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

IN THE MATTER OF DETERMINING) Order No.: S-16-1863-16-SC01
Whether there has been a violation of the)
Securities Act of Washington by:) STATEMENT OF CHARGES AND
Dental Data Tech, Inc.,) NOTICE OF INTENT TO
Wesley O. Kronick,) ENTER ORDER TO CEASE AND DESIST,
) TO IMPOSE A FINE,
) AND TO CHARGE COSTS
)
Respondents)

9 THE STATE OF WASHINGTON TO: Dental Data Tech, Inc.
Wesley Oscar Kronick

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STATEMENT OF CHARGES

12 Please take notice that the Securities Administrator of the state of Washington has reason to believe
13 that Respondents, Dental Data Tech, Inc., and Wesley O. Kronick, have each violated the Securities Act of
14 Washington. The Securities Administrator believes those violations justify the entry of an order against the
15 Respondents to cease and desist from such violations and to charge costs pursuant to RCW 21.20.390, and
16 under RCW 21.20.395 to impose a fine. The Securities Administrator finds as follows:

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TENTATIVE FINDINGS OF FACT

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Respondents

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20 1. Dental Data Tech, Inc. (“Dental Data”) is a Wyoming corporation formed on January 9, 2013
21 with its principal place of business in Seattle, Washington. Dental Data was administratively dissolved on
22 March 11, 2015. Dental Data’s primary business purpose was to provide electronic recordkeeping and
23 cloud storage for dentists.

24 2. Wesley O. Kronick (“Kronick”) resided in Seattle, Washington. Kronick was the President
25 of Dental Data.

Nature of the Conduct

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2 3. In December 2012, Kronick contacted a Washington resident who was a personal friend
3 about making an investment in Dental Data. Kronick told the investor that Kronick was dissolving his
4 current business, Northwest IT Guys, Inc., to form a new company, Dental Data. Kronick stated that his
5 current business had done over one million dollars a year in sales. Kronick said that he wanted to build a
6 cloud hosting business in Seattle for the dental community.

7 4. On January 4, 2013, Kronick met with the investor to solicit a \$30,000 investment in Dental
8 Data. Kronick told the investor that Kronick would not receive any compensation from the investor's funds.
9 Kronick asked the investor for a \$30,000 personal loan "for the sole purpose of funding the operational costs
10 associated with Dental Data Tech, Inc." The investor would initially pay \$15,000 to Kronick's existing
11 business, Northwest IT Guys, Inc. The investor would then file the paperwork to form Dental Data Tech,
12 Inc. and the remaining \$15,000 would be paid to Dental Data.

13 5. For making his investment in Dental Data, the investor would receive 10,000 shares of
14 Dental Data stock, representing 1% of the company's stock. The investor would also receive 15% annual
15 interest on the investment. The interest would be paid through the issuance of Dental Data stock.
16 According to Kronick, the Dental Data stock was "currently valued at \$1 per share." At the end of two
17 years, the investor would have the option to convert the loan to shares of Dental Data stock at 75% of the
18 market value. The day after they met, Kronick sent the investor an email that summarized the terms of the
19 investment. In January 2013, the investor made two payments of \$15,000 each, for a total investment of
20 \$30,000.
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Misrepresentations and Omissions

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23 6. When soliciting the investment, Kronick falsely and misleadingly represented that Dental
24 Data stock was currently valued at \$1 per share. The Respondents each failed to disclose the assumptions or
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1 provide any reasonable basis for the stock valuation. The Respondents failed to disclose the assets and
2 liabilities of the corporation. The Respondents failed to provide any financial statements for Dental Data or
3 for Kronick's other business, Northwest IT Guys, Inc. The Respondents failed to disclose that Northwest IT
4 Guys, Inc. was not currently registered with the Department of Revenue and could potentially owe
5 significant unpaid taxes, for which Kronick would be personally liable. The Respondents also failed to
6 disclose that Kronick had paid off an outstanding IRS tax lien of more than \$140,000 during 2012. The
7 Respondents each failed to disclose to the investor that Kronick had filed for bankruptcy in October 2005.
8 The Respondents failed to disclose other risks of the Dental Data investment, including inadequate
9 capitalization, unproven market, competition, conflicts of interest, regulatory risks, and technology risks.
10 The Respondents also misrepresented the intended use of the investor's funds. Kronick falsely represented
11 that the investor's funds would be used "for the sole purpose" of funding Dental Data's operational costs.
12 The Respondents each failed to disclose that \$785 of the investor's funds would be used as a credit card
13 payment to Burning Man, an annual event held at the Black Rock Desert in Nevada.

