

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:

Jeffrey Beard; Harvest Wind Energy  
Corp.; Tapemorr, LLC;

Respondents

Order Number S-08-138-10-SC01

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

THE STATE OF WASHINGTON TO:

Jeffrey Beard  
Harvest Wind Energy Corp.  
Tapemorr, LLC

**STATEMENT OF CHARGES**

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents, Jeffrey Beard; Harvest Wind Energy Corp.; and Tapemorr, LLC, 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. The Securities Administrator finds as follows:

**TENTATIVE FINDINGS OF FACT**

Respondents

1. Jeffrey Beard (“Beard”) is a Washington resident believed to reside in Aberdeen, Washington.

2. Harvest Wind Energy Corp. (“HWE”) is a Washington corporation incorporated on March 20, 2002, with its principal place of business located in Aberdeen, Washington. HWE originally incorporated under the name Resonance Composites, Inc., but changed its name to

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INTENT TO ENTER ORDER TO CEASE AND DESIST,  
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DEPARTMENT OF FINANCIAL INSTITUTIONS  
Securities Division  
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360-902-8760

1 HWE on or about February 27, 2004. HWE dissolved as a corporation on July 1, 2008. Beard  
2 acted as chief executive officer and chairman of the board for HWE.

3 3. Tapemorr, LLC (“Tapemorr”) is a Washington limited liability company  
4 established on September 29, 2004, with its principal place of business located in Hoquiam,  
5 Washington. Beard is a member of Tapemorr.

6 *Related Entities*

7  
8 4. Imaginal Technologies, Inc. (“Imaginal”) is a Washington corporation  
9 incorporated on August 14, 2007, with its principal place of business located in Aberdeen,  
10 Washington. Beard acts as the president of Imaginal.

11 *Nature of the Conduct*

12 *HWE*

13 5. Beard incorporated HWE in 2002 under the name Resonance Composites, Inc.  
14 (“Resonance”). Beard purportedly formed Resonance to sell canoes and kayaks he hoped to  
15 produce using new technology and composite materials that would make them lighter and less  
16 expensive than traditional canoes and kayaks. By no later than October 2003, Resonance  
17 decided to design and produce wind turbines, rather than canoes and kayaks, using the same  
18 technology and composite materials. In early 2004 Resonance changed its name to Harvest  
19 Wind Energy Corp. and focused solely on wind turbines.

20  
21 6. Beginning in approximately June 2002, HWE (then known as Resonance  
22 Composites, Inc.) began offering shares of preferred stock to investors. Between June 2002 and  
23 April 2006, HWE sold approximately \$600,000 worth of the preferred shares to 50 investors,  
24 including approximately \$269,250 to 21 Washington residents.

1           7.       Early investors may have received a private placement memorandum and  
2 subscription packet which described Resonance’s proposed activities in the canoe and kayak  
3 industry. By 2004, HWE stopped using the Resonance private placement memorandum and  
4 instead provided potential investors with a business plan describing HWE’s wind turbines and  
5 proposed activities in the wind energy industry. Neither the Resonance private placement  
6 memorandum nor the HWE business plan disclosed Beard’s compensation with the company.  
7

8           8.       A small group of HWE executives located investors for the company. Those  
9 executives typically referred potential investors to Beard who provided details on the wind  
10 turbine design technology and HWE. Beard handled all the subscription agreements, collected  
11 checks from new investors, and sent them stock certificates. Beard was the sole signer on HWE  
12 bank accounts.

13           9.       In approximately November 2005, HWE hired an individual to become HWE’s  
14 chief financial officer (“CFO”). The new CFO discovered a five month period of missing check  
15 register entries for the year 2004. The new CFO could not decipher how the company spent  
16 money during the missing five month period. In 2006 the CFO and other members of HWE tried  
17 to take control of the company from Beard as they began to question whether Beard  
18 misappropriated company funds.  
19

20           10.       The checkbook register, representing transactions from June 2002 through March  
21 2006, contained numerous withdrawals to Beard or his wife totaling approximately \$175,000.  
22 Beard’s wife did not work for HWE. The HWE checkbook register also showed approximately  
23 \$100,000 in payments towards Beard’s personal credit card.

