

STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION

IN THE MATTER OF DETERMINING) Order Number S-08-173-09-SC01
Whether there has been a violation of the)
Securities Act of Washington by:) STATEMENT OF CHARGES AND NOTICE
) OF INTENT TO ENTER AN ORDER TO
Aria International Corporation, now known as) CEASE AND DESIST, TO IMPOSE A FINE,
Glow Cosmetics International, Incorporated,) AND TO CHARGE COSTS
and James Joseph McCarthy,)
Respondents)

THE STATE OF WASHINGTON TO: Respondents

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents, Aria International Corporation and James Joseph McCarthy, have each violated the Securities Act of Washington and that their violations justify the entry of an order of the Securities Administrator under RCW 21.20.390 to cease and desist from such violations and to charge costs and under RCW 21.20.395 to impose a fine. The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

Respondents and Related Companies

1. Aria International Corporation (“Aria”) was a Washington corporation that was originally incorporated under the name Glow Cosmetics International, Incorporated on November 4, 1992. On July 21, 2003, the corporate name was changed to Aria International Corporation. From July, 2003 through at least May, 2007, Aria’s stated primary business purpose was to develop laser cleaning services for airplanes and its principal place of business

1 was in Everett, Washington. On February 29, 2008, Aria's corporate name was changed back to
2 Glow Cosmetics International, Incorporated. Glow Cosmetics International, Incorporated is
3 now a wholly-owned subsidiary of Laser Services Corporation.
4

5 2. Laser Services Corporation is a Washington corporation that was incorporated on
6 December 27, 2007 by James Joseph McCarthy. The company's principal place of business is
7 located in Seattle, Washington and its stated primary business purpose is to provide laser
8 cleaning services by using portable lasers to clean airplanes and marine vessels, such as ships,
9 yachts and submarines.
10

11 3. Aerospace Laser Services, Incorporated is a Washington corporation that was originally
12 incorporated under the name Offshore Superyacht Corporation on September 15, 1997 by James
13 Joseph McCarthy. On February 21, 2007, the corporate name was changed to Aerospace Laser
14 Services, Incorporated. Aerospace Laser Services, Incorporated is now a wholly-owned
15 subsidiary of Laser Services Corporation.
16

17 4. James Joseph McCarthy ("McCarthy") is the President and Chairman of the Board of
18 Directors for Laser Services Corporation. From July, 2003 through at least May, 2007,
19 McCarthy was the President and Chairman of the Board of Directors for Aria International
20 Corporation. McCarthy resides in Seattle, Washington.
21

22 Federal Aviation Administration Approval for a Laser Cleaning Process

23 5. From at least 2003 through 2007, McCarthy was raising funds through the sale of Aria
24 common stock, in order to purchase and use an infrared laser to strip and clean the body joint on
25 the fuselage of airplanes. McCarthy received a July 21, 2006 approval letter from the Federal
Aviation Administration for the laser cleaning process. Although McCarthy raised funds on

1 behalf of Aria, the approval letter was addressed to James J. McCarthy, as the “President” of
2 Aerospace Laser Services Inc. On June 6, 2007, the Federal Aviation Administration issued a
3 letter to certify Aerospace Laser Services, Inc. to operate a repair station for using lasers to
4 remove paint and sealants from Boeing airplanes that are made out of aluminum.
5

6 Failure to Acquire a Laser

7 6. During 2005, Aria signed a license agreement with General Lasertronics Corporation
8 (“GLC”) in San Jose, California. The agreement required Aria to order and pay for at least one
9 laser at a cost of \$500,000 and to order another \$5 million worth of GLC products within one
10 year after signing the agreement. The licensing agreement between Aria and GLC was revoked
11 during 2006 because Aria did not have the funds to purchase any lasers.
12

13 Offer and Sale of Aria Stock

14 7. From July, 2003 through May, 2007, Aria International Corporation and James Joseph
15 McCarthy offered and sold more than \$800,000 worth of Aria common stock to more than 50
16 investors, most of whom were Washington residents. McCarthy personally solicited the sales of
17 stock. Several of the purchasers were members of a singles’ yacht club that McCarthy had
18 joined. Those purchasers did not have any prior business relationship with McCarthy.
19

20 Misrepresentations or Omissions

21 8. When offering and selling Aria common stock, Aria and McCarthy led some investors
22 to believe that Aria owned an infrared laser. Aria and McCarthy failed to disclose to investors
23 that McCarthy or persons acting at his direction were using a laser from General Lasertronics
24 Corporation to conduct FAA tests. Aria and McCarthy failed to disclose to investors that Aria
25 did not own any lasers or any laser technology.

1 9. When offering and selling Aria common stock, Aria and McCarthy failed to disclose
2 that McCarthy was using the proceeds from the sale of Aria stock to acquire FAA certification
3 for the cleaning of airplanes by a different corporation, Aerospace Laser Services Inc. Aria and
4 McCarthy failed to disclose to investors that McCarthy received several million shares of Aria
5 stock by granting a license to Aria to use the Aerospace Laser Services FAA certification.
6

7 10. When offering and selling Aria common stock, Aria and McCarthy failed to disclose
8 that McCarthy was to receive an annual salary of \$150,000. Aria and McCarthy also failed to
9 disclose that McCarthy had filed for chapter 7 bankruptcy during 2004.
10

