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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

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IN THE MATTER OF DETERMINING) Order No.: S-14-1415-15-SC01
Whether there has been a violation of the)
Securities Act of Washington by:) STATEMENT OF CHARGES AND NOTICE OF INTENT
) TO ENTER ORDER TO CEASE AND DESIST, TO
Iverson Genetic Diagnostics, Inc.; Dean Sproles;) IMPOSE FINES AND TO CHARGE COSTS
James Lisowsky; Gregory Groeller; Frederick J.)
Birks; Dean A. Esposito; Joseph DeVito; Viper)
Asset Management, LLC; Gryphon Asset)
Management LLC; DJC Consulting LLC;)
)
Respondents.)

THE STATE OF WASHINGTON TO:

**Iverson Genetic Diagnostics, Inc.
Dean Sproles
James Lisowsky
Gregory Groeller
Frederick J. Birks
Dean A. Esposito
Joseph DeVito
Viper Asset Management, LLC
Gryphon Asset Management LLC
DJC Consulting LLC**

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the state of Washington has reason to believe that Respondents, Iverson Genetic Diagnostics, Inc.; Dean Sproles; James Lisowsky; Gregory Groeller; Frederick J. Birks; Dean A. Esposito; Joseph DeVito; Viper Asset Management, LLC; Gryphon Asset Management LLC; and DJC Consulting LLC, have each violated the Securities Act of Washington. The Securities Administrator believes those violations justify the entry of an order against the Respondents to cease and desist from such violations and to charge costs pursuant to RCW 21.20.390, and under RCW 21.20.395 to impose fines. The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

Respondents

1. Iverson Genetic Diagnostics, Inc. (“Iverson”) is a Nevada corporation formed on or about March 7, 2007 with its headquarters located in Seattle, Washington. Iverson offers genetic testing services to help health care providers detect diseases and determine proper dosing for medication.
2. Dean Sproles (“Sproles”) resides in South Carolina. Sproles resided in Seattle and acted as the Chief Executive Officer of Iverson from the company’s inception until approximately April, 2014.

1 3. James Lisowsky (“Lisowsky”) is believed to reside in Burkeville, Texas. Lisowsky solicited
investments on behalf of Iverson.

2 4. Gregory Groeller (“Groeller”) is believed to reside in New Jersey. Groeller solicited investments on
3 behalf of Iverson. Groeller has a Central Registration Depository (“CRD”) number of 2768372. Groeller has not been
registered as a securities salesperson or broker-dealer since 2000.

4 5. Dean A. Esposito (“Esposito”) is believed to reside in Boca Raton, Florida. Esposito solicited
5 investments on behalf of Iverson while working for Viper Asset Management, LLC. Esposito has a CRD number of
6 2303699. Esposito has not been registered as a securities salesperson or broker-dealer since 2005.

7 6. Joseph DeVito (“DeVito”) is believed to reside in Brooklyn, New York. DeVito solicited
investments on behalf of Iverson while working for Viper Asset Management, LLC. DeVito has a CRD number of
8 3034780. DeVito has not been registered as a securities salesperson or broker-dealer since 2001.

9 7. Frederick J. Birks (“Birks”) resides in Orlando, Florida. Birks solicited investments on behalf of
Iverson while working for Viper Asset Management, LLC and Iverson later hired Birks to work directly for Iverson.
10 Iverson also paid Birks through an entity he controlled called Gryphon Asset Management LLC. Birks has a CRD
11 number of 243962. Birks has not been registered as a securities salesperson or broker-dealer since 2005.

12 8. Viper Asset Management, LLC (“Viper”) was a Florida entity formed on or about November 10,
2010. Esposito and DeVito acted as the managers of Viper. Viper earned commissions for sales of Iverson securities
13 by Esposito, DeVito, and Birks. Viper dissolved in October 2014.

