

Division of Securities
Utah Department of Commerce
160 East 300 South, 2nd Floor
Box 146760
Salt Lake City, UT 84114-6760
Telephone: (801) 530-6600
FAX: (801)530-6980

**BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH**

IN THE MATTER OF:

SONOCINE, INC.

Respondent.

STIPULATION and CONSENT ORDER

Docket No. SD-12-0059

The Utah Division of Securities (“Division”), by and through its Corporate Finance Director, Benjamin Johnson, and Respondent, Sonocine, Inc. (“Sonocine” or “Issuer”), hereby stipulate and agree as follows:

1. Sonocine has been the subject of an investigation by the Division into allegations that it violated the Utah Uniform Securities Act (“Act”), Utah Code Ann. § 61-1-1, *et seq.*
2. On or about October 3, 2012, the Division initiated an administrative action against Sonocine by filing a Notice of Agency Action and an Order to Show Cause (“OSC”).
3. In order to avoid protracted and expensive proceedings, Sonocine is willing to resolve this matter with the Division by way of this Stipulation and Consent Order (“Order”). If entered, the Order will fully resolve all claims the Division has against Sonocine

pertaining to the OSC.

4. Sonocine admits that the Division has jurisdiction over it and the subject matter of this action.
5. Sonocine hereby waives any right to a hearing to challenge the Division's evidence and present evidence on its behalf.
6. Respondent has read this Order, understands its contents, and voluntarily agrees to the entry of the order set forth below. No promises or other agreements have been made by the Division, nor by any representative of the Division, to induce Respondent to enter into this Order, other than as described in this Order.
7. Sonocine is represented by Helen W. Melman, a California attorney, and local counsel Mark W. Pugsley of RAY QUINNEY & NEBEKER, and is satisfied with their advice and representation in this matter.

I. FINDINGS OF FACT

8. Jurisdiction over Respondent and the subject matter is appropriate because the Division alleges that it violated § 61-1-1 (securities fraud) of the Act while engaged in the offer and sale of securities in or from Utah.
9. Issuer was initially incorporated in California on February 11, 2000. On August 16, 2010, it then reincorporated in Delaware. Issuer's registration with the Delaware Division of Corporations remains active, and its principal place of business is located in Nevada. Issuer is not currently, and has not ever been, registered with the Utah Division of Corporations.

10. In or around February 2012, Respondent offered and sold securities to investors, in or from Utah, and collected a total of \$9,000.
11. Respondent made a material omission in connection with the offer and sale of securities to the investors identified below.
12. In or around February 2012, T.M. and K.M., husband and wife, Utah residents, provided the funds and documentation necessary to participate in the Issuer's offering of Series B Preferred Stock.
13. Specifically, T.M. and K.M. invested a total of \$9,000 in exchange for 5,625 shares of Series B Preferred Stock. This interest is documented in a subscription agreement signed by the investors on February 23, 2012 and accepted by the Issuer on February 29, 2012.
14. Issuer first reported its sales activities in the state of Utah to the Division on March 6, 2012, when it filed a Form D for its Rule 506 offering.
15. With respect to that offering, Issuer provided potential participants, including T.M. and K.M., with a copy of its private offering memorandum and subscription agreement.
16. Within the private offering memorandum, Issuer included certain disclosures relevant to the offering, including a description of management.
17. However, the private offering memorandum, and all other documentation provided to potential investors, did not disclose the following action:

On November 8, 2010, Safiye Cangal ("Cangal"), the current Chief Financial Officer

of the Issuer, filed for Chapter 7 bankruptcy relief in Nevada.¹ Cangal was later discharged from bankruptcy on March 28, 2011.

18. As a result, T.M. and K.M. never received any disclosure related to this action prior to investing \$9,000 in the offering.

II. CONCLUSIONS OF LAW

Securities Fraud under § 61-1-1 of the Act

19. The investment opportunities offered and sold by Sonocine are securities under § 61-1-13 of the Act.
20. In connection with the offer and sale of a security to the investors, Sonocine, directly or indirectly, failed to disclose the information described in paragraph 17 above, which was material information necessary to make the statements made not misleading.

III. REMEDIAL ACTIONS/SANCTIONS

21. Sonocine neither admits nor denies the Division's Findings of Fact and Conclusions of Law, but, solely for the purpose of this Order, consents to the sanctions below being imposed by the Division.
22. Sonocine represents that the information it has provided to the Division as part of the Division's investigation is accurate and complete.
23. Sonocine agrees that until the earlier of (i) Safiye Cangal ceasing to be an executive officer of Sonocine or (ii) ten years after her discharge from bankruptcy, prior to selling

¹ *In re* Cangal, No. 10-54413 (Bankr. D. Nev. 2010).

any securities to any person resident in Utah, Sonocine will disclose to such person in writing the fact of Ms. Cangal's personal bankruptcy.

