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**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:

EMERALD COIN LLC;  
EMERALD COIN VENDING, INC.;  
JASON NELSON,

Respondents.

Order Number S-07-220-07-SC01

STATEMENT OF CHARGES AND NOTICE  
OF INTENT TO ENTER AN ORDER TO  
CEASE AND DESIST

9 THE STATE OF WASHINGTON TO:

Emerald Coin LLC  
Emerald Coin Vending, Inc.  
Jason Nelson

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12

**STATEMENT OF CHARGES**

13 Please take notice that the Securities Administrator of the State of Washington has reason to believe  
14 that Respondents, Emerald Coin LLC and Jason Nelson, have each violated the Business Opportunity  
15 Fraud Act of Washington and that their violations justify the entry of an order of the Securities  
16 Administrator under RCW 19.110.150 against each to cease and desist from such violations. The  
17 Securities Administrator finds as follows:

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**TENTATIVE FINDINGS OF FACT**

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Respondents

22 1. Emerald Coin Vending, Inc. ("Emerald Coin") is a Washington corporation that was formed  
23 on December 18, 1998. Emerald Coin Vending, Inc. began as a full service vending machine company. In  
24 2002, Emerald Coin Vending, Inc. began offering business opportunities to operate a vending machine

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DEPARTMENT OF FINANCIAL INSTITUTIONS  
Securities Division  
PO Box 9033  
Olympia, WA 98507-9033  
360-902-8760

1 business. Jason Nelson owned and operated Emerald Coin Vending, Inc. until selling the company's  
2 assets to James Emmerling in May 2006. The corporate registration for this entity lapsed on  
3 December 31, 2007. Jason Nelson is the last listed registered agent for Emerald Coin Vending, Inc.

4 2. Emerald Coin LLC is a Washington limited liability company that was formed on January 9,  
5 2002. Emerald Coin LLC is a shell company that was formed to hold a business opportunity license.

6 3. Jason D. Nelson ("Nelson"), a Washington resident, is the manager of Emerald Coin LLC.  
7 He was the previous owner of Emerald Coin Vending, Inc.

## 8 9 **NATURE OF THE CONDUCT**

### 10 Background

11 4. From 2002 to 2006, Nelson, Emerald Coin Vending, Inc., and Emerald Coin LLC offered a  
12 business opportunity to own and operate a business as a vending machine operator. As part of the  
13 business opportunity, Nelson and Emerald Coin provided vending machine equipment, secured third-party  
14 locations for the machines, and offered training on how to operate a vending machine business. The cost  
15 of the business opportunity varied based on the number of machines and locations the purchaser wanted.

16 5. In January 2002, Nelson filed a business opportunity registration application for Emerald  
17 Coin LLC with the Washington State Department of Financial Institutions, Securities Division  
18 ("Securities Division"). The Securities Division granted a one-year registration on January 15, 2002. In  
19 January 2003, Nelson and Emerald Coin LLC filed a renewal application and were granted a business  
20 opportunity license from January 15, 2003 to January 15, 2004. In 2004, Nelson and Emerald Coin LLC  
21 failed to file a renewal application and the business opportunity license expired on January 15, 2004.

1 Sale of Unregistered Business Opportunity

2 6. In January 2005, Jason Nelson and Emerald Coin LLC filed a renewal application for a  
3 business opportunity license with the Securities Division. Nelson was informed in a letter from the  
4 Securities Division dated February 3, 2005 that his registration had expired on January 15, 2004;  
5 therefore, he could not file a renewal application but instead would be required to pay the new registration  
6 application fee. The Securities Division’s letter also informed Nelson that if Emerald Coin LLC had sold  
7 any business opportunities since the registration expired on January 15, 2004, he must provide the names,  
8 addresses, and telephone numbers of the purchasers to the Securities Division.

9 7. Nelson responded to the Securities Division in a letter dated February 15, 2005. In the letter  
10 he stated there was “Little or NO response to an advertisement and NO opportunities were sold last year.”  
11 The Securities Division granted Nelson and Emerald Coin LLC a new business opportunity license on  
12 February 18, 2005.

13 8. Jason Nelson, Emerald Coin Vending, Inc., and Emerald Coin LLC sold at least one  
14 business opportunity to a Washington resident during the period when Jason Nelson, Emerald Coin  
15 Vending, Inc., and Emerald Coin LLC had no business opportunity license. The Securities Division  
16 discovered the sale only when it received a complaint from the purchaser. This purchaser also filed a  
17 complaint against Nelson in King County District Court in 2005 to which Nelson responded.