14 9. Gryphon Asset Management LLC (“Gryphon”) is a Florida entity formed on or about March 18,
2004. Birks manages Gryphon. Iverson paid commissions to Gryphon for sales of Iverson securities by Birks.

15 10. DJC Consulting LLC (“DJC”) was a Florida entity formed on or about February 12, 2008. Esposito
16 and DeVito acted as the managers of DJC. DJC earned commissions for selling Iverson securities. DJC dissolved in
17 September 2009.

18 Nature of the Offering

19 11. Between 2007 and 2015, Iverson raised in excess of \$19.5 million from over 400 investors by selling
debentures, stock, warrants, and convertible promissory notes. Iverson paid large commissions to unregistered
20 salespersons to sell Iverson investments to investors across the United States. The unregistered salespersons Iverson
used to solicit its investments typically had prior administrative orders for violating securities laws, and in some cases,
21 criminal records involving theft or fraud.

22 12. The salespersons for Iverson typically told potential investors that within 6 to 24 months the company
would be going public through an initial public offering. Salespersons also encouraged investors to purchase stock
23 before the price for shares increased in the next few months.
24

13. Iverson stock never traded on a public exchange. In 2015, Iverson petitioned for chapter 11 bankruptcy.

Iverson Securities Offerings

14. Iverson, while headquartered in Washington State, offered investments in the form of debentures, convertible promissory notes, common stock, and warrants. Iverson sold most investors common stock or converted investors to stock at the maturity of their note or debenture.

Debentures / Convertible Promissory Notes

15. Between 2007 and 2015, Iverson conducted multiple offers of what it called convertible debentures and convertible promissory notes. The convertible debentures and convertible note offerings had similar investment terms. Iverson typically offered an interest rate of 10% per year on the debentures and notes. The length of time that Iverson offered for repayment differed slightly in the various debenture and note offerings. Initially Iverson offered a debenture that called for repayment in 18 months. In later debenture and note offerings, Iverson offered repayment periods of 12 or 24 months. Typically, but not always, Iverson offered debenture and note investors the option to convert the debt into Iverson common stock at the end of the repayment term.

16. Iverson failed to repay at least one 2007 Iverson debenture investor at the maturity of the debenture agreement in 2009. Iverson failed to disclose this failure to comply with repayment terms in its later debenture and convertible promissory note offerings.

Stock & Warrants

17. Between 2007 and 2015, Iverson conducted multiple offers of its common stock. Initially, Iverson offered shares at a price of \$0.20 per share. Over time Iverson also offered shares at \$0.35 per share, \$1.00 per share, \$2.50 per share, and \$5.00 per share. Some Iverson stock offerings also included warrants for the purchase of additional stock in the future.

18. Regardless of the time period in which Iverson sold stock, the sales method generally remained the same. Iverson salespersons told potential investors that Iverson stock would be offered on a public exchange within 6-24 months and that the value of the stock would increase significantly when that happened.

19. In 2009, when Iverson sold shares at a price of \$0.20 per share, Lisowsky represented to at least one investor that the price would be \$2 per share when Iverson conducted an initial public offering within 24 months. In 2011, DeVito represented to at least one investor that Iverson shares selling at \$0.35 per share would be worth \$7 per share when Iverson conducted an initial public offering in 18 months. In 2011, Esposito represented to at least one investor that Iverson shares selling for \$0.35 per share would be worth \$8 to \$12 per share when the company went public in 18 to 24 months. Groeller represented to at least one investor that Iverson stock selling for \$1 per share would be worth \$5 to \$7 per share when Iverson went public in 6 to 12 months. In 2013, Birks represented to at least one investor that Iverson stock selling for \$2.50 per share would be worth \$10 per share at an initial public offering.

1 The Respondents failed to provide a reasonable basis for these projected share prices and projected dates for an initial
2 public offering.

