

1 **STATE OF WASHINGTON**
2 **DEPARTMENT OF FINANCIAL INSTITUTIONS**
3 **SECURITIES DIVISION**

4 IN THE MATTER OF DETERMINING) Order No.: S-13-1301-13-CO01
5 whether there has been a violation of the)
6 Business Opportunity Fraud Act of Washington) CONSENT ORDER
7 by:)
8 Vendco Bros, Inc.,)
9 Respondent.)

10 **INTRODUCTION**

11 Pursuant to the Business Opportunity Fraud Act of Washington, RCW 19.110, the Securities Division of the
12 Department of Financial Institutions and Respondent Vendco Bros, Inc. enter into this Consent Order to settle the
13 above captioned matter. Respondent neither admits nor denies the Findings of Fact and Conclusions of Law stated
14 below.

15 **FINDINGS OF FACT**

16 Respondents

17 1. Vendco Bros, Inc. (Vendco Bros) is a Washington corporation established on May 25, 2012, for the purpose of
18 operating, maintaining, selling, and servicing snack and soda vending machines.

19 Nature of Offering

20 2. In 2013, Vendco Bros offered and sold an opportunity to own and operate a business as a vending machine
21 operator in Washington. Vendco Bros, on the internet, advertises the sale of snack and soda vending machines and
22 represented that it will provide third-party locations for the machines in the state of Washington. Vendco Bros includes
23 a one hour training session with the sale of each vending machine, and it offers additional training for a fee.

24 3. From May through August of 2013, at least two purchasers contacted Vendco Bros to inquire about the
25 opportunity to purchase vending machines placed at third-party locations from Vendco Bros. In response, Vendco Bros
26 emailed each purchaser a list of vending machines available for sale, provided the financial history since January 2013
27 of specific vending machines, and then negotiated the purchase price of specific vending machines.

28 4. During this time period, Vendco Bros sold at least two vending machines placed at third-party locations to one
29 Washington resident and sold two other vending machines placed at third-party locations to another Washington
30 resident. Both parties memorialized the transaction by signing a Bill of Sale.

Failure to Provide Disclosure Document

5. Respondent Vendco Bros failed to provide prospective business opportunity purchasers with a disclosure document as required by RCW 19.110.070.

Registration Status

6. Respondent Vendco Bros is not currently registered to sell its business opportunities in the state of Washington and has not previously been so registered.

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

CONCLUSIONS OF LAW

1. The offer or sale of vending machines at third-party locations as described above constitute the offer and sale of a business opportunity as defined in RCW 19.110.020(1) and RCW 19.110.030(1).
2. The offer or sale of this business opportunity was in violation of RCW 19.110.050 because no registration for such offer and sale by Vendco Bros was on file with the Securities Administrator, state of Washington.
3. The offer and sale of this business opportunity was in violation of RCW 19.110.070 because Vendco Bros failed to provide purchasers with a disclosure document.

CONSENT ORDER

Based upon the foregoing, IT IS AGREED AND ORDERED that Respondent Vendco Bros and its agents and employees 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.

IT IS FURTHER AGREED AND ORDERED that Respondent Vendco Bros and its agents and employees 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 AGREED that prior to the entry of this Consent Order, Respondent Vendco Bros shall pay the Securities Division the costs and other expenses incurred in the investigation of this matter in the amount of \$500.

IT IS FURTHER AGREED that the payment of the costs described above shall be made as follows: Respondent Vendco Bros shall pay the Securities Division \$100 on or before the entry of this Consent Order. Respondent Vendco Bros shall pay the Securities Division the balance of these costs, \$400, by the close of business on March 31, 2014.

IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this Order.

IT IS FURTHER AGREED that Respondent Vendco Bros enters into this Consent Order freely and voluntarily and with full understanding of its terms and significance.

1 IT IS FURTHER AGREED that in consideration of the foregoing, Respondent Vendco Bros waives its rights
2 to a hearing in this matter and judicial review of this order.

3 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

4 SIGNED the _____ day of _____, ____.

5
6 Signed by:

7 Vendco Bros, Inc.

8
9 _____/s/_____

10 Jeff Wilson as President of Vendco Bros, Inc.

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12 SIGNED and ENTERED this 2nd day of January 2014.

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17 William M. Beatty
18 Securities Administrator

19 Approved by:

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22 Suzanne Sarason
23 Chief of Enforcement

24 Presented by:

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Eric Palosaari
Enforcement Attorney

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Reviewed by:



Jack McClellan
Financial Legal Examiner Supervisor