

1
2
3
4
5
6
7
8

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

9
10
11
12
13
14
15
16
17
18
19

IN THE MATTER OF DETERMINING)	Order No.: S-20-2872-21-FO02
Whether there has been a violation of the)	
Securities Act of Washington by:)	ENTRY OF FINDINGS OF FACT AND
)	CONCLUSIONS OF LAW AND FINAL ORDER TO
Global Marine Exploration Inc.,)	CEASE AND DESIST, TO IMPOSE FINES,
Robert (“Bobby”) Henry Pritchett III,)	AND TO CHARGE COSTS AS TO RONALD R.
Ronald R. Alber,)	ALBER
)	
)	
Respondents)	

20
21
22
23
24
25

INTRODUCTION

On April 24, 2020, the Securities Administrator of the Securities Division of the Department of Financial Institutions (“Securities Division”) issued a Statement of Charges and Notice of Intent to Enter Order to Cease and Desist, to Impose Fines, and to Charge Costs (“Statement of Charges”), Order Number S-20-2872-20-SC01, against Respondents Global Marine Exploration Inc., Robert (“Bobby”) Henry Pritchett III, and Ronald R. Alber. The Statement of Charges, together with a Notice of Opportunity for Hearing (“Notice”) and an Application for Adjudicative Hearing (“Application”) were served on Respondent Ronald R. Alber on June 4, 2020. The Notice advised Respondent Ronald R. Alber that the Application must be received within twenty days from the date of service. Respondent Ronald R. Alber failed to request an administrative hearing within twenty days of service.

The Securities Administrator therefore adopts as final the following Findings of Fact and Conclusions of Law as set forth in the Statement of Charges and enters a final order against Respondent Ronald R. Alber to cease and desist from violations of the Securities Act, and to impose the fines and costs sought in the Statement of Charges.

1
2
3
4
5
6
7
8
9
10
11
12

FINDINGS OF FACT

Respondents

1. Global Marine Exploration Inc. (“GME”) is a Delaware corporation that was formed on December 29, 2011. During 2012, GME had its principal place of business in Vero Beach, Florida. GME is a salvage diving company that recovers treasure from shipwrecks. During 2012, GME was operating in waters off the Dominican Republic and the Florida coast.

2. Robert Henry Pritchett III (“Pritchett”) resides in Sebastian, Florida. Pritchett is the President and the Chief Executive Officer of GME. Pritchett has significant experience in the diving and recovery business.

3. Ronald R. Alber (“Alber”) resides in the Dominican Republic. During 2012, Alber was the Vice President of Investor Relations for GME.

Nature of the Conduct

4. During January 2012, GME commenced its initial stock offering. In the initial offering, GME offered and sold a total of \$1,000,000 worth of GME common stock to more than twenty-five investors, including at least one Washington investor.

5. Alber solicited the Washington investor, who was introduced by a mutual acquaintance. The Washington investor was not accredited and was not sophisticated in financial or business matters. Before investing, the investor never received any financial statements for GME. On or about January 23, 2012, the investor purchased 27,700 shares of GME stock for \$1 per share. Most of the funds that were used to purchase the stock came from the investor’s 401(k) retirement savings plan.

6. When offering the GME stock to the Washington investor, Alber misrepresented the future value of the stock. In January 2012, Alber solicited the investor to purchase GME common stock for \$1

1 per share. Alber falsely represented that GME stock would soon be publicly traded and the investor would
2 make at least four times the amount of his investment.

3 7. In a January 19, 2012 email to the investor, Alber falsely and misleadingly stated that the next
4 GME stock offering would be for \$2 per share and the new offering would probably begin within one to
5 three months. In fact, GME did begin a second offering of common stock a few months after the initial
6 offering was completed, but the stock price was still only \$1 per share. In addition, the stock price was an
7 arbitrary amount that had no relationship to the actual value of the stock. The email also stated that GME
8 planned to go public in 2013 and the minimum share price would be \$4 per share, “but our advisors and
9 experts have told us they believe the price will be substantially higher than that.” In fact, GME stock has
10 never gone public and to date the Washington investor has been unable to recover any of his invested funds.

11 8. When offering GME stock to the Washington investor, Alber provided the investor with a
12 January 10, 2012 private placement memorandum (“PPM”) that included materially misleading financial
13 information. An Executive Summary dated December 25, 2011, which was an addendum to the PPM,
14 contained misleading information about the likely success of GME’s salvage operations. In a section
15 captioned “Financial Projections,” the PPM stated that “[U]sing extremely conservative values, we have
16 determined that we have recovered sufficient artifacts in our first year to cover all operating expenses and
17 create a substantial profit once sold.” The PPM went on to state that although the company’s salvage
18 operations had just started, it was likely that one or several of the ships would be “Treasure” ships with
19 “Treasure and Artifacts in the millions to billions of dollars.” There was no reasonable basis for the
20 financial projections in the PPM. The 2011 and 2012 audited financial statements for GME were issued in
21 May 2013. The audited financial statements for both 2011 and 2012 indicated that GME had a rescission
22 liability of more than \$1 million for an unregistered securities offering that was made by GME’s wholly-
23 owned subsidiary, a salvage company that was doing business in the Dominican Republic. GME’s audited
24
25

1 financial statements also reported a net loss of more than \$670,000 for 2011 and a net loss of more than
2 \$2,800,000 for 2012.

3 **Registration Status**

4 9. On February 16, 2012, GME filed a Regulation D, Rule 506(b) claim of exemption with the
5 United States Securities & Exchange Commission for GME's initial \$1 million offering of common stock.

6 10. GME has never been registered to sell its securities in the state of Washington, nor has it ever
7 filed a claim of exemption with the Washington Securities Division.

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

9 **CONCLUSIONS OF LAW**

10 1. The offer and/or sale of the stock described above constitutes the offer and/or sale of a security
11 as defined in RCW 21.20.005(14) and (17).

12 2. GME, Pritchett, and Alber violated RCW 21.20.140 by offering and/or selling securities for
13 which no registration is on file with the Securities Administrator.

14 3. GME, Pritchett, and Alber violated RCW 21.20.010 by making untrue statements of material
15 fact or omitting to state material facts necessary to make the statements made, in light of the circumstances
16 in which they were made, not misleading.

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

18 **FINAL ORDER**

19
20 IT IS HEREBY ORDERED that Respondent Ronald R. Alber, and his agents and employees, shall
21 each cease and desist from offering and/or selling securities in any manner in violation of RCW 21.20.140,
22 the securities registration section of the Securities Act of Washington.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

IT IS FURTHER ORDERED that Respondent Ronald R. Alber, and his agents and employees, shall each cease and desist from violating RCW 21.20.010, the anti-fraud section of the Securities Act of Washington.

IT IS FURTHER ORDERED that Respondent Ronald R. Alber shall be liable for and pay a fine in the amount of \$10,000.

IT IS FURTHER ORDERED that Respondent Ronald R. Alber shall be liable for and pay costs in the amount of \$1,500.

AUTHORITY AND PROCEDURE

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

WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

SIGNED and ENTERED this 21st day of January, 2021



William M. Beatty
Securities Administrator

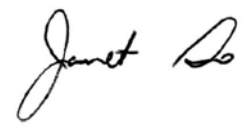
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Approved by:



Suzanne E. Sarason
Chief of Enforcement

Presented by:



Janet So
Financial Legal Examiner

Reviewed by:



Brian J. Guerard
Financial Legal Examiner Supervisor