18 Litigation and Restrictive Order

19 9. James Emmerling (“Emmerling”), a Washington resident, formed Gold Coin, Inc., a  
20 Washington corporation, on April 10, 2006. Gold Coin was formed for the purpose of purchasing the  
21 assets of Emerald Coin Vending, Inc., operating a vending machine business, and selling business  
22 opportunities.

1           10. In an agreement dated May 5, 2006, Nelson sold “the business commonly known as Emerald  
2 Coin Vending, Inc.” to James Emmerling for \$ 1,075,000. Emmerling paid \$250,000 in cash, gave  
3 Nelson a promissory note of \$315,000, and financed the remainder of the purchase price with a bank loan.  
4 The assets purchased included the notes receivables from individuals who had purchased business  
5 opportunities from Nelson.

6           11. Between May 2006 and November 2006, Nelson remained involved as an employee or  
7 consultant in the vending business which continued to do business under the name Emerald Coin  
8 Vending. Nelson trained Emmerling on how to operate the vending business and sell business  
9 opportunities.

10           12. In December 2006, Emmerling and Gold Coin, Inc. filed a complaint in King County  
11 Superior Court, case number 06-2-40673-7, that named Emerald Coin Vending, Inc., Emerald Coin LLC,  
12 and Jason D. Nelson as defendants. The complaint alleged fraud and conversion relating to Emmerling’s  
13 purchase of the assets of Emerald Coin Vending, Inc.

14           13. On January 17, 2007, King County Superior Court issued a temporary restraining order  
15 against Jason Nelson preventing him interfering with Emmerling’s vending business and restraining  
16 Nelson from any contact with Emmerling. Nelson was present with his attorney at the oral argument on  
17 January 16, 2007. The order was effective immediately and until the next hearing on the matter.

18           14. On March 6, 2007, King County Superior Court issued a second temporary restraining order  
19 against Jason Nelson restraining him from interfering with Emmerling’s vending business, ordering him  
20 to return assets and revenue, and restraining Nelson from any contact with Emmerling. Nelson was  
21 present with his attorney at the oral argument held on February 21, 2007. The order was effective  
22

1 immediately and until the trial on the matter. As of the date of this Statement of Charges, the trial has yet  
2 to be held.

3 2007 Disclosure Document

4 15. In February 2007, Nelson applied to the Securities Division to renew his registration for  
5 Emerald Coin LLC. The Securities Division granted the renewal registration on February 18, 2007.

6 16. The Disclosure Document filed by Jason Nelson during the renewal process stated the  
7 following:

8 3. Neither the Seller, nor any individual listed above:

9 ....

10 B. Has, at any time during the previous ten (10) years, been held liable in a civil  
11 action resulting in a final judgment or has settled out of court any civil action or is  
12 a party to any civil action involving allegations of fraud (including but not limited  
13 to, a violation of any franchise or business opportunity law or unfair or deception  
14 practices law, embezzlement, fraudulent conversion, misappropriation of property,  
15 or restraint [of] trade; or any civil action which was brought by a present or former  
16 Purchaser-Investor and which involves or involved the business opportunity  
17 relationship.

18 C. Is subject to any currently effective state or federal agency or court  
19 injunctive or restrictive order, or is a party to a proceeding currently pending in  
20 which such order is sought, relating to or affecting business opportunity activities  
21 or the Seller/Purchaser-Investor relationship, or involving fraud (including but not  
22 limited to, a violation of any franchise or business opportunity law or unfair or  
23 deceptive practices law), embezzlement, fraudulent conversion, misappropriation  
24 of property, or restraint of trade.

25 17. The Disclosure Document filed by Jason Nelson during the renewal process further stated  
that Jason Nelson had sold approximately 20 business opportunities since 2005. The Disclosure  
Document did not indicate that Nelson had been selling business opportunities since 2002 or that he had  
sold Emerald Coin Vending in 2006.

1 **REGISTRATION STATUS**

2 18. Jason Nelson and Emerald Coin LLC were licensed to sell business opportunities in the State  
3 of Washington from January 15, 2002 and January 15, 2004, and from February 18, 2005 to February 18,  
4 2008. Jason Nelson and Emerald Coin LLC are not currently licensed to sell business opportunities in the  
5 State of Washington.

