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

IN THE MATTER OF DETERMINING Whether there has been a violation of the Business Opportunity Fraud Act of the State of Washington by:

SDO - 100 - 00

Atlas Vending and Locating, John B. Peterson,

SUMMARY ORDER TO CEASE AND DESIST

their employees and agents,

Case No. 00-10-0374

Respondents.

THE STATE OF WASHINGTON TO:

Atlas Vending and Locating John B. Peterson 814 Lakeway Drive, #347 Bellingham, WA 98226

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STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents have violated the Business Opportunity Fraud Act and that their violations justify the entry of an order of the Securities Administrator under RCW 19.110.150 to cease and desist from such violations. The Securities Administrator finds that delay in ordering the Respondents to cease and desist from such violations would be hazardous to the investors and to the public and that a Summary Order to Cease and Desist should be entered immediately. The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

I.

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Atlas Vending and Locating maintains a business mailing address of 814 Lakeway Drive, #347, Bellingham, Washington. Atlas Vending and Locating is the seller of vending machine equipment to enable purchasers to establish businesses that place the machines in accessible places for use by the public

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SUMMARY ORDER TO CEASE AND DESIST

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

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(the vending opportunity). Atlas Vending and Locating provides location assistance services or provides references to professional locators to assist purchasers of the vending opportunity for placement of the equipment it sells. John B. Peterson is the owner or principal of Atlas Vending and Locating.

II.

Respondents, acting in concert or on behalf of each other, maintain an Internet web site located at www.atlasvending.com. The site relates to various candy, snack, soft drink and other machines that could be purchased from Atlas Vending and Locating. The Internet site indicates that Atlas Vending and Locating offers location services for the machines it sells and that the seller is offering the vending opportunity from Bellingham, Washington. The site includes the following language:

Atlas Vending and Locating takes pride in the team of 382 locators it has assembled. Not only do our locators stay within their home range, they help us maintain the most important part of our business...repeat customers! 40% of our revenue is comprised of repeat satisfied customers. It is this mainstay that has allowed Atlas Vending and Locating to grow into one of the largest locating companies in North America. We are also one of the few locating companies that offer a lifetime placement warranty on our locations...

A Florida resident first accessed the site in mid-August, 2000. The Florida resident called the toll-free number given on the site and spoke to an individual who identified himself as John B. or "JB" Peterson ("Peterson"), Chief Executive Officer of Atlas Vending and Locating. The two parties discussed the purchase of soft drink vending equipment to be placed in hotels or motels and that the machines needed to be cosmetically sound. Peterson represented that the machines were totally reconditioned and between three and five years old. The Florida resident was told that Atlas Vending and Locating would use a locator service located in his state to help place the machines. The delivery cost was quoted as \$150.00 per machine. Based in part upon these representations, the Florida resident determined to purchase two full-sized soft drink vending machines, and arrange to have them located in Washington, through Atlas Vending and Locating. The Florida resident executed a sales contract for the purchase on August 24, 2000. The machines ordered sold for \$1,400.00 exclusive of shipping charges. The Florida resident also purchased graphic artwork mentioned on the Internet site to be placed on each machine for \$300.00 each.

The Florida resident paid the purchase price for the machines and graphic artwork by credit card and wrote a personal check for the location fees.

When the Florida resident received delivery of the two soft drink vending machines ordered from Atlas Vending and Locating, the resident determined that they were in poor condition: the machines were scratched and dented, appeared older than the three to five years represented by Peterson, and the only reconditioning done appeared to be to the coin mechanisms. The Florida resident researched the serial numbers of the machines and determined that they both had been manufactured 13 years previously. The Florida resident was unable to successfully locate the machines through the locator provided by Atlas Vending and Locating and has been unable to obtain a refund of the purchase price.

No disclosure document containing complete material information regarding Atlas Vending and Locating or the vending opportunity, including but not limited to a financial statement of the seller, was provided to the Florida resident who purchased the machines and location services through Atlas Vending and Locating.

III.

Neither Atlas Vending and Locating nor John B. Peterson are currently registered with the Washington Securities Division to offer or sell business opportunities in the state of Washington nor have they previously been so registered.

It is in the public interest that the offer and/or sale of the above-described vending opportunity in violation of the Washington Business Opportunity Fraud Act cease.

An emergency exists in that further offers and/or sales of the vending opportunity described above would be hazardous to investors and the public of this state.

