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STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION

IN THE MATTER OF DETERMINING) Order No.: S-14-1522-15-FO01
Whether there has been a violation of the)
Securities Act of Washington by:) ENTRY OF FINDINGS OF FACT AND
) CONCLUSIONS OF LAW AND
TVDeeBee, Inc.) FINAL 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

10 On July 31, 2015, the Securities Administrator of the State of Washington issued Statement of
11 Charges and Notice of Intent to Enter Order to Cease and Desist, to Impose Fines, and to Charge Costs,
12 Order No. S-14-1522-14-SC01 (hereinafter referred to as the "Statement of Charges"). The Statement of
13 Charges, together with a Notice of Opportunity to Defend and Opportunity for Hearing, hereinafter referred
14 to as the "Notice of Opportunity for Hearing," and an Application for Adjudicative Hearing, hereinafter
15 referred to as "Application for Hearing," was served on Respondents TV DeeBee, Inc. and Robert O. Lee on
16 September 26, 2015. The Notice of Opportunity for Hearing advised the Respondents that a written
17 application for an administrative hearing on the Statement of Charges must be received within twenty days
18 of receipt of the notice. Respondents each failed to request an administrative hearing within twenty days of
19 receipt of the Statement of Charges and Notice of Opportunity for Hearing, either on the Application for
20 Hearing provided, or otherwise.
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22 The Securities Administrator therefore will adopt as final the following Findings of Fact and
23 Conclusions of Law as set forth in the Statement of Charges and enter a final order against the Respondents
24 to cease and desist from violations of the Securities Act, and to impose the fines and costs sought in the
25 Statement of Charges.

FINAL ORDER

1 The Securities Administrator makes the following Findings of Fact and Conclusions of Law:

2 **FINDINGS OF FACT**

3 **Respondents**

4 1. TVDeeBee, Inc. (“TVDeeBee”) is a Delaware corporation formed on May 10, 2010, which
5 previously used a business address in Seattle, Washington. TVDeeBee was in the business of establishing
6 an online database of historical television-related media such as photographs and press clippings.

7 2. Robert O. Lee (“Lee”) was a resident of Bellevue, and Seattle, Washington, and was the
8 founder, CEO, and President of TVDeeBee during the period relevant to this Final Order.

9 **Failure to Comply with Subpoena**

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

13 **Overview**

14 4. Beginning no later than 2006, Lee raised investment funds to digitize a collection of
15 television-related media, maintained in hard copy format, related to programs that aired from the 1960s
16 onward and to create a website that would host the digitized media and be accessed by fans and researchers
17 of the history of American television. The website was to generate revenue through subscription fees and
18 advertising, among other things. Lee had previously entered a contract with the collection’s owners to sell
19 the collection on the owner’s behalf that entitled Lee to 20% of any sale’s proceeds. The contract did not
20 contemplate the website that Lee described to investors. However, Lee represented to one investor that, in
21 2006, Lee acquired the exclusive right to make the media available online. By emphasizing the purported
22 valuations to investors of both the media itself and of the contemplated website as an acquisition target, Lee
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1 raised at least \$124,500 by selling stock to at least seven investors, including five Washington residents,
2 between November 2006 and August 2011.

3 **Nature of the Conduct**

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

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

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

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

17 10. Lee made misleading representations regarding the returns that investors would earn on their
18 investment once TVDeeBee had been acquired. Lee represented to at least one investor that he would earn
19 a “guaranteed” return of 1,400% to 1,700% of his principal investment, and that another investor could
20 expect a minimum return of 1,000%. Lee represented to another investor that he would receive “around a
21 10X return.” Lee failed to disclose the basis for these projected returns and the ability of TVDeeBee to
22 guarantee investment returns.
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1 11. Lee failed to disclose the technical requirements of a website such as the one promoted to
2 investors, as well as the costs involved and the time required to meet those requirements. These
3 requirements included, but were not limited to, how and where the website would be hosted, the creation of
4 the website's pages, and how payments from subscribers could be securely processed.

5 12. Lee failed to disclose the risks of investing in TVDeeBee to some investors prior to receiving
6 their funds. These risks included, but were not limited to, the need to raise additional capital, the risk that a
7 buyer might not emerge to buy TVDeeBee, the risk that a competitor might create a website superior to that
8 contemplated by TVDeeBee, and the risk that investors might not receive any return.

