

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

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

7 Glenn S. Ballman; and
8 Duber Technologies Washington, Inc.,

9 Respondents

Order No.: S-18-2475-19-SC01

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

THE STATE OF WASHINGTON TO:

Glenn S. Ballman; and
Duber Technologies Washington, Inc.

10 **STATEMENT OF CHARGES**

11 Please take notice that the Securities Administrator of the state of Washington has reason to believe that
12 Respondents Glenn S. Ballman and Duber Technologies Washington, Inc. (Duber Technologies) have each violated the
13 Securities Act of Washington. The Securities Administrator believes that their violations justify the entry of an order
14 against each to cease and desist from such violations and to charge costs pursuant to RCW 21.20.390 and, under RCW
15 21.20.395, to impose a fine. The Securities Administrator finds the following:

16 **TENTATIVE FINDINGS OF FACT**

17 Respondent

- 18 1. Glenn Ballman is the founder and principal of Duber Technologies. Glenn S. Ballman is believed to have lived
19 in Seattle, Washington, at least part of the time, during Duber Technologies' operations.
- 20 2. Duber Technologies is a Washington corporation formed in 2017 for the purposes of developing and operating
21 a digital platform to connect various participants in the cannabis industry. In addition to being registered as a
22 Washington corporation, Duber Technologies publicly advertised its office in Seattle, Washington.

23 Respondents' Digital Token Sale in Washington

3. Duber Technologies connected cannabis consumers with cannabis retailers through the company's digital
platform. In approximately 2017, Duber Technologies sought to expand its operations to better connect the range of
participants in the cannabis industry, such as consumers, growers, processors, retailers, and deliverers. Duber
Technologies planned to finance this expansion of its digital platform through a sale of its digital token, düber token.
The company advertised its intention to raise \$100,000,000 through its digital token sale.
4. Duber Technologies, envisioned düber token as a medium of exchange across its platform. Duber
Technologies planned to provide customers with düber token for providing customer reviews of cannabis products
purchased across the company's platform, for loyalty purchases from retailers on the company's platform, for referring

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DEPARTMENT OF FINANCIAL INSTITUTIONS
Securities Division
PO Box 9033
Olympia, WA 98507-9033
360-902-8760

1 new customers to the company's platform, for creating content on the company's platform, and for participating in the
2 company's marketing programs. düber tokens could then be used across the company's platform to purchase cannabis
3 as a customer, retailer, or processor. The company further planned for cannabis retailers, processors, or producers to
4 use düber token to pay for expenses like taxes, utilities, and lab testing.

5 5. Duber Technologies arranged for the public sale of düber token between October 25, 2017 and January 19,
6 2018. Duber Technologies advertised its digital token sale to the general public by promoting the sale on its website,
7 on general cryptocurrency websites, and general business websites. To further encourage düber token sales, Duber
8 Technologies employed what it termed a "bounty program," in which the company provided individuals with a set
9 number of düber tokens for promoting düber token on Twitter, Facebook, blogs, or in professional articles.

10 6. Duber Technologies represented that it would use the proceeds from its digital token sale to further develop
11 the company's platform, to pay for its sales and marketing efforts, as general working capital, and to pay for the
12 company's operating expenses.

13 7. As part of its offering, Duber Technologies advertised that it had signed an agreement for \$50,000,000 in
14 funding from a company to acquire fifteen cannabis distribution centers in Washington, Oregon, California, Nevada,
15 and Arizona. Duber Technologies, however, failed to disclose to düber token investors whether the company had or
16 when the company would receive these funds. Duber Technologies further failed to disclose how receipt of such funds
17 would impact the company's balance sheet or its corporate structure.

18 8. Investors did not receive düber token upon purchase; instead, Duber Technologies issued investors a Simple
19 Agreement for Future Tokens (SAFT), which is a written contract, until Duber Technologies fully operationalized its
20 düber token. Specifically, Duber Technologies allowed investors, through the company's website, to purchase düber
21 token by sending Ether, another cryptocurrency, to Duber Technologies' Ether wallet address. Duber Technologies
22 varied the number of düber tokens per one Ether over the course of its digital token sale. Once Duber Technologies
23 received an investor's Ether payment, the company sent the investor a SAFT to document the investor's purchase.
Duber Technologies represented that the SAFT would then automatically convert into düber token at a later,
indeterminate date, when Duber Technologies operationalized düber token within its platform.

9. Duber Technologies publicly represented that it would issue investors a SAFT, which provided a future right
to fully functional düber token, in reliance on Regulation D, Rule 506(c) of the Securities Act of 1933.

10. In public interviews, too, Glenn S. Ballman acknowledged that Duber Technologies' use of a SAFT in its
digital token sale constituted the offer and sale of securities. He stated that he viewed the digital token sale as a
"security from the very start."

11. Although Glenn Ballman viewed Duber Technologies' digital token sale as a security, neither he, nor the
company registered their digital token sale as a security, nor did they file a claim of exemption from registration as a
security for their digital token sale. Specifically, Glenn Ballman and Duber Technologies represented that the

1 company's digital token sale was in reliance on Regulation D, Rule 506(c), but the company failed to file any claim of
2 exemption under Regulation D, Rule 506(c) with either the Securities and Exchange Commission or the Securities
3 Division. Glenn Ballman, further, was not registered to offer or sell securities in Washington during the time of the
4 düber token digital token sale.

