

1  
2  
3  
4  
5  
6  
7

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

8  
9  
10  
11  
12

IN THE MATTER OF DETERMINING  
whether there has been a violation  
of the Securities Act of Washington by:

International Global Positioning, Inc.; FyBX  
Corporation; John F. Riley; and Robert S. Smith,  
  
Respondents.

Order Number S-05-121-06-SC01

STATEMENT OF CHARGES AND NOTICE OF  
INTENT TO ENTER ORDER TO CEASE AND  
DESIST AND NOTICE OF INTENT TO DENY  
FUTURE REGISTRATION, IMPOSE FINES  
AND RECOVER COSTS

13  
14  
15  
16  
17  
18  
19  
20  
21

THE STATE OF WASHINGTON TO:

International Global Positioning, Inc.  
FyBX Corporation  
John F. Riley  
Robert S. Smith

22  
23  
24  
25

**STATEMENT OF CHARGES**

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents, International Global Positioning, Inc., FyBX Corporation, John F. Riley and Robert S. Smith, 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, denial of Robert S. Smith's future registration pursuant to RCW 21.20.110(1), and imposing fines and costs pursuant to 21.20.395. The Securities Administrator finds as follows:

STATEMENT OF CHARGES AND NOTICE OF  
INTENT TO ENTER ORDER TO CEASE AND  
DESIST AND NOTICE OF INTENT TO DENY  
FUTURE REGISTRATION, IMPOSE FINES  
AND RECOVER COSTS

1

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

1 **TENTATIVE FINDINGS OF FACT**

2 **I. RESPONDENTS**

3 1. International Global Positioning, Inc. (“IGP”) was a Nevada corporation with its principal  
4 place of business at 720 Broads Street, Suite 500, Austin, Texas 78701. IGP purportedly manufactures  
5 global positioning devices for vehicle tracking purposes.

6 2. FyBX Corporation (“FyBX”) was a Louisiana corporation with its principal place of  
7 business at 1010 Common Street, Suite 2500, New Orleans, LA 70112. FyBX purportedly manufactures  
8 oil absorbent fiber products from the stalks of banana plants.

9 3. John F. Riley (“Riley”) is an individual residing in Murrieta, California.

10 4. Robert S. Smith (“Smith”) is an individual residing in Redmond, Washington.

11 **III. NATURE OF THE CONDUCT**

12 **INTRODUCTION**

13 5. Riley purportedly raised capital for companies for development and marketing. Riley met  
14 Smith through mutual business contacts. Riley recruited Smith to help him find investors in the State of  
15 Washington. All the information Smith had about the investment opportunities came from Riley. These  
16 investment opportunities included IGP and FyBX. In return for finding investors for IGP and FyBX,  
17 Riley offered Smith a 3% finder’s fee. Smith was paid compensation in return for finding investors.

18 6. Smith was required to obtain written authorization from Symetra Investment Services, Inc.,  
19 where he was registered as a securities salesperson, prior to effecting securities transactions that were not  
20 approved or recorded on the books and records of Symetra Investment Services, Inc. Smith failed to  
21 disclose to investors that the investments were not approved by Symetra Investment Services, Inc. and

1 that Smith's sales of the investments, as described below, were not recorded on the books and records of  
2 Symetra Investment Services, Inc.

3 INVESTOR A

4 7. Investor A is a retired Washington State resident. In or around March of 2003, Investor A  
5 was approached by Smith about an investment opportunity with FyBX. Based on the information Riley  
6 told him, Smith told Investor A that the investment was to be used to secure the patent rights and also for  
7 development of production facilities for FyBX in Costa Rica. Riley spoke to Investor A on the telephone  
8 about the investment.

9 8. Relying on Riley and Smith's representations, on or about March 13, 2003 Investor A  
10 signed a promissory note for the FyBX investment. FyBX was to pay an interest rate of 15% per annum  
11 and monthly payments of \$2,500 a month. Investor A was to also receive 500,000 shares of FyBX in  
12 return for her investment as well as assignment of the patent rights. On or about March 14, 2003,  
13 Investor A invested \$169,000 to FyBX via wire transfer. On or about March 17, 2003, Investor A  
14 invested an additional \$31,000 via wire transfer to FyBX.

15 9. Investor A received a few monthly payments from FyBX but the payments stopped and  
16 never resumed. Riley was to pay Smith a 3% finder's fee on the money Investor A invested in FyBX.  
17 Smith disclosed the finder's fee to Investor A.

