

1 **STATE OF WASHINGTON**
2 **DEPARTMENT OF FINANCIAL INSTITUTIONS**
3 **SECURITIES DIVISION**

4 IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Securities Act of Washington by:

5 SeaTech Trade Associates LLC,
6 Kim Brian Boddy,

7 Respondents

Order No. S-18-2372-19-FO01

ENTRY OF FINDINGS OF FACT AND
CONCLUSIONS OF LAW AND FINAL ORDER TO
CEASE AND DESIST, TO IMPOSE A FINE, AND TO
CHARGE COSTS

8 **THE STATE OF WASHINGTON TO:**

SeaTech Trade Associates LLC
Kim Brian Boddy

9
10 On September 5, 2019, 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 a Fine, and to Charge Costs,
12 Order No. S-18-2372-19-SC01 (Statement of Charges). The Statement of Charges, together with a Notice
13 of Opportunity for Hearing (Notice of Opportunity for Hearing) and an Application for Adjudicative
14 Hearing (Application for Hearing), were served on Respondents SeaTech Trade Associates LLC and Kim
15 Brian Boddy on September 16, 2019. The Notice of Opportunity for Hearing advised Respondents SeaTech
16 Trade Associates LLC and Kim Brian Boddy that a written application for an administrative hearing on the
17 Statement of Charges must be received within twenty days from the date of receipt of the notice.
18 Respondents SeaTech Trade Associates LLC and Kim Brian Boddy each failed to request an administrative
19 hearing within twenty days of receipt of the Statement of Charges and Notice of Opportunity for Hearing,
20 either on the Application for Hearing or otherwise.

21 The Securities Administrator will therefore adopt as final the following Findings of Fact and
22 Conclusions of Law as set forth in the Statement of Charges and will enter a final order against Respondents
23

1 to cease and desist from violations of the Securities Act, to impose a fine, and to charge costs as sought in
2 the Statement of Charges.

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

4 **FINDINGS OF FACT**

5 **Respondents**

6 1. SeaTech Trade Associates LLC (“SeaTech”) is a Washington limited liability company that
7 was formed on March 16, 2016, with its principal place of business in Seattle, Washington. SeaTech
8 represented to investors that it was facilitating the purchase and sale of D6 diesel fuel, which is used to power
9 ships.

10 2. Kim Brian Boddy (“Boddy”) is the managing member of SeaTech. Boddy is also a sea captain
11 who has operated commercial fishing vessels.

12 **Nature of the Conduct**

13 3. During 2017, SeaTech and Boddy offered and sold a total of at least \$25,000 worth of LLC
14 membership interest investments in SeaTech to at least four out-of-state investors. The investors were initially
15 solicited by a Florida resident, who was a friend or relative of the investors, to invest in SeaTech. Boddy also
16 had contact with the investors and solicited the investments. The investors were told that SeaTech needed
17 their money right away to fund a pending fuel transaction. As instructed by Boddy, each of the investors wire
18 transferred their funds to SeaTech. The funds were deposited in a common account and the investors had no
19 control over the use of their invested funds.

20 4. Each of the investors expected to receive a significant return on their investment. Seatech and
21 Boddy represented that Seatech had a commitment for buying and selling 200 million gallons of D6 diesel
22 fuel per week. SeaTech and Boddy represented that the United States Department of Defense (“DOD”) was
23 going to purchase the fuel. SeaTech projected gross revenues of \$.005 per gallon of fuel traded. (So for \$200

1 million of fuel sales, there would be projected gross revenues of \$1 million.) SeaTech also projected an
2 investment return of \$5,000 per week for every \$5,000 invested. The investment had a one-year initial term.

3 5. The investors were passive and did not participate in the fuel business. SeaTech was
4 responsible for operating the business, including performing due diligence for petroleum companies who
5 would buy and sell the diesel fuel, and negotiating purchase and sale contracts.

6 6. The investors were each provided with written offering documents from Boddy. The investors
7 were given a written Investment Agreement that set forth the terms of the investment. The investors were
8 given a Promissory Note. The maker of the note was SeaTech. The note was personally guaranteed by Boddy.
9 The note had a 6% annual interest rate, with an initial term ranging from approximately five to nine weeks.
10 The investors were also given a Memorandum of Understanding. The Memorandum stated that SeaTech had
11 entered into a joint venture with Petty Consulting Inc. to acquire D6 fuel from IWC/Sunoco of Houston,
12 Texas. The fuel would be injected into Titan Fuel LLC ("Titan") storage tanks in Houston. The Memorandum
13 stated that \$108,000 would be paid for the rental of fuel storage tanks and \$12,000 would be used for expenses
14 relating to the sale of the fuel. The Memorandum also stated that SeaTech was offering an "immediate return"
15 of a \$5,000 investment, plus a "success fee" of \$5,000 and a continuing "success fee" of \$5,000 per week for
16 a term of 52 weeks. That means that SeaTech was offering to pay a projected total of \$260,000 (\$5,000 per
17 week) from the proceeds of 52 weeks of fuel deliveries. As described in the Investment Agreement, the
18 weekly payment of \$5,000 was based on a sales commission of \$0.000025 (one-quarter of one basis point)
19 per gallon of fuel delivered. If the transaction did not proceed as intended, then the tank storage fund deposit
20 was to be immediately returned to SeaTech by Titan and the funds would be returned to the investor.