3 *Revised Investment Offers*

4 20. In 2007, Iverson offered convertible debentures bearing an interest rate of 10% which matured in 18
5 months. At the end of the 18 months the investor had the option of repayment or conversion to Iverson common stock
6 at a price of \$1 per share. In 2008, Iverson conducted an offering of common stock at \$0.20 per share. As Iverson's
7 initial debentures approached maturity, debenture purchasers faced the option of seeking repayment or paying \$1 per
8 share for common stock that Iverson concurrently offered at a price of \$0.20 per share. Because of the higher stock
9 conversion price, Iverson likely faced a situation where most, if not all, of the debenture holders would seek
10 repayment of principal in or around the same time period. In mid-2008, Iverson sought to amend the terms of the
11 debenture offering to equalize its stock conversion price to the price of current common stock offering. Iverson sent
12 out "Revised Investment Terms" to both the existing convertible debenture purchasers and the existing \$0.20 per
13 share common stock purchasers. The "Revised Investment Terms" sent to the debenture purchasers differed slightly to
14 the "Revised Investment Terms" sent to the stock purchasers.

15 21. In or about August 2008, Iverson sent debenture purchasers the offer for "Revised Investment
16 Terms." In the debenture version of Iverson's "Revised Investment Terms" offer, Iverson asked the investor to choose
17 between two options. In one option, Iverson asked the investor to accept the "Revised Investment Terms" that would
18 convert the investment to Iverson common stock at a price of \$0.20 per share. The other option that Iverson provided
19 to the investor was to decline the "Revised Investment Terms" and request return of the original investment funds.

20 22. In or about November 2008, Iverson sent stock purchasers an offer for "Revised Investment Terms."
21 In this version of Iverson's "Revised Investment Terms" offer, Iverson also asked investors to choose between two
22 options. In the first option, Iverson asked the investor to accept to continue to participate in the stock offering, which
23 had been modified to allow for additional investment funds from debenture conversions. The other option that Iverson
24 provided to the investor was to decline the "Revised Investment Terms" and request return of investment funds.

25 23. At least one Iverson debenture investor opted to request a return of his original principal in August
26 2008. Iverson did not repay the investor until September 2009, over a year after requesting the return of principal, and
27 five months after the terms of the original debenture contract called for repayment.

28 24. At least one Iverson stock investor opted to request a return of his original principal amount in
29 November 2008. Sproles told the investor that the cash that Iverson had raised had all been allocated and Iverson
30 would not be returning the investor's funds.

31 25. In its "Revised Investment Terms" offerings, Iverson failed to disclose financial information about its
32 ability to repay investors who chose to request a return of their original investment. Iverson failed to disclose in later

1 debenture and promissory note offerings that it had failed to comply with repayment terms in its “Revised Investment
2 Terms” offerings.

3 Private Sales of Iverson Stock

4 26. While Iverson never successfully launched an initial public offering of Iverson stock, Esposito,
5 DeVito, and Birks (“Viper Salespersons”) facilitated a private market for investors to sell their Iverson stock. The
6 Viper Salespersons kept large portions of the purchase price when they facilitated these transactions. Iverson and
7 Sproles knew of the private market transactions. Iverson, Sproles, and the Viper Salespersons failed to disclose the
8 amount of money that the Viper Salespersons retained when facilitating these private transactions. Iverson, Sproles,
9 and the Viper Salespersons also failed to disclose that while Iverson and the Viper Salespersons conducted an offering
10 for Iverson stock at one price, the Viper Salespersons simultaneously brokered a private market for Iverson shares at
11 lower prices.

12 27. Viper Salespersons facilitated the private sale of several Iverson investors’ shares to multiple buyers.
13 The sellers and buyers typically did not know the identity of one another. Buyers of the stock in private sales
14 transactions entered into a ‘Stock Purchase Agreement’ with DJC in which DJC represented that it was selling its own
15 shares to the buyer. However, DJC seldom owned the shares and instead facilitated the sales from a seller to multiple
16 buyers. Buyers in the private sale transactions made payments to DJC c/o Viper in Florida. Because the buyers and
17 sellers never communicated with one another, and Viper Salespersons handled all of the funds, the buyers and sellers
18 did not know that Viper Salespersons retained 30% or more of the purchase price in these private sale transactions.

