

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 Thomas Madden,

8 Respondent.

Order No. S-21-3122-22-SC01

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

9 THE STATE OF WASHINGTON TO:

Thomas P. Madden

10 **STATEMENT OF CHARGES**

11 Please take notice that the Securities Administrator of the state of Washington has reason to believe
12 that Respondent Thomas Madden has violated the Securities Act of Washington. The Securities
13 Administrator believes these violations justify the entry of an order against Respondent Thomas Madden to
14 cease and desist from such violations, to impose a fine, and to charge costs pursuant to RCW 21.20.390 and
15 RCW 21.20.395. The Securities Administrator finds as follows:

16 **TENTATIVE FINDINGS OF FACT**

17 **Respondent**

18 1. Thomas Madden (Madden) is a resident of Utah. Madden previously resided in the state of
19 Washington.

20 **Nature of the Conduct**

Prior DFI Enforcement Action and Consent Order

21 2. On May 23, 2016, the Securities Division issued a Statement of Charges and Notice of Intent
22 to Enter Order to Cease and Desist, to Impose Fines, and to Charge Costs (Order No. S-14-1463-15-SC01)
23 against Madden for alleged violations of the Securities Act of Washington. On October 18, 2016, Madden

1 entered into a Consent Order with the Securities Division. As part of the Consent Order, Madden paid a
2 fine of \$4,000 and \$8,000 in investigative costs. Madden also agreed to cease and desist from violating
3 RCW 21.20.010, the anti-fraud section of the Securities Act of Washington.

4 3. Beginning in 2017, Madden offered and sold stock to Washington investors in violation of his
5 2016 Consent Order with the Securities Division. Madden initially sold shares of Vivos Therapeutics, Inc.
6 (previously known as Vivos BioTechnologies, Inc.) (“Vivos”), a private company that he owned shares in.

7 4. Madden sent emails to investors with offering documents and other information regarding
8 Vivos. Madden sent an email to at least one investor and attached a document that he described as a “pitch
9 deck.” Madden created a sense of urgency regarding the investment opportunity by claiming that a prior
10 \$3 million offering was oversubscribed and that Vivos “opened another \$500,000 to accommodate certain
11 folks who came in late.” Madden further stated: “We have an IPO slated for late Q1 of 2018.”

12 5. Madden executed stock purchase agreements with multiple Washington investors and sold
13 shares of Vivos at various prices, including \$0.40 per share and \$0.50 per share. Madden failed to disclose
14 that he sold shares at arbitrary prices that did not reflect the underlying value of the security. The stock
15 purchase agreements represented that Madden owned 300,000 shares of Class A common stock in Vivos.
16 The stock purchase agreements indicated that Madden was selling his own shares and that none of the
17 proceeds would be transferred to Vivos.

18 6. In 2017, Madden sold Vivos stock to multiple Washington residents. In May 2017, Madden
19 sold 20,000 shares of Vivos to a resident of Sumner, Washington. The investor had known Madden for
20 years and considered him a friend. Madden offered multiple investment opportunities to the investor and
21 represented that investor would double or triple his money with the investments. A few months later,
22 Madden wrote a \$5,000 personal check to the investor that was returned for insufficient funds. In July
23

1 2017, Madden sold 7,500 shares of Vivos to a resident of Federal Way, Washington for \$3,000. In August
2 2017, Madden sold 6,000 shares of Vivos to a resident of Fife, Washington for \$3,000.

3 7. By 2018, Madden began selling shares of Blockchain Industries, Inc. to Washington investors.
4 The company was a penny stock that was publicly traded under the symbol BCII. The company later
5 changed its name to BCII Enterprises, Inc. According to the OTC Markets website, BCII Enterprises, Inc.
6 is currently a shell company with limited operations. Madden provided investors with stock purchase
7 agreements that indicated he owned 200,000 shares of Class A common stock in Blockchain Industries, Inc.
8 and that he was selling his personal shares. In February 2018, Madden sold shares of BCII to a resident of
9 Auburn, Washington that he met at the Muckleshoot Casino. Madden provided the Auburn investor with a
10 stock purchase agreement for the sale of 2,500 shares of Blockchain Industries, Inc. for \$5,000. Madden
11 also executed a stock purchase agreement with the Sumner investor (described above) for the sale of 5,000
12 shares of Blockchain Industries, Inc. for \$25,000.

13 8. On or about December 15, 2020, Vivos conducted an initial public offering (IPO) and began
14 trading on the NASDAQ under the symbol VVOS. On December 29, 2020, the Fife investor contacted
15 Madden and asked him to repay her \$3,000 investment because she was unemployed and living in a trailer.
16 Madden told the investor that Vivos never went public and agreed to pay back her investment funds.
17 Madden sent \$2,500 to the investor using MoneyGram. In January 2021, the investor filed a complaint
18 regarding Madden with the Securities Division. The investor also contacted Madden, who sent an additional
19 \$750 to the investor.

20 9. Transfer agent records for Vivos and BCII Enterprises, Inc. (formerly known as Blockchain
21 Industries, Inc.) do not show that any stock was transferred from Madden to the Washington investors
22 described above.
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1 2. Thomas Madden violated RCW 21.20.010 by making untrue statements of material fact or
2 omitting to state material facts necessary to make the statements made, in light of the circumstances in
3 which they were made, not misleading.

4 3. Thomas Madden violated an administrative order issued under RCW 21.20.390.

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

7 Pursuant to RCW 21.20.390, and based upon the Tentative Findings of Fact and Conclusions of Law,
8 the Securities Administrator intends to order Respondent Thomas Madden and his agents and employees,
9 to permanently cease and desist from violating RCW 21.20.010.

10 **NOTICE OF INTENT TO IMPOSE A FINE**

11 Pursuant to RCW 21.20.395, and based upon the Tentative Findings of Fact and Conclusions of Law,
12 the Securities Administrator intends to order that Respondent Thomas Madden shall be liable for and shall
13 pay a fine of \$10,000.

14 **NOTICE OF INTENT TO CHARGE COSTS**

15 Pursuant to RCW 21.20.390, and based upon the Tentative Findings of Fact and Conclusions of Law,
16 the Securities Administrator intends to order that Respondent Thomas Madden shall be liable for and for
17 and shall pay the costs, fees, and other expenses incurred in the administrative investigation and hearing of
18 this matter, in an amount not less than \$2,500.

19 **AUTHORITY AND PROCEDURE**

20 This Statement of Charges is entered pursuant to the provisions of Chapter 21.20 RCW and is subject
21 to the provisions of Chapter 34.05 RCW. Respondent Thomas Madden may make a written request for a
22 hearing as set forth in the Notice of Opportunity for Hearing accompanying this Order. If a respondent does
23 not make a hearing request in the time allowed, the Securities Administrator intends to adopt the above

1 Tentative Findings of Fact and Conclusions of Law as final and to enter a permanent order to cease and
2 desist as to that respondent, to impose any fines sought against that respondent, and to charge any costs
3 sought against that respondent.

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5 SIGNED and ENTERED this 3rd day of January, 2023.

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/s/_____
William M. Beatty
Securities Administrator

Approved by:

/s/_____
Brian Guerard
Chief of Enforcement

Presented by:

/s/_____
Robert Kondrat
Financial Legal Examiner