18 10. In or around May of 2003, Investor A was approached by Smith about an investment  
19 involving a short term note with IGP. Investor A was told to speak to Riley for more information about  
20 the investment.

1 11. Based on Riley's representations of the investment, on or about May 30, 2003 Investor A  
2 invested \$50,000 in IGP and signed a promissory note for the investment. IGP was to pay Investor A  
3 \$55,000 in a single payment on or before December 29, 2003 with an accrued interest rate of 15% per  
4 annum. Investor A never received the payment from IGP. Riley was to pay Smith a 3% finder's fee on  
5 the money Investor A invested in IGP. Smith disclosed the finder's fee to Investor A.

6 12. In or around June of 2003, Riley told Smith about another investment for which he needed  
7 investors. Riley told Smith that he could access bonds Eagle Broadband, Inc. ("EAG") was repurchasing  
8 and converting into stock. Riley was seeking money from investors so that he could obtain the stock and  
9 then sell the stock at a profit. According to Riley, the profit made on the stock sale would be paid to  
10 investors. Smith approached Investor A about the EAG investment opportunity.

11 13. On or about June 11, 2003, Investor A invested \$50,000 in the EAG investment via wire  
12 transfer. Investor A wired the money to the attention of Riley to a purported EAG account in Texas. On  
13 or about June 11, 2003, Riley and Investor A entered into a promissory note in which Investor A was to  
14 receive an interest rate of 10% per annum. The principal and return on the investment was to be paid in  
15 one single payment by June 30, 2003. To date, Investor A has never received payment on her EAG  
16 investment.

17 INVESTOR B

18 14. Investor B is a self-employed Washington resident. In or around May of 2003 Investor B  
19 was approached by Smith about the investment opportunity Riley had told him about with FyBX and  
20 IGP. Smith gave Investor B an informational brochure on FyBX. Investor B understood that FyBX made  
21 and processed banana fiber; however Investor B was never given any specifics on FyBX or the

1 investment. Investor B was told by Smith that IGP manufactured a GPS device that was used in cars and  
2 trucks called ResQ. Investor B was given a prototype of the IGP device but Investor B never saw the  
3 prototype work. Investor B was also never given any specifics on IGP or the investment.

4 15. On or about May 2, 2003, Investor B signed a promissory note for the IGP investment.  
5 According to the promissory note, Investor B would be paid a lump sum of \$25,000 on or before June 1,  
6 2003.

7 16. On or about May 2, 2003, Investor B signed a promissory note for the FyBX investment in  
8 which FyBX was to pay a flat rate of 15% for a term of twenty-four months on a \$100,000 investment.  
9 Investor B also was to receive 250,000 shares of FyBX in return for his investment.

10 17. On or about May 2, 2003, Investor B wrote a check payable to Smith for approximately  
11 \$122,500 to invest \$22,500 in FyBX and \$100,000 in IGP. Smith forwarded the money onto IGP and  
12 FyBX. Investor B believed that the money invested in IGP would be used for marketing and  
13 development. Investor B was not sure what the money invested in FyBX would be used for.

14 18. Investor B received a few payments of \$2,500 from FyBX as a return on his investment, but  
15 the payments stopped and never resumed. Investor B received \$25,000 on his original investment in IGP  
16 and decided to invest additional money with IGP. On or about June 27, 2003, Investor B wrote a check to  
17 IGP for \$250,000 and signed a new promissory note in which IGP was to pay 15% on the investment and  
18 payments were to be made in 12 equal installments.

19 19. Investor B never received payments on the second investment in IGP. Investor B called and  
20 spoke to individuals allegedly employed as IGP management about his investment and was assured that  
21 the company was doing well.



1 V. MISREPRESENTATIONS AND OMISSIONS

2 25. Riley and Smith failed to provide material information about the investment opportunities  
3 described above including, but not limited to prospectus information. Riley and Smith also failed to  
4 disclose material information about the investment opportunities described above including, but not  
5 limited to, a detailed description of the business venture, the amount of money necessary to finance the  
6 business ventures, the identity and background of the persons who would manage the businesses, any  
7 prior legal problems of the principals and the general and specific risks involved in the investments.

8 VI. REGISTRATION STATUS

9 26. IGP is not currently registered to sell securities in the state of Washington and has not  
10 previously been so registered.

11 27. FyBX is not currently registered to sell securities in the state of Washington and has not  
12 previously been so registered.

13 28. Riley is not currently registered as a securities salesperson or broker-dealer in the state of  
14 Washington and was not registered at the time of the offers described above.