19 28. A private sale conducted by Esposito and Birks illustrates how these transactions worked. In early
20 2012, when Iverson offered shares at \$1 per share, Birks told a potential investor that Birks could acquire 35,000
21 shares of Iverson common stock for the potential investor at a price of \$0.60 per share from an existing shareholder.
22 Meanwhile, Esposito told the seller of those shares that Esposito could sell the investor’s shares at price of \$0.40 per
23 share. The buyer, through Birks, sent \$21,000 to DJC c/o Viper in Florida to acquire the shares. DJC kept \$7,000 of
24 the buyer’s funds and Esposito transferred \$14,000 to the seller for his 35,000 shares. The buyer and seller never
25 communicated with one another and neither knew the price at which the other had agreed upon for the sale. The Viper
Salespersons failed to disclose to the buyer and seller the \$7,000 they retained for facilitating the private sale,
amounting to over 30% of the purchase price.

26 29. Sproles, while acting as Iverson’s CEO, sold some of his own personal shares in Iverson through
27 private sales transactions. In or about April 2013, when Iverson offered shares at \$2.50 per share, Sproles sold 59,000
28 of his personal Iverson shares to an investor for \$1 per share. In or about June 2013, Sproles sold 35,000 of his
29 personal Iverson shares to another investor for \$1 per share.

1 30. Iverson, Sproles, and the Viper Salespersons failed to disclose to Iverson investors that while Iverson
2 and the Viper Salespersons conducted an offering of shares from the company at one price, Sproles and the Viper
3 Salespersons facilitated a private market for shares at a lower price.

4 Iverson's Salespersons

5 31. Iverson paid over \$1.3 million in commissions to the unregistered salespersons it used to solicit its
6 investment offerings. Iverson paid at least one salesperson a salary, but paid most salespersons commissions of 20%
7 of the amount raised. Additionally, Iverson also compensated some salespersons with shares of Iverson stock. The
8 Respondents failed to disclose the compensation paid by Iverson for the sale of its securities.

9 32. Iverson sold a majority of its stock through Viper. Esposito, DeVito, and Birks sold Iverson stock
10 while working for Viper. Iverson had no written contract with Viper for the sale of securities, but generally paid Viper
11 20% of the amount Viper raised, plus stock compensation equal to 3% of all shares issued through Viper. Between
12 January 2011 and August 2013, Viper charged Iverson over \$1.3 million in cash commissions.

13 33. In or about October 2013, Sproles hired Birks to work directly for Iverson. Iverson contracted to pay
14 Birks a salary of \$50,000 per year plus a 10% cash commission for all proceeds raised by Birks. Iverson also granted
15 Birks 15,000 shares of Iverson stock per year. Iverson paid Birks' commissions, over \$43,000 between October 2013
16 and February 2014, to Gryphon.

17 34. A number of the unregistered salespersons that Iverson paid to sell its investments had previously
18 been found to have violated securities laws. Two of the salespersons had previously filed for bankruptcy. Two of the
19 salespersons had criminal records. Iverson, Sproles, and Iverson's salespersons failed to disclose this information to
20 investors.

21 *James Lisowsky*

22 35. Beginning in approximately 2007 and continuing until at least early 2010, Lisowsky solicited
23 multiple investors to invest in Iverson securities. Lisowsky, Sproles, and Iverson failed to disclose material
24 information about Lisowsky to Iverson investors.

25 36. In January 1997, Grand Jurors for Travis County, Texas presented an indictment against Lisowsky for
theft over \$1,500. In June 1997, the District Clerk for Travis County issued an arrest warrant for Lisowsky on the
charge. According to Travis County, that warrant is still outstanding.

