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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-14-1522-14-SC01
Whether there has been a violation of the)
Securities Act of Washington by:) STATEMENT OF CHARGES AND
) NOTICE OF INTENT TO
TVDeeBee, Inc.) ENTER ORDER TO CEASE AND DESIST,
Robert O. Lee;) TO IMPOSE FINES,
) AND TO CHARGE COSTS
Respondents.)
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THE STATE OF WASHINGTON TO: TVDeeBee, Inc.
Robert O. Lee

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STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents TVDeeBee, Inc. and Robert O. -Lee 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. TVDeeBee, Inc. ("TVDeeBee") is a Delaware corporation formed on May 10, 2010, which previously used a business address in Seattle, Washington. TVDeeBee was in the business of establishing an online database of historical television-related media such as photographs and press clippings.

2. Robert O. Lee ("Lee") was a resident of Bellevue, and Seattle, Washington, and was the founder, CEO, and President of TVDeeBee during the period relevant to this Statement of Charges.

Failure to Comply with Subpoena

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2 3. On September 24, 2014, the Division personally served subpoena number S-14-1522-14-
3 DI01 on Lee. The subpoena required Lee to produce records to the Division no later than October 1, 2014.
4 Lee did not respond to the subpoena and, to date, has provided no records to the Division.

Overview

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6 4. Beginning no later than 2006, Lee raised investment funds to digitize a collection of
7 television-related media, maintained in hard copy format, related to programs that aired from the 1960s
8 onward and to create a website that would host the digitized media and be accessed by fans and researchers
9 of the history of American television. The website was to generate revenue through subscription fees and
10 advertising, among other things. Lee had previously entered a contract with the collection's owners to sell
11 the collection on the owner's behalf that entitled Lee to 20% of any sale's proceeds. The contract did not
12 contemplate the website that Lee described to investors. However, Lee represented to one investor that, in
13 2006, Lee acquired the exclusive right to make the media available online. By emphasizing the purported
14 valuations to investors of both the media itself and of the contemplated website as an acquisition target, Lee
15 raised at least \$124,500 by selling stock to at least seven investors, including five Washington residents,
16 between November 2006 and August 2011.
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Nature of the Conduct

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19 5. Lee solicited people he met in professional capacities as well as those he met through word
20 of mouth. Lee met a Washington investor through advertising directed to members of the Washington
21 Society of Certified Public Accountants that was related to Lee's non-profit organization (Independent
22 Football Veterans), which assists retired professional football players in securing disability benefits. Lee
23 solicited others whom he met through this non-profit. Lee primarily solicited investors during one-on-one
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1 meetings in restaurants and other locations. Investors paid by checks payable to TVDeeBee, Inc. or by wire
2 transfer. One investor used the settlement from a workplace injury to purchase shares of TVDeeBee stock.

3 6. Lee provided most investors with little or no written disclosure prior to receiving their funds,
4 and some investors received no document to evidence their investment. However, in January 2011, Lee
5 provided one investor with the following prior to receiving the investor's funds: an Executive Summary, a
6 PowerPoint presentation, an unsigned Subscription Agreement, and a "Confidential Private Placement
7 Disclosure Statement." According to these documents, TVDeeBee's website would generate revenue from
8 advertising, licensing, and subscriptions.

9 7. These documents also stated that, due to the exclusive nature of its media content,
10 TVDeeBee was well-positioned to be acquired by other corporations. In particular, the PowerPoint claimed
11 that the media in TVDeeBee's collection was of "great value" to Amazon, Google, and Microsoft, and that
12 Amazon was likely to acquire TVDeeBee. Lee further represented to investors that Amazon was "extremely
13 interested" in acquiring TVDeeBee, and that other, unnamed companies were interested in acquiring
14 TVDeeBee as well. Further, Lee represented to an investor that an acquisition would occur within one year
15 of the website's launch.
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17 8. Lee compared TVDeeBee to the Internet Movie Database ("IMDb"), which Lee stated was
18 the largest online database of movie information and which had a current valuation of "well over" \$500
19 million. Lee told investors that TVDeeBee would be the television equivalent of IMDb in part because
20 TVDeeBee and IMDb had similar business models and revenue streams. Lee told investors that Amazon's
21 acquisition of IMDb for \$25 million in 1998 set the "benchmark for [TVDeeBee's] valuation." However,
22 Lee failed to provide a detailed explanation of why the price that Amazon paid to acquire IMDb could
23 predict TVDeeBee's value. Furthermore, Lee failed to disclose that, unlike TVDeeBee, IMDb had been an
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1 active, consistently expanded website for eight years when Amazon acquired it in 1998. Lee also failed to
2 disclose that, unlike TVDeeBee, IMDb had never been restricted to a single source of content.

3 9. In 2011, Lee made misleading statements and failed to disclose material information
4 concerning TVDeeBee's financial condition. Lee stated to an investor that, as of January 2011, TVDeeBee
5 had raised approximately \$1 million from investors and was entering its "last stage of funding." However,
6 at the time of that statement, Lee had not yet opened the bank account in TVDeeBee's name into which
7 subsequent investment funds would be deposited. Lee also represented that TVDeeBee "expects to be
8 profitable within the first 12 months after launch" but failed to disclose the assumptions underlying this
9 claim.

