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

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IN THE MATTER OF DETERMINING) Order No.: S-11-0688-13-SC01
Whether there has been a violation of the)
Securities Act of Washington by:)
Showdown Partners, LLC; Express Entertainment,) STATEMENT OF CHARGES AND NOTICE OF INTENT
Inc.; Kenneth Kinnear; George Todd,) TO ENTER ORDER TO CEASE AND DESIST, TO
Respondents.) IMPOSE FINES AND TO CHARGE COSTS

**THE STATE OF WASHINGTON TO: Showdown Partners, LLC;
Express Entertainment, Inc.;
Kenneth Kinnear;
George Todd.**

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the state of Washington has reason to believe that Respondents, Showdown Partners, LLC; Express Entertainment, Inc.; Kenneth Kinnear; and George Todd, 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 against each to cease and desist from such violations and to charge costs, and under RCW 21.20.395 to impose fines. The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

Respondents

1. Showdown Partners, LLC (“Showdown”) is an inactive Washington limited liability company created to exhibit touring indoor motor sports shows. Showdown’s principal place of business was in Seattle, Washington.
2. Express Entertainment, Inc. (“Express”) is an inactive Washington corporation that held the majority interest in and was the managing member of Showdown. Express had exclusive voting rights and management authority over Showdown’s business activities. Respondents identified Express as a creator, owner, and presenter of Showdown’s business plan. Express’s principal place of business was in Seattle, Washington.
3. Kenneth Kinnear (“Kinnear”) was president and sole director of Express Entertainment. Kinnear acted as managing member of Showdown Partners on behalf of Express Entertainment. Showdown paid Kinnear over \$335,000 for the consulting services he provided as director of Express. Kinnear is a Washington resident.

1 4. George Todd (“Todd”) acted as a financial consultant and fundraiser for Showdown. For each investor that
2 Todd introduced to Showdown, he earned commission payments of five to ten percent of the investment funds. Todd
3 has a website, www.georgetodd.com, on which he gives himself the title “Virtual VP of Finance and Consultant” and
4 claims that he has helped raise tens of millions in capital for his clients. On his website, Todd states that he helped
5 produce a proforma plan and procure angel funding for Showdown. Todd was a Washington resident at the time he
6 worked for Showdown; he now resides in California.

7 Nature of the Offering

8 5. Between 2004 and 2008, Respondents solicited over 100 prospective investors to invest in Showdown’s
9 membership interests. Showdown sold over \$5 million of its membership interests to over 45 investors, of whom at
10 least 35 were located in Washington. Other investors were located in Arizona, California, Florida, Montana, Texas,
11 and British Columbia. Showdown planned to use members’ funds to retire costs associated with proprietary
12 equipment, obtain sponsors, affiliate with merchandising companies, create website material, and produce between 10
13 and 50 motor sports shows. Showdown’s motor sports events involved stationary racecars competing in virtual races,
14 the winner of which was determined by how fast each car’s wheels spun. These cars were situated on Showdown’s
15 proprietary platforms, which registered the vehicles’ wheel speeds. The statistics were then displayed on large
16 screens in the event venue. Ultimately, Showdown was able to produce two arena events.

17 6. Todd and Kinnear identified prospective investors by calling their friends, associates, and acquaintances to
18 see if they or someone they knew were interested in investing in Showdown. In their solicitation of prospective
19 investors, Respondents highlighted that Kinnear founded the Gorge Amphitheater.

20 7. After Todd and Kinnear identified prospective investors, Kinnear typically conducted a PowerPoint
21 presentation for prospective investors. During these presentations Kinnear pointed out his experience in the
22 entertainment business, the nature of Showdown’s business, statistics regarding the motor sports industry,
23 Showdown’s fundraising timelines, and Showdown’s offering summary and profit projections.

24 8. Among Respondents’ projections were the representations that investors would, at minimum, receive a return
25 of 30 times their investments within 36 months, and that Showdown’s business activities would result in collective

distributions and returns on investment (“ROI”) that increased exponentially over a three-year period. The following table illustrates Respondents’ distribution projections and ROI estimations:

Year	Projected Distributions to Investors	Estimated Return on Investment
2007	\$7,630,697	125% - 561%
2008	\$29,646,713	191% - 1364%
2009	\$54,254,757	293% - 2318%

In his presentations, Kinnear also indicated that investors would realize an “ROI of 20X” and that a \$4 million investment would result in a return of \$80 million.

9. Showdown solicited investment for nine different membership classes, identified by letters A through I. Showdown had at least 55 members, of which 39 were Class G members. Classes were entitled to varying levels of monetary distributions and some had dilution protections while others did not. Showdown purportedly offered one class of membership interests until it reached a financial goal, then closed that class and began offering another class under less favorable terms. Respondents failed to keep track of all of their investment solicitations.

10. When prospective investors showed further interest, Kinnear typically would provide them with offering materials and collect their investment funds. Most investors purchased Showdown’s membership interests for cash, while others obtained the interests in exchange for services. Showdown also traded its membership interests for an interest in a Canadian company.

