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: TriStar Aesthetic Technologies, Inc.)))))	Order No.: S-17-2180-17-SC01 STATEMENT OF CHARGES AND NOTICE OF INTENT TO ENTER ORDER TO CEASE AND DESIST
	Respondent		
	THE STATE OF WASHINGTON TO:		TriStar Aesthetic Technologies, Inc.
			NE OF CHARGES

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondent TriStar Aesthetic Technologies, Inc. has violated the Business Opportunity Fraud Act of Washington. The Securities Administrator believes those violations justify the entry of an order, under RCW 19.110.150, against the Respondent to cease and desist from such violations. The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

Respondent

1. TriStar Aesthetic Technologies, Inc. ("TriStar") is a Nevada corporation formed on June 11, 2015. TriStar maintains a principal place of business in Irvine, California. TriStar is in the business of providing equipment and a business model that together enable purchasers to start a business selling noninvasive cosmetic treatments to the public.

Nature of the Conduct

2. In March, May, and July 2017, TriStar offered unregistered business opportunities to Washington residents through three advertisements on Craigslist's Seattle listings. The offers included

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misleading statements concerning the price of the business opportunities, and the income that Washington residents could expect from the businesses opportunities. Furthermore, TriStar offered its business opportunities without disclosing the risk of future regulation of the kinds of treatments included in its business opportunities.

- 3. In 2017, TriStar placed three advertisements in Craigslist's Seattle listings to promote its business opportunities. The March 2017 and May 2017 advertisements were each captioned "High Profit Turn Key Business Opportunity-\$10K-\$20K/Month," and the July advertisement was captioned "Medical/Aesthetic Professionals/Salons & Spas Earn 20K-30K Per Mo.-\$48567." The July 2017 advertisement described TriStar's business opportunities as "the most popular and profitable investment [a potential purchaser] can make in this new economy." The July 2017 advertisement listed the three treatments for which TriStar leases equipment: Ultrasonics and Lipo-Sculpt Lite, two fat loss treatments, and Therma-Lift, a skin tightening treatment. Each TriStar advertisement listed the items and services included in its "All Inclusive Business Model," which the May 2017 advertisement stated was "superior to any other in the world." These items and services included advertising campaigns, a website, comprehensive merchandising materials, full warranty for and maintenance of a purchaser's equipment, sales training, and comprehensive technical support. The March 2017 advertisement encouraged potential purchasers to act quickly by stating that TriStar's offer was for a limited time.
- 4. TriStar made misleading statements concerning the price of its business opportunities. The March 2017 and May 2017 advertisements each stated that the purchase of the business opportunity could be financed for a minimum monthly payment of \$850. However, both advertisements failed to disclose the total number of monthly payments required, and that the total price of the business opportunity was \$22,597.

- 5. TriStar failed to disclose the basis for statements it made concerning the future income that a purchaser could expect to earn from the business opportunity. The May 2017 advertisement represented that purchasers earn an average gross profit margin of 828.57%. Each advertisement stated that purchasers earn between \$20,000 and \$30,000 in monthly profits. Each advertisement also stated that purchasers who have opened multiple locations were earning in excess of \$500,000 annually. The advertisements failed to disclose how many purchasers these figures were based on, how many locations the purchasers owned, where those businesses were located, the population of the surrounding areas, and the number of competing businesses located in those surrounding areas. Each advertisement further failed to disclose that variability in business expenses such as rent, insurance, and licensing among purchasers' locations will affect a purchaser's income.
- 6. TriStar made misleading statements concerning the risk of new regulation affecting purchasers of its business opportunities. An advertisement represented that medical supervision is not required to perform the treatments. However, TriStar failed to disclose the risk that jurisdictions may require medical supervision or some licensure in the future.

Securities Division's Investigation

- 7. On April 18, 2017, TriStar received a letter from the Securities Division that requested information and materials related to TriStar's business in Washington, and that directed TriStar to cease and desist from violating the Business Opportunity Fraud Act of Washington. TriStar did not respond to this letter. TriStar placed two of its Craigslist advertisements after receiving this letter.
- 8. On August 17, 2017, TriStar received a subpoena from the Securities Division that required the production of documents related to TriStar's business in Washington. TriStar did not respond to the subpoena.

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Registration Status

9. TriStar Aesthetic Technologies, Inc. is not currently registered to sell its business opportunities in the State of Washington, and has not previously been so registered.

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

CONCLUSIONS OF LAW

- 1. The offer of equipment and a business model described above constitutes the offer of a business opportunity as defined in RCW 19.110.020.
- 2. The offer of said business opportunities violated RCW 19.110.050 because no registration for such offer is on file with the Securities Administrator.
- 3. The offer of said business opportunities violated RCW 19.110.120 because TriStar Aesthetics, Inc. made misstatements of material fact or omitted to state material facts in connection with the offer of its business opportunities.

NOTICE OF INTENT TO ORDER THE RESPONDENT TO CEASE AND DESIST

Based on the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order, pursuant to RCW 19.110.150, that TriStar Aesthetic Technologies, Inc., its agents, and employees each shall cease and desist from violations of RCW 19.110.050 and RCW 19.110.120.

AUTHORITY AND PROCEDURE

This Statement of Charges is entered pursuant to RCW 19.110.150 and is subject to the provisions of Chapter 34.05 RCW. TriStar Aesthetic Technologies, Inc. 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 TriStar Aesthetic Technologies, Inc. does not make a hearing request in the time allowed, the Securities Administrator intends to adopt the above Tentative Findings of Fact and Conclusions of Law as final and to enter a permanent order to cease and desist in this matter. Signed and Entered this 28th day of August 2017. William M. Beatty Securities Administrator Approved by: Presented by: An Elm Edward R. Thunen Suzanne Sarason Chief of Enforcement Financial Legal Examiner Robert Kondrat Financial Legal Examiner Supervisor

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