37. In December 2000, Grand Jurors for Jefferson County, Texas presented an indictment against
Lisowsky for felony theft in the second degree. The indictment alleged that Lisowsky stole at least \$100,000, but less
than \$200,000 from an individual. In August 2001, Lisowsky entered into a plea admonishment with the Jefferson
County District Court in which Lisowsky pled guilty to the charge of felony theft in the second degree. In May 2002
the 252nd District Court of Jefferson County entered a Deferred Adjudication Order in the matter which placed
Lisowsky under community supervision and ordered him to pay restitution to his victim through installments totaling

1 \$147,512.62. In 2005 and 2007, the District Court discharged Lisowsky from his community supervision and
2 dismissed the cause.

3 38. Iverson, Sproles, and Lisowsky failed to disclose Lisowsky's criminal record to investors. Lisowsky
4 instructed at least one Iverson investor wire funds to his personal bank account. In March 2009, a Washington
5 investor wired \$2,500 to Lisowsky. At the time of her investment through Lisowsky, Iverson did not provide any
6 confirmation of her investment. Lisowsky eventually stopped communicating with the investor. In or around October
7 2010 the investor contacted Sproles about her Iverson investment. Sproles told the investor that he would have to
8 consult with attorneys and get back to her. Sproles told the investor that Lisowsky had gotten into some trouble, but
9 did not elaborate. Sproles never disclosed what happened to the investor's funds, but Iverson did issue [REDACTED] 12,500
10 shares of stock in late 2010, over a year after the investor sent funds to Lisowsky.

11 39. Iverson awarded some investors additional shares on instructions from Lisowsky. Iverson, Sproles,
12 and Lisowsky failed to disclose the criteria used for determining when Lisowsky could grant additional shares to
13 investors.

14 40. Iverson sent a rescission offer to at least one investor who purchased through Lisowsky, because
15 Lisowsky did not have authority to sell the shares. Iverson failed to disclose to later Iverson investors that it had
16 issued unauthorized securities and the possible risks associated with the unauthorized sale.

17 *Gregory Groeller*

18 41. From approximately September 2011 through 2012, Groeller solicited individuals to invest in Iverson
19 securities. Groeller sold Iverson stock to at least two individuals. Groeller, Sproles, and Iverson failed to disclose
20 material information about Groeller to Iverson investors.

21 42. In or about May 2001, Groeller entered into an Acceptance, Waiver & Consent with the National
22 Association of Securities Dealers, Inc. ("NASD") to settle charges that Groeller violated NASD rule 2110 by
23 engaging in transactions in client accounts without the consent or authorization of clients. Groeller agreed to pay a
24 fine of \$10,000, to pay restitution in the amount of \$18,174.15, and to a suspension from association with any NASD
25 member for 30 business days.

43. In or about March 2002, Groeller petitioned for chapter 7 bankruptcy and was granted a standard
discharge in approximately August 2002.

44. In or about October 2003, Groeller pled guilty to a felony charge of conspiracy to defraud the United
States and was sentenced to three years of probation, including 300 hours of community service. Groeller was also
ordered to pay restitution in the amount of \$500,000.

45. Iverson, Sproles, and Groeller failed to disclose Groeller's NASD action, bankruptcy, and felony
conviction to investors.

Dean Esposito

1 46. From approximately January 2011 through August 2013, Esposito solicited individuals to invest in
2 Iverson stock. Esposito sold Iverson stock to at least one investor. Esposito, Sproles, and Iverson failed to disclose
3 material information about Esposito to Iverson investors.

4 47. In or about October 2005, Esposito entered into an Offer of Settlement with the NASD to settle
5 charges that Esposito violated NASD rules 2110 and 8210 when he falsified or forged the signature of another
6 registered representative on client forms without their consent. Esposito also failed to respond truthfully during
7 testimony with the NASD. As a part of the settlement Esposito agreed to be barred from association with any NASD
8 member in any capacity.

