

**ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF MARYLAND**

IN THE MATTER OF:

*

WILLIAM L. ROBINSON, JR., in his
individual capacity and capacities
with the companies,

*

*

and

*

HARTECH CORPORATION,

*

FILE NO. 2003-0255

and

*

U.S. HARVEST MEDICAL TECHNOLOGIES *
CORPORATION (f/k/a U.S. Harvest
Medical Technologies, Inc.), *

*

RESPONDENTS.

*

* * * * *

ORDER TO SHOW CAUSE

WHEREAS, the Division of Securities of the Office of the Maryland Attorney General (“Division”), pursuant to the authority granted in section 11-701 of the Maryland Securities Act, Title 11, Corporations and Associations Article, Annotated Code of Maryland (1999 Repl. Vol. and 2005 Cum. Supp.) (“Act”), undertook an investigation into the securities-related activities of Hartech Corporation, U.S. Harvest Medical Technologies Corporation (f/k/a U.S. Harvest Medical Technologies, Inc., and d/b/a U.S. Harvest Postal Protection Services Corp.), and William L. Robinson, Jr. (together, the “Respondents”); and

WHEREAS, on the basis of that investigation, the Maryland Securities Commissioner (“Commissioner”) finds grounds to allege that Respondents have engaged in acts or practices

constituting violations of the securities and agent registration provisions, as well as the antifraud provisions of the Act.

NOW, THEREFORE, the Commissioner hereby orders each Respondent to show cause: why Respondents should not be barred permanently from engaging in the securities and investment advisory businesses in Maryland for or on behalf of others or from being or acting as a principal or consultant in any entity engaged in such transactions; why a monetary penalty should not be entered against that Respondent; and why a final order should not be entered ordering that Respondent to cease and desist from further violations of the registration and antifraud provisions of the Act.

I. JURISDICTION

1. The Commissioner has jurisdiction in this proceeding pursuant to section 11-701.1 of the Act.

II. RESPONDENTS

2. Hartech Corporation was a Maryland corporation that merged in 2000 with U.S. Harvest Medical Technologies, Inc., also organized in Maryland.

3. U.S. Harvest Medical Technologies, Inc., later changed its name to U.S. Harvest Medical Technologies Corporation (individually or together, “Medtech”). Medtech has its principal place of operations located in Baltimore, Maryland.

4. William L. Robinson, Jr. (“Robinson”), whose last-known address is in Baltimore, Maryland, at all relevant times was the chief executive officer, chairman, and principal shareholder of Medtech. Robinson has organized and promoted other corporations, as well.

III. STATEMENT OF FACTS

On information and belief, the Commissioner alleges the following as the basis for this Order.

5. Medtech purports to be in the business of developing high-tech products for use in medical and homeland security applications, under claim of patents or pending patents (U.S.P. # 6426212).

6. Upon its formation in 1996, Medtech issued to Robinson approximately 139 million shares of common stock. Robinson's wife, Martha Robinson, secretary of Medtech, was issued 26 million shares of common stock. Together, the Robinsons held over 164 million, or 65%, of the issued and outstanding 252 million shares of Medtech common stock. Upon its formation, Medtech also issued approximately 85 million shares to its other officers and directors.

7. On May 28, 1997, Medtech submitted to the Division a notice of exemption on Form MLOE-1 (File No. EX19970509), claiming an exemption for an offering of 200,000 shares of its stock at a purchase price of \$5.00 per share.

8. On December 7, 1999, Medtech filed with the SEC an application on Form 1-A for qualification of its public offering of common stock.

9. On March 10, 2000, Medtech filed with the Division an application for registration by qualification of its public offering of common stock (File No. SQ20000001).

10. On November 6, 2000, noting the issuer's representation that no shares of common stock were sold by Medtech, the SEC permitted the withdrawal of the Medtech December 1999 Form 1-A application for qualification.

11. On April 23, 2001, Medtech withdrew its March 2000 application for registration by

qualification with the Division and submitted an application for registration by coordination (File No. SR20010032). Medtech withdrew that application on August 17, 2001, under a representation that no shares had been sold.

12. Medtech maintained web sites at <www.hartech.com> and <www.ushtmedtech.com>, and transmitted information on its web sites during 1997 through 2000 regarding the offering of its securities.

