

**BEFORE THE DIRECTOR OF THE DEPARTMENT OF FINANCE
OF THE STATE OF IDAHO**

In the Matter of:

XCRAFT ENTERPRISES INC., and

JERRY D. CLARIDGE,

Respondents.

Docket No. 2023-7-13

AGREEMENT AND ORDER

The Idaho Department of Finance (“Department”), through its Securities Bureau, instituted an investigation pursuant to authority under the Idaho Uniform Securities Act (2004) (“Act”), Idaho Code § 30-14-101 et seq., into the conduct of xCraft Enterprises, Inc. (“xCraft”) and Jerry D. Claridge (“Claridge”), collectively (“Respondents”). The Department and Respondents have agreed to enter into this Agreement and Order to resolve the matters alleged herein without a public hearing or formal adjudication of this matter. Therefore, the director of the Department (“Director”) deems it appropriate and in the public interest that this Agreement and Order (“Order”) be entered. Respondents admit the jurisdiction of the Department in this matter.

FINDINGS OF FACT

1. xCraft is a Delaware corporation organized on February 28, 2017, as a drone research, design and manufacturing company. xCraft’s principal place of business is located at 660 N Pleasant View Rd, Post Falls, ID 83814.
2. Claridge is a resident of Idaho and the president and sole control person of xCraft.
3. According to filings made by Claridge with the Securities and Exchange Commission (“SEC”), Claridge’s drone business was initially organized in 2014 as

xCraft Enterprises LLC. Claridge began raising capital for xCraft business with a Kickstarter campaign in 2014, followed by private capital investments in 2016 and 2017.

4. In four separate securities offerings from 2017 to 2022, Respondents raised a total of \$4.4M of capital using federal and state registration exemptions available under federal Regulation A and Regulation Crowdfunding.

5. In December of 2022, Respondent initiated a new offering of xCraft securities through PicMii Crowdfunding LLC (the “PicMii Offering”), a SEC registered funding portal. The offering was posted on PicMii’s website with information provided by Respondents.

6. Respondents’ website at xcraft.io also provided information about the offering and directed potential investors to the PicMii website.

7. At least during the time of the PicMii securities offering, Respondents’ website included statements about xCraft’s business that omitted material facts and information necessary to make the statements not misleading. The statements included information about business orders and contracts that at the time of the PicMii Offering had been cancelled and were no longer in effect. Consequently, information about xCraft’s business presented in connection with the PicMii Offering gave the appearance that xCraft was substantially more viable or successful than it was at that time.

8. On June 29, 2023, the Department sent Respondents a request for information about their capital raising activities. As of June 29, 2023, PicMii had accepted approximately \$33,000 of investor funds.

9. After receiving the Department’s letter, Respondents closed the offering and instructed PicMii to return the funds to investors. Respondents also removed the information from their website regarding the investment offering.

CONCLUSIONS OF LAW

10. The Department has jurisdiction over this matter pursuant to the Act.
11. Respondents offered or sold securities within Idaho within the meaning of I.C. §§ 30-14-102(26) and 30-14-102(28).
12. Pursuant to Idaho Code §§ 30-14-501, it is unlawful for a person, in connection with the offer or sale of a security, to make an untrue statement of a material fact or to omit to state a material fact necessary to make the statement made, in the light of the circumstances under which it is made, not misleading.
13. Respondents violated I.C. § 30-14-501 by posting information on the xCraft website about the investment opportunity offered through the PicMii website that was untrue or lacked additional material facts to make the statements not misleading.

ORDER

14. The parties agree to entry of this Order in lieu of other proceedings.
15. Respondents shall pay an administrative penalty of \$2,500 within 30 days of the effective date of the Order.
16. Respondents understand and agree that all amounts owed pursuant to this Order, if not paid according to the terms of the Order, can be recorded, enforced, and satisfied in the same manner as a judgment of a court, pursuant to Idaho Code § 30-14-604 (f) and (g).
17. Respondents shall cease and desist from any further violation of the Act and Rules promulgated thereunder, including specifically, not to offer or sell securities in or from Idaho unless in compliance with the Act and Rules.
18. Respondents acknowledge that if they fail to comply with the Order, the Department may institute proceedings to enforce its terms.

19. Respondents waive their rights to notice and opportunity for a hearing on this matter provided by Idaho Code § 30-14-604 and under the contested case provision of the Idaho Administrative Procedures Act, Idaho Code § 67-5240 *et seq.* Respondents further waive their right to seek judicial review of this Order. The terms contained in this Order constitute the entire agreement between the Department and Respondent.

20. Respondents agree to not deny or contest the Findings of Facts or Conclusions of Law contained in this Order in any present or future: (a) bankruptcy proceeding, or (b) non-criminal proceeding in which the Department is a party (collectively, “proceeding(s)”). Respondents further agree that, in any such proceedings, the Findings of Facts or Conclusions of Law contained in this Order may be taken as true and correct and that this Order shall collaterally estop them from re-litigating with the Department, or any other state agency, in any forum, the accuracy of the Findings of Facts or Conclusions of Law contained in this Order.

21. In the event either Respondent pursues bankruptcy protection in the future, Respondents agree that pursuant to 11 U.S.C. § 523(a)(19), the following circumstances exist:

A. The obligation incurred as a result of this Order are a result of the conduct set forth in the Findings of Fact and Conclusions of Law in the Order and are for the violation of Idaho state securities laws, pursuant to 11 U.S.C. § 523(a)(19)(A)(i);

B. This Order constitutes a judgment, order, consent order, or decree entered in a state proceeding pursuant to 11 U.S.C. § 523(a)(19)(B)(i), a settlement agreement pursuant to 11 U.S.C. § 523(a)(19)(B)(ii), and a court order for damages, fines, penalties, citations, restitution payments, disgorgement payments, attorney fees, costs or other payments pursuant to 11 U.S.C. § 523(a)(19)(B)(iii).

22. This Order is not intended to subject Respondents to any disqualifications under federal or state laws of the United States, or under the rules or regulations of any securities or commodities regulator or self-regulatory organization, including, without limitation, any disqualification from relying upon the state or federal registration exemptions or safe harbor provisions.

AGREED TO and ACKNOWLEDGED:


XCRAFT ENTERPRISES INC.
By: JERRY D. CLARIDGE

12/14/23
DATE


JERRY D. CLARIDGE

12/14/23
DATE


JOHN YAROS
Bureau Chief
Idaho Department of Finance

12/14/2023
DATE

IT IS SO ORDERED

DATED this 14th Day of December 2023



STATE OF IDAHO
DEPARTMENT OF FINANCE


PATRICIA R. PERKINS, Director
Idaho Department of Finance