BEFORE THE
STATE OF WISCONSIN
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF SECURITIES

In the matter of, SCOTT A. CHANLYNN and SLB CREATIONS, INC. Respondents.	CONSENT ORDER TO CEASE AND DESIST AND FOR CIVIL PENALTIES DFI Case No. S-238645 (EX)

I.

The Administrator of the State of Wisconsin, Department of Financial Institutions, Division of Securities ("Division"), having legal authority and jurisdiction to administer and enforce the Wisconsin Uniform Securities Law, Wis. Stats. Ch. 551 ("Ch. 551") and rules and orders promulgated thereunder, and having determined that this action is necessary and appropriate in the public interest and for the protection of investors, hereby enters this Order as follows:

II.

Division staff have presented evidence sufficient for the Administrator to make the following findings of fact and conclusions of law:

A. Findings of Fact

Respondents

1. Scott A. Chanlynn is an adult male with a last known residence of 4974 Buchanan Lane, Florence, WI 54121. Chanlynn is the founder and president of SLB Creations, Inc.

2. SLB Creations, Inc. ("SLB") is a company organized under the laws of the State of Michigan effective October 28, 2011, with a business address of 304 Third Street, Iron Mountain, MI 49801.

Conduct

3. In addition to SLB, Chanlynn owns and operates a construction business called Chanlynn Builders, LLC organized under the laws of the State of Michigan effective August 29, 2011 located in Florence, WI.

4. Chanlynn created SLB for purposes of manufacturing and selling a golf club storage container called The Club Shield. The Club Shield is a patented product

designed to be mounted to the back of a golf cart and to securely hold two bags with clubs, protecting them from the weather.

5. Between 2010 and 2012, Chanlynn solicited ten investors from Michigan and Wisconsin to invest in SLB. Each investor invested $10,000 in SLB in return for one share of Series A Convertible Preferred Stock ("Series A Stock") in the company. Chanlynn raised a total of $100,000 to capitalize SLB.

6. The Series A stockholders are entitled to annual dividends equal to 2.5% of the company's net profit, when and if declared by the board of directors. The Series A stockholders also have certain voting rights as set forth in the Summary Agreement signed by Chanlynn and the investors at the time of the stock purchase.

7. According to the Summary Agreement, "It is the intent of the investors to provide capital sufficient enough for the Company to begin manufacturing and distributing its golf club storage containers to the general public."

8. The Summary Agreement set forth the intended use of proceeds as follows: "The Company shall use the investment proceeds for working capital and general corporate purposes related to the preproduction and initial production of the Company's product and shall not apply any of such proceeds to the reduction of previously incurred debt, or payment of any bonuses."

9. Funds from SLB Creations were transferred to Chanlynn Builders' accounts and to Chanlynn's personal accounts. The funds in Chanlynn Builders' accounts were then used to pay for Chanlynn Builders' expenses and the funds in Chanlynn's personal accounts were used to pay personal expenses.

10. Chanlynn also transferred funds from Chanlynn Builders' bank account into the SLB bank account to pay SLB's expenses.

11. Chanlynn and SLB did not disclose to investors that Chanlynn would be using SLB investor funds for any purpose other than for SLB's working capital and general corporate purposes.

B. Conclusions of Law

<u>Legal Authority and Jurisdiction</u>

12. The Administrator has legal authority and jurisdiction over the conduct described above, pursuant to Wis. Stats. Ch. 551 and the rules and orders promulgated thereunder.

13. SLB is an "issuer" as defined under Wis. Stat. § 555.102(17).

14. Chanlynn is an "agent" of SLB who transacted sales of SLB's securities under Wis. Stat. § 555.102(2)

15. Pursuant to Wis. Stat. § 551.402(1), it is unlawful for an individual to transact business in this state as an agent unless the individual is registered under Ch. 551 as an agent or is exempt from registration as an agent.

16. Pursuant to Wis. Stat. § 551.501(2), it is unlawful for a person, in connection with the offer, sale or purchase of a security, directly or indirectly, to make an untrue statement of a material fact or to 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.

Violations

17. Through the conduct described above, Chanlynn violated Wis. Stat. § 551.402(1) by transacting business in this state as an agent without being registered under Ch. 551 as an agent and without being exempt from registration as an agent.

18. Through the conduct described above, in connection with the offer and sale of securities, SLB and Chanlynn omitted to state material facts to investors in violation of Wis. Stat. § 551.501(2).

III.

19. In view of the above findings of fact and conclusions of law, the Administrator deems it necessary and appropriate in the public interest and for the protection of investors, and pursuant to its legal authority and jurisdiction under Ch. 551, to wit Wis. Stat. § 551.604, to issue the following order and notices:

A. Consent Orders issued pursuant to Wis. Stat. § 551.604(2)

(a) IT IS ORDERED summarily that RESPONDENTS, their agents, servants, officers, employees, successors, affiliates, and every entity and person directly or indirectly controlled or organized by or on behalf of any RESPONDENT, shall cease and desist from making or causing to be made to any person or entity in Wisconsin any further offers or sales of securities unless and until such securities qualify as covered securities, or are registered under Ch. 551 or successor statute, pursuant to Wis. Stat. §§ 551.604(1)(a) and (2).

(b) IT IS FURTHER ORDERED that all exemptions from registration set forth at Ch. 551 or successor statute that might otherwise apply to any offer or sale of any security of or by any of the RESPONDENTS, their agents, servants, officers, employees, successors, affiliates, and every entity and person directly or indirectly controlled or organized by or on behalf of any RESPONDENT, are hereby revoked, pursuant to Wis. Stats. §§ 551.604(1)(b) and (2).