9 48. In or about February 2008, the SEC filed a civil action against Esposito and others in which the SEC
10 alleged that Esposito acted as an unregistered broker and sold unregistered securities. The SEC further alleged that
11 Esposito participated in the manipulation of the stock price of Weida Communications, Inc. in private sales
12 transactions. In connection with the private sale of the stock, Esposito collected excessive, undisclosed commissions
13 of between 10%-20% of the sale price.

14 49. In or about August 2010, Esposito settled the 2008 civil action filed by the SEC and the SEC ordered
15 Esposito barred from association with any broker or dealer.

16 50. Iverson, Sproles, Viper, and Esposito failed to disclose Esposito's NASD action and SEC actions to
17 Iverson investors.

Joseph DeVito

18 51. From approximately January 2011 through August 2013, DeVito solicited individuals to invest in
19 Iverson stock. DeVito sold Iverson stock to at least one investor. DeVito, Sproles, and Iverson failed to disclose
20 material information about DeVito to Iverson investors.

21 52. In or about February 2008, the SEC filed a civil action against DeVito and others in which the SEC
22 alleged that Esposito acted as an unregistered broker and sold unregistered securities. The SEC further alleged that
23 DeVito collected excessive, undisclosed commissions of between 10%-20% on the sale of the securities.

24 53. In or about August 2010, DeVito settled the 2008 civil action filed by the SEC and the SEC barred
25 DeVito from participating in the offer a penny stock for 18 months.

54. Iverson, Sproles, Viper, and DeVito failed to disclose DeVito's SEC actions to Iverson investors.

Frederick Birks

55. From approximately January 2011 through January 2014, Birks sold Iverson stock to investors across
the United States. Birks initially sold Iverson stock through Viper. Later Birks sold Iverson stock through Gryphon
and as an employee of Iverson. Birks, Sproles, and Iverson failed to disclose material information about Birks to
Iverson investors.

1 56. In or about February 2008, the SEC filed a civil action against Birks and others in which the SEC
2 alleged that Birks acted as an unregistered broker and sold unregistered securities. The SEC further alleged that Birks
3 collected excessive, undisclosed commissions of between 10%-20% on the sale of the securities. The SEC further
4 alleged that Birks participated in the manipulation of the market price of a stock for the sale of stock in private
5 transactions facilitated by Birks and others.

6 57. In or about December 2008, Birks petitioned for Chapter 7 Bankruptcy and was granted a standard
7 discharge in approximately June 2009.

8 58. In or about August 2010, Birks settled the 2008 civil action filed by the SEC and the SEC enjoined
9 Birks from future violations of the Securities Act and Exchange Act. The SEC also barred Birks from participating in
10 the offering of a penny stock.

11 59. Iverson, Sproles, Viper, Gryphon, and Birks failed to disclose Birks' SEC actions and bankruptcy to
12 investors.

13 Registration Status

14 60. Iverson Genetic Diagnostics, Inc. is not currently registered to sell its securities in the state of
15 Washington and has not previously been so registered. On or about the following dates, Iverson Genetic Diagnostics,
16 Inc. filed a claim of exemption from registration under Regulation D, Rule 506 with the Securities and Exchange
17 Commission: 11/2/2007; 12/15/2008; 2/2/2010; 3/30/2010; 5/14/2010; 7/22/2011; 12/2/2011; 12/5/2011; 11/26/2012;
18 12/16/2013; 10/9/2014 (notice filed with DFI on 12/15/2008; 7/21/2010; 12/8/2011; 12/31/2012; 2/14/2014;
19 10/29/2014). Pursuant to WAC 406-44A-506, Respondents were required to comply with the conditions of Regulation
20 D. At the time of the offerings, Regulation D, Rule 506 prohibited an issuer or any person acting on behalf of an
21 issuer from offering or selling securities by any form of general solicitation. Iverson Genetic Diagnostics, Inc. and
22 their agents offered and sold investments by cold-calling prospective investors, which violated the general solicitation
23 prohibitions of Regulation D, Rule 506.

