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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-16-1868-18-CO01
Whether there has been a violation of the)
Securities Act of Washington by:) CONSENT ORDER AS TO
) ROBIN LYNN SELLS
Pacific Watercraft Group, Inc.,)
Scott E. Anderson,)
Robin Lynn Sells,)
)
Respondents.)

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INTRODUCTION

On July 17, 2017, the Securities Administrator of the Securities Division of the Department of Financial Institutions (“Securities Division”) issued a Statement of Charges and Notice of Intent to Enter Order to Cease and Desist, to Impose Fines, and to Charge Costs (“Statement of Charges”), Order Number S-16-1868-17-SC01, against Respondents Pacific Watercraft Group, Inc., Scott E. Anderson, and Robin Lynn Sells. Pursuant to the Securities Act of Washington, Chapter 21.20 RCW, the Securities Division and Respondent Robin Lynn Sells do hereby enter into this Consent Order in settlement of the matters set forth in the Statement of Charges and as alleged below. Respondent Robin Lynn Sells neither admits nor denies the Findings of Fact and Conclusions of Law as stated below.

FINDINGS OF FACT

Respondents

1. Pacific Watercraft Group, Inc. is a Washington corporation formed on July 15, 2010 with its principal place of business in Newcastle, Washington. Pacific Watercraft Group, Inc. was formed to engage in the design, development, and commercialization of a solo watercraft. On November 17, 2010, Pacific Watercraft Holdings Ltd., a Washington company, was formed to act as Pacific Watercraft Group, Inc.’s parent company. Before Pacific Watercraft Holdings Ltd. was formed, and after it became inactive on March 1, 2012, Pacific Watercraft Group, Inc. sometimes did business as Pacific Watercraft Holdings Ltd. For the purposes

1 of this order, Pacific Watercraft Group, Inc. and Pacific Watercraft Holdings Ltd. will collectively be referred
2 to as “Pacific Watercraft.”

3 2. Scott E. Anderson (“Anderson”) is a resident of Seattle, Washington. Anderson was a director
4 of Pacific Watercraft Holdings Ltd., and he is a director and Vice President of Manufacturing of Pacific
5 Watercraft Group, Inc.

6 3. Robin Lynn Sells (“Sells”) is a resident of Newcastle, Washington. Sells was founder and a
7 director of Pacific Watercraft Holdings, Ltd., and he is founder, a director, and President of Pacific Watercraft
8 Group, Inc.

9 **Background**

10 4. Since at least 1990, Sells has been involved in attempts to manufacture and sell a solo
11 watercraft, which is a self-propelled watercraft that allows a person to water-ski without assistance from others.
12 These companies included Ski-Free Watersports, Inc., Solo Watersports, Inc., and Ski-Free Watersports
13 Development, Inc.

14 5. On October 9, 2000, the Securities Division entered a Statement of Charges and Notice of Intent
15 to Enter Order to Cease and Desist against Sells, Ski-Free Watersports, Inc., and Solo Watersports, Inc. This
16 case was not resolved.

17 6. On June 13, 2003, the Securities Division entered a Summary Order to Cease and Desist and
18 Notice of Intent to Impose a Fine against Sells and Ski-Free Watersports Development, Inc.

19 7. In or around the summer of 2010, Sells and Anderson created Pacific Watercraft Group, Inc. to
20 pursue the development, manufacture, and commercialization of a solo watercraft named Solo, along with
21 related products.

22 **Nature of the Conduct**

23 Overview

24 8. Beginning in 2010 and continuing through 2015, Pacific Watercraft, Sells, and Anderson
25 offered unregistered investments in Pacific Watercraft a number of prospective investors, including members
of angel investor and venture capital groups, investment bankers, Anderson’s friends, business acquaintances,

1 and a Pacific Watercraft customer. As a result of these offers, Pacific Watercraft, Sells, and Anderson sold
2 \$90,000 of shares in Pacific Watercraft to three investors, two of whom were Washington residents. At least
3 one investor did not have an existing, substantive relationship with any of the respondents at the time the
4 investment was offered and sold. Sells failed to disclose to this investor material information related to the
5 investment.

