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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:

Radix Marine, Inc.; Kathleen R.  
Bright; Brad M. Goodspeed,

Respondents.

Order Number S-07-169-11-SC01

STATEMENT OF CHARGES AND NOTICE  
OF INTENT TO ISSUE AN ORDER TO  
CEASE AND DESIST, IMPOSE FINES, AND  
RECOVER COSTS

THE STATE OF WASHINGTON TO:

Radix Marine, Inc.  
Kathleen R. Bright  
Brad M. Goodspeed

**STATEMENT OF CHARGES**

Please take notice that the Securities Administrator of the state of Washington has reason to believe that the Respondents Radix Marine, Inc., Kathleen R. Bright, and Brad M. Goodspeed have each violated the Securities Act of Washington and that their violations justify the entry of an order of the Securities Administrator under RCW 21.20.390 against each to cease and desist from such violations, and to impose fines and recover costs. The Securities Administrator finds as follows:

**TENTATIVE FINDINGS OF FACT**

Respondents

1. Radix Marine, Inc. ("Radix Marine"), initially incorporated in Colorado in 1958, maintained a last known principal place of business in Yakima, Washington. The company was formerly known as Modern MFG Services, Inc. until 2003. Radix Marine has conducted business in Washington State from approximately 2003 until at least November 2010. Radix

1 Marine common stock is publicly traded under the symbol RDXM, and was formerly quoted  
2 on the OTC Bulletin Board.

3 2. Kathleen R. Bright (“Bright”) is an individual residing in Allyn, Washington.  
4 Bright was the President of Radix Marine from approximately May 2003 until January 2005.

5 3. Brad M. Goodspeed (“Goodspeed”) is an individual residing in Yakima,  
6 Washington. Goodspeed was appointed an agent for Radix Marine in approximately January  
7 2005, a position he held until at least January 2007. As of November 2010, Goodspeed was  
8 the Director of New Products at Radix Marine.

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10 Nature of the Conduct

11 *Introduction*

12 4. Radix Marine is a company that primarily develops, manufactures and/or  
13 markets marine vessels. Although Radix Marine common stock is publicly traded, funds were  
14 also raised for the company by selling convertible promissory notes. While Respondent  
15 Bright was the President of Radix Marine, the company sold convertible promissory notes  
16 from at least 2003 until at least August 2004. In January 2005, when Respondent Bright took  
17 a leave of absence as President, Respondent Goodspeed was appointed an agent of the  
18 company. Respondent Goodspeed resumed offering convertible promissory notes from  
19 approximately February 2005 until at least January 2007. In total, from approximately 2003  
20 to 2007, at least 14 investors, including at least 7 Washington residents, invested at least  
21 \$244,900 in the convertible promissory notes.  
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*Sale of Convertible Promissory Notes*

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2 5. Beginning in at least September 2003, convertible promissory notes were sold to  
3 at least 2 investors, with a total of at least \$15,000 invested in the notes. The convertible  
4 promissory notes were sold with the intent to raise funds for Radix Marine's operating  
5 expenses and/or to build a prototype of the Spartan boat. At least one of the investments was  
6 solicited by Respondent Goodspeed, who at the time was providing consulting services to the  
7 company. The individual that Respondent Goodspeed solicited was a business acquaintance  
8 of his.

9 6. Investors were not provided any disclosure documents prepared specifically for  
10 the convertible promissory notes investments. While Radix Marine was a reporting issuer and  
11 made regular public filings with the SEC until May 31, 2005, its public filings provided  
12 minimal information regarding the convertible promissory notes investments.

13 7. The investors entered into unsecured convertible promissory notes with Radix  
14 Marine. Respondent Bright signed the notes as President of Radix Marine. The notes had a  
15 5% per annum interest rate and a 90 day maturity date. The principal and accrued interest  
16 was due and payable on the maturity date unless the holder opted to convert the note into  
17 shares of common stock. Both notes were convertible at a price per share of 50% of the 20  
18 day trailing average closing price of the common stock as listed on the OTC Bulletin Board.  
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21 *Resumed Sale of Convertible Promissory Notes by Goodspeed*

22 8. In January 2005, Respondent Goodspeed was appointed an agent of Radix  
23 Marine. On or about the same date, a lawsuit was filed against the company and two of its  
24 officers individually by La Jolla Cove Investors, Inc. The lawsuit was filed on January 11,  
25

1 2005, and a temporary settlement was negotiated by February 1, 2005. It was not until April  
2 2007 that a judgment was entered against Radix Marine and its two officers in the matter.

3 9. After the lawsuit was filed, and a temporary settlement reached, Respondent  
4 Goodspeed resumed offering convertible promissory notes. From approximately February 10,  
5 2005 until at least January 2007, convertible promissory notes were sold to 12 individuals,  
6 with a total of \$229,900 invested in the notes. Respondent Goodspeed solicited at least 7 of  
7 the investors.

8 10. Respondent Goodspeed primarily solicited customers and other acquaintances  
9 he met through his employment outside of Radix Marine. Respondent Goodspeed told at least  
10 one investor that the funds would be used by Radix Marine for research and development. At  
11 least one other investor was told that Radix Marine had a contract to construct kennels for the  
12 Washington State Patrol, and his funds would be used to purchase materials for the project.

13 11. Respondent Goodspeed represented to at least one investor, in approximately  
14 February 2005, that Radix Marine had \$750,000 in assets, and was “doing great” and “making  
15 a lot of money.” However, according to the Form 10-QSB that Radix Marine filed with the  
16 SEC for the quarter ending March 31, 2005, its liabilities of \$1,697,078 exceeded its assets of  
17 \$1,323,526. Further, in this filing, Radix Marine reported that its quarterly expenses of  
18 \$173,142 exceeded its revenue of \$43,367.