21 **Additional Misrepresentations and Nondisclosures**

22 7. When soliciting the investments, SeaTech and Boddy each misrepresented material
23 information about the investments. Boddy falsely represented that a SeaTech investment would have "zero

1 risk.” SeaTech and Boddy each misrepresented that the investments would be secured either by the fuel that
2 was being sold to the DOD or by a fuel tank deposit. SeaTech and Boddy each misrepresented that SeaTech
3 had a commitment from the DOD to purchase 200 million gallons of D6 fuel per week. According to a Fiscal
4 Year 2017 Fact Book published by the Defense Logistics Agency, the combat support agency for the DOD,
5 it appears that the DOD purchases a total of approximately 70 million gallons of bunker fuel per year, not per
6 week, and that total includes both D6 and other types of diesel fuel.

7 8. When offering and selling the investments, SeaTech and Boddy each failed to disclose other
8 significant risks of the investment. The Respondents failed to disclose the risks of handling and storing diesel
9 fuel. (After they invested, Boddy told investors that a hurricane had flooded the storage tanks and disrupted
10 the fuel sales.) The Respondents failed to disclose that there was no perfected security interest to protect the
11 investors against the loss of their investment. The Respondents failed to disclose SeaTech’s financial
12 operating history. They failed to disclose the company’s assets and liabilities and its revenues and expenses.
13 They failed to disclose the net worth of Boddy, who guaranteed the promissory notes given to the investors.
14 They failed to disclose that Boddy was subject to federal tax liens totaling approximately \$375,000. They
15 failed to disclose the possible risk of losing the entire amount of the investment.

16 **Repayment of the Investments**

17 9. When offering and selling the investments, Boddy estimated that the initial fuel sale transaction
18 would be completed and the investors would have their full investment repaid within as little as 5 business
19 days or within a couple of months. Instead, three of the investors, who invested \$5,000 each, have never been
20 repaid. The other investor, who filed a complaint with the Securities Division, was paid \$12,750 in August
21 2019 for her \$10,000 investment. The complaining investor was paid after Boddy failed to provide any
22 documents or testimony in response to a Securities Division subpoena.
23

1 **Registration Status**

2 10. SeaTech is not currently registered to sell its securities in the state of Washington and has not
3 previously been so registered.

4 11. Boddy is not currently registered as a securities salesperson or broker-dealer in the state of
5 Washington and has not previously been so registered.

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

7 **CONCLUSIONS OF LAW**

8 1. The offer and/or sale of the investments in SeaTech LLC membership interests and promissory
9 notes as described above constitute the offer and/or sale of a security as defined in RCW 21.20.005(14) and
10 (17).

11 2. SeaTech and Boddy have each violated RCW 21.20.140, because, as set forth in the Tentative
12 Findings of Fact, Respondents offered and/or sold securities for which no registration is on file with the
13 Securities Administrator.

14 3. SeaTech and Boddy have each violated RCW 21.20.010, because, as set forth in the Tentative
15 Findings of Fact, Respondents made untrue statements of material fact or omitted to state material facts
16 necessary to make the statements made, in light of the circumstances in which they were made, not misleading.

17 4. Boddy has violated RCW 21.20.040 by offering and/or selling securities while not being
18 registered as a securities salesperson or broker-dealer in the state of Washington.

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

20 **FINAL ORDER**

21 IT IS HEREBY ORDERED that Respondents SeaTech Trade Associates LLC and Kim Brian Boddy,
22 their agents and employees, shall each cease and desist from offering and/or selling securities in any manner
23 in violation of RCW 21.20.140, the securities registration section of the Securities Act of Washington.

1 IT IS FURTHER ORDERED that Respondent Kim Brian Boddy, his agents and employees, shall
2 each cease and desist from offering and/or selling securities in any manner in violation of RCW 21.20.040,
3 the registration section of the Securities Act of Washington.

4 IT IS FURTHER ORDERED that Respondents SeaTech Trade Associates LLC and Kim Brian
5 Boddy, their agents and employees, shall each cease and desist from violating RCW 21.20.010, the anti-
6 fraud section of the Securities Act of Washington.

7 IT IS FURTHER ORDERED that Respondent Kim Brian Boddy shall be liable for and pay a fine in
8 the amount of \$10,000.

9 IT IS FURTHER ORDERED that Respondent Kim Brian Boddy shall be liable for and pay
10 investigative costs in the amount of \$2,500.

11 **AUTHORITY AND PROCEDURE**

12 This FINAL ORDER is entered pursuant to the provisions of RCW 21.20.390 and is subject to the
13 provisions of RCW 21.20.440 and Chapter 34.05 RCW. Respondents have the right to petition the superior
14 court for judicial review of this agency action under the provisions of Chapter 34.05 RCW. For the
15 requirements for judicial review, see RCW 34.05.510 and sections following. Pursuant to RCW 21.20.395,
16 a certified copy of this Order may be filed in Superior Court. If so filed, the clerk shall treat the Order in
17 the same manner as a Superior Court judgment as to the fine, and the fine may be recorded, enforced, or
18 satisfied in like manner.

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

20 SIGNED and ENTERED this 11th day of October, 2019
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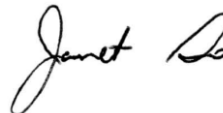
William M. Beatty
Securities Administrator

Approved by:



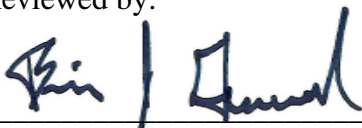
Suzanne E. Sarason
Chief of Enforcement

Presented by:



Janet So
Financial Legal Examiner

Reviewed by:



Brian J. Guerard
Financial Legal Examiner Supervisor