24           11.       In testimony, Beard said that he was entitled to make withdrawals from the  
25 company to cover his monthly bills and that this was disclosed to investors, but not in specific

1 terms. Beard also testified that HWE did not have a system in place to account for which  
2 withdrawals went to business expenses and which went to Beard's personal expenses.

3 12. HWE's last sale of shares of preferred stock occurred in April 2006.

4 13. In approximately November 2006, all but one of the other executives with HWE  
5 resigned from the company. Beard said the executives left after a failed hostile takeover of the  
6 company in which they accused him of improprieties with investor money.

7  
8 14. In 2007, after the HWE executives resigned, Beard formed Imaginal to move  
9 forward with his intent to build wind turbines using composite materials.

10 15. HWE dissolved as a corporation on July 1, 2008.

11 16. Beard did not notify HWE investors when the company dissolved. After HWE  
12 dissolved, Beard received inquiries from HWE investors on the status of their investment. Beard  
13 told at least two HWE investors that he expected funding to come through shortly and that it  
14 appeared the company might be turning the corner.

15 17. Beard told at least two HWE investors that the company was being restructured  
16 and told at least one investor the restructuring included a name change to Imaginal Technologies,  
17 Inc. Beard told at least one investor that Imaginal would issue HWE investors new stock  
18 certificates for Imaginal or buy back the HWE certificate once the new company closed on its  
19 financing.

20  
21 18. According to Beard, Imaginal has not issued any stock certificates or raised any  
22 money through investors.

*Tapemorr*

1  
2 19. Beard formed Tapemorr to sell different kinds of tape (duct, athletic, medical)  
3 branded with graphic logos. Tapemorr specifically sought to sell branded tape featuring  
4 automotive company and sports team logos.

5 20. On November 19, 2004, Tapemorr solicited a \$10,000 investment from at least  
6 one Washington resident. The investment agreement, signed by Beard, required Tapemorr to  
7 return the investor's \$10,000 principal and an additional \$30,000 within one year of the  
8 agreement.

9  
10 21. Beard told the Washington resident that his funds would be used for travel and  
11 expenses at a Special Equipment Manufacturers Association ("SEMA") trade show in Las  
12 Vegas, where Tapemorr hoped to market its graphic logo tape.

13 22. Two other individuals invested approximately \$20,000 each with Tapemorr. One  
14 of those investors was to receive \$100,000 for his \$20,000 investment, with the \$100,000  
15 generated by a percentage of each roll of tape sold. Those funds were also purportedly used to  
16 pay expenses at SEMA.

17 23. On November 22, 2004 Tapemorr transferred \$3,000 to HWE's bank account.  
18 On November 29, 2004 Tapemorr transferred another \$3,000 to HWE's bank account.  
19 According to Beard, HWE had bigger potential than Tapemorr and because of that, if HWE ran  
20 low on funds, Tapemorr transferred money to HWE.

21  
22 24. As of June 2010, Tapemorr has made no payments on the funds provided by  
23 investors. Tapemorr has not sold any branded tape. Beard testified that minimum order  
24 requirements for the tape were too large and lag times on producing the tape were too long for  
25 potential customers.

1 Misrepresentations and Omissions

2 25. Respondents HWE and Beard failed to provide to at least one investor, material  
3 information regarding investing in HWE stock, including but not limited to: financial  
4 statements, the general risks of investing in a start-up company, and the specific risks of  
5 investing in manufacturing composite materials and wind turbines.  
6

7 26. Respondents HWE and Beard failed to disclose that Beard had unregulated access  
8 to HWE accounts to pay personal expenses and no system existed to account for which  
9 withdrawals were for business or Beard's personal expenses.

10 27. Respondents Tapemorr and Beard failed to provide to at least one investor,  
11 material information regarding investing with Tapemorr, including but not limited to: financial  
12 statements, the general risks of investing in a start-up company, and the specific risks of  
13 investing in graphic logo tape.

14 28. Respondents Tapemorr and Beard misrepresented to at least one investor that his  
15 funds would be used for expenses at a SEMA trade show. Days after receiving \$10,000 from the  
16 investor Beard transferred \$6,000 to HWE.

