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

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IN THE MATTER OF DETERMINING) Order No.: S-14-1515-14-SC01
Whether there has been a violation of the)
Securities Act of Washington by:) STATEMENT OF CHARGES AND NOTICE OF INTENT
Olycentro Inc.; Joe Hyer) TO ENTER ORDER TO CEASE AND DESIST, TO
Respondents.) IMPOSE FINES AND TO CHARGE COSTS

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THE STATE OF WASHINGTON TO: **Olycentro Inc.; and
Joe Hyer**

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STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the state of Washington has reason to believe that Respondents, Olycentro Inc. and Joe Hyer, 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 to charge costs, and under RCW 21.20.395 to impose a fine. The Securities Administrator finds as follow:

TENTATIVE FINDINGS OF FACT

Respondents

1. Olycentro Inc. (“Olycentro”) is a Washington corporation with its principal place of business at 408 Olympia Ave. NE, Olympia, Washington. Olycentro owns and operates a retail store at this address, called Centro, that sells outdoor gear and equipment. Centro opened for business in March 2014. Within the Centro store are several smaller retail “divisions” that operate as d/b/a’s of Olycentro, including the Bike Stand and the Olympia Footwear Company.

2. Joe Hyer is a Washington resident and is the co-founder, President and Treasurer of Olycentro.

Related Entities

3. Hyer Family Investments, LLC (“HFI”) is a Washington limited liability company owned by Hyer and his parents. HFI owns the building that Centro is located at, and leases most of the building to Olycentro for the operation of the Centro store for \$8,000 per month.

4. The Alpine Experience, LLC (“Alpine Experience”) is a Washington limited liability company owned by Hyer and his parents. It has been inactive since February 2014. Until a week before Centro’s opening, Alpine

1 Experience operated an outdoor gear store at the same location as Centro. The Alpine Experience store was managed
2 primarily by Hyer.

3 Nature of the Offering

4 5. Beginning in March 2014, Olycentro and Hyer offered and sold approximately \$35,000 in Olycentro
5 common stock to at least nine investors, all of whom are Washington residents. Olycentro sought to raise about
6 \$600,000 with its stock offering to finance the cost of store inventory and the purchase of the Bike Stand, a bike repair
7 shop. Each Centro share was sold for \$1,000 per share and the minimum investment was \$500. Respondents did not
8 verify the accredited investor status of any investor, though Respondents believed at least one investor was
9 unaccredited.

10 6. One of Olycentro's goals was to have community shareholders. To that end, Respondents solicited
11 investors, in large part, by publicizing the investment in various local print and media outlets. For example, Olycentro
12 printed a newspaper for Centro that it mailed to approximately 22,000 Washington households. Olycentro obtained
13 the addresses from a customer mailing list compiled by Alpine Experience. The first edition of the newspaper was
14 mailed around April 2014 and contained a full-page article by Hyer announcing the investment opportunity. Hyer
15 stated that investments between \$1,000 to \$100,000 were available and that a full prospectus was available to
16 "interested customers and guests." Hyer also informed readers to contact a founder for more information on investing.
17 At least one investor is known to have invested after seeing the newspaper.

18 7. In addition, Hyer was interviewed for a couple articles in which he discussed the investment. In an
19 article that appeared on ThurstonTalk.com, Hyer invited Centro's customer to be shareholders. The article announced
20 that Olycentro was selling shares for \$1,000 per share and that Olycentro had a "prospective" available for those who
21 were interested in investing. In an article that appeared in The Olympian newspaper, Hyer stated that Olycentro was
22 seeking "community shareholders." Olycentro also solicited investors by issuing its own press release that was sent to
23 various media outlets. The press release was published on a Washington-based outdoor recreational website. In it,
24 Olycentro announced that it was "actively seeking shareholders" and informed readers that a prospectus was
25 available. The press release contained contact information for Hyer and another Olycentro officer.

8. In offering the investment, Hyer discussed the investment with actual and potential investors to
varying degrees, but overall spoke little of the risks and the financial aspects of the investment. In addition, Olycentro
distributed a prospectus to actual and potential investors that contained a business plan for Centro and financial
statements. It was drafted by Hyer around March 2014. In the prospectus, Olycentro stated that "[i]nitial raising of
capital will be community based" and that it had a goal of raising at least \$600,000 within 180 days, 80% of which
would be used to finance inventory. Olycentro's business plan included phasing in the different divisions of Centro as
shareholder funds were raised. Together, the different divisions would form a marketplace for outdoor gear. Olycentro

1 hoped to dedicate some of the space for a retail incubator for new entrepreneurs and a café to bring traffic to the store.
2 In the financial statements, Olycentro projected revenue and expenses under the assumption that Olycentro would be
3 able to raise the entire \$600,000 offering amount to finance the inventory it needed to meet the projected sales figures.
4 Olycentro projected that shareholders could receive a return on their investment, in the form of annual dividends,
5 between 6.67% to 15.91%. Olycentro also projected that it would be able to buy back 40 outstanding shares per year
6 that would enable it to pay the projected dividends. In these oral and written disclosures, Olycentro and Hyer failed to
7 disclose the bases and assumptions underlying the financial projections provided to investors. Olycentro and Hyer
8 also failed to disclose to investors the risks of the investment, including risks related to operating a brick and mortar
9 outdoor retail store, inadequate capitalization, and Olycentro's ability to execute its business plan and the effect it
10 would have on projected revenue and returns.