(c) IT IS FURTHER ORDERED summarily that RESPONDENTS, their successors, affiliates, controlling persons, officers, agents, servants, employees and every entity

and person directly or indirectly controlled or hereafter organized by or on behalf of any RESPONDENT, are prohibited from violating Wis. Stat. § 551.501 or successor statute.

(d) IT IS FURTHER ORDERED summarily that RESPONDENTS, their successors, affiliates, controlling persons, officers, agents, servants, employees, and every entity and person directly or indirectly controlled or hereafter organized by or on behalf of either RESPONDENT, are prohibited from violating Ch. 551 or successor statute that might otherwise apply to any offer or sale of a security of or by RESPONDENTS.

(e) IT IS ORDERED that a civil penalty be imposed on SCOTT CHANLYNN in the form of an administrative assessment totaling $1,000. Such payment shall be made payable to the Wisconsin Department of Financial Institutions and shall be remitted via a cashier's check payable to the Wisconsin Department of Financial Institutions by no later than April 15, 2019. With the exception of any undisclosed conduct or future prohibited conduct, this amount totals the entire amount imposed on Scott Chanlynn and no additional civil penalty, restitution, disgorgement, interest or costs of investigation will be sought by the Wisconsin Department of Financial Institutions.

(f) PLEASE TAKE NOTICE that the consent orders of the Administrator are effective as of the issuance of this order, pursuant to Wis. Stat. § 551.604(2).

B. Service of Order

(g) IT IS FURTHER ORDERED that this order shall be sent promptly by certified mail to each party named in the order at his or her last known address or to the party's attorney of record, or shall be personally served upon the party or the party's attorney of record, pursuant to Wis. Admin. Code§ DFI-Sec. 8.06.

(h) PLEASE TAKE NOTICE that the date of the service of this order is the date it is placed in the mail.

C. Notifications

(i) PLEASE TAKE NOTICE that this Order consented to by Respondents restricts Respondents from transacting securities business in the State of Wisconsin pursuant to the terms of the orders issued pursuant to Wis. Stat. § 551.604(2).

(j) PLEASE TAKE FURTHER NOTICE that this Order is effective on the date it is issued. You are advised that any willful violation of an Order issued by the Division under Ch. 551 is a criminal offense punishable under the provisions of Wis. Stat. § 551.508.

EXECUTED at Madison, Wisconsin, and effective on this 22nd day of April, 2019.

Leslie M. Van Buskirk
Administrator

Division of Securities
State of Wisconsin
Department of Financial Institutions
4822 Madison Yards Way
North Tower, 4th Floor
Madison, Wisconsin 53705

BEFORE THE
STATE OF WISCONSIN
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF SECURITIES

In the matter of, SCOTT A. CHANLYNN and SLB CREATIONS, INC., Respondents.	WAIVER AND CONSENT TO ORDER DFI Case No. S-238645 (EX)

The undersigned Respondent, SCOTT A. CHANLYNN, on his own behalf and on behalf of Respondent SLB CREATIONS, INC., as its President, having decided not to contest the issuance of the attached Order, hereby waives their right to a hearing with respect to this matter, including waiving findings of fact and conclusions of law as may otherwise be required for the Order, and hereby consents to the issuance of the Order. Respondents reserve all defenses for any proceedings not covered by this consent order.

Respondents hereby acknowledge that, in exchange for Respondents' voluntary consent and agreement to cease and desist from further violations of Ch. 551, payment of civil penalties, and other conditions as described in the attached Order, the Division agrees to forgo further legal action, and to resolve this matter by issuance of the attached Order.

The undersigned Respondents understand and agree that the attached Order shall prohibit Respondents from transacting any securities business in the State of Wisconsin except as allowed and described by the terms of the Order.

The undersigned Respondents understand the Order, when signed by the Administrator of the Division of Securities, is effective on the date issued and that a willful violation of an Order signed by the Administrator is a criminal offense pursuant to Wis. Stat. § 551.508.

x _____
SCOTT A. CHANLYNN, individually

x _____
SCOTT A. CHANLYNN, as
President of SLB Creations, Inc.

State of Wisconsin)
County of Florence)
Subscribed before me this
8th day of April, 2019.

_____
Notary Public Daryl R Waters

My commission is permanent/~~expires~~ _____

NOTARY PUBLIC
DARYL WATERS
STATE OF WISCONSIN

State of Wisconsin

Department of Financial Institutions

Tony Evers, **Governor** | Kathy Blumenfeld, **Secretary**

AFFIDAVIT OF SERVICE
AND COMPLIANCE WITH WIS. STAT. § 551.611

STATE OF WISCONSIN)
) ss.
COUNTY OF DANE)

I, KATHERINE CLEMENTI, first being duly sworn, depose and state:

1. I am employed with the State of Wisconsin, Department of Financial Institutions, Division of Securities.

2. On the date of this Affidavit and in the course of regularly conducted activity, I have caused to be served by certified mail upon Respondent Scott A. Chanlynn at his last known address of 4974 Buchanan Lane, Florence, WI 54121:

   i. A copy of the Consent Order to Cease and Desist and for Civil Penalties, and a copy of the Waiver and Consent to Order, DFI Case No. S-238645 (EX); and

   ii. A copy of this Affidavit of Service.

3. In compliance with Wis. Stat. §§ 227.48, 551.611, and 891.46; and Wis. Admin. Code. §§ DFI-Sec 8.06 and 8.07, I have also caused to be served copies of those same documents upon the Administrator for the Division of Securities.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

Katherine Clementi
KATHERINE CLEMENTI

State of Wisconsin
Department of Financial Institutions
Division of Securities

Subscribed and sworn to before me

This 22nd day of April, 2019.

Robin Jacobs (Notary Seal)

ROBIN S. JACOBS NOTARY PUBLIC STATE OF WISCONSIN

Notary Public, State of Wisconsin

My commission is permanent.