

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 Douglas Charles Anderson;
Jonathan Davis;

6 Respondents

Order No.: S-18-2410-20-SC01

STATEMENT OF CHARGES AND
NOTICE OF INTENT TO
ENTER ORDER TO CEASE AND DESIST,
TO IMPOSE FINES,
AND TO CHARGE COSTS

7 THE STATE OF WASHINGTON TO:

Douglas Charles Anderson
Jonathan Davis

8 **STATEMENT OF CHARGES**

9 Please take notice that the Securities Administrator of the State of Washington has reason to believe
10 that Respondents Douglas Anderson and Jonathan Davis have each violated the Securities Act of Washington.
11 The Securities Administrator believes those violations justify the entry of an order against the Respondents to
12 cease and desist from such violations and to charge costs pursuant to RCW 21.20.390, and under RCW
13 21.20.395 to impose a fine. The Securities Administrator finds as follows:

14 **TENTATIVE FINDINGS OF FACT**

15 **Respondents**

16 1. Douglas Anderson (“Anderson”) is a resident of Bellevue, Washington. From September 2014
17 to January 2016, Anderson served as a director and senior vice president of Diego Pellicer Worldwide, Inc.
18 His responsibilities included pitching the company to potential investors.

19 2. Jonathan Davis (“Davis”) is a resident of Renton, Washington. As detailed further below,
20 Davis assisted Anderson in the offer and sale of interests in Diego Pellicer Inc. and Diego Pellicer Worldwide,
21 Inc.
22

1 **Related Persons**

2 3. Diego Pellicer, Inc. (“Diego WA”) is a Washington corporation formed on December 5, 2012,
3 with its principal place of business in Seattle, Washington. Until late 2019, Diego WA operated as a marijuana
4 retailer in the SoDo neighborhood of Seattle.

5 4. Diego Pellicer Worldwide, Inc. (“Diego Worldwide”) is a Delaware corporation. Diego
6 Worldwide’s current headquarters is Reno, Nevada, but at the times relevant to this action, its headquarters
7 was in Los Angeles, California or Santa Monica, California. Diego Worldwide’s business model involved
8 leasing commercial properties and then subleasing them to marijuana retailers, with the lease contract
9 containing an option to acquire those retailers if marijuana was federally legalized. Diego also licensed its
10 intellectual property to those retailers so that they could operate under the Diego Pellicer brand, which the
11 company sought to establish as a high-end luxury brand for marijuana and related products. Diego Worldwide
12 trades over-the-counter under the ticker symbol DPWW.

13 5. Ron Throgmartin (“Throgmartin”) is a Georgia resident. Throgmartin served as CEO of Diego
14 Worldwide from September 2014 to October 2019.

15 **Nature of the Conduct**

16 **Overview**

17 6. From approximately March 2015 to at least December 2015, Anderson and Davis worked
18 together to solicit investments in Diego WA and Diego Worldwide via Craigslist. Davis, with Anderson’s
19 knowledge, posted advertisements on Craigslist soliciting investments, then forwarded inquiries to Anderson,
20 who discussed the investments with the inquirer. During this time, Anderson was aware that this offering
21 method was inconsistent with securities laws and the exemptions on which Diego WA sought to rely for
22 raising capital.

1 11. From approximately March 2015 to December 2015, Anderson knowingly violated the
2 Securities Act of Washington's registration provisions in offering interests in Diego WA. Anderson was aware
3 that securities laws, and the exemption on which Diego WA sought to rely, prohibited general advertisements
4 of investments in Diego WA, but despite this knowledge, Anderson worked with Davis to solicit investments
5 through Craigslist. Davis posted Craigslist ads and forward emails from interested parties to Anderson, who
6 would call to pitch them on investing.

7 12. Anderson spoke to at least three potential investors located through Craigslist. For instance, in
8 approximately late October 2015, Davis posted a Craigslist ad with the subject line "Seeking Angel Investor
9 for 502 Store."¹ Davis received at least one inquiry from a potential investor which included the investor's
10 phone number, and forwarded the inquiry to Anderson and urged Anderson to call the potential investor.
11 Anderson testified before the Securities Division that he "ha[d] no idea" what the Craigslist posting referred
12 to, but his cell phone records reflect a call to the number that Davis forwarded to him shortly after. Anderson
13 also sent offering materials to one person located through Craigslist, who expressed interest in investing
14 \$200,000. The Securities Division has sought further records from Anderson to determine the extent of his
15 offering activity, but Anderson has claimed that he is no longer able to access the email account which would
16 contain correspondence with Davis, such as forwarded emails from potential investors.

17 **Transaction with A.C.**

18 13. In approximately December 2015, Anderson offered the opportunity to run Diego WA to A.C.,
19 who was then a Florida resident, but conditioned the opportunity on A.C. purchasing a significant number of
20 shares in Diego Worldwide. The specific numbers changed throughout the discussions, but ultimately, A.C.
21 paid \$150,000 for 500,000 shares.

22 _____
23 ¹ "502" refers to Initiative 502, the Washington ballot initiative which legalized recreational marijuana.

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

2 **CONCLUSIONS OF LAW**

3 1. The offer of the Diego WA interest via Craigslist, and the offer and sale of the Diego
4 Worldwide stock to A.C., as described above, constitute the offer and/or sale of a security as defined in RCW
5 21.20.005(14) and (17).

6 2. Anderson and Davis have each violated RCW 21.20.140, because, as set forth in the Tentative
7 Findings of Fact, Respondents offered and/or sold Diego WA interests for which no registration is on file with
8 the Securities Administrator.

9 3. Anderson and Davis have each violated RCW 21.20.040 by offering and/or selling Diego WA
10 interests while not being registered as a securities salesperson or broker-dealer in the state of Washington.

11 4. Anderson has violated RCW 21.20.010(2), because, as set forth in the Tentative Findings of
12 Fact, he made untrue statements of material fact or omitted to state material facts necessary to make the
13 statements made, in light of the circumstances in which they were made, not misleading.

14 **NOTICE OF INTENT TO ORDER THE RESPONDENTS TO CEASE AND DESIST**

15 Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities
16 Administrator intends to order, pursuant to RCW 21.20.390(1), that Respondents Douglas Anderson and
17 Jonathan Davis, and their agents and employees, each shall cease and desist from violations of RCW
18 21.20.040 and RCW 21.20.140, and that Respondent Douglas Anderson, and his agents and employees, shall
19 cease and desist from violations of RCW 21.20.010.

20 **NOTICE OF INTENT TO IMPOSE FINES**

21 Pursuant to RCW 21.20.395, and based upon the Tentative Findings of Fact and Conclusions of Law,
22 the Securities Administrator intends to order that Respondent Douglas Anderson shall be liable for and shall
23 pay a fine of \$10,000.

1 **NOTICE OF INTENT TO CHARGE COSTS**

2 Pursuant to RCW 21.20.390, and based upon the Tentative Findings of Fact and Conclusions of Law,
3 the Securities Administrator intends to order that Respondent Douglas Anderson shall be liable for and shall
4 pay the costs, fees, and other expenses incurred in the administrative investigation and hearing of this matter,
5 in an amount not less than \$5,000.

6 **AUTHORITY AND PROCEDURE**

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

14 Signed and Entered this 23rd day of July, 2020.

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18 William M. Beatty
19 Securities Administrator

20 Approved by:

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22 Suzanne Sarason
23 Chief of Enforcement

Presented by:



Adam N. Yeaton
Financial Legal Examiner

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Reviewed by:



Jack McClellan
Financial Legal Examiner Supervisor