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

CONCLUSIONS OF LAW

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The offer of the vending opportunity as described in Tentative Finding of Fact I and II constitutes the offer and/or sale of a business opportunity as defined in RCW 19.110.020(1).

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II.

The offer of the vending opportunity as described in Tentative Findings of Fact I and II was made in violation of RCW 19.110.070 and RCW 19.110.120, the disclosure document and antifraud provisions of the Business Opportunity Fraud Act, respectively. This is because Respondents (1) failed to provide to the Florida resident a complete disclosure document containing complete material information regarding Vendmark or the vending opportunity, including but not limited to a financial statement of the seller, and (2) delivered to the Florida resident soft drink vending machines manufactured 13 years ago rather than the three to five years as represented by John B. Peterson.

III.

The offer of the vending opportunity as described in Tentative Findings of Fact I through III was made in violation of RCW 19.110.050(1), the registration requirement provision of the Business Opportunity Fraud Act, because no business opportunity registration has been made nor a permit issued to Atlas Vending and Locating or John B. Peterson for the offer and/or sale of the vending opportunity in this state.

The Securities Administrator finds that this action is necessary and appropriate in the public interest and for the protection of investors and that the public safety and welfare require emergency action.

SUMMARY ORDER

Based on the premises of the foregoing,

IT IS THEREFORE HEREBY SUMMARILY ORDERED That Respondents Atlas Vending and Locating, John B. Peterson, their employees and agents, each cease and desist from violations of RCW

19.110.070 and RCW 19.110.120, the disclosure document and antifraud provisions of the Business 1 2 Opportunity Fraud Act, respectively. 3 IT IS THEREFORE HEREBY SUMMARILY ORDERED That Respondents Atlas Vending and Locating, John B. Peterson, their employees and agents, each cease and desist from violations of RCW 4 19.110.050(1), the registration requirement provision of the Business Opportunity Fraud Act. 5 **AUTHORITY AND PROCEDURE** 6 This Summary Order is entered pursuant to the provisions of RCW 19.110.150 and chapter 34.05 7 RCW. The Respondents may each make a written request for hearing as set forth in the Notice of 8 Opportunity to Defend and Opportunity for Hearing accompanying this order. A request for a hearing 9 10 should be in writing and sent to Deborah R. Bortner, Securities Administrator, Department of Financial Institutions, P.O. Box 9033, Olympia, Washington 98507-9033 to the attention of Brad Ferber. If a 11 Respondent does not request a hearing as set forth in the Notice of Opportunity to Defend and 12 13 Opportunity for Hearing, the Securities Administrator intends to adopt the Tentative Findings of Fact and 14 Conclusions of Law as final and make this Summary Order to Cease and Desist permanent as to such Respondent. 15 16 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE. 17 Dated this <u>23rd</u> day of <u>October</u>, 2000. 18 19 20 Debark R Borner 21 Deborah R. Bortner 22 Securities Administrator 23 24 Presented by: Approved by: Michael E. Stevenson Brad Ferber Securities Examiner Chief of Compliance SUMMARY ORDER TO CEASE AND DESIST DEPARTMENT OF FINANCIAL INSTITUTIONS 5 Securities Division PO Box 9033

Olympia, WA 98507-9033

(360) 902-8760

Atlas Vending and Locating

STATE OF WASHINGTON DEPARTMENT OF FINANCIAL INSTITUTIONS

SECURITIES DIVISION 2 3 IN THE MATTER OF DETERMINING SDO - 100A - 00 Whether there has been a violation 4 of the Business Opportunity Fraud Act of the NOTICE OF OPPORTUNITY TO DEFEND AND State of Washington by: OPPORTUNITY FOR HEARING 5 Atlas Vending and Locating, John B. Peterson, Case No. 00-10-0374 6 their employees and agents, 7 Respondents. 8 9 THE STATE OF WASHINGTON TO: Atlas Vending and Locating John B. Peterson 10 814 Lakeway Drive, #347 Bellingham, WA 98226 11 YOU ARE HEREBY NOTIFIED that a Summary Order To Cease And Desist has been filed by the 12 Department of Financial Institutions, a true and correct copy of which is attached and made a part hereof. 13 YOU ARE HEREBY NOTIFIED that you may file an application for an adjudicative hearing before the 14 15 Washington State Department of Financial Institutions on the Summary Order. Service of this notice is deemed complete upon deposit in the United States mail. YOUR APPLICATION MUST BE RECEIVED BY THE 16 17 DEPARTMENT OF FINANCIAL INSTITUTIONS WITHIN TWENTY (20) DAYS FROM THE DATE YOU RECEIVED THIS NOTICE. If you demand a hearing, you will be notified of the time and place for the hearing 18 19 at least seven (7) days in advance of the hearing date. 20 At the hearing, you may appear personally, and by counsel, if you desire. The hearing will be as 21 informal as is practical within the requirements of the Administrative Procedure Act (see chapter 34.05 RCW). 22 The hearing will be recorded. The primary concern will be getting to the truth of the matter insofar as the 23 Summary Order is concerned. Technical rules of evidence will not be binding at the hearing except for the rules of privilege recognized by law. You have the right to present evidence and witnesses in your own behalf, and to

