



1 followed the business plans, and have not received any orders and do not want to continue you can simply return the  
2 distributor kit for your refund.” Further, at all times relevant to this Statement of Charges, the websites made the  
3 following representation in large bold type: “Earn \$50,000 to \$500,000 per year in the towel & linen & medical  
4 uniform supply business.” Both the guarantee and the earnings claims are advertised on Respondents’ websites as of  
5 the date of this Statement of Charges.

6 4. Investor A, a Washington resident, came upon one of the Respondents’ websites and contacted  
7 Howard Leventhal via email on March 15, 2011 about purchasing a textile distributorship. Investor A inquired about  
8 the possibility of a discounted price for his distributorship. Howard Leventhal replied that if Investor A paid  
9 Respondents \$600.00 by wire the very next day Investor A could receive a discounted price. Investor A agreed, and  
10 wired \$600.00 via a Western Union location in Bellevue, Washington to Respondents on March 16, 2011. In making  
11 his purchase, Investor A relied upon the representations made on Respondents’ websites.

12 5. Investor A was to receive a set of sample textiles, postcard advertisements, advertising labels, a price  
13 list for the textiles Respondents sell wholesale, and business instructions to instruct Investor A on how to run his  
14 business. Investor A received a set of sample textiles as well as business instructions and a price list, but had not  
15 received any other items when on March 29, 2011 Investor A notified Respondents that he wished to cancel his order  
16 and receive any refund to which he was entitled. Respondents wrote to Investor A that Respondents had already been  
17 charged for the postcards and labels, but that if Respondents were able to be refunded by the printer then Investor A  
18 might have been able to receive a refund. Respondents also implied that if Investor A sent back the sample textiles  
19 then Investor A would receive a partial refund. Investor A sent the sample kit to Respondents, but no refund was ever  
20 paid to Investor A.

21 6. Respondents did not, and do not, possess sufficient data to substantiate the claim that a typical  
22 purchaser of Respondent’s distributorships will earn \$50,000 to \$500,000 per year. Respondents did not, and do not,  
23 possess sufficient data about how many investors who purchased Respondents’ distributorships earn less than \$50,000.  
24 Respondents also failed to disclose that they did not possess such substantiating data. Respondents did not disclose in  
25

1 what ways Investor A's business might have been materially different from those businesses earning the claimed  
2 amounts.

3 **III.**

4 7. Respondents did not deliver to Investor A a disclosure document with the disclosures required by  
5 RCW 19.110.070, including a financial statement about Respondents' financial condition, prior to Investor A's  
6 purchase.

7 **IV.**

8 8. Respondents failed to provide any of the contractual notices required by RCW 19.110.110(4),  
9 including notice of a cancellation period.

10 **V.**

11 9. Respondents, American Supply and Howard Leventhal, are not currently registered to sell business  
12 opportunities in the state of Washington and have not previously been so registered.

13  
14 Based upon the above Findings of Fact, the following Conclusions of Law are made:

15 **CONCLUSIONS OF LAW**

16 **I.**

17 The offer or sale of textile distributorships as described above constitutes the offer and/or sale of a business  
18 opportunity as defined in RCW 19.110.020.

19 **II.**

20 The offer or sale of said business opportunities is in violation of RCW 19.110.050 because no registration for  
21 such offer and/or sale by Respondents, American Supply or Howard Leventhal, was on file with the Securities  
22 Administrator for certain time periods when offers and/or sales occurred.

23 **III.**

24 The offer and/or sale of said business opportunities were in violation of RCW 19.110.070 because  
25 Respondents, American Supply and Howard Leventhal, failed to provide Investor A with the required disclosure  
document.

**IV.**

The offer or sale of said business opportunities were made in violation of RCW 19.110.120 because Respondents failed to make the disclosures required by RCW 19.110.070, including but not limited to financial statements for American Supply and Howard Leventhal, and failed to provide an adequate basis for their earnings claims.

**V.**

The offer and/or sale of said business opportunities was in violation of RCW 19.110.110 because Respondents failed to provide Investor A with the contract provisions required by RCW 19.110.110(4).

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

Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that Respondents, American Supply and Howard Leventhal, their agents and employees each shall cease and desist from violations of RCW 19.110.050, RCW 19.110.070, RCW 19.110.110 and RCW 19.110.120.

**AUTHORITY AND PROCEDURE**

This Order is entered pursuant to the provisions of RCW 19.110.150 and is subject to the provisions of Chapter 34.05 RCW. Respondents, American Supply and Howard Leventhal, may 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 within the allowed time, the Securities Administrator intends to adopt the above Tentative Findings of Fact and Conclusions of Law as final and enter an order to cease and desist permanent as to that respondent.

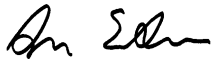
Signed and Entered this 19th day of December 2011.



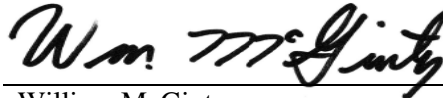
William M. Beatty  
Securities Administrator

Approved by:

Presented by:



Suzanne Sarason  
Chief of Enforcement



William McGinty  
Financial Legal Examiner