11 11. When offering and selling Aria common stock, Aria and McCarthy failed to disclose
12 the risks of competition within the laser industry. Aria and McCarthy failed to disclose that
13 Robert Cargill, a consulting metallurgical engineer, and Jim Thomas, an employee of GLC, were
14 working on and have now developed and patented an ultraviolet laser that can be used to work
15 on airplanes that are made from composite materials, and not just aluminum. Aria and
16 McCarthy also failed to disclose information about the major competitors in the laser industry.
17

18 12. When offering and selling Aria common stock, Aria and McCarthy failed to disclose
19 the risks of operating an infrared laser. Aria and McCarthy also failed to disclose the risks of
20 product obsolescence, equipment malfunctions, and the improper use and maintenance of a
21 laser.
22

23 13. When offering and selling Aria common stock, Aria and McCarthy failed to disclose
24 any specific use of proceeds for investor funds and failed to establish a minimum amount of
25 proceeds that were necessary in order to achieve a specified objective. Aria and McCarthy
failed to disclose that investors could lose their entire investment due to inadequate

1 capitalization. Aria and McCarthy also failed to disclose that the stock had no established
2 market and could not be readily resold.

3
4 14. When offering and selling Aria common stock, Aria and McCarthy failed to disclose
5 that the share price was purely arbitrary. Aria and McCarthy misled investors by making
6 statements about the company's intent to offer and sell shares at a higher share price in a
7 proposed small business registration with the SEC. Aria and McCarthy also offered and sold
8 stock at 50 cents per share to some investors, while offering and selling stock to \$1 per share to
9 other investors during the same time period, without disclosing the difference in the share price.
10

11 15. When offering and selling Aria common stock, Aria and McCarthy gave investors
12 misleading financial projections about the company. In an August 1, 2005 offering
13 memorandum, the company projected annual income of \$88,400,000 from performing aircraft
14 inspections. In a January 1, 2007 business plan, the company projected a \$57 million before-tax
15 profit by the end of year one and a \$1.1 billion before-tax profit by the end of year five. Aria
16 and McCarthy failed to provide any reasonable basis for the financial projections.
17

18 16. When offering and selling Aria common stock, Aria and McCarthy failed to give
19 investors any financial statements for the company. Aria and McCarthy also failed to disclose
20 the capitalization of the company and the risk of dilution through the issuance of additional
21 shares of stock. Aria and McCarthy failed to disclose that Laser Services Corporation would
22 acquire Aria International Corporation and would increase its authorized shares during April
23 2008 from 500,000 shares to 120,000,000 shares.
24

25 Registration Status

17. Aria International Corporation has never been registered to sell its securities in the
State of Washington and has never filed a claim of exemption from registration.

1 18. James Joseph McCarthy is not currently registered as a securities salesperson or
2 securities broker dealer in the State of Washington and has not previously been so registered.

3 Based upon the Tentative Findings of Fact, the following Conclusions of Law are made:
4

5 **CONCLUSIONS OF LAW**

6 1. The offer and sale of the Aria stock described above constitutes the offer and sale of a
7 security, as defined in RCW 21.20.005(10) and (12).

8 2. Aria International Corporation and James Joseph McCarthy have each violated RCW
9 21.20.140 because no registration for such offer or sale is on file with the Securities
10 Administrator.
11

12 3. James Joseph McCarthy has violated RCW 21.20.040 by offering or selling said
13 securities while not registered as a securities salesperson or securities broker-dealer in the state
14 of Washington.

15 4. Aria International Corporation and James Joseph McCarthy have each violated RCW
16 21.20.010 because, in connection with the offer or sale of said securities, they each made untrue
17 statements of a material fact or omitted to state material facts necessary in order to make the
18 statements made, in the light of the circumstances under which they were made, not misleading.
19

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

21 Pursuant to RCW 21.20.390(1), and based on the above Tentative Findings of Fact and
22 Conclusions of Law, the Securities Administrator intends to order that Respondents, Aria
23 International Corporation and James Joseph McCarthy, and their agents and employees, each
24 shall cease and desist from violations of RCW 21.20.010, RCW 21.20.040, and RCW
25 21.20.140.

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

2 Pursuant to RCW 21.20.395, and based on the above Tentative Findings of Fact and
3 Conclusions of Law, the Securities Administrator intends to order that James Joseph McCarthy
4 shall be liable for and shall pay a fine of \$10,000.
5

6 **NOTICE OF INTENT TO CHARGE COSTS**

7 Pursuant to RCW 21.20.390, and based on the above Tentative Findings of Fact and
8 Conclusions of Law, the Securities Administrator intends to order that James Joseph McCarthy
9 shall be liable for and shall pay investigative costs of \$5,000.
10

11 **AUTHORITY AND PROCEDURE**

12 This Statement of Charges is entered pursuant to the provisions of chapter 21.20 RCW
13 and is subject to the provisions of chapter 34.05 RCW. The respondents, Aria International
14 Corporation and James Joseph McCarthy, may each make a written request for a hearing as set
15 forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR
16 HEARING accompanying this order.
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18 If a respondent fails to make a timely hearing request, the Securities Administrator
19 intends to adopt the above Tentative Findings of Fact and Conclusions of Law as final and to
20 enter a permanent order to cease and desist as to that respondent and to impose fines and to
21 charge costs sought against that respondent.
22

23 Dated and Entered this 7th day of October, 2009

24 

25 MICHAEL E. STEVENSON
Securities Administrator

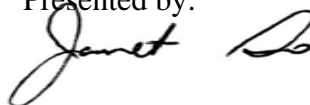
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Approved by:



Suzanne E. Sarason
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Presented by:



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