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cross-examine those witnesses presented in support of the Summary Order. You may require the attendance of witnesses by subpoena. If you are limited English-speaking or hearing impaired, you have the right to have an interpreter appointed at no cost to you, as discussed below.

INTERPRETER AVAILABILITY. If you or a witness for you is a person who, because of non-English-speaking cultural background, cannot readily speak or understand the English language, or if you or a witness for you is a person who, because of a hearing impairment or speech defect, cannot readily understand or communicate in spoken language, including persons who are deaf, deaf and blind, or hard of hearing, AND YOU NEED AN INTERPRETER, then a qualified interpreter will be appointed at no cost to you or to the witness. You may request the appointment of a qualified interpreter by indicating your request on the attached Application for Adjudicative Hearing form.

YOU ARE FURTHER NOTIFIED that if the Department of Financial Institutions does not RECEIVE the Application for Adjudicative Hearing form within twenty (20) days from the date you received this notice, this will constitute a waiver of your right to a hearing and the director will find that you do not contest the allegations of the Summary Order. Upon such a finding by the director a final order will be immediately entered disposing of this matter and ordering you to cease and desist as described in the Summary Order. If you desire a hearing in this matter, please return the attached Application for Adjudicative Hearing to:

> Washington State Department of Financial Institutions Securities Division Attn: Brad Ferber Post Office Box 9033 Olympia, Washington 98507-9033

> > Dated this 23rd day of October, 2000.

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Deborah R. Bortner Securities Administrator

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STATE OF WASHINGTON DEPARTMENT OF FINANCIAL INSTITUTIONS

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2	DEPARTMENT OF FINANCIAL INSTITUTIONS SECURITIES DIVISION						
3	IN THE MATTER OF DETERMINING	SDO - 100B(1) - 00					
4	Whether there has been a violation	• •					
5	of the Business Opportunity Fraud Act of the State of Washington by:	APPLICATION FOR ADJUDICATIVE HEARING					
6	Atlas Vending and Locating, John B. Peterson, their employees and agents,	Case No. 00-10-0374					
7	Respondents.						
8	Kespondents.						
9	THE STATE OF WASHINGTON TO:	Atlas Vending and Locating 814 Lakeway Drive, # 347					
10		Bellingham, WA 98226					
11							
12	If you wish to contest the Summary Order To Cease And Desist and have an adjudicative						
13	hearing, you must sign, date, and return this form within twenty (20) days of the date you received it, to:						
14	Washington State Department of Financial Institutions Securities Division						
15	Attn: Brad Ferber						
16	P. O. Box 9033 Olympia, Washington 98507-9033						
17	FAILURE TO RETURN THIS FORM SO THAT IT IS RECEIVED BY THE DEPARTMENT OF						
18	FINANCIAL INSTITUTIONS WITHIN TWENTY (20) DAYS OF THE DATE YOU RECEIVED IT WILL						
19	CONSTITUTE A DEFAULT AND WILL RESULT IN THE LOSS OF YOUR RIGHT TO AN						
20	ADJUDICATIVE HEARING AND WILL RESULT IN THE INFORMAL DISPOSITION OF YOUR CASE						
21	AS AUTHORIZED BY RCW 34.05.440. In that case the Director may proceed to resolve this matter without						
22	further notice or hearing. In such a case, the Director will immediately enter an appropriate order in disposition						
23	of the Summary Order, to include prohibition against yo	our engaging in certain business practices as described in					
24	the Summary Order.						
	<u>INSTRUCTIONS</u> : Circle your desired responses to ite	ms I, II, and III below.					
	APPLICATION FOR HEARING 1	DEPARTMENT OF FINANCIAL INSTITUTIONS Securities Division					
	Atlas Vending and Locating	PO Box 9033 Olympia, WA 98507-9033 (360) 902-8760					