10 10. Lee made misleading representations regarding the returns that investors would earn on their
11 investment once TVDeeBee had been acquired. Lee represented to at least one investor that he would earn
12 a "guaranteed" return of 1,400% to 1,700% of his principal investment, and that another investor could
13 expect a minimum return of 1,000%. Lee represented to another investor that he would receive "around a
14 10X return." Lee failed to disclose the basis for these projected returns and the ability of TVDeeBee to
15 guarantee investment returns.
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17 11. Lee failed to disclose the technical requirements of a website such as the one promoted to
18 investors, as well as the costs involved and the time required to meet those requirements. These
19 requirements included, but were not limited to, how and where the website would be hosted, the creation of
20 the website's pages, and how payments from subscribers could be securely processed.

21 12. Lee failed to disclose the risks of investing in TVDeeBee to some investors prior to receiving
22 their funds. These risks included, but were not limited to, the need to raise additional capital, the risk that a
23 buyer might not emerge to buy TVDeeBee, the risk that a competitor might create a website superior to that
24 contemplated by TVDeeBee, and the risk that investors might not receive any return.
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1 13. Lee made misleading statements and failed to disclose material information concerning the
2 use of investor funds. According to written offering documents received by one investor who made two
3 separate investments, investment funds would be applied to salaries and wages (approximately 21% of
4 funds raised), scanning (approximately 28% of funds raised), website and database development
5 (approximately 14% of funds raised), hardware and storage facilities approximately 19% of funds raised),
6 professional and administrative expenses (approximately 11% of funds raised), and “contingency”
7 (approximately 8% of funds raised). Lee also orally represented to that investor that Lee would apply the
8 funds to the purchase of ten color scanners. However, after Lee initially deposited the investor funds into an
9 account in the name of TVDeeBee, he proceeded to transfer approximately 65% of the investor’s first
10 investment and 75% of the investor’s second investment into a personal account in Lee’s own name, using
11 checks paid to himself. After each of these investments, Lee spent nearly all of the investor’s transferred
12 funds on cash withdrawals and various retail purchases.

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14 14. As of the date of this Statement of Charges, Lee has not launched the website he described to
15 investors while soliciting their funds or a test version thereof. At least three investors have demanded that
16 Lee return their funds. Lee has ignored these communications, offered excuses for why he could not
17 comply, or made promises to repay, then failed to follow through. In June 2013, an investor obtained a
18 default judgment against Lee and TVDeeBee.

19 **Registration Status**

20 15. TVDeeBee, Inc. is not currently registered to sell its securities in the State of Washington
21 and has not previously been so registered, and has not claimed an exemption from registration.

22 16. Robert O. Lee is not currently registered as a securities salesperson or broker-dealer in the
23 state of Washington and has not previously been so registered.
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1 Based upon the above Findings of Fact, the following Conclusions of Law are made:

2 **CONCLUSIONS OF LAW**

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

5 2. TVDeeBee, Inc. and Robert O. Lee have each violated RCW 21.20.140, because, as set forth
6 in the Tentative Findings of Fact, Respondents offered and/or sold securities for which no registration is on
7 file with the Securities Administrator.

8 3. Robert O. Lee has violated RCW 21.20.040 by offering and/or selling said securities while
9 not being registered as a securities salesperson or broker-dealer in the state of Washington.

10 4. TVDeeBee, Inc. and Robert O. Lee have each violated RCW 21.20.010, because, as set forth
11 in the Tentative Findings of Fact, Respondents made untrue statements of material fact or omitted to state
12 material facts necessary to make the statements made, in light of the circumstances in which they were
13 made, not misleading.

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

15 Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities
16 Administrator intends to order, pursuant to RCW 21.20.390(1), that TVDeeBee, Inc. and Robert O. Lee, and
17 their agents and employees each shall cease and desist from violations of RCW 21.20.010 and RCW
18 21.20.140, and that Respondent Robert O. Lee, and his agents and employees each shall cease and desist
19 from violations of RCW 21.20.040.
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21 **NOTICE OF INTENT TO IMPOSE FINES**

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

24 a. Respondent Robert O. Lee shall be liable for and shall pay a fine of \$20,000; and
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1 b. Respondent TVDeeBee, Inc. shall be liable for and shall pay a fine of \$10,000.

2 **NOTICE OF INTENT TO CHARGE COSTS**

3 Pursuant to 21.20.390, and based upon the Tentative Findings of Fact and Conclusions of Law, the
4 Securities Administrator intends to order that Respondents TVDeeBee, Inc. and Robert O. Lee shall be
5 jointly liable for and shall pay the costs, fees, and other expenses incurred in the administrative investigation
6 and hearing of this matter, in an amount not less than \$2,500.

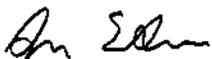
7 **AUTHORITY AND PROCEDURE**

8 This Statement of Charges is entered pursuant to the provisions of Chapter 21.20 RCW and is
9 subject to the provisions of Chapter 34.05 RCW. The Respondents may each make a written request for a
10 hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR
11 HEARING accompanying this Order. If a Respondent does not make a hearing request in the time allowed,
12 the Securities Administrator intends to adopt the above Tentative Findings of Fact and Conclusions of Law
13 as final and to enter a permanent order to cease and desist as to that Respondent, to impose any fines sought
14 against that respondent, and to charge any costs sought against that Respondent.
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17 Signed and Entered this 31st day of July 2015.

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20 William M. Beatty
21 Securities Administrator

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25 Suzanne Sarason
Chief of Enforcement

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24 Edward R. Thunen
25 Financial Legal Examiner

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Reviewed by:



Robert Kondrat
Financial Legal Examiner Supervisor