17 29. Respondents HWE and Beard failed to disclose to HWE investors that Beard also  
18 operated Tapemorr and sometimes took money from Tapemorr to support the activities of HWE.  
19

20 Registration Status

21 30. Respondent Harvest Wind Energy Corp. is not currently registered to sell its  
22 securities in the state of Washington and has not previously been so registered nor has it filed a  
23 claim of exemption from registration.  
24  
25

1           31.    Respondent Tapemorr is not currently registered to sell its securities in the state of  
2 Washington and has not previously been so registered nor has it filed a claim of exemption from  
3 registration.

4           32.    Respondent Jeffrey Beard is not currently registered as a securities salesperson or  
5 broker-dealer in the state of Washington and has not previously been so registered.  
6

7  
8           Based upon the Tentative Findings of Fact, the following Conclusions of Law are made:

9   **CONCLUSIONS OF LAW**

10          1.     The offer or sale of the HWE stock described in paragraph 6 above constitutes the  
11 offer or sale of a security as defined in RCW 21.20.005(10) and (12).

12          2.     The offer of the Tapemorr investment agreement described in paragraphs 19-21  
13 above constitutes the offer or sale of a security as defined in RCW 21.20.005(10) and (12).

14          3.     Respondents Jeffrey Beard; Harvest Wind Energy Corp.; and Tapemorr, LLC  
15 violated RCW 21.20.140, the securities registration provision of the Securities Act, because they  
16 offered and/or sold securities for which there was no registration on file with the Securities  
17 Administrator.

18          4.     Respondent Jeffrey Beard violated RCW 21.20.040 by offering or selling said  
19 securities while not registered as a securities salesperson or broker-dealer in the state of  
20 Washington.  
21

22          5.     The offer or sale of said securities violated RCW 21.20.010 because, as set forth  
23 in the Tentative Findings of Fact, Respondents made misstatements of material facts or omitted  
24 to state material facts necessary in order to make the statements made, in light of circumstances  
25 under which they were made, not misleading.

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

2 Based on the above Tentative Findings of Fact and Conclusions of Law, the Securities  
3 Administrator intends to order, pursuant to RCW 21.20.390(1), that Jeffrey Beard; Harvest Wind  
4 Energy Corp.; and Tapemorr, LLC; their agents and employees shall each cease and desist from  
5 violations of RCW 21.20.140, RCW 21.20.040, and RCW 21.20.010.

6 **NOTICE OF INTENT TO IMPOSE FINES**

7 Pursuant to RCW 21.20.395, and based upon the Tentative Findings of Fact and  
8 Conclusions of Law, the Securities Administrator intends to order that Respondent Jeffrey Beard  
9 shall be liable for and pay a fine of \$10,000.  
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11 **NOTICE OF INTENT TO RECOVER COSTS**

12 Pursuant to RCW 21.20.390(5), and based upon the Tentative Findings of Fact and  
13 Conclusions of Law, the Securities Administrator intends to order that Respondents Jeffrey  
14 Beard; Harvest Wind Energy Corp.; and Tapemorr, LLC shall be liable for and pay the costs,  
15 fees, and other expenses incurred in the investigation of this matter.  
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17 **AUTHORITY AND PROCEDURE**

18 This Statement of Charges is entered pursuant to the provisions of the Securities Act and  
19 is subject to the provisions of RCW 21.20 and RCW 34.05. The Respondents, Jeffrey Beard;  
20 Harvest Wind Energy Corp.; and Tapemorr, LLC, may each make a written request for a hearing  
21 as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR  
22 HEARING accompanying this Statement of Charges.

23 If a Respondent does not request a hearing, the Securities Administrator intends to adopt  
24 the above Tentative Findings of Fact and Conclusions of Law as final, enter a permanent cease  
25 and desist order as to that Respondent, and impose the fines and costs sought.




1 DATED and ENTERED this 29th day of September, 2010.

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6 WILLIAM M. BEATTY  
Securities Administrator

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8 Approved by:

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11 Suzanne Sarason  
Chief of Enforcement

Presented by:

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25 Jack McClellan  
Enforcement Attorney