STATE OF WASHINGTON DEPARTMENT OF FINANCIAL INSTITUTIONS SECURITIES DIVISION

IN THE MATTER OF DETERMINING) Order No.: S-16-1863-16-CO01
Whether there has been a violation of the)
Securities Act of Washington by:) CONSENT ORDER
)
Dental Data Tech, Inc.,)
Wesley O. Kronick,)
)
)
Respondents.	_)

INTRODUCTION

On May 2, 2016, 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 a Fine, and to Charge Costs ("Statement of Charges"), Order Number S-16-1863-16-SC01, against Respondents Dental Data Tech, Inc. and Wesley O. Kronick. Pursuant to the Securities Act of Washington, RCW 21.20, the Securities Division and Respondents Dental Data Tech, Inc. and Wesley O. Kronick do hereby enter into this Consent Order in settlement of the matters set forth in the Statement of Charges and as alleged below. Respondents Dental Data Tech, Inc. and Wesley O. Kronick neither admit, nor deny the Findings of Fact and Conclusions of Law as stated below.

FINDINGS OF FACT

Respondents

1. Dental Data Tech, Inc. ("Dental Data") is a Wyoming corporation formed on January 9, 2013 with its principal place of business in Seattle, Washington. Dental Data was administratively dissolved on March 11, 2015. Dental Data's primary business purpose was to provide electronic recordkeeping and cloud storage for dentists.

360-902-8760

2. Wesley O. Kronick ("Kronick") resided in Seattle, Washington. Kronick was the President of Dental Data.

Nature of the Conduct

- 3. In December 2012, Kronick contacted a Washington resident who was a personal friend about making an investment in Dental Data. Kronick told the investor that Kronick was dissolving his current business, Northwest IT Guys, Inc., to form a new company, Dental Data. Kronick stated that his current business had done over one million dollars a year in sales. Kronick said that he wanted to build a cloud hosting business in Seattle for the dental community.
- 4. On January 4, 2013, Kronick met with the investor to solicit a \$30,000 investment in Dental Data. Kronick told the investor that Kronick would not receive any compensation from the investor's funds. Kronick asked the investor for a \$30,000 personal loan "for the sole purpose of funding the operational costs associated with Dental Data Tech, Inc." The investor would initially pay \$15,000 to Kronick's existing business, Northwest IT Guys, Inc. The investor would then file the paperwork to form Dental Data Tech, Inc. and the remaining \$15,000 would be paid to Dental Data.
- 5. For making his investment in Dental Data, the investor would receive 10,000 shares of Dental Data stock, representing 1% of the company's stock. The investor would also receive 15% annual interest on the investment. The interest would be paid through the issuance of Dental Data stock. According to Kronick, the Dental Data stock was "currently valued at \$1 per share." At the end of two years, the investor would have the option to convert the loan to shares of Dental Data stock at 75% of the market value. The day after they met, Kronick sent the investor an email that summarized the terms of the investment. In January 2013, the investor made two payments of \$15,000 each, for a total investment of \$30,000.

Misrepresentations and Omissions

6. When soliciting the investment, Kronick falsely and misleadingly represented that Dental Data stock was currently valued at \$1 per share. The Respondents each failed to disclose the assumptions or provide any reasonable basis for the stock valuation. The Respondents failed to disclose the assets and liabilities of the corporation. The Respondents failed to provide any financial statements for Dental Data or for Kronick's other business, Northwest IT Guys, Inc. The Respondents failed to disclose that Northwest IT Guys, Inc. was not currently registered with the Department of Revenue and could potentially owe significant unpaid taxes, for which Kronick would be personally liable. The Respondents also failed to disclose that Kronick had paid off an outstanding IRS tax lien of more than \$140,000 during 2012. The Respondents each failed to disclose to the investor that Kronick had filed for bankruptcy in October 2005. The Respondents failed to disclose other risks of the Dental Data investment, including inadequate capitalization, unproven market, competition, conflicts of interest, regulatory risks, and technology risks.

Investor Repayments

7. In January 2015, Kronick made a \$5,000 payment to the investor using the Dental Data bank account. The Dental Data bank account statements showed that most of the deposits in the account, apart from the investor's funds, came from checks written on the Northwest IT Guys account with memo notations about cloud services. In June 2015, when it appeared that Dental Data was a failing business, the investor wrote himself a check from the Dental Data bank account for \$1,000 to partially repay the investment. Kronick then removed the investor as a signer on the account. The investor asked Kronick to repay the balance of the investment. Kronick gave the investor a bracelet that Kronick claimed, without substantiation, had a value of approximately \$8,000. No additional repayments were made.

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

CONCLUSIONS OF LAW

- 1. The offer and/or sale of the stock described above constitute the offer and/or sale of a security as defined in RCW 21.20.005(14) and (17).
- 2. Dental Data Tech, Inc. and Wesley O. Kronick have each violated RCW 21.20.010, because, as set forth in the Findings of Fact, Respondents made untrue statements of material fact or omitted to state material facts necessary to make the statements made, in light of the circumstances in which they were made, not misleading.

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

CONSENT ORDER

IT IS AGREED AND ORDERED that Respondents Dental Data Tech, Inc. and Wesley O. Kronick, their agents, and employees each shall cease and desist from violating RCW 21.20.010, the anti-fraud section of the Securities Act of Washington.

IT IS FURTHER AGREED AND ORDERED that Respondent Wesley O. Kronick shall be liable for and shall pay a fine of \$1,000, with one payment of \$500 due prior to the entry of this Consent Order and one payment of \$500 due within one month following the entry of this consent order.

IT IS FURTHER AGREED AND ORDERED that Respondent Wesley O. Kronick shall be liable for and shall pay investigative costs of \$500. The \$500 costs shall be due within one month after the fine has been paid in full.

IT IS FURTHER AGREED that if Wesley O. Kronick fails to make any monthly payment, the fines and investigative costs imposed shall become immediately due and payable, and the Securities Division may seek enforcement of the Consent Order pursuant to RCW 21.20.395.

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

1	IT IS FURTHER AGREED that Respondents Dental Data Tech, Inc. and Wesley O. Kronick
2	entered into this Consent Order freely and voluntarily and with a full understanding of its terms and
3	significance.
4	IT IS FURTHER AGREED that in consideration of the foregoing, Respondents, Dental Data Tech
5	Inc. and Wesley O. Kronick, each waive their right to a hearing and to judicial review of this matter
6	pursuant to RCW 21.20.440 and Chapter 34.05 RCW.
7	WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.
8	
9	
10	
11	
12	Signed by:
13	Dental Data Tech, Inc.
14	/s/
15	Wesley O. Kronick President
16	
17	Signed by:
18	/s/
19	Wesley O. Kronick, Individually
20	
21	SIGNED and ENTERED this 9th day of June , 2016
22	
23	Millente
24	William M. Beatty
	Securities Administrator

DEPARTMENT OF FINANCIAL INSTITUTIONS Securities Division PO Box 9033 Olympia WA 98507-9033 360-902-8760

1 Approved by: 2 3 4 An Elm 5 Suzanne Sarason Chief of Enforcement Reviewed by: 9 10 Robert Kondrat Financial Legal Examiner Supervisor 11 12 13 14 15 16 17 18 19 20 21

Presented by:

Junet Do

Janet So Financial Legal Examiner

22

23

24

25