11 9. Olycentro and Hyer failed to disclose to investors Alpine Experience's financial condition at the time
12 it closed and the impact it could have on Olycentro's operations. At the time the Alpine Experience store closed in
13 March 2014, a week before Centro opened, it was over \$800,000 in debt. A portion of this debt was borne personally
14 by Hyer. Olycentro and Hyer failed to disclose to investors any information regarding Alpine Experience's level of
15 debt at the time it closed and Hyer's connection to this debt.

16 10. In addition, Olycentro and Hyer failed to disclose to investors debt that was held by Olycentro. On
17 May 21, 2014, Olycentro issued a \$25,000 promissory note to Hyer's friend and business associate for a line of credit.
18 Olycentro intended to use this line of credit to finance its shoe inventory. Olycentro provided a corporate guaranty for
19 the note, and Hyer provided a personal guaranty. As additional security, a deed of trust was recorded on the property
20 that Centro is located at. Olycentro and Hyer failed to disclose information about this note and related security to
21 shareholders who invested after this transaction.

22 11. As of October 2014, Olycentro has raised only a fraction of its original offering amount. As a result,
23 some of Centro's different divisions have either not opened, have been delayed in opening or have been transformed
24 into a different concept altogether. Olycentro has not generated the projected revenue and has been unable to pay the
25 full \$8,000 per month rent. As of December 2, 2014, HFI has listed the building at which Centro is located for sale.

Failure to Comply with Regulation D, Rule 506

12. Olycentro claimed an exemption from registration for its offering under Regulation D, Rule 506(b)
and WAC 460-44A-506. Hyer filed the Form D, Notice of Exempt Offering of Securities with the Washington State
Securities Division on June 26, 2014. The first sale of stock was April 1, 2014. Olycentro is required to file the Form
D within 15 days of the date of first sale.

13. Regulation D, Rule 506(b) prohibits an issuer or any person acting on behalf of an issuer to offer or sell securities by any form of general solicitation. Olycentro's solicitation of investors through the use of print media disseminated to the general public, as described in Paragraphs 6 and 7 above, constituted general solicitation.

Registration Status

14. Respondent Olycentro Inc. is not currently registered to sell securities in Washington and has not previously been registered to do so.

15. Respondent Joe Hyer is not currently registered to sell securities as a securities salesperson or broker-dealer in Washington and has not previously been registered to do so.

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

CONCLUSIONS OF LAW

1. The offer and sale of stock as described above constitute the offer and sale of a security as defined in RCW 21.20.005(14) and (17).

2. The offer and sale of these securities is in violation of RCW 21.20.140 because no registration for such an offer and/or sale is on file with the State of Washington Securities Administrator, and no valid claim of exemption under WAC 460-44A-506 exists.

3. Joe Hyer violated RCW 21.20.040(1) by offering and/or selling said securities while not registered as a securities salesperson or broker-dealer in the state of Washington.

4. The offer and/or sale of said securities were in violation of RCW 21.20.010 because Olycentro Inc. and Joe Hyer made untrue statements of material facts or omitted material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

NOTICE OF INTENT TO ORDER THE RESPONDENT TO CEASE AND DESIST

Pursuant to RCW 21.20.390(1) and based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that Olycentro Inc. shall cease and desist from violations of RCW 21.20.010 and RCW 21.20.140, and that Joe Hyer shall cease and desist from violations of RCW 21.20.010, RCW 21.20.040, and RCW 21.20.140.

NOTICE OF INTENT TO IMPOSE A FINE

Pursuant to RCW 21.20.395, and based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that Respondent, Olycentro Inc. and Joe Hyer, are jointly and severally liable for and shall pay a fine of \$1,750.

NOTICE OF INTENT TO CHARGE COSTS

Pursuant to RCW 21.20.390, and based upon the Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that Respondent, Olycentro Inc. and Joe Hyer, are jointly and severally liable for and shall pay investigative costs of \$1,750.

AUTHORITY AND PROCEDURE

This Statement of Charges is entered pursuant to the provisions of Chapter 21.20 RCW and is subject to the provisions of Chapter 34.05 RCW. The Respondents, Olycentro Inc. and Joe Hyer, may each make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Order. If a respondent does not make a hearing request in the time allowed, the Securities Administrator intends to adopt the above Tentative Findings of Fact and Conclusions of Law as final and to enter a permanent order to cease and desist as to that respondent, to impose any fines sought against that respondent, and to charge any costs sought against that respondent.

Signed and Entered this 5th day of December, 2014.



WILLIAM M. BEATTY
Securities Administrator

Approved by:

Presented by:



SUZANNE SARASON
Chief of Enforcement

HUONG LAM
Financial Legal Examiner

Reviewed by:



JACK MCCLELLAN
Financial Legal Examiner Supervisor