24. Pursuant to Utah Code Ann. § 61-1-6, and in consideration of the guidelines set forth in Utah Admin. Code Rule R164-31-1, Sonocine agrees to pay a fine of \$1,000.00 to the Division. The fine shall be paid within 30 days of the entry of the order below.

IV. FINAL RESOLUTION

25. Sonocine acknowledges that this Order, upon approval by the Utah Securities Commission, shall be the final compromise and settlement of this matter. The Division agrees that it will take no action adverse to Respondent or its agents based solely on the same conduct describe in this Order. Sonocine further acknowledges that if the Commission does not accept the terms of the Order, it shall be deemed null and void and without any force or effect whatsoever.
26. This Order is entered into solely for the purpose of resolving the Division's investigation and is not intended to be used for any other purpose. Sonocine also acknowledges that any civil, criminal, arbitration or other causes of actions brought by third parties against it have no effect on, and do not bar, this administrative action by the Division against it. For any person or entity not a party to this Order, this Order does not create any private rights or remedies against Sonocine, create liability on the part of Sonocine, or limit or preclude any legal or factual positions or defenses of Sonocine in response to any claims.

27. This Order constitutes the entire agreement between the parties herein and supersedes and cancels any and all prior negotiations, representations, understandings, or agreements between the parties. There are no verbal agreements which modify, interpret, construe, or otherwise affect this Order in any way.
28. This Order is not intended to indicate that Respondent shall be subject to any disqualification contained in the federal securities laws, the rules and regulations thereunder, the rules and regulations of self-regulatory organizations or various states' securities laws, including any disqualifications from relying upon the registration exemptions or safe harbor provisions contained therein. In addition, this Order is not intended to form the basis for any such disqualifications and to the extent applicable, this Order hereby waives any disqualification from the same. Further, this Order is not intended to form the basis of a statutory disqualification under Section 3(a)(39) of the Securities Exchange Act of 1934.
29. This Order shall not disqualify Respondent from any business that it otherwise is qualified or licensed to perform under applicable state law, and this Order is not intended to form the basis for any disqualification.

Utah Division of Securities

Date: _____

By: _____

Benjamin Johnson
Director of Corporate Finance

Approved:

D. Scott Davis
Assistant Attorney General
A.S.

Sonocine, Inc., Respondent

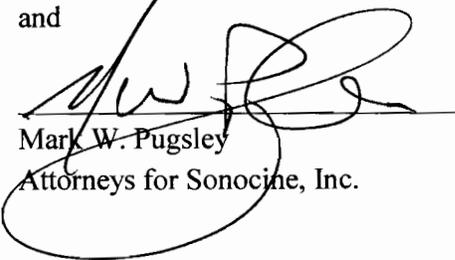
Date: _____

By: _____

Title: _____

Helen W. Melman

and



Mark W. Pugsley
Attorneys for Sonocine, Inc.

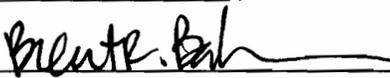
ORDER

IT IS HEREBY ORDERED THAT:

1. The Division's Findings and Conclusions, which are neither admitted nor denied by the Respondent, are hereby entered.
2. Until the earlier of (i) Safiye Cangal ceasing to be an executive officer of Sonocine or (ii) ten years after her discharge from bankruptcy, prior to selling any securities to any person resident in Utah, Sonocine will disclose to such person in writing the fact of Ms. Cangal's personal bankruptcy.
3. Pursuant to Utah Code Ann. § 61-1-6, and in consideration of the guidelines set forth in Utah Admin. Code Rule R164-31-1, Sonocine agrees to pay a fine of \$1,000.00 to the Division. The fine shall be paid within 30 days of the entry of this Order.

BY THE UTAH SECURITIES COMMISSION:

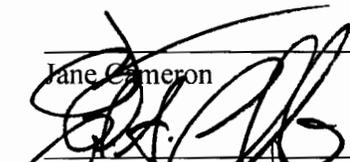
DATED this 28 day of March, 2013.



Brent Baker



Tim Bangerter



Jane Cameron



Erik Christiansen



Laura Polacheck

Certificate of Mailing

I certify that on the 29 day of March, 2013, I mailed, by certified mail, a true and correct copy of the fully executed Order to:

Helen W. Melman
Attorney at Law
815 Moraga Drive
Los Angeles, CA 90049

Certified Mail # 7007 0220 0001 0064 4207

Mark W. Pugsley
RAY QUINNEY & NEBEKER
36 South State Street, 14th Floor
Salt Lake City, Utah 84145-0385

Certified Mail # 7007 0220 0001 0064 4214



Executive Secretary