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**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:

Varner Technologies, Inc., Clay Varner, Ray
Heflin, their employees and agents,

Respondents.

SDO - 80 - 99

CONSENT ORDER AND ORDER VACATING
SDO-58A-99

Case No. 99-08-0254

THE STATE OF WASHINGTON TO:

Varner Technologies, Inc.
Clay Varner
Ray Heflin
1819 Clarkson Road
Chesterfield, MO 63017

INTRODUCTION

The Securities Division, Department of Financial Institutions, State of Washington, and Respondents, Varner Technologies, Inc., Clay Varner, and Ray Heflin (also collectively referred to as Respondents) do hereby agree to this Consent Order and Order Vacating SDO-58A-99 in settlement of the matters alleged herein. Respondents neither admit nor deny the Tentative Findings of Fact and Conclusions of Law as set forth below.

TENTATIVE FINDINGS OF FACT

I.

Varner Technologies, Inc. is a Missouri corporation in the business of distributing and marketing Internet and communications services and whose corporate office address is 1819 Clarkson Road, Chesterfield, Missouri.

II.

CONSENT ORDER AND ORDER VACATING
SDO-58A-99

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

Varner Technologies, Inc.

1 Clay Varner is the Chief Executive Officer/President and Ray Heflin is the Chief Financial
2 Operating Officer of Varner Technologies, Inc.

3 III.

4 On August 13, 1999, Varner Technologies, Inc., Clay Varner and Ray Heflin, participated in a trade
5 show named the Third Annual Seattle Money Show ("Money Show") held in Seattle, Washington. The
6 Money Show is a commercial venture that provides a forum for interaction between the public and business
7 and commercial vendors and is marketed to the general public through advertising placed on the Internet and
8 through signage placed in public areas surrounding the Show's location. A Securities Division staff member
9 attending the Money Show and posing as a prospective investor visited the Varner Technologies, Inc. booth
10 that contained signage inviting the Show attendees to participate in a Varner Technologies, Inc. 20,000 share
11 stock giveaway promotion. Respondents solicited the staff member, posing as a potential investor, and other
12 Washington residents to participate in the Varner Technologies, Inc. stock giveaway promotion and to
13 purchase Varner Technologies, Inc. preferred stock at \$2.00 per share with a minimum purchase of 2,500
14 shares. Respondents distributed to prospective investors at the Money Show a Varner Technologies Private
15 Placement Memorandum that contained the specifics of the offering.

16 IV.

17 Varner Technologies, Inc. is not currently registered to offer and/or sell securities in the state of
18 Washington and has not previously been so registered.

19 V.

20
21 Clay Varner and Ray Heflin are not currently registered under the Securities Act of Washington as a
22 broker-dealer or securities salesperson in the state of Washington and have not previously been so registered.

23
24 Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:

1 CONCLUSIONS OF LAW

2 I.

3 The offer and/or sale of stock by Varner Technologies, Inc., Clay Varner and Ray Heflin described
4 above constitutes the offer and/or sale of a security as defined in RCW 21.20.005(10) and (12).

5 II.

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

8 III.

9 Clay Varner and Ray Heflin have violated RCW 21.20.040 by offering and/or selling said securities
10 while not registered as a broker-dealer or securities salesperson in the state of Washington.
11

12 ORDER AND CONSENT

13 Based on the premises of the foregoing:

14 IT IS HEREBY AGREED AND ORDERED that Respondents Varner Technologies, Inc., Clay
15 Varner, Ray Heflin, and their employees and agents shall each cease and desist from offering and/or
16 selling securities in any manner in violation of RCW 21.20.140, the registration requirement provision of
17 the Securities Act of Washington.
18

19 IT IS HEREBY AGREED AND ORDERED that Respondents Varner Technologies, Inc., Clay
20 Varner, Ray Heflin, and their employees and agents shall each cease and desist from offering and/or
21 selling securities in any manner in violation of RCW 21.20.040, the broker-dealer and salesperson
22 registration requirement provision of the Securities Act of Washington.
23
24

1 IT IS HEREBY ORDERED that upon entry of this Consent Order, Summary Order to Cease and
2 Desist SDO-58A-99 is vacated.

3 IT IS HEREBY AGREED that Respondent Varner Technologies, Inc. shall reimburse the
4 Securities Division \$300 for its costs of investigation payable prior to the Securities Division's entry of
5 this Consent Order.

6 IT IS HEREBY AGREED that the Respondents signing below waive their rights to a hearing in
7 this matter.

8 IT IS HEREBY AGREED that the Securities Division has jurisdiction to enter this Consent
9 Order.

10 Clay Varner, as Chief Executive Officer/President of Varner Technologies, Inc., and individually:

11 _____, signed this _____ day of _____, 1999.

12
13 (Signature)

14 Ray Heflin, as Chief Financial Operating Officer of Varner Technologies, Inc., and individually:

15 _____, signed this _____ day of _____, 1999.

16
17 (Signature)

18 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.
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This Consent Order entered by the Securities Division this _____ day of _____, 1999.

Deborah R. Bortner
Securities Administrator

Presented by: _____
Brad Ferber
Securities Examiner

Approved by: _____
Michael E. Stevenson
Chief of Compliance

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