12. Duber Technologies never operationalized its düber token.

Respondents' Rescission of Their Digital Token Sale

13. Duber Technologies represented that it raised funds nationally through its digital token sale between October
25, 2017, until approximately December 26, 2017, at which point the company announced that it would discontinue its
digital token sale and refund investors their original investment.

14. Around December 26, 2017, Glenn Ballman, on behalf of Duber Technologies, emailed düber token investors
to let them know that the company would discontinue its digital token sales and return each investors' Ethereum in
early January 2018.

15. Glenn Ballman publicly explained that "even though we were treating it as a security," neither he, nor the
company was "getting comfort from our contacts with the regulators in Canada and the U.S." Glenn Ballman added,
"[w]e sent all the funds that came in back to the purchasers and discontinued it until we could get proper guidance
from the SEC."

16. Glenn Ballman and Duber Technologies failed to either register this rescission offer as a security or file an
exemption from registration as a security for the rescission offer. Glenn Ballman also was not registered to offer or sell
securities in Washington during the course of Duber Technologies' rescission offer.

17. Through this rescission offer, both Glenn Ballman and Duber Technologies failed to disclose to investors that
their digital token sale was not registered with the Securities Division as required by law. Glenn Ballman and Duber
Technologies further failed to disclose to investors that the Securities Division did not pass on the rescission offer;
therefore, the rescission offer did not preclude investors from suing pursuant to the Securities Act of Washington.

18. The Securities Division subpoenaed information from Glenn Ballman and Duber Technologies to gather
additional information about their digital token sale and subsequent rescission offering. Although they received the
subpoena and additional correspondence from the Securities Division, both Glenn Ballman and Duber Technologies
refused to respond to the Securities Division's subpoena, limiting the Securities Division's ability to assess the scope
of Glenn Ballman's and Duber Technologies' ability to raise capital and refund investors

CONCLUSIONS OF LAW

Based on the above Findings of Fact, the following Conclusions of law are made:

1. The offer and sale of düber token through the use of a SAFT and Duber Technologies' rescission offer, as
described above, each constitutes the offer and sale of securities as defined in RCW 21.20.005(14) and (17).

1 2. The offer and sale of securities as described above were in violation of RCW 21.20.140 because the securities
2 were not registered with the state of Washington and did not qualify for an exemption.

3 3. Glenn Ballman has violated RCW 21.20.040 by offering and selling securities while not registered as a securities
4 salesperson in Washington.

5 4. Glenn Ballman and Duber Technologies violated RCW 21.20.010 in connection with the offer and sale of both
6 securities offerings described above by making untrue statements of material fact or omitting to state material facts
7 necessary to make the statements made, in light of the circumstances under which they were made, not misleading.

8 **NOTICE OF INTENT OF ORDER TO CEASE AND DESIST**

9 Pursuant to RCW 21.20.390(1), and based upon the above Tentative Findings of Fact and Conclusions of Law,
10 the Securities Administrator intends to order that Duber Technologies shall cease and desist from violations of RCW
11 21.10.010 and RCW 21.20.140 and that Glenn Ballman shall cease and desist from violations of RCW 21.20.010,
12 21.20.040, and RCW 21.20.140.

13 **NOTICE OF INTENT TO CHARGE COSTS**

14 Pursuant to RCW 21.20.390, and based upon the above Tentative Findings of Fact and Conclusions of Law, the
15 Securities Administrator intends to order that Duber Technologies and Glenn Ballman shall be jointly and severally
16 liable for and pay costs, fees, and expenses incurred in the administrative investigation and hearing of no less than
17 \$4,000.

18 **NOTICE OF INTENT TO IMPOSE FINES**

19 Pursuant to RCW 21.20.395, and based upon the above Tentative Findings of Fact and Conclusions of Law, the
20 Securities Administrator intends to order that that Duber Technologies and Glenn Ballman shall be jointly and severally
21 liable for and pay a fine of \$6,000.

22 **AUTHORITY AND PROCEDURE**

23 This Statement of Charges is entered pursuant to the provisions of Chapter 21.20 RCW and is subject to the
provisions of Chapter 34.05 RCW. Duber Technologies and Glenn Ballman may each make a written request for a
hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING
accompanying this order. If a respondent does not make a hearing request in the time allowed, the Securities
Administrator intends to adopt the above Tentative Findings of Fact and Conclusions of Law as final and to enter a
permanent order to cease and desist, to deny future registrations, to impose the fines sought, and to charge the costs
sought against that respondent.

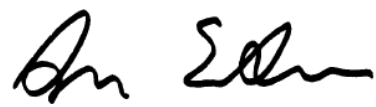
Signed and Entered this 18th day of December 2019.

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William M. Beatty
Securities Administrator

Approved by:



Suzanne Sarason
Chief of Enforcement

Presented by:



Eric Palosaari
Financial Legal Examiner

Reviewed by:



Jack McClellan
Financial Legal Examiner Supervisor