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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-07-220-09-SC03

**AMENDED 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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**INTRODUCTION**

13 On June 5, 2008, the Securities Administrator of the State of Washington issued a Statement of Charges  
14 and Notice of Intent to Enter an Order to Cease and Desist, S-07-220-07-SC01, against Respondents  
15 Emerald Coin LLC, Emerald Coin Vending, Inc., and Jason Nelson. After entry of the Statement of  
16 Charges, the Securities Administrator received information that requires amendment of the Statement of  
17 Charges. The Statement of Charges has been amended to include additional purchasers of the Emerald  
18 Coin business opportunity, which is set forth in paragraph 8. In addition, the Conclusions of Law have  
19 been amended to correct statutory citations. The Securities Administrator now proceeds to amend the  
20 prior Statement of Charges as set forth below:

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**AMENDED STATEMENT OF CHARGES**

Please take notice that the Securities Administrator of the State of Washington has reason to believe  
that Respondents, Emerald Coin LLC, Emerald Coin Vending, Inc., and Jason Nelson, have each

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

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DEPARTMENT OF FINANCIAL INSTITUTIONS  
Securities Division  
PO Box 9033  
Olympia, WA 98507-9033  
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1 violated the Business Opportunity Fraud Act of Washington and that their violations justify the entry  
2 of an order of the Securities Administrator under RCW 19.110.150 against each to cease and desist  
3 from such violations. The Securities Administrator finds as follows:  
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## 5 **TENTATIVE FINDINGS OF FACT**

### 6 Respondents

7 1. Emerald Coin Vending, Inc. (“Emerald Coin”) is a Washington corporation that was formed  
8 on December 18, 1998. Emerald Coin Vending, Inc. began as a full service vending machine company. In  
9 2002, Emerald Coin Vending, Inc. began offering business opportunities to operate a vending machine  
10 business. Jason Nelson owned and operated Emerald Coin Vending, Inc. until selling the company’s  
11 assets to James Emmerling in May 2006. The corporate registration for this entity lapsed on  
12 December 31, 2007. Jason Nelson is the last listed registered agent for Emerald Coin Vending, Inc.

13 2. Emerald Coin LLC is a Washington limited liability company that was formed on January 9,  
14 2002. Emerald Coin LLC is a shell company that was formed to hold a business opportunity license.

15 3. Jason D. Nelson (“Nelson”), a Washington resident, is the manager of Emerald Coin LLC.  
16 He was the previous owner of Emerald Coin Vending, Inc.  
17

## 18 **NATURE OF THE CONDUCT**

### 19 Background

20 4. From 2002 to 2006, Nelson, Emerald Coin Vending, Inc., and Emerald Coin LLC offered a  
21 business opportunity to own and operate a business as a vending machine operator. As part of the  
22 business opportunity, Nelson and Emerald Coin provided vending machine equipment, secured third-party

1 locations for the machines, and offered training on how to operate a vending machine business. The cost  
2 of the business opportunity varied based on the number of machines and locations the purchaser wanted.

3 5. In January 2002, Nelson filed a business opportunity registration application for Emerald  
4 Coin LLC with the Washington State Department of Financial Institutions, Securities Division  
5 (“Securities Division”). The Securities Division granted a one-year registration on January 15, 2002. In  
6 January 2003, Nelson and Emerald Coin LLC filed a renewal application and were granted a business  
7 opportunity license from January 15, 2003 to January 15, 2004. In 2004, Nelson and Emerald Coin LLC  
8 failed to file a renewal application and the business opportunity license expired on January 15, 2004.

9 Sale of Unregistered Business Opportunities

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

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

21 8. Contrary to the representations made to the Securities Division, Jason Nelson, Emerald Coin  
22 Vending, Inc., and Emerald Coin LLC sold business opportunities to at least six Washington residents

1 during the period in which Jason Nelson, Emerald Coin Vending, Inc., and Emerald Coin LLC had no  
2 business opportunity license. A review of documents suggests there may have been as many as nine  
3 business opportunity sales during the unregistered period. The documents show that during the  
4 unregistered period, three additional individuals signed receipts with Emerald Coin LLC which indicated  
5 that they had received the Disclosure Document required by the State of Washington upon the sale of a  
6 business opportunity. The Securities Division could not locate these three individuals to verify whether  
7 they purchased the business opportunity.

