

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

4 IN THE MATTER OF DETERMINING) Order No.: S-13-1291-14-CO03
5 whether there has been a violation of the)
6 Securities Act of Washington by:)
7)
8 Charles Feick; William Moore; James Harrison;) CONSENT ORDER AS TO JAMES HARRISON
9 Northwest Growers Association, Inc.,)
10)
11 Respondents.)

12 **INTRODUCTION**

13 On January 21, 2014, the Securities Administrator of the Securities Division of the Department of Financial
14 Institutions (“Securities Division”) issued a Statement of Charges and Notice of Intent to Enter Order to Cease and
15 Desist, To Impose Fines and To Charge Costs, Order Number S-13-1291-14-SC01, against Respondents Charles
16 Feick, William Moore, James Harrison, and Northwest Growers Association, Inc. Pursuant to the Securities Act of
17 Washington, RCW 21.20, the Securities Division and Respondent, James Harrison, do hereby enter into this
18 CONSENT ORDER in settlement of the matters alleged herein. Respondent, James Harrison, neither admits nor
19 denies the Findings of Fact and Conclusions of Law as stated below.

20 **FINDINGS OF FACT**

21 Respondents

- 22 1. Northwest Growers Association, Inc. (“NWGA”) is a Washington corporation with its principal place of
23 business in Aberdeen, WA.
24 2. Charles Feick (“Feick”) is a Washington resident and the CEO of NWGA.
25 3. William Moore (“Moore”) is a Washington resident, and a former NWGA vice president and board member.
4. James Harrison (“Harrison”) is a Washington resident, and a former NWGA president and board member.

26 Nature of the Offering

27 5. Between February and August 2013, Respondents offered and sold over \$46,000 of NWGA stock to at least
28 54 investors. At least 50 investors were Washington residents and at least 9 were not accredited. Respondents required
29 would-be investors to become NWGA “members” by submitting to a background check and paying \$100.
30 Membership entitled individuals to purchase up to \$5,000 of NWGA stock, either for themselves or for others who

1 successfully completed a background check.

2 6. Respondents presented NWGA as a startup company and trade member association that worked to support the
3 implementation, regulation, and taxation of recreational marijuana in Washington. To find prospective investors,
4 Respondents solicited friends, family, and acquaintances by phone, in person, or via newsletters. NWGA also held
5 public meetings at the SouthShore Mall. Some prospective investors learned about NWGA through newspaper articles
6 or NWGA’s website. Respondents also encouraged prospective investor referrals.

7 7. Respondents used the recent passage of Initiative Measure No. 502 and the potential of a multi-million dollar
8 marijuana industry in Washington as the bases for their sales pitch. When Respondents solicited prospective investors,
9 they represented that investors would get in on the ground floor of a company with great financial potential and would
10 participate in the “new cannabis gold rush.” Moore told at least one investor, who contemplated making an additional
11 investment, that investors would benefit from future stock splits or dividends. Respondents also told prospective
12 investors that NWGA would use offering proceeds to pay for expenses, including legal fees, lobbying fees, building
13 fees, and licensing fees.

14 8. Feick, Moore, and Harrison each sold NWGA stock – to approximately 11, 20, and 12 investors, respectively.

15 Misrepresentations and Omissions

16 9. Respondents failed to provide material information to prospective investors including information concerning
17 the experience of NWGA’s officers, NWGA’s financial condition, the nature and value of NWGA’s assets, the
18 feasibility of NWGA’s business, the marketability of NWGA’s products, the potential for competition, the valuation
19 of NWGA’s stock, the registration status of NWGA’s stock and salespersons, and NWGA’s capital requirements.
20 Respondents also failed to provide material information to prospective investors concerning risks associated with the
21 investment, including the risk that NWGA would not obtain the necessary licenses, that NWGA’s business activities
22 could violate federal law thus exposing shareholders to additional liability, that the investment could result in a
23 complete loss, and that there may never be a market for NWGA’s stock.

24 10. Respondents’ representations, as described in paragraph 7 above, were misleading. Respondents failed to
25 provide a reasonable basis for the representations.

Registration Status

11. Northwest Growers Association, Inc., is not currently registered to sell its securities in the state of Washington and has not previously been so registered.

12. William Moore is not registered as a securities salesperson or broker-dealer in the state of Washington and has not previously been so registered.

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

14. Charles Feick is not 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

1. The offer or sale of stock as described above constitute the offer and/or sale of a security as defined in RCW 21.20.005(14) and (17).

2. The offer and/or sale of said securities is in violation of RCW 21.20.140 because no registration for such an offer and/or sale is on file with the Securities Administrator, state of Washington.

3. James Harrison violated RCW 21.20.040 by offering and/or selling said securities while not registered as a securities salesperson or broker-dealer in the state of Washington.

4. The offer and/or sale of said securities were in violation of RCW 21.20.010 because Respondents made untrue statements of material facts or omitted material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

CONSENT ORDER

Based upon the foregoing and finding it in the public interest:

IT IS AGREED AND ORDERED that Respondent, James Harrison, his agents and employees shall cease and desist from violating RCW 21.20.010, the anti-fraud section of the Securities Act of Washington.

IT IS FURTHER AGREED AND ORDERED that Respondent, James Harrison, his agents and employees shall cease and desist from violating RCW 21.20.040, the securities salesperson and broker-dealer registration section

of the Securities Act of Washington.

IT IS FURTHER AGREED AND ORDERED that Respondent, James Harrison, his agents and employees shall cease and desist from violating RCW 21.20.140, the securities registration section of the Securities Act of Washington.

IT IS FURTHER AGREED AND ORDERED that Respondent, James Harrison, shall be liable for and shall pay a fine of \$1,000 and investigative costs of \$1,000.

IT IS FURTHER AGREED AND ORDERED that payment of the fine and costs described above shall be made as follows: James Harrison shall pay \$100 toward investigative costs on or before the entry of this Consent Order. James Harrison shall then pay the remaining investigative costs and fines in monthly payments of \$100 for the following nineteen consecutive months. The first \$900 in monthly payments will pay the investigative costs balance and the remaining \$1000 in payments will pay the fine. Each payment shall be due the first day of the month, unless the first day of the month falls on a weekend or holiday, in which case payment shall be due on the first business day following the first day of the month.

IT IS FURTHER AGREED that if James Harrison fails to make any monthly payment, the fines and investigative costs shall become immediately due and payable, and the Securities Division may seek enforcement of the Consent Order pursuant to RCW 21.20.395

IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this Consent Order.

IT IS FURTHER AGREED that Respondent, James Harrison, entered into this Consent Order freely and voluntarily and with a full understanding of its terms and significance.

IT IS FURTHER AGREED that in consideration of the foregoing, Respondent, James Harrison, waives his right to a hearing and to judicial review of this matter pursuant to RCW 21.20.440 and Chapter 34.05 RCW.

WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

Signed this 26th day of February 2014.

Signed by:

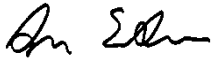
/s/ James Harrison, Individually

SIGNED and ENTERED this 3rd day of March 2014.



William M. Beatty
Securities Administrator

Approved by:



Suzanne Sarason
Chief of Enforcement

Presented by:



Drew Stillman
Financial Legal Examiner

Reviewed by:



Jack McClellan
Financial Legal Examiner Supervisor