1	I.
2	I [REQUEST] [DO NOT REQUEST] a formal hearing in this matter.
3	II.
4	I [WILL] [WILL NOT] be represented by an attorney. His/her name, address, and telephone number
5	are:
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8	III.
9	I [REQUEST] [DO NOT REQUEST] that a qualified interpreter be appointed at no cost to me to
10	interpret for (myself) or (my witness(es)). My, or my witness's(es'), primary language is
11	(identify language). My, or my witness's(es'), hearing impaired status
12	is(identify hearing impaired status). I understand that a
13	qualified interpreter will be appointed at no cost to me or to my witness(es).
14	IV.
15	You have the right: To demand a hearing; to be represented by an attorney at your own expense; to
16	subpoena witnesses to the hearing or subpoena the production of books or documents and to otherwise defend
17	against the Summary Order.
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19	WARNING: FAILURE TO COMPLETE AND MAIL THIS DOCUMENT SO THAT IT IS
20	RECEIVED BY THE SECURITIES DIVISION WITHIN 20 DAYS AFTER YOU RECEIVED THE
21	SUMMARY ORDER TO CEASE AND DESIST WILL RESULT IN THE DISPOSITION OF THIS CASE AS
22	AUTHORIZED BY RCW 34.05.440.
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1	Dated th	nis	day of	, 2000.
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3	Atlas Vending and Locating, by:			
4	Signature			
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6	Print Name and Title			
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8	Address (if facing page	is incorrect):	:	
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STATE OF WASHINGTON DEPARTMENT OF FINANCIAL INSTITUTIONS

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2	DEPARTMENT OF FINANCIAL INSTITUTIONS SECURITIES DIVISION						
3	IN THE MATTER OF DETERMINING	SDO – 100B(2) - 00					
4	Whether there has been a violation						
5	of the Business Opportunity Fraud Act of the State of Washington by:	APPLICATION FOR ADJUDICATIVE HEARING					
6	Atlas Vending and Locating, John B. Peterson, their employees and agents,	Case No. 00-10-0374					
7	Respondents.						
8	Kespondents.						
9	THE STATE OF WASHINGTON TO:	John B. Peterson 814 Lakeway Drive, # 347					
10		Bellingham, WA 98226					
11							
12	If you wish to contest the Summary Order To Cease And Desist and have an adjudicative hearing, you						
13	must sign, date, and return this form within twenty (20) days of the date you received it, to:						
14	Washington State Department of Financial Institutions Securities Division						
15	Attn: Brad Ferber						
16	P. O. Box 9033 Olympia, Washington 98507-9033						
17	FAILURE TO RETURN THIS FORM SO THAT IT IS RECEIVED BY THE DEPARTMENT OF						
18	FINANCIAL INSTITUTIONS WITHIN TWENTY (20) DAYS OF THE DATE YOU RECEIVED IT WILL						
19	CONSTITUTE A DEFAULT AND WILL RESULT IN THE LOSS OF YOUR RIGHT TO AN						
20	ADJUDICATIVE HEARING AND WILL RESULT IN THE INFORMAL DISPOSITION OF YOUR CASE						
21	AS AUTHORIZED BY RCW 34.05.440. In that case the Director may proceed to resolve this matter without						
22	further notice or hearing. In such a case, the Director will immediately enter an appropriate order in disposition						
23	of the Summary Order, to include prohibition against yo	our engaging in certain business practices as described in					
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	Atlas Vending and Locating	PO Box 9033 Olympia, WA 98507-9033 (360) 902-8760					

1	I.
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17	against the Summary Order.
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19	WARNING: FAILURE TO COMPLETE AND MAIL THIS DOCUMENT SO THAT IT IS
20	RECEIVED BY THE SECURITIES DIVISION WITHIN 20 DAYS AFTER YOU RECEIVED THE
21	SUMMARY ORDER TO CEASE AND DESIST WILL RESULT IN THE DISPOSITION OF THIS CASE AS
22	AUTHORIZED BY RCW 34.05.440.
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1	Dated this day of	, 2000.
2	John B. Peterson, on behalf of Atlas Vending and Locating a	and individually:
3	Signature	
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6	Address (if facing page is incorrect):	
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