

STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
SECURITIES DIVISION

IN THE MATTER OF DETERMINING ) Order Number S-07-450-07-SC01  
Whether there has been a violation of the )  
Securities Act of Washington by: ) STATEMENT OF CHARGES AND NOTICE  
) OF INTENT TO ENTER ORDER TO CEASE  
) AND DESIST AND TO CHARGE COSTS  
Robert D. Brooks; and )  
Blaine Marine Services (2000), LLC )  
)  
Respondents )

THE STATE OF WASHINGTON TO: Robert D. Brooks  
Blaine Marine Services (2000), LLC

**STATEMENT OF CHARGES**

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents, Robert D. Brooks and Blaine Marine Services (2000), LLC, 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 charge costs pursuant to RCW 21.20.390(5). The Securities Administrator finds as follows:

**TENTATIVE FINDINGS OF FACT**

I. RESPONDENTS

1. Robert D. Brooks (“Brooks”) is a resident of Whatcom County, Washington. Brooks is the managing member and President of Blaine Marine Services (2000), LLC.
2. Blaine Marine Services (2000), LLC (“Blaine Marine”) is a Washington Limited Liability Company doing business as Blaine Marine Services and Semiahmoo Marina, with its

1 principal place of business in Blaine, Washington. Blaine Marine was incorporated in 2000.  
2 Blaine Marine engages in boat sales and boat repair services.

## 3 II. NATURE OF THE OFFERING

4 3. In 2004 and 2005, Respondents offered and sold investments in a boat salvage  
5 business to at least ten investors, five of whom were Washington residents. The investments  
6 made totaled at least \$100,000, of which \$50,000 came from Washington residents. The  
7 investors' money was mailed, wired, or personally delivered to Respondents, and the funds were  
8 deposited into Respondents' Bank of America bank account located in the State of Washington.  
9 The majority of the investors were neither accredited nor sophisticated in financial matters.  
10

11 4. Brooks told investors that because of a recent (in early 2004) hurricane in  
12 Florida, there was a large market surplus of damaged boats. Brooks told investors that for a  
13 \$10,000 investment, they would receive 10 shares of stock in a new Limited Liability Company,  
14 separate from his Blaine Marine business. A Certificate of Formation was never filed with the  
15 Washington Secretary of State. Brooks also told investors that all investors would have an equal  
16 class of shares. Brooks further told investors that their investment was to be used to purchase  
17 boats and repair them at a reduced labor rate through the use of his Blaine Marine business.  
18 Profits would be distributed equally among investors upon the sale of each repaired boat.  
19

20 5. Brooks showed investors a Boat Acquisition Formula ("BAF"). The BAF  
21 outlined cost projections for the purchase, transport and repair of damaged boats. Based on the  
22 BAF, Brooks told investors that the minimum net profit goal for each damaged boat purchased  
23 would be 50%.

24 6. In late 2004, at least 4 boats were purchased by Respondents. Respondents used  
25 investors' money to pay for the purchase of the boats. In 2005, Respondent, Brooks, told

1 investors that he required additional investment funds in order to facilitate the repair and sale of  
2 the boats. At least two of the Washington investors invested an additional \$5,000 each. As of  
3 the date of entry of this Statement of Charges, one boat had been sold, one had been traded, and  
4 at least two of the boats sit in the Blaine Marine marina in various states of disrepair.

5 7. In January 2006, Brooks assured investors that he would not allow them to lose  
6 money on their investment. Brooks offered a return of their investment, plus some factor of  
7 interest, subject to the sale of his home. At least two of the Washington investors accepted  
8 Brooks' offer. Respondents have not returned any of the investors' money.

### 9 III. MISREPRESENTATIONS AND OMISSIONS

10 8. Brooks failed to provide material information regarding this investment  
11 including, but not limited to, prospectus information such as financial statements, a basis for  
12 profit projections, use of proceeds, and general and specific risks involved in the investment.

### 13 IV. REGISTRATION STATUS

14 9. Blaine Marine Services (2000), LLC is currently not registered to offer or sell its  
15 securities in the State of Washington and has not previously been so registered and no claim of  
16 exemption for said securities was filed with the Division.

17 10. Robert D. Brooks is currently not registered as a broker-dealer or securities  
18 salesperson in the State of Washington and has not previously been so registered.

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

### 20 **CONCLUSIONS OF LAW**

21 1. The offer and sale of the investments described above constitutes the offer and  
22 sale of a security as defined in RCW 21.20.005(10) and (12).

1           2.       In connection with the offer and sale of said securities, Respondents, Robert D.  
2 Brooks and Blaine Marine Services (2000), LLC, violated RCW 21.20.010 because, as set forth  
3 in the Tentative Findings of Fact, Respondents made misstatements of material facts and/or  
4 omitted to state material facts necessary in order to make the statements made, in light of  
5 circumstances under which they were made, not misleading and/or engaged in acts and practices  
6 that operated as fraud or deceit.

7  
8           3.       Blaine Marine Services (2000), LLC and Robert D. Brooks violated RCW  
9 21.20.140 by offering and selling unregistered securities.

10           4.       Robert D. Brooks violated RCW 21.20.040 by offering and selling said securities  
11 while not registered as a broker-dealer or as a securities salesperson authorized to sell securities  
12 in the State of Washington.

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

14           Pursuant to RCW 21.20.390 and based upon the Tentative Findings of Fact and  
15 Conclusions of Law, the Securities Administrator intends to order that Respondents, Robert D.  
16 Brooks and Blaine Marine Services (2000), LLC, and their agents and employees, shall each  
17 cease and desist from violations of RCW 21.20.010, RCW 21.20.040, and RCW 21.20.140.

18           **NOTICE OF INTENT TO CHARGE COSTS**

19           Pursuant to RCW 21.20.390(5) and based upon the Tentative Findings of Fact and  
20 conclusions of Law, the Securities Administrator intends to order that the Respondents, Robert  
21 D. Brooks and Blaine Marine Services (2000), LLC, shall be jointly and severally liable for and  
22 pay the Securities Division the costs, fees and other expenses incurred in the conduct of the  
23 administrative investigation an hearing of this matter, in an amount not less than \$2,500.  
24  
25

1 **AUTHORITY AND PROCEDURE**

2 This STATEMENT OF CHARGES AND NOTICE OF INTENT TO ISSUE AN  
3 ORDER TO CEASE AND DESIST AND TO CHARGE COSTS is entered pursuant to the  
4 provisions of RCW 21.20.390 and is subject to the provisions of Chapter 34.05 RCW. The  
5 Respondents, Robert D. Brooks and Blaine Marine (2000) Services, LLC, may each make a  
6 written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND  
7 AND OPPORTUNITY FOR HEARING accompanying this order.  
8

9 If a respondent does not request a hearing, the Securities Administrator intends to adopt  
10 the above Tentative Findings of Fact and Conclusions of Law as final, and enter a permanent  
11 order to cease and desist and impose costs as to that respondent.

12 Dated and Entered this 14th day of May, 2008.

13 

14 MICHAEL E. STEVENSON  
15 Securities Administrator

16 Approved by:

Presented by:

17 

18 

19 Martin Cordell  
20 Chief of Enforcement

21 Patrick Kim  
22 Enforcement Attorney