24 61. Dean Sproles is not currently registered as a securities salesperson or broker-dealer in the state of
25 Washington and has not previously been so registered.

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

63. Gregory Groeller is not currently registered as a securities salesperson or broker-dealer in the state of
Washington and was not so registered during the sales alleged above. Groeller was last registered with the state of
Washington in September 2000 as a securities salesperson for D.L. Cromwell Investments, Inc.

64. Dean A. Esposito is not currently registered as a securities salesperson or broker-dealer in the state of
Washington and was not so registered during the sales alleged above. Esposito's last registration with the state of
Washington expired in May 2005 as a securities salesperson for GLB Trading, Inc.

1 65. Joseph DeVito is not currently registered as a securities salesperson or broker-dealer in the state of
Washington and has not previously been so registered.

2 66. Frederick J. Birks is not currently registered as a securities salesperson or broker-dealer in the state of
3 Washington and was not so registered during the sales alleged above. Birks' last registration with the state of
Washington expired in November 2000 as a securities salesperson for Mason Hill & Co., Inc.

4 67. Viper Asset Management, LLC is not currently registered as a broker-dealer in the state of
5 Washington and has not previously been so registered.

6 68. Gryphon Asset Management LLC is not currently registered as a broker-dealer in the state of
Washington and has not previously been so registered.

7 69. DJC Consulting LLC is not currently registered as a broker-dealer in the state of Washington and has
8 not previously been so registered.

9
10 Based upon the above Findings of Fact, the following Conclusions of Law are made:

11 **CONCLUSIONS OF LAW**

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

13 2. Iverson Genetic Diagnostics, Inc.; Dean Sproles; James Lisowsky; Gregory Groeller; Dean A.
14 Esposito; Joseph DeVito; Frederick J. Birks; Viper Asset Management, LLC; Gryphon Asset Management LLC; and
15 DJC Consulting LLC have each violated RCW 21.20.140, because, as set forth in the Tentative Findings of Fact,
Respondents offered and/or sold securities for which no registration was on file with the Securities Administrator and
no valid claim of exemption under WAC 460-44A-506 exists.

16 3. Dean Sproles; James Lisowsky; Gregory Groeller; Dean A. Esposito; Joseph DeVito; Frederick J.
17 Birks; Viper Asset Management, LLC; Gryphon Asset Management LLC; and DJC Consulting have each violated
18 RCW 21.20.040 by offering and/or selling said securities while not being registered as a securities salesperson or
broker-dealer in the state of Washington.

19 4. Iverson Genetic Diagnostics, Inc.; Dean Sproles; James Lisowsky; Gregory Groeller; Dean A.
20 Esposito; Joseph DeVito; Frederick J. Birks; Viper Asset Management, LLC; Gryphon Asset Management LLC; and
21 DJC Consulting LLC have each violated RCW 21.20.010, because, as set forth in the Tentative Findings of Fact,
22 Respondents made untrue statements of material fact or omitted to state material facts necessary to make the
statements made, in light of the circumstances in which they were made, not misleading.

23 **NOTICE OF INTENT TO ORDER THE RESPONDENTS TO CEASE AND DESIST**

24 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 Iverson Genetic Diagnostics, Inc.; Dean Sproles; James

1 Lisowsky; Gregory Groeller; Dean A. Esposito; Joseph DeVito; Frederick J. Birks; Viper Asset Management, LLC;
2 Gryphon Asset Management LLC; and DJC Consulting LLC, their agents and employees each shall cease and desist
3 from violations of RCW 21.20.010 and RCW 21.20.140, and that Dean Sproles; James Lisowsky; Gregory Groeller;
4 Dean A. Esposito; Joseph DeVito; Frederick J. Birks; Viper Asset Management, LLC; Gryphon Asset Management
5 LLC; and DJC Consulting LLC, their agents and employees each shall cease and desist from violations of RCW
6 21.20.040.

