STATE OF WASHINGTON 1 DEPARTMENT OF FINANCIAL INSTITUTIONS **SECURITIES DIVISION** 2 3 4 IN THE MATTER OF DETERMINING SDO - 33 - 01 Whether there has been a violation 5 of the Securities Act of Washington by: 6 CALLER I-C TECHNOLOGIES, INC.; MARK STATEMENT OF CHARGES AND NOTICE OF GOTTSCHALK; their agents and employees, INTENTION TO ENTER ORDER TO CEASE AND 7 **DESIST** 8 9 Respondents. Case No. 98-05-0150 10 THE STATE OF WASHINGTON TO: Mark Gottschalk 11 Caller I-C Technologies, Inc. 14905 SE 60th St. 12 Bellevue, WA 98006-4606 13 STATEMENT OF CHARGES 14 Please take notice that the Securities Administrator of the State of Washington has reason to believe that 15 16

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents, Caller I-C Technologies, Inc., Mark Gottschalk, and their agents and employees, 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. The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

I. Respondents

1. **CALLER I-C TECHNOLOGIES** ("Caller I-C") is a Washington corporation with a prior business location of 10900 NE 4th St., Suite 1225, Bellevue, Washington. Caller I-C was incorporated on October 16, 1995 for the purported purpose of selling video conferencing equipment.

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STATEMENT OF CHARGES AND NOTICE OF INTENTION TO ENTER ORDER TO CEASE AND DESIST

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

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2. **MARK GOTTSCHALK** ("Gottschalk") was the President of Caller I-C at all times relevant to the matters set forth herein. Gottschalk is also a licensed insurance agent.

II. Nature of the Offering

- 3. Beginning in approximately September of 1995, Caller I-C and Gottschalk (collectively referred to as Respondents) induced at least seven Washington residents to invest in Caller I-C. At least four of these Washington residents were insurance clients of Gottschalk.
- 4. While soliciting the above Washington residents, Gottschalk made oral representations that he intended to use investor funds as venture capital for Caller I-C.
- 5. Several of these investors signed written agreements with Respondents. Mark Gottschalk, acting on behalf of Caller I-C, signed these agreements. In several of these agreements, Respondents promised to pay specific investment returns to persons.
 - 6. Respondents obtained at least \$96,250 from Washington investors.
- 7. Respondents failed to provide investors with an offering circular or prospectus. Respondents failed to provide investors with material information regarding Caller I-C, including but limited to: (1) how investors' funds were to be used; (2) the risks of the investment; (3) and financial statements of the company.
- 8. With respect to at least one Washington investor, Gottschalk used a portion of the investment funds he had obtained to his personal use.

III. Registration Status

- 9. Caller I-C Technologies, Inc. and Mark Gottschalk are not currently registered to offer or sell its securities in the state of Washington and have not previously been so registered.
- 10. Caller I-C Technologies, Inc. and Mark Gottschalk are not currently registered as securities salespersons or broker-dealers in the state of Washington and have not previously been so registered.

DEPARTMENT OF FINANCIAL INSTITUTIONS

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

CONCLUSIONS OF LAW

I. Securities

The offer and/or sale of the investment as described above constitutes the offer and/or sale of a security as defined in RCW 21.20.005(10) and (12), to wit: a note; an evidence of indebtedness; an investment contract; or risk capital.

II. Violation of RCW 21.20.010

The offer and/or sale of said securities was made in violation of RCW 21.20.010 because, as specifically set forth in paragraphs 7 and 8 of the Tentative Findings of Fact, Respondents omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

III. Violation of RCW 21.20.140

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

IV. Violation of RCW 21.20.040

Respondents have violated RCW 21.20.040 by offering said securities while not being registered as broker-dealers or securities salespersons in the state of Washington.

NOTICE OF INTENTION TO ORDER THE RESPONDENT TO CEASE AND DESIST

Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that Respondents, Caller I-C Technologies, Inc., Mark Gottschalk, their agents, and employees, each permanently cease and desist from violations of RCW 21.20.010, RCW 21.20.140, and RCW 21.20.040.

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AUTHORITY AND PROCEDURE

1 The STATEMENT OF CHARGES AND NOTICE OF INTENTION TO ENTER ORDER TO CEASE AND 2 DESIST is entered pursuant to the provisions of RCW 21.20.390, and is subject to the provisions of 3 Chapter 34.05 RCW. Each of the Respondents may make a written request for a hearing as set forth in the 4 NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Order. 5 If a Respondent does not request a hearing, the Securities Administrator intends to adopt the above 6 Tentative Findings of Fact and Conclusions of Law as final and enter a permanent cease and desist order against 7 that Respondent. 8 DATED this 25th day of April, 2001. 9 10 Deboul R Borner 11 12 DEBORAH R. BORTNER Securities Administrator 13 14 Approved by: Presented by: 15 16 Michael E. Stevenson Chad Standifer 17 Chief of Compliance Staff Attorney 18 19 20 21

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