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

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

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Order No. S-12-1087-13-CO01

**CONSENT ORDER** 

SPIRITLIVING CO. and DENNIS EUGENE CRUMB,

Respondents

# INTRODUCTION

On February 26, 2013, the Securities Division of the State of Washington entered a Statement of Charges and Notice of Intent to Enter an Order to Cease and Desist, To Impose a Fine, and to Charge Costs, Order No. S-12-1087-SC01, against Respondents, SpiritLiving Co. and Dennis Eugene Crumb ("Statement of Charges"). Pursuant to the Securities Act of Washington, chapter 21.20.RCW, the Securities Division of the Department of Financial Institutions ("Securities Division") and Respondents, SpiritLiving Co. and Dennis Eugene Crumb, do hereby enter into this Consent Order in settlement of the matters alleged herein. Respondents, SpiritLiving Co. and Dennis Eugene Crumb, neither admit nor deny the Findings of Fact and Conclusions of Law as stated below.

## FINDINGS OF FACT

### **Respondents**

1. SpiritLiving Co. ("SpiritLiving") is an Idaho corporation that was incorporated on April 14, 2008 and was administratively dissolved on July 11, 2012. SpiritLiving was a retail Internet sales company that sold high-end home and garden products.

2. Dennis Eugene Crumb ("Crumb") is a Washington resident and was the Chief Executive

Officer of SpiritLiving. CONSENT ORDER

#### Offering of Common Stock

3. During 2008, SpiritLiving had more than \$500,000 worth of outstanding common stock, most of which was purchased by Crumb or his relatives. In April 2008, Respondents, SpiritLiving and Crumb, offered 25,000 shares of common stock in SpiritLiving to a Washington investor. The sale and issuance of the 25,000 shares was completed in September 2008. The shares were sold for \$1 each, for a total investment of \$25,000.

### Misrepresentations or Omissions

4. When offering and selling the stock, Respondents each misrepresented or failed to disclose to the investor material information about the investment. Respondents each misrepresented to the investor that a percentage of his funds would be used to purchase the assets of two Colorado corporations. Respondents also represented that a percentage of invested funds would be used for working capital in SpiritLiving Co. and its subsidiaries. Respondents each failed to disclose to the investor that Respondents defaulted on promissory note payments for the purchase of the two Colorado corporations prior to September 2008. Respondents each failed to disclose to the investor that the Colorado corporations had filed a lawsuit against Respondents in July 2008 for non-payment of the promissory notes. In addition, Respondents each failed to disclose other material risks of the investment, including inadequate capitalization, competition, management's inexperience in operating this type of business, and the company's limited operating history.

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

### **CONCLUSIONS OF LAW**

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1. As set forth in the Tentative Findings of Fact, the offer or sale of the stock described above constitutes the offer or sale of a security as defined in RCW 21.20.005(14) and (17).

#### CONSENT ORDER

2. As set forth in the Tentative Findings of Fact, Respondents, SpiritLiving and Crumb, each made untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, in violation of RCW 21.20.010, the anti-fraud section of the Securities Act of Washington.

### **CONSENT ORDER**

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

IT IS HEREBY AGREED AND ORDERED that Respondents, SpiritLiving Co. and Dennis Eugene Crumb, shall each cease and desist from any violation of RCW 21.20.010.

IT IS FURTHER AGREED AND ORDERED that Respondent, Dennis Eugene Crumb, shall be liable for and shall pay a fine of \$2,500 prior to the entry of this Consent Order.

IT IS FURTHER AGREED AND ORDERED that Respondent, Dennis Eugene Crumb, shall be liable for and shall pay investigative costs of \$1,000 prior to the entry of this Consent Order.

IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this Consent Order

IT IS FURTHER AGREED that Respondents, SpiritLiving Co. and Dennis Eugene Crumb, each enter into this Consent Order freely and voluntarily and with a full understanding of its terms and significance.

IT IS FURTHER AGREED that in consideration of the foregoing, Respondents, SpiritLiving Co. and Dennis Eugene Crumb, each waive their right to a hearing and to judicial review of this matter pursuant to RCW 21.20.440 and Chapter 34.05 RCW.

WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

1	Signed this14th day ofMarch	, 2013
2	Signed by:	Approved for entry by:
4	SpiritLiving Co.	
5	By:	
6		_/s/ Michael Daudt
7	_/s/ Dennis Eugene Crumb Dennis Eugene Crumb, President	Michael Daudt, Attorney for Respondents WSBA #25690
8 9	Signed by:	
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11	_/s/ Dennis Eugene Crumb	
12	Dennis Eugene Crumb, Individually	
13	SIGNED and ENTERED this <u>4th</u>	day of, 2013
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16		Millim Seats
17		WILLIAM M. BEATTY Securities Administrator
18	Approved by:	Presented by:
19 20	An Elm	Janet la
21	Suzanne E. Sarason	Janet So
22	Chief of Enforcement	Enforcement Attorney
23	Reviewed by:	
24	In the	
25	Robert Kondrat Financial Legal Examiner Supervisor	
	CONSENT ORDER	4 DEPARTMENT OF FINANCIAL INSTITU PO Box

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