6 The Offering

7 9. In July 2010, Sells, Anderson, and Pacific Watercraft began offering up to \$2 million of shares
8 in Pacific Watercraft to develop and commercialize its products. Between July 2010 and June 2013, Sells,
9 Anderson, and Pacific Watercraft sold 900 shares of Pacific Watercraft to three investors. Sells and Pacific
10 Watercraft continued to offer both debt and equity investments in Pacific Watercraft through at least November
11 2015.

12 10. In or around December 2011, Sells demonstrated an old Solo model to a married couple who
13 were interested in purchasing a new Solo model. The couple had seen a picture of the new Solo model on
14 Pacific Watercraft's website, and they traveled to Washington from Arizona to see the demonstration. The
15 couple purchased a new Solo model for \$17,995, and Sells told the couple that their Solo would be ready in
16 three months. Sells also told the couple that he would be able to make one new Solo model per day. Sells failed
17 to disclose to the couple that the production of Solo engines by a third party manufacturer had not been
18 finalized. A new Solo model was never delivered to the couple. In April 2018, Pacific Watercraft refunded the
19 couple the money that they paid for the new Solo.

20 11. In January 2012, Sells sold the couple 500 shares of Pacific Watercraft for \$50,000. Sells failed
21 to disclose information related to the financial condition of the company. Sells failed to disclose that he spent
22 the \$17,995 that the couple paid for a new Solo model on uses other than manufacturing a Solo, that more than
23 half of the previous investor's funds had been used to pay Sells's salary, and that the company's bank account
24 had a negative balance at the time the couple invested. Sells also failed to disclose the use of investment funds
25 to the couple. The offering documents represented that investment funds would be used to design, develop,
and manufacture a solo watercraft. Sells failed to disclose that the investment funds would be used for expenses

1 related to attending a boat show, filming a televised demonstration of the old Solo model, and paying Sells's
2 salary.

3 **Registration Status**

4 12. Pacific Watercraft Group, Inc. is not currently registered to sell its securities in the state of
5 Washington and has not previously been so registered, nor has it filed a claim of exemption from registration.

6 13. Robin Lynn Sells is not currently registered as a securities salesperson or broker-dealer in the
7 state of Washington and has not previously been so registered.

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

10 **CONCLUSIONS OF LAW**

11 1. The offer and sale of stock in Pacific Watercraft Group, Inc. as described above constitutes the
12 offer and sale of a security as defined in RCW 21.20.005(14) and RCW 21.20.005(17).

13 2. Respondent Robin Lynn Sells has violated RCW 21.20.140 because, as set forth in the Findings
14 of Fact, Respondent offered and sold securities for which no registration is on file with the Securities
15 Administrator.

16 3. Respondent Robin Lynn Sells has violated RCW 21.20.040 because, as set forth in the Findings
17 of Fact, Respondent offered and sold said securities while not being registered as a securities salesperson or
18 broker-dealer in the state of Washington.

19 4. Respondent Robin Lynn Sells has violated RCW 21.20.010 because, as set forth in the Findings
20 of Fact, Respondents made untrue statements of material fact or omitted to state material facts necessary to
21 make the statements made, in light of the circumstances in which they were made, not misleading.

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

CONSENT ORDER

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IT IS AGREED AND ORDERED that Respondent Robin Lynn Sells, his agents, and his 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 Robin Lynn Sells, his agents, and his 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 Robin Lynn Sells, his agents, and his 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 Robin Lynn Sells is liable for and shall pay a fine of \$5,000 on or before 30 days from the entry of this Consent Order.

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

IT IS FURTHER AGREED that Respondent Robin Lynn Sells 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 Robin Lynn Sells 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 30th day of July, 2018.

Signed by:

/s/
Robin Lynn Sells
Individually

Approved as to form by:

/s/
John Bender, Attorney for Respondents
WSBA No. 19540

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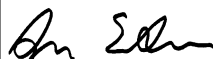
SIGNED and ENTERED this 6th day of August, 2018.



William M. Beatty
Securities Administrator

Approved by:

Presented by:



Suzanne Sarason
Chief of Compliance

Holly Mack-Kretzler
Financial Legal Examiner

Reviewed by:



Robert Kondrat
Financial Legal Examiner Supervisor