19 12. Respondent Goodspeed did not provide investors with disclosure documents  
20 regarding the convertible promissory notes. As Radix Marine ceased making SEC filings on  
21 May 31, 2005, the information available to many of the promissory note investors was not  
22 current. Six investors invested after May 31, 2005, including in 2006 and 2007.  
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1 13. At least one investor was unaware of the lawsuit filed by La Jolla Cove  
2 Investors, Inc. against Radix Marine when he invested on or about February 10, 2005. This  
3 investor's investment was made prior to when Radix Marine first disclosed the lawsuit in their  
4 SEC quarterly filings. This investor was not otherwise informed by Respondent Goodspeed  
5 about the lawsuit.

6 14. The investors entered into unsecured convertible promissory notes with Radix  
7 Marine. Respondent Goodspeed signed the notes as an agent of Radix Marine. The terms of  
8 the notes varied, with interest rates ranging from at least 9% to 10% per annum. The maturity  
9 dates of the notes varied, ranging from at least 75 days to 6 months, unless the holder opted to  
10 convert the note into shares of common stock. Some notes were only partially convertible  
11 into common stock. At least two notes were convertible at a price per share of 50% of the 20  
12 day trailing average closing price of the common stock as listed on the OTC Bulletin Board.

13 15. By at least the quarter ending March 31, 2005, Radix Marine had continued  
14 losses and did not generate enough operating income to cover the interest expense incurred  
15 during the quarter. For this quarter, Radix Marine reported that it incurred an interest expense  
16 of \$48,890. However, the company only reported revenue of \$43,367. By the end of March  
17 2005, Radix Marine was not able to service all of its existing debt, as evidenced by the  
18 company's default on a convertible promissory note. On March 25, 2005, Radix Marine  
19 defaulted on payment due to an investor pursuant to a convertible promissory note it had  
20 issued in February 2005. Although Radix Marine was not able to service all of its existing  
21 debt, Respondent Goodspeed continued to sell convertible promissory notes to approximately  
22 9 additional investors until at least January 2007.  
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Registration Status

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2 16. Radix Marine, Inc. is not currently registered to sell its convertible promissory  
3 notes in the state of Washington and has not previously been so registered. In addition, there  
4 is no notice of a claim of exemption on file with the Securities Administrator.

Misrepresentations and Omissions

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7 17. Respondents Radix Marine, Inc., Kathleen R. Bright, and Brad M. Goodspeed  
8 failed to provide investors with specific disclosures regarding the convertible promissory  
9 notes, including material information regarding the specific risks of the investment.

10 18. Respondent Brad M. Goodspeed failed to provide material information to all the  
11 investors that invested after May 31, 2005, including but not limited to: current financial  
12 statements and up to date operational history.

13 19. Respondent Brad M. Goodspeed misrepresented the assets and financial status  
14 of Radix Marine, Inc. to at least one investor.

15 20. Respondent Brad M. Goodspeed misrepresented to at least one investor that  
16 Radix Marine, Inc. owned the Challenger GB-12 marine craft.

17 21. Respondent Brad M. Goodspeed failed to disclose that some investor funds  
18 would be used to pay a debt owed from Radix Marine, Inc. to another company that  
19 Goodspeed was Vice President of.

20 22. Respondent Brad M. Goodspeed failed to disclose to at least one investor that a  
21 lawsuit had been filed against the company by La Jolla Cove Investors, Inc.  
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1 and Brad M. Goodspeed shall cease and desist from violations of RCW 21.20.140 and RCW  
2 21.20.010.

3 **NOTICE OF INTENT TO IMPOSE FINES**

4 Pursuant to RCW 21.20.395, and based upon the above Tentative Findings of Fact and  
5 Conclusions of Law, the Securities Administrator intends to order that:

- 6 1. Respondent Radix Marine, Inc. shall be liable for and pay a fine of \$10,000;  
7 2. Respondent Brad M. Goodspeed shall be liable for and pay a fine of \$30,000; and  
8 3. Respondent Kathleen R. Bright shall be liable for and pay a fine of \$5,000.

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10 **NOTICE OF INTENT TO CHARGE COSTS**

11 Pursuant to RCW 21.20.390(5), and based upon the above Tentative Findings of Fact  
12 and Conclusions of Law, the Securities Administrator intends to order that the Respondents  
13 Radix Marine, Inc., Kathleen R. Bright, and Brad M. Goodspeed shall be liable for and pay  
14 the Securities Division the costs, fees and other expenses incurred in the conduct of the  
15 investigation of this matter in an amount not less than \$5,000.  
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18 **AUTHORITY AND PROCEDURE**

19 This Statement of Charges is entered pursuant to the provisions of RCW 21.20.390 and  
20 RCW 21.20.395, and is subject to the provisions of RCW 34.05. The Respondents may each  
21 make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO  
22 DEFEND AND OPPORTUNITY FOR HEARING accompanying this Statement of Charges.  
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1 If a Respondent does not request a hearing, the Securities Administrator intends to adopt  
2 the above Tentative Findings of Fact and Conclusions of Law as final, enter a permanent cease  
3 and desist order as to that Respondent, and impose the fines and costs sought.  
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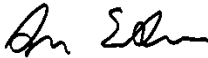
5 Dated and Entered this 21st day of August, 2012.

6  
7 By:

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10 William M. Beatty  
11 Securities Administrator

12 Approved by:

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15 Suzanne Sarason  
16 Chief of Enforcement

Reviewed by:

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19 Robert Kondrat  
20 Financial Legal Examiner Supervisor

21 Presented by:

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25 Bridgett Fisher  
Enforcement Attorney