issuance of the stock certificates in his name or a return of the \$50,000 investment.
2 To the date of the entry of this Statement of Charges, no refund has been made and stock
3 certificates have never been issued to the investor and subsequent attempts to contact Kerner
4 have been unsuccessful.

5 III. MISREPRESENTATIONS AND OMISSIONS

6 8. Kerner failed to provide material information regarding the investment
7 including, but not limited to, prospectus information, financial statements, and general and
8 specific risk factors involved in the investment.
9

10 IV. REGISTRATION STATUS

11 9. Taecan.com is currently not registered to sell stock in the State of Washington and
12 has not previously been so registered and Michael Kerner is currently not registered and has not
13 previously been registered to offer or sell the opportunity to purchase Taecan stock in the State
14 of Washington.

15 10. Michael Kerner is not currently registered as a securities salesperson or
16 broker-dealer in the State of Washington.
17

18 Based upon the Tentative Findings of Fact, the following Conclusions of Law are made:
19

20 **CONCLUSIONS OF LAW**

21 1. The offer and sale of the opportunity to purchase stock described above
22 constitutes the offer and sale of a security as defined in RCW 21.20.005(10) and (12).

23 2. In connection with the offer and sale of said securities, Respondent, Michael
24 Kerner, violated RCW 21.20.010 because, as set forth in the Tentative Findings of Fact,
25 Respondent made misstatements of material facts and/or omitted to state material facts necessary

1 in order to make the statements made, in light of circumstances under which they were made, not
2 misleading and/or engaged in acts and practices that operated as fraud or deceit.

3 3. Michael Kerner violated RCW 21.20.140 by offering and selling unregistered
4 securities.

5 4. Michael Kerner violated RCW 21.20.040 by offering and selling said securities
6 while not registered as a securities salesperson or broker-dealer in the State of Washington.
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8 **NOTICE OF INTENT TO ORDER THE RESPONDENTS TO CEASE AND DESIST**

9 Pursuant to RCW 21.20.390 and based on the above Tentative Findings of Fact and
10 Conclusions of Law, the Securities Administrator intends to order that Respondent, Michael
11 Kerner, and his agents and employees shall cease and desist from violations of RCW 21.20.010,
12 RCW 21.20.140 and RCW 21.20.040.

13 **NOTICE OF INTENT TO CHARGE COSTS**

14 Pursuant to RCW 21.20.390 and based upon the Tentative Findings of Fact and
15 conclusions of Law, the Securities Administrator intends to order that Respondent, Michael
16 Kerner, shall be liable for and pay the Securities Division the costs, fees and other expenses
17 incurred in the conduct of the administrative investigation and hearing of this matter, in an
18 amount not less than \$2,000.

19 **AUTHORITY AND PROCEDURE**

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21 This STATEMENT OF CHARGES AND NOTICE OF INTENT TO ISSUE AN
22 ORDER TO CEASE AND DESIST AND CHARGE COSTS is entered pursuant to the
23 provisions of RCW 21.20.390 and is subject to the provisions of Chapter 34.05 RCW. The
24 Respondent, Michael Kerner, may make a written request for a hearing as set forth in the
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1 NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING
2 accompanying this Order.

3 If the Respondent does not request a hearing, the Securities Administrator intends to
4 adopt the above Tentative Findings of Fact and Conclusions of Law as final, enter a permanent
5 order against the Respondent to cease and desist from violations of the Securities Act of
6 Washington and enter an order charging costs, as described above.
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8 DATED AND ENTERED this 7th day of April, 2008

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10 MICHAEL E. STEVENSON
11 Securities Administrator

12 Approved by:

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14 Martin Cordell
15 Chief of Enforcement

16 Presented by:

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18 Patrick Kim
19 Enforcement Attorney
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