15 29. Smith was registered as a securities salesperson with the Washington State Securities  
16 Division from July of 1999 to December of 2003. During the time Smith was registered with the  
17 Washington State Securities Division he was employed as a securities salesperson with Symetra  
18 Investment Services, Inc.

19 30. Smith has been licensed as an insurance agent with the Washington State Office of the  
20 Insurance Commissioner from October of 1991 to present.

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

22 STATEMENT OF CHARGES AND NOTICE OF  
23 INTENT TO ENTER ORDER TO CEASE AND  
24 DESIST AND NOTICE OF INTENT TO DENY  
25 FUTURE REGISTRATION, IMPOSE FINES  
AND RECOVER COSTS

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

1 **CONCLUSIONS OF LAW**

2 1. The offer and/or sale of the investments described above constitutes the offer and/or sale of  
3 a security as defined in RCW 21.20.005(10) and (12).

4 2. The offer and/or sale of said securities, as described above, is in violation of RCW  
5 21.20.140 because no registration for such offer and/or sale is on file with the Administrator of  
6 Securities, state of Washington.

7 3. John F. Riley violated RCW 21.20.040 by offering and/or selling said securities while not  
8 registered as a securities salesperson or a broker-dealer in the state of Washington.

9 4. The offer and/or sale of said securities was made in violation of RCW 21.20.010 because  
10 John F. Riley and Robert S. Smith made untrue statements of material fact or omitted to state material  
11 facts necessary in order to make the statements made, in the light of the circumstances under which they  
12 were made, not misleading. Such action is grounds for denial of Robert S. Smith's future securities  
13 salesperson registration pursuant to RCW 21.20.110(1).

14 5. Robert S. Smith has engaged in dishonest and unethical practices, as defined in WAC 460-  
15 22B-090(2), by effecting securities transactions not recorded on the regular books and records of the  
16 broker-dealer which Robert S. Smith represented. Such action is grounds for denial of Robert S. Smith's  
17 future securities salesperson registration pursuant to RCW 21.20.110(1) (g).

18 **NOTICE OF INTENT TO ORDER THE RESPONDENTS TO CEASE AND DESIST**

19 Based on the above Tentative Findings of Fact and Conclusions of Law, the Securities  
20 Administrator intends to order that Respondents, International Global Positioning, Inc., FyBX  
21

1 Corporation, John F. Riley, and Robert S. Smith, and their agents and employees, each cease and desist  
2 from violations of RCW 21.20.010, RCW 21.20.040, and RCW 21.20.140.

3 **NOTICE OF INTENT TO IMPOSE FINES**

4 Pursuant to RCW 21.20.395, and based upon the Tentative Findings of Fact and Conclusions of  
5 Law, the Securities Administrator intends to order that Respondents, International Global Positioning,  
6 Inc. shall be liable for and pay a fine of \$10,000.

7 Pursuant to RCW 21.20.395, and based upon the Tentative Findings of Fact and Conclusions of  
8 Law, the Securities Administrator intends to order that Respondent FyBX Corporation shall be liable for  
9 and pay a fine of \$10,000.

10 Pursuant to RCW 21.20.395, and based upon the Tentative Findings of Fact and Conclusions of  
11 Law, the Securities Administrator intends to order that Respondent John F. Riley shall be liable for and  
12 pay a fine of \$30,000.

13 Pursuant to RCW 21.20.395, and based upon the Tentative Findings of Fact and Conclusions of  
14 Law, the Securities Administrator intends to order that Respondent Robert S. Smith shall be liable for  
15 and pay a fine of \$10,000.

16 **NOTICE OF INTENT TO RECOVER COSTS**

17 Pursuant to RCW 21.20.390 and based upon the Tentative Findings of Fact and Conclusions of  
18 Law, the Securities Administrator intends to order that Respondents, International Global Positioning,  
19 Inc., FyBX Corporation, John F. Riley and Robert S. Smith, shall be jointly and severally liable for and  
20 pay to the Securities Division the costs, fees, and other expenses incurred in the conduct of investigating  
21 this matter.



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

Approved by:



Suzanne Sarason  
Chief of Compliance &  
Examinations

Presented by:



Kate Reynolds  
Financial Legal Examiner

STATEMENT OF CHARGES AND NOTICE OF  
INTENT TO ENTER ORDER TO CEASE AND  
DESIST AND NOTICE OF INTENT TO DENY  
FUTURE REGISTRATION, IMPOSE FINES  
AND RECOVER COSTS