13. Between May 1997 and November 2000, Respondents sold approximately 3.1 million shares of Medtech stock to some 360 investors, at prices ranging from \$0.05 per share to \$0.54 per share, for an aggregate purchase price of approximately \$660,000.

14. Respondents sold shares on a continual basis. Sales of stock were certificated in nearly half of all the months between May 1997 and November 2000. Shares were sold both as newly issued shares by Medtech, and as resales of the shares originally issued to Robinson and his wife (and the other officers and directors of Medtech). Respondents recorded transfers of additional “gift” shares from Robinson or other officers or directors in connection with many of the sale transactions. Finally, the Medtech stock ledger includes approximately 840 additional stock “gifts” not connected to a sale. *See Exhibit A, Copies of Stock Certificates of Medtech Investors Lee Williams and John Hardin.*

15. In September 2002, Respondents sold 3,750 shares to one investor for \$15,000.00.

16. Respondents did not register the Medtech securities offerings in Maryland. With the exception of the Form MLOE-1 filed in May 1997, Respondents failed to claim an exemption from registration, or preemption as a “covered security” for the Medtech offerings. *See Exhibit B, Affidavit of Theresa DeLibro.*

17. In a deposition on February 25, 2004, Robinson stated under oath that he did not provide or distribute any written disclosures to potential investors.

18. In offering Medtech securities via the Internet, in correspondence, and in personal meetings, Respondents omitted or misrepresented material information regarding risk factors, dilution, principal shareholders, management's experience and compensation, financial statements, and the legal terms of the securities, among other material information.

19. Robinson is not and has never been registered in Maryland as a broker-dealer or a securities agent. *See* Exhibit C, Affidavit of Ellen Cherry.

COUNT I
(Offer and sale of unregistered securities)

WHEREAS, the shares of Medtech common stock offered and sold by Respondents constitute "securities" within the definition at section 11-101(r) of the Act; and

WHEREAS, section 11-501 of the Act makes it unlawful for any person to offer or sell any security in or from Maryland unless that security is registered or exempt from registration under the Act, or is a federal covered security; and

WHEREAS, the Division has no record of an effective registration for the offering of Medtech stock; and

WHEREAS, the Division has no record of a claim of preemption from registration having been filed by or on behalf of Respondents under the Act; and

WHEREAS, the offering of stock by Respondents did not comply with exemption provisions of the Maryland Limited Offering Exemption, COMAR 02.02.04.09 through .13; and

WHEREAS, the Division has no record of any other claim of exemption from registration

having been filed by or on behalf of Respondents under the Act;

NOW, THEREFORE, IT IS HEREBY ORDERED, that each Respondent show cause why a final order should not be issued that: orders each Respondent to cease and desist from the unlawful offer and sale in or from this State of securities in violation of the Act; assesses each Respondent the statutory penalty of \$5,000 per violation of section 11-501 of the Act; and permanently bars each Respondent from engaging in the securities and investment advisory businesses in Maryland for or on behalf of others or from being or acting as a principal or consultant in any entity engaged in such transactions.

COUNT II

(Offer and sale of securities by unregistered broker-dealer or agent)

WHEREAS, section 11-101(c) of the Act defines "broker-dealer" to include a person engaged in the business of effecting transactions in securities for the account of others or for his own account; and

WHEREAS, section 11-101(b) of the Act defines "agent" to mean an individual other than a broker-dealer, including a partner, officer or director of an issuer, who represents a broker-dealer or issuer in effecting or attempting to effect the purchase or sale of securities; and

WHEREAS, section 11-401 of the Act makes it unlawful for any person to transact business in the offer or sale of securities in this state as a "broker-dealer" or securities "agent" unless that person is registered pursuant to the Act; and

WHEREAS, while offering and selling the Medtech stock Robinson was not and is not registered with the Division as a broker-dealer or securities agent pursuant to the Act; and

WHEREAS, Robinson acted as a broker-dealer or agent and offered and sold securities in

the form of shares of stock in or from Maryland without being registered to do so;

NOW, THEREFORE, IT IS HEREBY ORDERED, that Robinson show cause why a final order should not be issued that: orders Robinson to cease and desist from acting as an unregistered broker-dealer or agent in this state; assesses Robinson the statutory penalty of \$5,000 per violation of section 11-401's broker-dealer and agent registration provisions; and permanently bars Robinson from engaging in the securities and investment advisory businesses in Maryland for or on behalf of others or from being or acting as a principal or consultant in any entity engaged in such transactions.

