

1  
2  
3  
4  
5  
6  
7  
8

**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 Washington by:

LIBERTY VENDING, CO.; and its agents and  
employees,

Respondents.

SDO - 22 - 01

SUMMARY ORDER TO CEASE AND DESIST

Case No. 00-04-0126

9  
10  
11

THE STATE OF WASHINGTON TO: Liberty Vending  
1240 East 100 South, Suite 11  
Salt Lake City, UT 84790

12  
13  
14  
15  
16  
17  
18

**STATEMENT OF CHARGES**

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondent Liberty Vending has violated the Business Opportunity Fraud Act of Washington and that its 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 Respondent 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:

19  
20  
21  
22  
23

**TENTATIVE FINDINGS OF FACT**

**I. Respondent**

1. **LIBERTY VENDING CO.** ("Liberty Vending") is a Utah corporation with a business addresses at 1240 East 100 South, Suite 11, Salt Lake City, UT 84790. Liberty Vending sells plastic vending dispensers to purchasers. These vending dispensers are equipped to store and display candy for sale to the public.

**II. Nature of the Offering**

2. From approximately December of 1999 to January of 2001, Liberty Vending, acting through its agents and employees, offered and sold vending equipment to at least 144 Washington residents.

3. To promote the purchase of their vending equipment, Liberty Vending conducted seminars at hotels and other public locations throughout the state of Washington. At these seminars, sales agents of Liberty Vending described the vending opportunity and solicited attendees to purchase the vending equipment.

4. In connection with the offer and sale of the vending equipment, purchasers received promotional materials produced by Liberty Vending describing the vending opportunity, including but not limited to the following four brochures: Manual 1 Creating Wealth In Vending (“Manual 1”); Manual 2 Placement Program: Who to See, What to Say (“Manual 2”); Read Me First; and Liberty Vending Catalog.

5. Chapter Two of Manual 2 is entitled “How Do I Set Up My Business” and contains information regarding setting up a vending business. In the Liberty Vending Catalog brochure, a “Single Head Machine with stand” is priced at \$199, and a “Double Head Machine with stand” is priced at \$299. Manual 1 contains the following description of the vending opportunity:

As you study, learn and ultimately implement the principles presented here, you will arrive at that glorious state we refer to as FINANCIAL FREEDOM. You will be numbered among those individuals who are living the American Dream. You will become financially independent.

Manual 1 also contains the following chart:

Mo.	1:	One machine	\$150 per mo.
	2:	Two machines	300
	3:	Four...	\$600
	4:	Eight	\$1,200
	5:	Sixteen	\$2400
	6:	Thirty two	\$4800
	7:	Sixty four	\$9600
	8:	One twenty	\$19200
	9:	Etc.	\$38400
	10:		\$76800
	11:		\$153,600
	12:		\$307,200 <b>monthly income</b>



1 document containing complete material information regarding the business opportunity, including but not  
2 limited to a financial statement of the seller, and written substantiation for the estimated sales and earnings  
3 projected in the promotional materials.

4  
5 **EMERGENCY**

6 11. The Securities Administrator finds that an emergency exists, as the continued offering of the  
7 business opportunity described above in violation of RCW 19.110.050(1), RCW 19.110.070 and RCW  
8 19.110.120 presents a threat to the investing public. The Securities Administrator therefore finds a summary  
9 order to cease and desist from those violations is in the public interest and necessary for the protection of the  
10 investing public.

11 **SUMMARY ORDER**

12 Based on the foregoing, NOW, THEREFORE, IT IS HEREBY SUMMARILY ORDERED that  
13 Respondent Liberty Vending, and its agents and employees, each cease and desist from offering and/or selling  
14 business opportunities in any manner in violation of RCW 19.110.050(1), the section of the Business  
15 Opportunity Fraud Act requiring registration.

16 It is further SUMMARILY ORDERED that respondents, Liberty Vending, and its agents and employees,  
17 each cease and desist from violation of RCW 19.110.170 and RCW 19.110.120, the disclosure document and  
18 antifraud provisions, respectively, of the Business Opportunity Fraud Act.

19  
20 **AUTHORITY AND PROCEDURE**

21 This Order is entered pursuant to the provisions of RCW 19.110.150, and is subject to the provisions of  
22 Chapter 34.05 RCW. The Respondent may make a written request for a hearing as set forth in the NOTICE OF  
23 OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this order.

1 If the respondent does not request a hearing, the Securities Administrator intends to adopt the above  
2 Tentative Findings of Fact and Conclusions of Law as final and make the summary order to cease and desist  
3 permanent as to that respondent.

4 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

5 DATED this 26th day of March, 2001.

6  
7 

8 \_\_\_\_\_  
9 DEBORAH R. BORTNER  
10 Securities Administrator

11 Approved By:

Presented by:

12 \_\_\_\_\_  
13 Michael E. Stevenson  
14 Chief of Compliance

15 \_\_\_\_\_  
16 Chad Standifer  
17 Staff Attorney