11. After it received investors’ funds, Showdown paid for specialty vehicles, advertising, event production and office equipment, insurance, rent, utilities, and consulting fees, among other things. Within four years, the company spent the over \$5 million it received from investors. This left Showdown with less than \$2,000 by June 2008.

12. After it exhausted its liquid capital, Showdown sought to raise additional funds to pay its obligations and expansion costs by selling \$5 million of debt units. Debt unit purchasers could elect to convert debt units to Class I membership interests or to receive pro rata payments from a portion of Showdown’s gross ticket proceeds until twice the debt unit price was repaid. Five investors purchased a total of \$115,000 in debt units. Despite the additional investment, Showdown ceased operations and became inactive by September 2010.

13. Showdown never repaid or made monetary distributions to investors.

Misrepresentations and Omissions

1 14. When soliciting investment in Showdown, Respondents failed to provide material information to prospective
2 investors including information concerning Showdown’s operational and financial history, the risk of inadequate
3 capitalization, economic risks, whether salespersons or broker-dealers it used were licensed, how dilution would
4 impact investors’ interests, reasonably detailed estimates of expenses incurred in connection with the sale of
5 securities, and the remuneration paid or to be paid to Respondents.

6 15. Respondents’ projections, as described in paragraph eight above, were misleading. Respondents failed to
7 provide a reasonable basis for the projections and failed to provide adequate limitations on the projections.

Registration Status

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9 16. Showdown is not currently registered to sell securities in the state of Washington and has not previously been
10 so registered.

11 17. Express is not currently registered as a securities salesperson or broker-dealer, or to otherwise sell securities
12 in the state of Washington, and has not previously been so registered.

13 18. Kinnear is not currently registered as a securities salesperson or broker-dealer, or to otherwise sell securities
14 in the state of Washington, and has not previously been so registered.

15 19. Todd is not currently registered as a securities salesperson or broker-dealer, or to otherwise sell securities in
16 the state of Washington, and has not previously been so registered.

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

CONCLUSIONS OF LAW

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19 1. The offer or sale of membership interests and debt units as described above constitute the offer and/or sale of
20 a security as defined in RCW 21.20.005(14) and (17).

21 2. The offer and sale of said securities is in violation of RCW 21.20.040 because Express Entertainment, Inc.,
22 Kenneth Kinnear and George Todd offered and/or sold said securities while not registered as a securities salespersons
23 or broker-dealers in the state of Washington.

24 3. The offer and/or sale of said securities is in violation of RCW 21.20.140 because no registration for such an
25 offer and/or sale is on file with the Securities Administrator, state of Washington.

1 4. The offer and/or sale of said securities is in violation of RCW 21.20.010 because Respondents made
2 misstatements of material fact or omitted to state material facts necessary in order to make the statements made, in
3 light of the circumstances under which they were made, not misleading.

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

5 Pursuant to RCW 21.20.390(1) and based upon the above Tentative Findings of Fact and Conclusions of Law,
6 the Securities Administrator intends to order that Respondents, Showdown Partners, LLC; Express Entertainment,
7 Inc.; Kenneth Kinnear; and George Todd, each shall cease and desist from violations of RCW 21.20.010, RCW
8 21.20.040, and RCW 21.20.140.

9 **NOTICE OF INTENT TO IMPOSE FINES**

10 Pursuant to RCW 21.20.395, and based upon the above Tentative Findings of Fact and Conclusions of Law,
11 the Securities Administrator intends to order that:

- 12 a. Respondent Kenneth Kinnear shall be liable for and shall pay a fine of \$10,000;
- 13 b. Respondent George Todd shall be liable for and shall pay a fine of \$5,000.

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, the
16 Securities Administrator intends to order that:

- 17 a. Respondent Kenneth Kinnear shall be liable for and shall pay investigative costs of at least \$5,000;
- 18 b. Respondent George Todd shall be liable for and shall pay investigative costs of at least \$1,000.

19 **AUTHORITY AND PROCEDURE**

20 This Statement of Charges is entered pursuant to the provisions of Chapter 21.20 RCW and is subject to the
21 provisions of Chapter 34.05 RCW. The Respondents, Showdown Partners, LLC; Express Entertainment, Inc.;
22 Kenneth Kinnear; and George Todd, may each make a written request for a hearing as set forth in the NOTICE OF
23 OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Order. If a respondent
24 does not make a hearing request in the time allowed, the Securities Administrator intends to adopt the above Tentative
25 Findings of Fact and Conclusions of Law as final and to enter a permanent order to cease and desist as to that

1 respondent, to impose any fines sought against that respondent, and to charge any costs sought against that
2 respondent.

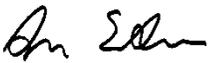
3 Signed and Entered this 3rd day of July 2013.

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8 William M. Beatty
Securities Administrator

9 Approved by:

Presented by:

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12 Suzanne Sarason
Chief of Enforcement

13 Drew Stillman
Enforcement Attorney

14 Reviewed by:

15 

16 Jack McClellan
17 Financial Legal Examiner Supervisor