

STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION

IN THE MATTER OF DETERMINING) Order Number S-05-227-07-SC02
Whether there has been a violation of the)
Business Opportunity Fraud Act of)
Washington by:) **AMENDED STATEMENT OF CHARGES**
) **AND NOTICE OF INTENT TO ENTER**
Holiday Enterprises, Inc.; Richard J.) **ORDER TO CEASE AND DESIST**
Morrell aka Nick Morrell; Andrew)
DeVeau; and Sherri Albano,)
)
Respondents)

THE STATE OF WASHINGTON TO: Holiday Enterprises, Inc., Richard J. Morrell
aka Nick Morrell, Andrew DeVeau, and Sherri
Albano

INTRODUCTION

On November 22, 2006, the Securities Administrator of the State of Washington issued
Statement of Charges and Notice of Intent to Enter Order to Cease and Desist, Order Number S-
05-227-06-SC01, against Respondents Holiday Enterprises, Inc., Richard J. Morrell aka Nick
Morrell, Andrew Devoe, and Sherri Albano. After entry of that order, the Securities
Administrator received information that requires the amendment of the prior order. The
Securities Administrator now proceeds to amend the prior order to incorporate the proper
spelling of respondent Andrew DeVeau’s name, as well as other information.

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason
to believe that Respondents, Holiday Enterprises, Inc., Richard J. Morrell aka Nick Morrell,

1 Andrew DeVeau, and Sherri Albano, have each violated the Business Opportunity Fraud Act of
2 Washington (“the Act”) and that their violations justify the entry of an order by the Securities
3 Administrator under RCW 19.110.150 against each to cease and desist from such violations.

4 The Securities Administrator finds as follows:

5
6 **TENTATIVE FINDINGS OF FACT**

7 **PARTIES**

- 8 1. Holiday Enterprises, Inc. (“Holiday Enterprises”) is a Delaware corporation with its
9 principal place of business at 3982 Cherokee Trail, Suite 140, Suwanee, GA 30024.
10 2. Richard J. Morrell aka Nick Morrell (“Morrell”), a resident of Georgia, was President,
11 CEO, CFO, and Secretary of Holiday Enterprises.
12 3. Andrew DeVeau (“DeVeau”), a resident of Florida, was a salesperson for and on
13 behalf of Holiday Enterprises.
14 4. Sherri Albano (“Albano”), a resident of Florida, was a salesperson for and on behalf of
15 Holiday Enterprises.

16 **NATURE OF THE OFFERING**

- 17 5. Holiday Enterprises is the seller of a business opportunity to sell computer printer ink
18 cartridges through display racks. Purchasers of the business opportunity are provided
19 display racks, signage, point of sale materials, a website, and products to present to the
20 market at 40 to 60 percent less than competitors.
21 6. Holiday Enterprises also provides purchasers of the business opportunity a referral to
22 United Locations of America, Inc. (“United Locations”), at 3525 Hickory Branch
23 Trail, Suwanee, GA 30024, for locating services.

- 1 7. In its offering materials, Holiday Enterprises states that purchasers of the business
2 opportunity “will more than recoup their investment just on the first turn of
3 inventory...[and] can expect to generate real profits of from \$50,000 to over \$200,000
4 per year.”
- 5 8. Holiday Enterprises sells four packages of 3, 5, 10, and 20 location routes and display
6 racks for \$9,450, \$13,895, \$24,995, and \$47,895 respectively.
- 7 9. Holiday Enterprises’ sales materials state that purchasers can expect revenues of
8 \$3,000 a month and net profit of \$2,000 a month from each display rack.
- 9 10. Purchasers of the business opportunity purchase additional ink cartridges from
10 Holiday Enterprises for an average price of \$6.00 to refill the displays as ink cartridges
11 are sold.
- 12 11. Morrell and Holiday Enterprises, through their agents and/or employees, including
13 DeFoe and Albano who were part of a marketing agency working for Morrell and
14 Holiday Enterprises, offered and sold a business opportunity to at least three
15 Washington residents.

16 Purchaser A

- 17 12. Purchaser A, a resident of Sammamish, WA, learned about Holiday Enterprises from
18 an advertisement in the *Seattle Times* in December 2002.
- 19 13. In January or February, 2003, Purchaser A entered into a business opportunity
20 agreement with Holiday Enterprises for an exclusive territory north from I-90.
21 Purchaser A paid \$10,300 for the territory and two display racks with ink cartridges.
- 22 14. Holiday Enterprises offered locating services for \$500 per location, but Purchaser A
23 chose to locate the display racks himself.

1 15. Purchaser A's main contact with Holiday Enterprises was through Morrell.

2 16. Purchaser A was mailed a packet of sales materials, but was not provided a disclosure
3 document with material information about the investment as required by the Act.

4 Purchaser B

5 17. Purchaser B, a Washington resident in Silverdale, WA, learned about Holiday
6 Enterprises from multiple business opportunity and franchise advertising websites.

