

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

4 IN THE MATTER OF DETERMINING) Order No. S-12-1087-SC01
5 Whether there has been a violation of the)
6 Securities Act of Washington by:) STATEMENT OF CHARGES AND NOTICE OF
7 SPIRITLIVING CO. and DENNIS EUGENE) INTENT TO ENTER AN ORDER TO CEASE AND
8 CRUMB,) DESIST, TO IMPOSE A FINE, AND TO CHARGE
9) COSTS
10)
11 Respondents)

12 THE STATE OF WASHINGTON TO: SpiritLiving Co.
13 Dennis Eugene Crumb

14 **STATEMENT OF CHARGES**

15 Please take notice that the Securities Administrator of the state of Washington has reason to believe
16 that Respondents, SpiritLiving Co. and Dennis Eugene Crumb, have each violated the Securities Act of
17 Washington. The Securities Administrator believes that these violations justify the entry of an order of the
18 Securities Administrator under RCW 21.20.390 to cease and desist from such violations, under RCW
19 21.20.395 to impose a fine, and under RCW 21.20.390 to charge costs. The Securities Administrator finds
20 as follows:

21 **TENTATIVE FINDINGS OF FACT**

22 Respondents

23 1. SpiritLiving Co. ("SpiritLiving") is an Idaho corporation that was incorporated on April 14,
24 2008 and was administratively dissolved on July 11, 2012. SpiritLiving was a retail Internet sales
25 company that sold high-end home and garden products.

2. Dennis Eugene Crumb ("Crumb") is a Washington resident and was the President of
SpiritLiving.

1 Offering of Common Stock

2 3. During 2008, SpiritLiving had more than \$500,000 worth of outstanding common stock,
3 most of which was purchased by Crumb or his relatives. In April 2008, Respondents, SpiritLiving
4 and Crumb, offered 25,000 shares of common stock in SpiritLiving to a Washington investor. The
5 sale and issuance of the 25,000 shares was completed in September 2008. The shares were sold for
6 \$1 each, for a total investment of \$25,000.

7 Misrepresentations or Omissions

8 4. When offering and selling the stock, Respondents each misrepresented or failed to disclose
9 to the investor material information about the investment. Respondents each misrepresented to the
10 investor that a percentage of his funds would be used to purchase the assets of two Colorado
11 corporations. Respondents also represented that a percentage of invested funds would be used for
12 working capital in SpiritLiving Co. and its subsidiaries. Respondents each failed to disclose to the
13 investor that Respondents defaulted on promissory note payments for the purchase of the two
14 Colorado corporations prior to September 2008. Respondents each failed to disclose to the investor
15 that the Colorado corporations had filed a lawsuit against Respondents in July 2008 for non-payment
16 of the promissory notes. In addition, Respondents each failed to disclose other material risks of the
17 investment, including inadequate capitalization, competition, management’s inexperience in
18 operating this type of business, and the company’s limited operating history.
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20 Based upon the Tentative Findings of Fact, the following Conclusions of Law are made:

21 **CONCLUSIONS OF LAW**

22 1. As set forth in the Tentative Findings of Fact, the offer or sale of the stock described
23 above constitutes the offer or sale of a security as defined in RCW 21.20.005(14) and (17).
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1 2. As set forth in the Tentative Findings of Fact, Respondents, SpiritLiving and Crumb,
2 each made untrue statements of material fact or omitted to state material facts necessary in order to
3 make the statements made, in the light of the circumstances under which they are made, not
4 misleading, in violation of RCW 21.20.010, the anti-fraud section of the Securities Act of
5 Washington.

6 **NOTICE OF INTENT TO ORDER RESPONDENTS TO CEASE AND DESIST**

7 Pursuant to RCW 21.20.390, and based upon the Tentative Findings of Fact and Conclusions of
8 Law, the Securities Administrator intends to order that Respondents, SpiritLiving Co. and Dennis
9 Eugene Crumb, and their agents and employees, each shall cease and desist from any violation of
10 RCW 21.20.010.

11 **NOTICE OF INTENT TO IMPOSE A FINE**

12 Pursuant to RCW 21.20.395, and based upon the Tentative Findings of Fact and Conclusions of
13 Law, the Securities Administrator intends to order that Respondent, Dennis Eugene Crumb, shall be
14 liable for and shall pay a fine of \$2,500.

15 **NOTICE OF INTENT TO CHARGE COSTS**

16 Pursuant to RCW 21.20.390, and based upon the Tentative Findings of Fact and Conclusions of
17 Law, the Securities Administrator intends to order that Respondent, Dennis Eugene Crumb, shall be
18 liable for and shall pay investigative costs of \$1,000.

19 **AUTHORITY AND PROCEDURE**

20 This Statement of Charges is entered pursuant to the provisions of chapter 21.20 RCW and is
21 subject to the provisions of chapter 34.05 RCW. Respondents, SpiritLiving Co. and Dennis Eugene
22 Crumb, may each make a written request for hearing as set forth in the NOTICE OF
23 OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this
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Statement of Charges. If a respondent does not make a hearing request in the time allowed, the Securities Administrator intends to adopt the Tentative Findings of Fact and Conclusions of Law as final and to enter a permanent order to cease and desist against the respondent, to impose any fine sought against the respondent, and to charge any costs sought against the respondent.

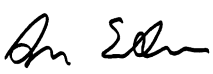
WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

SIGNED and ENTERED this 26th day of February, 2013

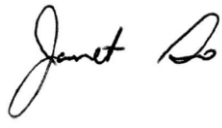


WILLIAM M. BEATTY
Securities Administrator

Approved by:



Suzanne E. Sarason
Chief of Enforcement



Janet So
Enforcement Attorney

Reviewed by:



Robert Kondrat
Financial Legal Examiner Supervisor