COUNT III

(Employment of unregistered selling person for sales of securities)

WHEREAS, section 11-101(c) of the Act defines "broker-dealer" to include a person engaged in the business of effecting transactions in securities for the account of others or for his own account; and

WHEREAS, section 11-101(b) of the Act defines "agent" to mean an individual other than a broker-dealer, including a partner, officer or director of an issuer, who represents a broker-dealer or issuer in effecting or attempting to effect the purchase or sale of securities; and

WHEREAS, section 11-101(k) of the Act defines "issuer" to be a person who issues or proposes to issue a security; and

WHEREAS, section 11-402 of the Act makes it unlawful for any broker-dealer or issuer to employ an agent for the offer or sale of securities in this state unless the agent is registered pursuant to the Act; and

WHEREAS, the shares of stock that Respondents offered or sold to investors are "securities" under the Act; and

WHEREAS, Medtech was an issuer in the public offering of its stock in and from Maryland;
and

WHEREAS, Robinson was acting as an unregistered broker-dealer or issuer agent for Medtech in the offer and sale of those securities;

NOW, THEREFORE, IT IS HEREBY ORDERED, that Medtech show cause why a final order should not be entered that: orders Medtech to cease and desist from employing unregistered broker-dealers or agents for the offer or sale of securities in or from this state; assesses Medtech the statutory penalty of \$5,000 per violation of section 11-402 of the Act; and permanently bars Medtech from engaging in the securities and investment advisory businesses in Maryland for or on behalf of others or from being or acting as a principal or consultant in any entity engaged in such transactions.

COUNT IV
(Fraud in connection with the sale of securities)

WHEREAS, section 11-301(2) of the Act makes it unlawful for any person, in connection with the offer, sale or purchase of any security, directly or indirectly to make any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and

WHEREAS, the shares of Medtech common stock offered and sold by Respondents constitute "securities" within the definition at section 11-101(r) of the Act; and

WHEREAS, Respondent omitted to state material facts necessary in order to make the prospectus disclosure not misleading, such as the omission of financial data and financial statements of Medtech, and the omission of the dilution each investor would suffer, among other material omissions; and

WHEREAS, Respondents misrepresented or omitted to disclose to investors that they were not registered to do business in Maryland as a broker-dealer or securities agent, and that this investment should have been registered pursuant to the Act but was neither registered nor exempt from registration;

NOW, THEREFORE, IT IS HEREBY ORDERED, that Respondents show cause why a final order should not be issued that: orders each Respondent to cease and desist from engaging in material misrepresentations or omissions in connection with the offer or sale of securities in or from this state; assesses each Respondent the statutory penalty of \$5,000 per violation of section 11-301 of the Act; and permanently bars each Respondent from engaging in the securities and investment advisory businesses in Maryland for or on behalf of others or from being or acting as a principal or consultant in any entity engaged in such transactions.

**REQUIREMENT OF ANSWER AND
NOTICE OF OPPORTUNITY FOR HEARING**

IT IS FURTHER ORDERED, pursuant to section 11-701.1 of the Act and COMAR 02.02.06.06, that each Respondent shall file with the Commissioner a written Answer to this Order within fifteen days of service of the Order. The Answer shall admit or deny each factual allegation in the Order and shall set forth affirmative defenses, if any. A Respondent without knowledge or information sufficient to form a belief as to the truth of an allegation shall so state.

The Answer also shall indicate whether the Respondent requests a hearing. A hearing to determine whether the Order should be vacated, modified, or entered as final will be scheduled in this matter if one is requested in writing. Failure by any Respondent to file a request for a hearing in this matter within fifteen days of receipt of the Order shall be deemed a waiver by that

Respondent of the right to such a hearing.

Failure to file an Answer shall result in entry of a final order:

- (a) directing that Respondent permanently cease and desist from violation of the Act;
and
- (b) imposing a monetary penalty of up to \$5,000 per violation of the Act; and
- (c) barring that Respondent from engaging in the securities or investment advisory businesses in Maryland for or on behalf of others, or from acting as principal or consultant in any entity so engaged.

SO ORDERED:

_____, 2006

MELANIE SENTER LUBIN
SECURITIES COMMISSIONER

Maryland Division of Securities
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Baltimore, Maryland 21202-2020