7 Purchaser B filled out an online form indicating his interest and was contacted by
8 DeVeau.

9 18. Purchaser B was mailed a packet of sales materials, but was not provided a disclosure
10 document with material information about the investment as required by the Act.

11 19. Purchaser B purchased the exclusive rights to Kitsap County, WA, as well as three
12 display racks, professional locating services, 600 ink jet cartridges, promotional
13 marketing labels, a website, 1-800 service number, and a merchant account for \$8,950
14 on June 14, 2004.

15 20. United Locations found three locations for Purchaser B as part of his agreement with
16 Holiday Enterprises. Purchaser B had to later find his own locations because the three
17 provided by United Locations were all outside of Kitsap County.

18 Purchaser C

19 21. Purchaser C, a Washington resident in Vancouver, WA, began to investigate the
20 business opportunity offered by Holiday Enterprises in October 2004. His initial point
21 of contact was Albano.

22 22. Purchaser C purchased the exclusive right to Clark and Cowlitz counties, location
23 services by United Locations, three display racks with ink cartridges, and marketing

1 materials for \$8,980 on October 29, 2004. United Locations found three locations for
2 Purchaser C.

3 23. Purchaser C also purchased a website for \$60 per month.

4 24. Purchaser C was provided a disclosure document for Holiday Enterprises that
5 purported to be required under Florida law.

6 MISREPRESENTATIONS AND OMISSIONS

7 25. Holiday Enterprises failed to provide information and a reasonable basis on which the
8 estimations and/or projections of earnings were made and an explanation of the extent
9 to which the information related to the actual operations of the business opportunity
10 offered to the purchaser.

11 26. Holiday Enterprises failed to disclose the total number of business opportunities which
12 the seller has sold or leased and the number of failures of business opportunities which
13 the seller has sold or leased.

14 27. Holiday Enterprises failed to disclose its then current financial statement information
15 to purchasers.

16 REGISTRATION STATUS

17 28. Holiday Enterprises is not currently registered to sell business opportunities in the
18 state of Washington and has not previously been so registered.

19 29. Morrell, DeVeau, and Albano are not currently registered to sell business
20 opportunities in the state of Washington and have not previously been so registered.

21
22 Based upon the Tentative Findings of Fact, the following Conclusions of Law are made:
23

1 **CONCLUSIONS OF LAW**

- 2 1. The offer or sale of the business opportunity described above constitutes the offer or
3 sale of a business opportunity as defined in RCW 19.110.020.
- 4 2. The offer or sale of said business opportunity is in violation of RCW 19.110.050
5 because no registration to offer and/or sell by Respondents, Holiday Enterprises, Inc.,
6 Richard J. Morrell aka Nick Morrell, Andrew DeVeau, and Sherri Albano, is on file
7 with the Securities Administrator.
- 8 3. The offer or sale of said business opportunities was made in violation of RCW
9 19.110.070 because Respondents failed to provide at least two prospective purchasers
10 the required Disclosure Document and the disclosure document purported to be
11 required under Florida law did not meet the disclosure requirements under RCW
12 19.110.
- 13 4. The offer or sale of said business opportunities was made in violation of RCW
14 19.110.120 because Respondents made misrepresentations and omissions, including
15 but not limited to omitting support for estimated and projected earnings statements and
16 omitting the number of business opportunities sold or leased and the number of
17 business opportunities that have failed, and failing to provide current financial
18 statements.

19
20 **NOTICE OF INTENT TO ORDER THE RESPONDENT TO CEASE AND DESIST**

21 Based on the above Tentative Findings of Fact and Conclusions of Law, the Securities
22 Administrator intends to order that Respondents, Holiday Enterprises, Inc., Richard J. Morrell
23

1 aka Nick Morrell, Andrew DeVeau, and Sherri Albano, their agents and employees, each shall
2 cease and desist from violations of RCW 19.110.050, RCW 19.110.070, and RCW 19.110.120.

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4 **AUTHORITY AND PROCEDURE**

5 This Statement of Charges is entered pursuant to the provisions of RCW 19.110.150 and
6 is subject to the provisions of RCW 34.05. Holiday Enterprises, Inc., Richard J. Morrell aka
7 Nick Morrell, Andrew DeVeau, and Sherri Albano, may each make a written request for a
8 hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY
9 FOR HEARING accompanying this order.

10 If a respondent does not request a hearing, the Securities Administrator intends to adopt
11 the above Tentative Findings of Fact and Conclusions of Law as final and enter an order to cease
12 and desist permanent as to that respondent.

13
14 Dated and Entered this 23rd day of January, 2007.

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17 MICHAEL E. STEVENSON
18 Securities Administrator

18 Approved by:

18 Presented by:

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21 Martin Cordell
22 Chief of Enforcement

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21 Dylan Waits
22 Financial Legal Examiner