9 13. Lee made misleading statements and failed to disclose material information concerning the
10 use of investor funds. According to written offering documents received by one investor who made two
11 separate investments, investment funds would be applied to salaries and wages (approximately 21% of
12 funds raised), scanning (approximately 28% of funds raised), website and database development
13 (approximately 14% of funds raised), hardware and storage facilities approximately 19% of funds raised),
14 professional and administrative expenses (approximately 11% of funds raised), and "contingency"
15 (approximately 8% of funds raised). Lee also orally represented to that investor that Lee would apply the
16 funds to the purchase of ten color scanners. However, after Lee initially deposited the investor funds into an
17 account in the name of TVDeeBee, he proceeded to transfer approximately 65% of the investor's first
18 investment and 75% of the investor's second investment into a personal account in Lee's own name, using
19 checks paid to himself. After each of these investments, Lee spent nearly all of the investor's transferred
20 funds on cash withdrawals and various retail purchases.
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22 14. As of the date of this Final Order, Lee has not launched the website he described to investors
23 while soliciting their funds or a test version thereof. At least three investors have demanded that Lee return
24 their funds. Lee has ignored these communications, offered excuses for why he could not comply, or made
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1 promises to repay, then failed to follow through. In June 2013, an investor obtained a default judgment
2 against Lee and TVDeeBee.

3 **Registration Status**

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

6 16. Robert O. Lee is not currently registered as a securities salesperson or broker-dealer in the
7 state of Washington and has not previously been so registered.

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

9 **CONCLUSIONS OF LAW**

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

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

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

17 4. TVDeeBee, Inc. and Robert O. Lee have each violated RCW 21.20.010, because, as set forth
18 in the Findings of Fact, Respondents made untrue statements of material fact or omitted to state material
19 facts necessary to make the statements made, in light of the circumstances in which they were made, not
20 misleading.
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22 Based upon the foregoing, and finding it in the public interest:

FINAL ORDER

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IT IS HEREBY ORDERED that Respondents TVDeeBee, Inc. and Robert O. Lee, and their agents and employees each shall cease and desist from violations of RCW 21.20.140, the securities registration section of the Securities Act of Washington.

IT IS FURTHER ORDERED that Respondent Robert O. Lee, and his agents and employees each shall cease and desist from violations of RCW 21.20.040, the securities salesperson and broker-dealer registration section of the Securities Act of Washington.

IT IS FURTHER ORDERED that Respondents TVDeeBee, Inc. and Robert O. Lee, and their agents and employees each shall cease and desist from violations of RCW 21.20.010, the anti-fraud section of the Securities Act of Washington.

IT IS FURTHER ORDERED that Respondent Robert O. Lee shall be liable for and shall pay a fine of \$20,000.

IT IS FURTHER ORDERED that Respondent TVDeeBee, Inc. shall be liable for and shall pay a fine of \$10,000.

IT IS FURTHER ORDERED that Respondents TVDeeBee, Inc. and Robert O. Lee shall be jointly liable for and shall pay costs in the amount of \$2,500.

AUTHORITY AND PROCEDURE

This FINAL ORDER is entered pursuant to the provisions of RCW 21.20.390, and is subject to the provisions of Chapter 34.05 RCW. Respondents have the right to petition the superior court for judicial review of this agency action under the provisions of RCW 34.05. For the requirements for judicial review, see RCW 34.05.510 and sections following. Pursuant to RCW 21.20.395, a certified copy of this Order may be filed in superior court. If so filed, the clerk shall treat the Order in the same manner as a superior court judgment as to the fine, and the fine may be recorded, enforced, or satisfied in like manner.

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2 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

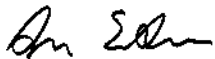
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4 SIGNED and ENTERED this 22nd day of October 2015.

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8 _____
9 William M. Beatty
10 Securities Administrator

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14 _____
15 Edward R. Thunen
16 Financial Legal Examiner

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21 Suzanne Sarason
22 Chief of Enforcement

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24 Reviewed by:

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26 Robert Kondrat
27 Financial Legal Examiner Supervisor