14 **Investor Repayments**

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16 7. In January 2015, Kronick made a \$5,000 payment to the investor using the Dental Data bank
17 account. The Dental Data bank account statements showed that most of the deposits in the account, apart
18 from the investor's funds, came from checks written on the Northwest IT Guys account with memo
19 notations about cloud services. In June 2015, when it appeared that Dental Data was a failing business, the
20 investor wrote himself a check from the Dental Data bank account for \$1,000 to partially repay the
21 investment. Kronick then removed the investor as a signer on the account. The investor asked Kronick to
22 repay the balance of the investment. Kronick gave the investor a bracelet that Kronick claimed, without
23 substantiation, had a value of approximately \$8,000. No additional repayments were made.
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Kronick’s Failure to Respond to a Securities Division Subpoena

8. On March 11, 2016, Kronick telephoned and left a voice mail message that acknowledged his receipt of a Securities Division subpoena. The subpoena required Kronick to produce documents by March 31, 2016, but Kronick did not produce any documents. The subpoena also required Kronick to appear for testimony at 10:00 a.m. on April 19, 2016 to testify about the above-referenced matter. On April 19th, Kronick failed to appear for testimony. That afternoon, a Securities Division representative telephoned Kronick and asked to reschedule the testimony. Kronick stated that he would respond to an email to reschedule the testimony. The Securities Division representative sent an email with other suggested testimony dates, but Kronick never responded to the email and has never appeared for testimony.

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

CONCLUSIONS OF LAW

1. The offer and/or sale of the stock described above constitute the offer and/or sale of a security as defined in RCW 21.20.005(14) and (17).
2. Dental Data Tech, Inc. and Wesley O. Kronick have each violated RCW 21.20.010, because, as set forth in the Tentative Findings of Fact, 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.

NOTICE OF INTENT TO ORDER THE RESPONDENTS TO CEASE AND DESIST

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 Dental Data Tech, Inc. and Wesley O. Kronick, their agents and employees each shall cease and desist from violations of RCW 21.20.010.

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NOTICE OF INTENT TO IMPOSE A FINE

Pursuant to RCW 21.20.395, and based upon the Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that Respondent Wesley O. Kronick shall be liable for and shall pay a fine of \$5,000.

NOTICE OF INTENT TO CHARGE COSTS

Pursuant to 21.20.390, and based upon the Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that Respondent Wesley O. Kronick 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 \$1,500.

AUTHORITY AND PROCEDURE

This Statement of Charges is entered pursuant to the provisions of Chapter 21.20 RCW and is subject to the provisions of Chapter 34.05 RCW. The Respondents, Dental Data Tech, Inc. and Wesley O. Kronick, may each make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Order. If a Respondent does not make a hearing request in the time allowed, the Securities Administrator intends to adopt the above Tentative Findings of Fact and Conclusions of Law as final and to enter a permanent order to cease and desist as to that Respondent, to impose any fines sought against that respondent, and to charge any costs sought against that Respondent.

1 Signed and Entered this 2nd day of May, 2016

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5 William M. Beatty
6 Securities Administrator

7 Approved by:

7 Presented by:

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9 _____
10 Suzanne Sarason
11 Chief of Enforcement

9 _____
10 Janet So
11 Financial Legal Examiner

12 Reviewed by:

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14 _____
15 Robert Kondrat
16 Financial Legal Examiner Supervisor