

1
2
3
4
5
6
7

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

8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

IN THE MATTER OF DETERMINING) Order No. S-17-2359-18-SC01
Whether there has been a violation of the)
Securities Act of Washington by:) STATEMENT OF CHARGES AND
Somatika Incorporated,) NOTICE OF INTENT TO
William D. Enersen,) ENTER ORDER TO CEASE AND DESIST,
Laura E. Davidson,) TO IMPOSE FINES,
) AND TO CHARGE COSTS
)
Respondents)

THE STATE OF WASHINGTON TO: Somatika Incorporated
William Donald Enersen
Laura Eileen Davidson, formerly Laura Warren

11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the state of Washington has reason to believe that Respondents Somatika Incorporated, William D. Enersen, and Laura E. Davidson 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. Somatika Incorporated (“Somatika”) is a Washington entity that was incorporated on May 20, 2014 and had its principal place of business in Normandy Park, Washington. Somatika was administratively dissolved on October 18, 2016. Somatika represented to investors that its primary business purpose was the sale of formulas for skin care products that would be manufactured using inert adult stem cells.

1 2. William D. Enersen (“Enersen”) resided in Normandy Park, Washington from at least May
2 2014 until October 2016. Enersen was the President of Somatika.

3 3. Laura E. Davidson (“Davidson”) resided in California from at least May 2014 until October
4 2016. Davidson was a Vice President of Somatika. Davidson was formerly known as Laura Warren.

5 **Nature of the Conduct**

6 4. Between March 2014 and October 2016, the Respondents offered and sold Somatika stock
7 totaling approximately \$470,000 to approximately 20 investors, including at least three Washington
8 investors. Enersen and Davidson offered and sold Somatika stock through one-on-one presentations to
9 investors. The Respondents gave the investors written offering materials that included false and misleading
10 information and omitted material information about the investment.

11 5. In September 2014, Davidson and Somatika offered and sold a \$51,000 investment to a
12 California resident with a law degree who invested her 401(k) retirement funds to buy Somatika stock.
13 Later, when the investor had cancer and needed funds for medical treatment, she was unable to get any
14 return of her investment. The investor also had to pay a significant early withdrawal penalty for the use of
15 her retirement funds. Before she invested, Davidson offered the investor a job as the Vice President of
16 Business Development for Somatika. Davidson told the investor that she would be paid \$300,000 a year,
17 but the investor was only paid a total of approximately \$6,700. Davidson and Somatika also offered and
18 sold approximately \$85,000 worth of Somatika stock to relatives or friends of the investor.

19 6. When soliciting Somatika investments, the Respondents provided the investors with a private
20 placement memorandum. The July 1, 2014 memorandum misleadingly stated that the company’s first
21 licensed formula, an inert adult stem cell first aid cream, was “conservatively valued at two hundred and
22 twenty-five million dollars (\$225 million).” The formula was listed as an asset on Somatika’s balance sheet.
23 The Respondents failed to disclose to investors that there was no reasonable basis for the \$225 million
24
25

1 valuation. The memorandum also included a five-year income projection. The projection misleadingly
2 indicated that Somatika would have a net income of more than \$918 million by the end of 2015. The
3 Respondents failed to disclose that there was no reasonable basis for the projected net income. The
4 memorandum also falsely stated that within the next four to five months, the company would develop its
5 own stem cell processing lab for “our patented commercial, pharmaceutical, medical therapeutics and
6 university R&D offerings,” when, in fact, Somatika had no patents. The memorandum also misleadingly
7 stated that “[w]e conservatively project to create in excess of three and one half billion dollars (\$3.5 billion)
8 in revenue in the next five years.... We expect two hundred and twenty-five million dollars (\$225 million) in
9 revenue by the end of the first quarter of 2015 from the sale of a hair growth formula that is currently in
10 testing....” The Respondents failed to disclose that there was no reasonable basis for the projected
11 revenues.

12
13 7. When offering and selling Somatika stock, the Respondents failed to disclose to investors
14 that Davidson was subject to a prior Desist and Refrain Order from the California Department of
15 Corporations. In June 2008, when Davidson was married and had the name Laura E. Warren, Davidson was
16 charged with violations of the California securities laws for selling unregistered stock in a company
17 (Giovinezza Cosmetics Corporation) that was allegedly going to create, formulate, and manufacture
18 cosmetics. According to the allegations, Davidson misrepresented that the money invested in the cosmetics
19 company would double within a year and that the company would be “going public,” when there was no
20 reasonable basis for those claims.

