

1 Washington resident that using this tool would allow Dinotech to operate wells that had previously been considered
2 “dry” to produce marketable oil. The salesperson made no verbal disclosure of risk to the Washington resident.

3 4. The Washington resident also talked on the phone with Knighton about the investment in Dinotech. Knighton
4 confirmed what the salesperson told the Washington resident. Knighton made no disclosures of risk to the
5 Washington resident during their phone call.

6 5. Prior to the July 2005 unsolicited phone call, the Washington resident had no prior relationship with Knighton
7 or Dinotech.

8 6. The Washington resident completed a subscription agreement and invested \$20,000 on August 11, 2005. For
9 the investment, the Washington resident received a certificate for 20,000 shares of Dinotech common stock as well as
10 warrants to purchase 10,000 additional shares of Dinotech common stock at the \$1 per share price.

11 7. Starting in late 2005, Knighton began sending announcements via e-mail to the Washington resident, as well
12 as other investors around the country, which stated Dinotech was going to make an initial public offering soon.
13 Knighton told investors that the price per share of Dinotech stock would likely increase upon the initial public
14 offering, potentially yielding a 1,200% return on investment. On March 20, 2007, Knighton emailed the Washington
15 resident, along with other investors, and stated that while she believed an initial public offering was going to take
16 place soon, she would refund the money of any investor who requested it on the basis that the initial public offering
17 was not being made as quickly as planned.

18 8. The Washington resident mailed Knighton a letter dated March 21, 2007, requesting his investment back.
19 Knighton did not respond to his written request.

20 9. No public offering of Dinotech stock was ever made.

21 10. The Washington investor has never received any return on his investment as of the date of this Statement of
22 Charges.

23 Misrepresentations and Omissions

24 11. Respondents failed to provide the Washington resident with material information regarding an investment in
25 Dinotech stock including a disclosure document, prospectus or similar written document describing the risks of
purchasing Dinotech shares. In particular, Respondents failed to provide the Washington resident with a current
financial statement from Dinotech.

Respondents misrepresented that Dinotech possessed producing oil and gas wells at the time Dinotech solicited
the Washington resident, when in fact Dinotech did not possess any producing oil or producing gas wells.
Respondents also misrepresented that Dinotech possessed patent rights in technology to improve the quality of low
grade crude oil in order to induce the Washington investor to invest. The United States Patent and Trademark Office’s
patent search function located at <http://www.uspto.gov/patents/process/search/> discloses no patents owned by or
assigned to Dinotech or Knighton.

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Registration Status

12. Dinotech is not currently registered to sell securities in the state of Washington and has not previously been so registered. Dinotech has not filed a claim of exemption from registration.

13. Ruby Knighton is not currently registered as a securities salesperson or broker-dealer in the state of Washington and has not previously been so registered.

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

CONCLUSIONS OF LAW

I.

The offer and/or sale of Dinotech shares and warrants described above constitute the offer and/or sale of a security as defined in RCW 21.20.005(14) and (17) as stock, options, an investment contract, risk capital, an evidence of indebtedness or some combination thereof.

II.

The offer and/or sale of said securities was in violation of RCW 21.20.140 because no registration for such offer and/or sale is or has even been on file with the Securities Administrator.

III.

Ruby Knighton has violated RCW 21.20.040(1) by offering and/or selling said securities while not being registered as a securities salesperson or broker-dealer in the state of Washington.

IV.

The offer and/or sale of said securities was made in violation of RCW 21.20.010 because Dinotech and Ruby Knighton did not inform the Washington resident of the risks of investing in Dinotech nor did they give him a financial statement. Respondents also made misrepresentations about the assets of Dinotech that caused the Washington resident to invest. Dinotech and Knighton also misrepresented that they would refund the Washington resident's investment upon receipt of a letter requesting a refund.

NOTICE OF INTENT TO ORDER THE RESPONDENT TO CEASE AND DESIST

Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order, pursuant to RCW 21.20.390(1), that Dinotech Corporation and Ruby Knighton, their agents and employees, each shall cease and desist from violations of RCW 21.20.010, RCW 21.20.040, and RCW 21.20.140.

1 **NOTICE OF INTENT TO IMPOSE FINES**

2 Pursuant to RCW 21.20.395, and based upon the Tentative Findings of Fact and Conclusions of Law, the
3 Securities Administrator intends to order that Dinotech Corporation and Ruby Knighton shall be jointly and severally
4 liable for and shall pay a fine in the amount of \$10,000.

5 **AUTHORITY AND PROCEDURE**

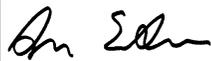
6 This Statement of Charges is entered pursuant to the provisions of Chapter 21.20 RCW and is subject to the
7 provisions of Chapter 34.05 RCW. The respondents, Dinotech Corporation and Ruby Knighton, may each make a
8 written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY
9 FOR HEARING accompanying this Order. If a respondent does not make a hearing request in the time allowed, the
10 Securities Administrator intends to adopt the above Tentative Findings of Fact and Conclusions of Law as final and to
11 enter a permanent order to cease and desist as to that respondent, to impose any fines sought against that respondent,
12 and to charge any costs sought against that respondent.

13 Signed and Entered this 7th day of November 2012.

14 

15 William M. Beatty
16 Securities Administrator

17 Approved by:

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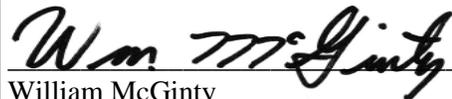
19
20 Suzanne Sarason
21 Chief of Enforcement

22 Reviewed by:

23 

24 Jack McClellan
25 Financial Legal Examiner Supervisor

Presented by:

26 

27 William McGinty
28 Financial Legal Examiner