

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) Order Number S-10-258-11-FO01
Washington by:)
Associated Capital Advance (ACA) LLC and) ENTRY OF FINDINGS OF FACT AND
Sandy Hoffman) CONCLUSIONS OF LAW AND FINAL
ORDER TO CEASE AND DESIST
Respondents)
_____)

THE STATE OF WASHINGTON TO: Associated Capital Advance (ACA) LLC and
Sandy Hoffman

INTRODUCTION

On September 10, 2010, the Securities Administrator of the State of Washington issued a Statement of Charges and Notice of Intent to Enter Order to Cease and Desist, S-10-258-10-SC01, hereinafter referred to as "Statement of Charges," against Respondents Associated Capital Advance (ACA) LLC and Sandy Hoffman. The Statement of Charges, together with a Notice of Opportunity to Defend and Opportunity for Hearing, hereinafter referred to as "Notice of Opportunity for Hearing" and an Application for Adjudicative Hearing, hereinafter referred to as "Application for Hearing", were served on Respondents Associated Capital Advance (ACA) LLC and Sandy Hoffman on or about October 23, 2010. The Notice of Opportunity for Hearing advised Respondents Associated Capital Advance (ACA) LLC and Sandy Hoffman that a written application for an administrative hearing on the Statement of Charges must be received within twenty days from the date of receipt of the notice. Respondents Associated Capital Advance (ACA) LLC and Sandy Hoffman failed to request an administrative hearing within twenty days of receipt of the

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1 Statement of Charges and Notice of Opportunity for Hearing, either on the Application for Hearing
2 provided or otherwise.

3 The Securities Administrator therefore will adopt as final the findings of fact and conclusions
4 of law as set forth in the Statement of Charges and enter a final order against Respondents
5 Associated Capital Advance (ACA) LLC and Sandy Hoffman to cease and desist from violations
6 of the Business Opportunity Fraud Act.
7

8 **FINDINGS OF FACT**

9 **I.**

10 Respondents

11 1. Associated Capital Advance (ACA) LLC (“ACA”) is a Michigan limited liability
12 company with its principal place of business at 26677 West Twelve Mile Road, Southfield,
13 Michigan 48034.

14 2. Sandy Hoffman (“Hoffman”) is the president of ACA.
15

16 **II.**

17 Nature of the Offering

18 3. ACA is the seller of a business opportunity that involves the solicitation of loan
19 applications from merchants seeking credit card advances. ACA represents that it provides loans
20 to merchants based on merchants’ credit card receivables.

21 4. Purchasers of a business opportunity with ACA pay an initial investment fee to
22 cover start up costs.

23 5. Purchasers of a business opportunity with ACA are told they will receive the right
24 to become an “affiliate” of ACA and solicit loan applications for credit card advances within a
25 defined geographical territory, a commission based on a percentage of each loan the purchaser

1 generates, a “steady flow of leads” through ACA’s “sophisticated mail prospecting system,” and
2 marketing materials, including an outline of the business, a promotional CD and business cards.

3 6. In 2009, ACA placed an advertisement in the classifieds section of *USA Today*
4 which read substantially as follows:

5 AFFILIATE CAN EARN
6 \$100,000/YEAR
7 PLUS Residual Income
8 Providing OUR money to Biz
9 NO SELLING!
10 Capital Advance (248) 358-6922

11 7. Based on representations made in the advertisement, a resident of the state of
12 Washington contacted Hoffman at ACA around August 2009.

13 8. Hoffman assured the resident that the resident could become an “affiliate” of
14 ACA for the state of Washington, and would receive a “steady flow of leads” through ACA’s
15 “sophisticated mail prospecting system.”

16 9. Hoffman promised the resident that ACA would generate and distribute, on the
17 resident’s behalf, a “mailer” projected to reach approximately 10,000 recipients. Hoffman
18 represented that the mailer would have an anticipated 3% to 4% response rate.

19 10. On or about September 30, 2009, the resident submitted an “Affiliate
20 Application” to ACA.

21 11. The resident sent ACA a cashier’s check dated September 30, 2009 in the amount
22 of \$500.00 from a US Bank branch in the state of Washington.

23 12. ACA failed to provide the resident with information, oral or written, regarding
24 risks of the investment and the financial condition of the ACA.

25 13. ACA failed to provide the resident with information, oral or written, regarding the
basis of the revenue projections for the business opportunity as advertised in *USA Today*.

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1 14. The resident operated as an “affiliate” of ACA from an office in Tacoma,
2 Washington.

3 15. The resident did not receive a “steady flow of leads” through ACA’s
4 “sophisticated mail prospecting system,” nor is the resident aware of a “mailer” distributed by
5 ACA on the resident’s behalf.

6 16. The resident did not earn income as an affiliate of ACA.

7 17. The resident solicited one loan application from a business in Tacoma,
8 Washington, which he forwarded to ACA for approval. ACA failed to respond to repeated
9 inquiries by the resident about the status of the loan application.
10

11 III.

12 Registration Status

13 18. Associated Capital Advance (ACA) LLC is not currently registered to sell its
14 business opportunities in the state of Washington and has not previously been so registered.

15 IV.

16 Misrepresentations and Omissions

17 19. ACA failed to provide material information regarding its business opportunity,
18 including, but not limited to, a written disclosure document, including financial statements of the
19 company, and information on which revenue projections for the business opportunity were made.
20

21 20. ACA failed to disclose that ACA executed a Stipulation to Enter a Consent Order
22 of Prohibition, issued by the State of Illinois, Secretary of State, Securities Division, on July 28,
23 2009 for the offer and/or sale of unregistered and non-exempt business opportunities. On August
24 4, 2009, a Consent Order to Cease and Desist Except in Compliance was entered against ACA.
25

1 **FINAL ORDER**

2 Based upon the foregoing and finding it in the public interest:

3 It is hereby ordered that Respondents Associated Capital Advance (ACA) LLC and
4 Sandy Hoffman, and their agents and employees, each shall cease and desist from offering
5 business opportunities in violation of RCW 19.110.050, the section of the Business Opportunity
6 Fraud Act requiring registration.

7
8 It is hereby ordered that Respondents Associated Capital Advance (ACA) LLC and
9 Sandy Hoffman, and their agents and employees, each shall cease and desist from offering
10 business opportunities in violation of RCW 19.110.070, the disclosure document section of the
11 Business Opportunity Fraud Act.

12 It is hereby ordered that Respondents Associated Capital Advance (ACA) LLC and
13 Sandy Hoffman, and their agents and employees, each shall cease and desist from offering
14 business opportunities in violation of RCW 19.110.120, the anti-fraud section of the Business
15 Opportunity Fraud Act.

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17 **AUTHORITY AND PROCEDURE**

18 This Final Order is entered pursuant to the provisions of RCW 19.110.150 and is subject
19 to the provisions of chapter 34.05 RCW. Respondents Associated Capital Advance (ACA) LLC
20 and Sandy Hoffman, each has the right to petition the superior court for judicial review of this
21 agency action under the provisions of Chapter 34.05 RCW. For the requirements for filing a
22 Petition for Judicial Review, see RCW 34.050.510 and sections following.

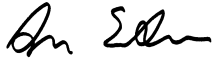
1 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

2 Dated this 18th day of February, 2011.

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5
6 WILLIAM M. BEATTY
7 Securities Administrator

8 Approved By:

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11 SUZANNE SARASON
12 Chief of Enforcement

Presented By:

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15 MARTIN CORDELL
16 Financial Legal Examiner

17 Reviewed by:

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20 ROBERT KONDRAT
21 Financial Legal Examiner Supervisor
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