21 8. When offering and selling Somatika stock, the Respondents failed to disclose other material
22 risks of the investment. The Respondents failed to disclose that the formulas for the company’s products
23 had never been widely tested and had no proven track record of success for multiple users. The
24 Respondents failed to disclose that the formulas that were supposed to be the property of Somatika actually
25

1 came from Davidson and were never assigned to Somatika. The Respondents failed to disclose that
2 Somatika had no sales contracts or letters of intent for the purchase of any formulas. The Respondents also
3 failed to disclose that Enersen had filed for bankruptcy in September 2009.

4 **Registration Status**

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

7 10. William D. Enersen is not currently registered as a securities salesperson or broker-dealer in the
8 state of Washington and has not previously been so registered.

9 11. Laura E. Davidson is not currently registered as a securities salesperson or broker-dealer in the
10 state of Washington and has not previously been so registered.

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

13 **CONCLUSIONS OF LAW**

14
15 1. The offer and/or sale of the Somatika stock described above constitute the offer and/or sale
16 of a security as defined in RCW 21.20.005(14) and (17).

17 2. Somatika Incorporated, William D. Enersen, and Laura E. Davidson have each violated
18 RCW 21.20.140, because, as set forth in the Tentative Findings of Fact, Respondents offered and/or sold
19 securities for which no registration is on file with the Securities Administrator.

20 3. William D. Enersen and Laura E. Davidson have each violated RCW 21.20.040 by offering
21 and/or selling said securities while not being registered as a securities salesperson or broker-dealer in the
22 state of Washington.

23 4. Somatika Incorporated, William D. Enersen, and Laura E. Davidson have each violated
24 RCW 21.20.010, because, as set forth in the Tentative Findings of Fact, Respondents made untrue
25

1 statements of material fact or omitted to state material facts necessary to make the statements made, in light
2 of the circumstances in which they were made, not misleading.

3 **NOTICE OF INTENT TO ORDER THE RESPONDENT TO CEASE AND DESIST**

4 Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities
5 Administrator intends to order, pursuant to RCW 21.20.390(1), that Respondents William D. Enersen and
6 Laura E. Davidson, their agents and employees each shall cease and desist from violations of RCW
7 21.20.040 and that Respondents Somatika Incorporated, William D. Enersen, and Laura E. Davidson, their
8 agents and employees each shall cease and desist from violations of RCW 21.20.140 and RCW 21.20.010.

9 **NOTICE OF INTENT TO IMPOSE FINES**

10 Pursuant to RCW 21.20.395, and based upon the Tentative Findings of Fact and Conclusions of
11 Law, the Securities Administrator intends to order that Respondent Laura E. Davidson shall be liable for and
12 shall pay a fine of \$25,000 and that William D. Enersen shall be liable for and shall pay a fine of \$2,500.

13 **NOTICE OF INTENT TO CHARGE COSTS**

14 Pursuant to 21.20.390, and based upon the Tentative Findings of Fact and Conclusions of Law, the
15 Securities Administrator intends to order that Respondent Laura E. Davidson shall be liable for and shall
16 pay the costs, fees, and other expenses incurred in the administrative investigation of this matter in an
17 amount not less than \$5,000. The Securities Administrator also intends to order that Respondent William D.
18 Enersen shall be liable for and shall pay the costs, fees, and other expenses incurred in the administrative
19 investigation of this matter in an amount not less than \$1,000.

20 **AUTHORITY AND PROCEDURE**

21 This Statement of Charges is entered pursuant to the provisions of Chapter 21.20 RCW and is
22 subject to the provisions of Chapter 34.05 RCW. The Respondents Somatika Incorporated, William D.
23 Enersen, and Laura E. Davidson, may each make a written request for a hearing as set forth in the NOTICE
24

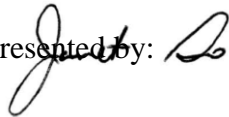
1 OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Order. If a
2 Respondent does not make a hearing request in the time allowed, the Securities Administrator intends to
3 adopt the above Tentative Findings of Fact and Conclusions of Law as final and to enter a permanent order
4 to cease and desist as to that Respondent, to impose any fines sought against that respondent, and to charge
5 any costs sought against that Respondent.

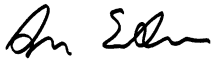
6 Signed and Entered this 24th day of August, 2018

7
8
9 

10
11 _____
12 William M. Beatty
13 Securities Administrator

14 Approved by:

15 Presented by: 

16 

17 _____
18 Suzanne Sarason
19 Chief of Enforcement

20 _____
21 Janet So
22 Financial Legal Examiner

23 Reviewed by:

24 

25 _____
26 Robert Kondrat
27 Financial Legal Examiner Supervisor