

**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING) Order No.: S-11-0709-12-FO01
Whether there has been a violation of the)
Business Opportunity Fraud Act of)
Washington by:) ENTRY OF FINDINGS OF FACT AND CONCLUSIONS
) OF LAW AND FINAL ORDER TO CEASE AND DESIST
American Supply; Howard Levanthal,)
)
Respondents.)

On December 19, 2011, 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-11-0709-11-SC01 hereinafter referred to as "Statement of Charges."

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, American Supply and Howard Levanthal, on January 12, 2012. The Notice of Opportunity for Hearing advised Respondents, American Supply and Howard Levanthal, 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, American Supply and Howard Levanthal, failed to request an administrative hearing within twenty days of receipt of the Statement of Charges and Notice of Opportunity for Hearing, either on the Application for Hearing provided, or otherwise.

The Securities Administrator therefore will adopt as final the following Findings of Fact and Conclusions of Law as set forth in the Statement of Charges:

FINDINGS OF FACT

Parties

1. American Supply is a textile wholesaler and vendor of textile distributorships with its principal place of business in Ash Fork, Arizona.
2. Howard Leventhal is the sole proprietor of American Supply.

Nature of the Offering

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2 3. Respondents maintain websites available at www.towels-scrubs.com and
3 www.towelsscrubsandmore.com wherein they advertise distributorships for textile products. At all times relevant to
4 this Statement of Charges Respondents advertised a guarantee, stating on their websites, "If within 30 days you have
5 followed the business plans, and have not received any orders and do not want to continue you can simply return the
6 distributor kit for your refund." Further, at all times relevant to the Statement of Charges, the websites made the
7 following representation in large bold type: "Earn \$50,000 to \$500,000 per year in the towel & linen & medical
uniform supply business." Both the guarantee and the earnings claims are advertised on Respondents' websites as of
the date of the Statement of Charges.

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

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

19 6. Respondents did not, and do not, possess sufficient data to substantiate the claim that a typical
20 purchaser of Respondent's distributorships will earn \$50,000 to \$500,000 per year. Respondents did not, and do not,
21 possess sufficient data about how many investors who purchased Respondents' distributorships earn less than \$50,000.
22 Respondents also failed to disclose that they did not possess such substantiating data. Respondents did not disclose in
23 what ways Investor A's business might have been materially different from those businesses earning the claimed
amounts.

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

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

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

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

9 CONCLUSIONS OF LAW

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

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

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

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

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

24 FINAL ORDER

25 Based upon the foregoing:

IT IS HEREBY ORDERED that Respondents, American Supply and Howard Levanthal, their agents and
employees each shall cease and desist from offering or selling business opportunities in violation of RCW 19.110.050,
the registration section of the Business Opportunity Fraud Act of the state of Washington.

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IT IS HEREBY ORDERED that Respondents, American Supply and Howard Levant, their agents and employees each shall cease and desist from violating RCW 19.110.070, the disclosure document section of the Business Opportunity Fraud Act of the state of Washington.

IT IS FURTHER ORDERED that Respondents, American Supply and Howard Levant, their agents and employees each shall cease and desist from violating RCW 19.110.120, the anti-fraud section of the Business Opportunity Fraud Act of the state of Washington.

This Order is entered pursuant to RCW 19.110.150 and is subject to the provisions of Chapter 34.05 RCW.

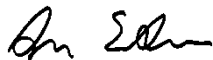
WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

SIGNED and ENTERED this 13th day of February 2012.



William M. Beatty
Securities Administrator

Approved by:



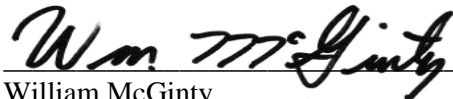
Suzanne Sarason
Chief of Enforcement

Approved by:



Charles Clark
Financial Legal Examiner Supervisor

Presented by:



William McGinty
Financial Legal Examiner