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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-16-2086-17-CO01
Whether there has been a violation of the)
Securities Act of Washington by:) CONSENT ORDER
)
Artnova Social Purpose Corporation,)
Lou F. Marzeles,)
)
Respondents)
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INTRODUCTION

Pursuant to the Securities Act of Washington, RCW 21.20, the Securities Division of the Department of Financial Institutions (“Securities Division”) and Respondents, Artnova Social Purpose Corporation and Lou F. Marzeles, do hereby enter into this Consent Order in settlement of the matters alleged herein. Respondents Artnova Social Purpose Corporation and Lou F. Marzeles neither admit nor deny the Findings of Fact and Conclusions of Law as stated below.

FINDINGS OF FACT

Respondents

1. Artnova Social Purpose Corporation (“Artnova”) is a Washington entity formed on March 9, 2016, with its principal place of business in Goldendale, Washington. Artnova was formed to build and operate a performing arts center in Goldendale.

2. Lou F. Marzeles (“Marzeles”) resides in Goldendale, Washington. Marzeles is the President of Artnova.

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Overview

6 3. In 2016, Marzeles publicly solicited investors to finance the construction and operation of a
7 performing arts center in Goldendale. Marzeles published two newspaper articles that included references
8 to the offer and sale of Artnova stock, and later offered convertible promissory notes.

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Offering of Stock

11 4. In June 2016, Marzeles gave a public presentation to the city council in Goldendale,
12 Washington about the proposed arts center. The following day, an article was published in a Goldendale,
13 Washington newspaper regarding Marzeles' presentation. The article was also available to the public on the
14 newspaper's website.

15 5. During his presentation, Marzeles described plans to sell 200,000 shares of Artnova stock at
16 \$125 each to raise \$25 million for the construction of the center. Marzeles represented that the proposed
17 center would have three theaters, a conference center, and a catering kitchen. The complex would be built
18 on 40 acres of land adjacent to US Highway 97. The center planned to offer plays, concerts, dance, films,
19 lectures, conferences, and continuing education programs for educators. The proposed complex would also
20 include a 300-room hotel. At the presentation, Marzeles stated that he hoped to break ground within a few
21 months. To date, no construction has started on the project.

22 6. In October 2016, Marzeles published another newspaper article in a Goldendale, Washington
23 newspaper. The article featured drawings of the planned facility, including a five-floor parking garage that
24 was a new addition to the project. The article stated that Artnova was raising \$30 million and stock was
25 available for investors to purchase.

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Offering of Convertible Promissory Notes

27 7. Between September and December 2016, Marzeles gave at least two presentations about
28 Artnova's building project. One presentation was held at a library in Goldendale and the other presentation

1 was made at a lunch for business persons in Goldendale. During the presentations, Marzeles discussed,
2 among other aspects of the Artnova project, raising \$25 to \$30 million to build a 75,000 square foot
3 performing arts center.

4 8. Between October and December 2016, the Respondents sold Artnova convertible promissory
5 notes to at least two Washington investors. The two promissory notes totaled \$18,750 and had terms of
6 approximately two years. The promissory notes had 5% annual interest rates, with interest due and payable at
7 maturity. The notes also had equity conversion provisions.

8 **Registration Status**

9 9. Artnova is not currently registered to sell its securities in the state of Washington and has not
10 previously been so registered, nor has it filed a claim of exemption from registration.

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

12 **CONCLUSIONS OF LAW**

13 1. The offer of the stock and convertible promissory notes described above constitute the offer
14 of a security as defined in RCW 21.20.005(14) and (17).

15 2. Artnova and Marzeles have each violated RCW 21.20.140, because, as set forth in the
16 Findings of Fact, Respondents offered securities for which no registration is on file with the Securities
17 Administrator and for which no exemption was available.

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

19 **CONSENT ORDER**

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21 IT IS AGREED AND ORDERED that Respondents Artnova Social Purpose Corporation and Lou F.
22 Marzeles, their agents, and employees each shall cease and desist from offering securities in violation of
23 RCW 21.20.140, the securities registration section of the Securities Act of Washington.

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IT IS FURTHER AGREED AND ORDERED that Respondent Artnova Social Purpose Corporation shall be liable for and shall pay investigative costs of \$750 on or before 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 Respondents Artnova Social Purpose Corporation and Lou F. Marzeles each 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, the Respondents Artnova Social Purpose Corporation and Lou F. Marzeles each waive their 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 ___17th___ day of _____May_____, 2017

Signed by:
Artnova Social Purpose Corporation

/s/ _____
Lou F. Marzeles
President

Signed by:

/s/ _____
Lou F. Marzeles, Individually

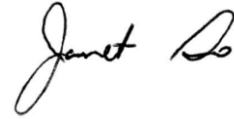
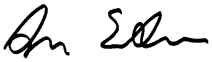
SIGNED and ENTERED this 7th day of June, 2017



William M. Beatty
Securities Administrator

Approved by:

Presented by:



Suzanne Sarason
Chief of Enforcement

Janet So
Financial Legal Examiner

Reviewed by:



Robert Kondrat
Financial Legal Examiner Supervisor