6  
7 Based upon the Tentative Findings of Fact, the following Conclusions of Law are made:

8 **CONCLUSIONS OF LAW**

9 1. The offer or sale of the business opportunity described above constitutes the offer or sale of a  
10 business opportunity as defined in RCW 19.110.020.

11 2. The offer and sale of the business opportunity by Jason Nelson, Emerald Coin LLC, and  
12 Emerald Coin Vending, Inc. between January 16, 2004 and February 17, 2005 violated  
13 RCW 19.110.050(1), the registration provision of the Business Opportunity Fraud Act, because no  
14 registration for such offer or sale was on file with the Securities Administrator at the time the offer or sale  
15 was made.

16 3. Jason Nelson, Emerald Coin LLC, and Emerald Coin Vending, Inc. violated  
17 RCW 19.110.050(4)(a), the provision of the Business Opportunity Fraud Act requiring license renewal  
18 applicants to provide any new information necessary to comply with disclosure requirements of  
19 RCW 19.110.070, because Respondents failed to indicate in their February 2007 renewal application that  
20 Respondents were parties in a civil action concerning allegations of fraud; that Jason Nelson was the  
21 subject of an effective restrictive court order; and that the business had been sold to James Emmerling.

1           4. Jason Nelson, Emerald Coin LLC, and Emerald Coin Vending, Inc. violated  
2 RCW 19.110.050(5), the provision of the Business Opportunity Fraud Act requiring the holder of a  
3 business opportunity license to amend registration whenever there is a material change in the information  
4 required to be disclosed under RCW 19.110.070, because Respondents they failed to amend the  
5 registration documents on file with the Securities Division in 2006 and 2007 to reflect material changes in  
6 the required information.

7           5. Jason Nelson, Emerald Coin LLC, and Emerald Coin Vending, Inc. committed unlawful acts  
8 under RCW 19.110.120(3) and RCW 19.110.120(4), the provisions of the Business Opportunity Fraud  
9 Act which make it unlawful to engage in any act, practice, or course of business which operates or would  
10 operate as a fraud or deceit upon any person or to file any document with the Securities Division which  
11 contains untrue or misleading information. Respondents violated RCW 19.110.120(3) and  
12 RCW 19.110.120(4) when they represented in writing to the Securities Division that no business  
13 opportunities were sold during the period in which Emerald Coin's business opportunity license was  
14 expired. Respondents further violated RCW 19.110.120(3) and RCW 19.110.120(4) when they filed a  
15 Disclosure Document in February 2007 that failed to disclose that Jason Nelson, Emerald Coin LLC, and  
16 Emerald Coin Vending, Inc. were defendants in a civil action involving allegations of fraud and fraudulent  
17 conversion; failed to disclose that a restrictive court order was entered against Jason Nelson relating to or  
18 affecting business opportunity activities; failed to accurately represent the number of years that Jason  
19 Nelson, Emerald Coin LLC, and Emerald Coin Vending, Inc. had sold business opportunities; and failed  
20 to disclose the fact that Jason Nelson had sold Emerald Coin Vending to James Emmerling in May 2006.

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**NOTICE OF INTENT TO ORDER THE RESPONDENTS TO CEASE AND DESIST**

Pursuant to 19.110.150 and based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that Respondents, and their agents and employees, each shall cease and desist from violations of RCW 19.110.050(1), RCW 19.110.050(4)(a), RCW 19.110.050(5), RCW 19.110.120(3), and RCW 19.110.120(4).

**AUTHORITY AND PROCEDURE**

This Statement of Charges is entered pursuant to the provisions of RCW 19.110.150 and is subject to the provisions of RCW 34.05. Respondents may each make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this order. If a respondent does not request a hearing, the Securities Administrator intends to adopt the above Tentative Findings of Fact and Conclusions of Law as final and enter a permanent order to cease and desist as to that respondent, to suspend registration as to that respondent, and to revoke registration as to that respondent.

DATED and ENTERED this 5th day of June, 2008.

*Michael E. Stevenson*

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MICHAEL E. STEVENSON  
Securities Administrator

Approved by:

*Suzanne Sarason*

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SUZANNE SARASON  
Chief of Compliance and Exams

STATEMENT OF CHARGES AND NOTICE OF INTENT TO  
ENTER AN ORDER TO CEASE AND DESIST

Presented by:

*Jill M. Valley*

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JILL M. VALLELY  
Enforcement Attorney

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