7 **NOTICE OF INTENT TO IMPOSE FINES**

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

- 10 a. Respondent Iverson Genetic Diagnostics, Inc. shall be liable for and shall pay a fine of \$60,000;
- 11 b. Respondent Dean Sproles shall be liable for and shall pay a fine of \$60,000;
- 12 c. Respondent James Lisowsky shall be liable for and shall pay a fine of \$20,000;
- 13 d. Respondent Gregory Groeller shall be liable for and shall pay a fine of \$10,000
- 14 e. Respondent Dean A. Esposito shall be liable for and shall pay a fine of \$30,000;
- 15 f. Respondent Joseph DeVito shall be liable for and shall pay a fine of \$30,000.
- 16 g. Respondent Frederick J. Birks shall be liable for and shall pay a fine of \$40,000.

17 **NOTICE OF INTENT TO CHARGE COSTS**

18 Pursuant to RCW 21.20.390, and based upon the Tentative Findings of Fact and Conclusions of Law, the
19 Securities Administrator intends to order that:

- 20 a. Respondent Iverson Genetic Diagnostics, Inc. shall be liable for and shall pay the costs, fees, and
21 other expenses incurred in the administrative investigation and hearing of this matter, in an amount not less than
22 \$10,000;
- 23 b. Respondent Dean Sproles shall be liable for and shall pay the costs, fees, and other expenses incurred
24 in the administrative investigation and hearing of this matter, in an amount not less than \$10,000;
- 25 c. Respondent James Lisowsky shall be liable for and shall pay the costs, fees, and other expenses
incurred in the administrative investigation and hearing of this matter, in an amount not less than \$1,000;
- d. Respondent Gregory Groeller shall be liable for and shall pay the costs, fees, and other expenses
incurred in the administrative investigation and hearing of this matter, in an amount not less than \$500;
- e. Respondent Dean A. Esposito shall be liable for and shall pay the costs, fees, and other expenses
incurred in the administrative investigation and hearing of this matter, in an amount not less than \$1,000;
- f. Respondent Joseph DeVito shall be liable for and shall pay the costs, fees, and other expenses
incurred in the administrative investigation and hearing of this matter, in an amount not less than \$1,000;

1 g. Respondent Frederick J. Birks shall be liable for and shall pay the costs, fees, and other expenses
2 incurred in the administrative investigation and hearing of this matter, in an amount not less than \$1,000.

3 **AUTHORITY AND PROCEDURE**

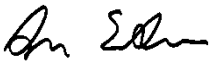
4 This Statement of Charges is entered pursuant to the provisions of Chapter 21.20 RCW and is subject to the
5 provisions of Chapter 34.05 RCW. The Respondents, Iverson Genetic Diagnostics, Inc.; Dean Sproles; James
6 Lisowsky; Gregory Groeller; Dean A. Esposito; Joseph DeVito; Frederick J. Birks; Viper Asset Management, LLC;
7 Gryphon Asset Management LLC; and DJC Consulting LLC, may each make a written request for a hearing as set
8 forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this
9 Order. If a Respondent does not make a hearing request in the time allowed, the Securities Administrator intends to
10 adopt the above Tentative Findings of Fact and Conclusions of Law as final and to enter a permanent order to cease
11 and desist as to that Respondent, to impose any fines sought against that Respondent, and to charge any costs sought
12 against that Respondent.

13 Signed and Entered this 26th day of April 2016.

14 

15 William M. Beatty
16 Securities Administrator

17 Approved by:

18 

19 Suzanne Sarason
20 Chief of Enforcement

21 Presented by:

22 

23 Jack McClellan
24 Financial Legal Examiner