8 Litigation and Restrictive Order

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

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

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



1 practices law, embezzlement, fraudulent conversion, misappropriation of property,  
2 or restraint [of] trade; or any civil action which was brought by a present or former  
3 Purchaser-Investor and which involves or involved the business opportunity  
4 relationship.

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

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

#### 16 **REGISTRATION STATUS**

17 18. Jason Nelson and Emerald Coin LLC were licensed to sell business opportunities in the State  
18 of Washington from January 15, 2002 and January 15, 2004, and from February 18, 2005 to February 18,  
19 2008. Jason Nelson and Emerald Coin LLC are not currently licensed to sell business opportunities in the  
20 State of Washington.

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

#### 22 **CONCLUSIONS OF LAW**

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

25 2. The offer and sale of business opportunities by Jason Nelson, Emerald Coin LLC, and  
Emerald Coin Vending, Inc. between January 16, 2004 and February 17, 2005 violated

1 RCW 19.110.050(1), the registration provision of the Business Opportunity Fraud Act, because no  
2 registration for such offers or sales was on file with the Securities Administrator at the time the offers or  
3 sales were made.

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

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

16 5. Jason Nelson, Emerald Coin LLC, and Emerald Coin Vending, Inc. committed unlawful acts  
17 under RCW 19.110.120(1)(c) and RCW 19.110.120(1)(d), the provisions of the Business Opportunity  
18 Fraud Act which make it unlawful to engage in any act, practice, or course of business which operates or  
19 would operate as a fraud or deceit upon any person or to file any document with the Securities Division  
20 which contains untrue or misleading information. Respondents violated RCW 19.110.120(1)(c) and  
21 RCW 19.110.120(1)(d) when they represented in writing to the Securities Division that no business  
22 opportunities were sold during the period in which Emerald Coin's business opportunity license was

1 expired. Respondents further violated RCW 19.110.120(1)(c) and RCW 19.110.120(1)(d) when they filed  
2 a Disclosure Document in February 2007 that failed to disclose that Jason Nelson, Emerald Coin LLC,  
3 and Emerald Coin Vending, Inc. were defendants in a civil action involving allegations of fraud and  
4 fraudulent conversion; failed to disclose that a restrictive court order was entered against Jason Nelson  
5 relating to or affecting business opportunity activities; failed to accurately represent the number of years  
6 that Jason Nelson, Emerald Coin LLC, and Emerald Coin Vending, Inc. had sold business opportunities;  
7 and failed to disclose the fact that Jason Nelson had sold Emerald Coin Vending to James Emmerling in  
8 May 2006.

9  
10 **NOTICE OF INTENT TO ORDER THE RESPONDENTS TO CEASE AND DESIST**

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

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16 **AUTHORITY AND PROCEDURE**

17 This Statement of Charges is entered pursuant to the provisions of RCW 19.110.150 and is subject to the  
18 provisions of RCW 34.05. Respondents may each make a written request for a hearing as set forth in  
19 the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING  
20 accompanying this order. If a respondent does not request a hearing, the Securities Administrator  
21 intends to adopt the above Tentative Findings of Fact and Conclusions of Law as final and enter a  
22



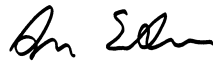
1 permanent order to cease and desist as to that respondent, to suspend registration as to that respondent,  
2 and to revoke registration as to that respondent.

3 DATED and ENTERED this 24<sup>th</sup> day of April, 2009.  
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6 \_\_\_\_\_  
7 MICHAEL E. STEVENSON  
8 Securities Administrator

9 Approved by:

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11 \_\_\_\_\_  
12 SUZANNE SARASON  
13 Chief of Enforcement

14 Presented by:

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16 \_\_\_\_\_  
17 JILL M. VALLELY  
18 Enforcement Attorney