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**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:

GROW HEALTHY VENDING, LLC f/k/a
GROW FRANCHISE GROUP LLC; and
CHRIS WYLAND,

Respondents

Order No.: S-17-2214-18-FO01

ENTRY OF FINDINGS OF FACT AND
CONCLUSIONS OF LAW AND FINAL ORDER TO
CEASE AND DESIST

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On July 5, 2018, the Securities Administrator of the state of Washington issued Order No. S-17-2214-18-SC01, Statement of Charges and Notice of Intent to Enter Order to Cease and Desist, hereinafter referred to as "Statement of Charges."

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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, Grow Healthy Vending, LLC f/k/a Grow Franchise Group LLC and Chris Wyland, on July 6, 2018. The Notice of Opportunity for Hearing advised Respondents, Grow Healthy Vending, LLC f/k/a Grow Franchise Group LLC and Chris Wyland, 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, Grow Healthy Vending, LLC f/k/a Grow Franchise Group LLC and Chris Wyland, 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.

ENTRY OF FINDINGS OF FACT AND
CONCLUSIONS OF LAW AND FINAL
ORDER TO CEASE AND DESIST

DEPARTMENT OF FINANCIAL INSTITUTIONS
Securities Division
PO Box 9033
Olympia, WA 98507-9033
360-902-8760

1 The Securities Administrator therefore will adopt as final the following Findings of Fact and
2 Conclusions of Law as set forth in the Statement of Charges and enter a final order against Respondents Grow
3 Healthy Vending, LLC and Chris Wyland to cease and desist from violations of the Business Opportunity
4 Fraud Act of Washington.

5 The Securities Administrator makes the following Findings of Fact and Conclusions of Law:

6 **FINDINGS OF FACT**

7 **Respondents**

8 1. Grow Healthy Vending, LLC (“Grow Healthy Vending”) was a California limited liability
9 company originally formed under the name Grow Franchise Group LLC on November 2, 2011. It changed its
10 name to Grow Healthy Vending on September 13, 2016. Its business registration with California is currently
11 suspended. Grow Healthy Vending’s principal place of business was in Irvine, California.

12 2. Chris Wyland (“Wyland”) is believed to have resided in California during the period relevant
13 to this Statement of Charges. He was the founder, CEO, and managing member of Grow Healthy Vending.

14 **Lawsuit Against Respondents**

15 3. In October 2014, a competitor of Grow Healthy Vending initiated a lawsuit against
16 Respondents for defamation, among other causes of action, alleging that Respondents posted false and
17 disparaging comments online about the competitor. The parties eventually settled the matter and in March
18 2017, the court entered a final judgment that required Respondents to pay the competitor \$250,000 plus
19 interest.

20 **Nature of the Conduct**

21 4. Grow Healthy Vending was in the business of offering and selling healthy foods vending
22 machines to the general public. For an additional fee of \$500-750 per machine, it also offered to its vending
23 machine purchasers, called “operators,” optional location services to assist them in finding potential locations

1 for their vending machines. Grow Healthy Vending maintained a website at www.growhealthyvending.com
2 that it used to advertise and sell its vending machines and related services.

3 5. From no later than September 2013 to at least September 2017, Grow Healthy Vending offered
4 and sold its vending machines and location assistance to at least seven Washington residents.¹ Collectively,
5 these Washington operators purchased at least 48 vending machines, plus location assistance for each
6 machine, for a total of at least \$299,940. Wyland was involved in offering and selling the vending machines
7 and location assistance to many of the Washington operators. One of these Washington operators purchased
8 at least six more vending machines without location assistance for at least \$42,265.

9 6. Grow Healthy Vending did not manufacture the vending machines itself, but instead ordered
10 the vending machines to be custom built for its operators from a third-party vending machine manufacturer.
11 Grow Healthy Vending paid for the vending machines through an open credit line that it maintained with the
12 manufacturer's affiliate. Though operators had the option of financing their machine purchases through the
13 same affiliate, the Washington operators paid Grow Healthy Vending for most of their orders.

14 7. In offering and selling the vending machines and location assistance to the Washington
15 operators, Respondents failed to provide any of the Washington operators with a disclosure document as
16 required by RCW 19.110.060, a provision of the Washington Business Opportunity Fraud Act. The disclosure
17 document is intended to protect investors by providing them with certain material information about the
18 business opportunity, including the total number of business opportunities sold or leased, the number
19 of failed business opportunities, the seller's financial condition, and certain background information about the
20 seller's principals.

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23 ¹ Though one of these Washington residents intended to place her machines in California, she was located in Washington while communicating with Grow Healthy Vending representatives about the vending machines and becoming an operator. She also paid an initial 40% deposit from a bank branch in Washington state.

1 8. Grow Healthy Vending, usually through Wyland, executed contracts with all of the
2 Washington operators but one. The contracts that Grow Healthy Vending entered into with the Washington
3 operators did not contain the statements required by RCW 19.110.110, which inform the purchaser of their
4 rights to cancel the contract and to receive a disclosure document, among other things.

5 9. In addition, Respondents failed to disclose to at least two Washington operators the existence
6 of the lawsuit and judgment discussed in Paragraph 3.

7 10. Around late summer of 2017, several months after the judgment was entered against
8 Respondents, at least three Washington operators began experiencing issues with their vending machines
9 orders. During that time, these Washington operators placed orders for at least 11 vending machines with
10 Grow Healthy Vending. These operators paid Grow Healthy Vending approximately \$75,985 for these orders.
11 At least eight of these machines included location assistance. Wyland personally solicited one of these
12 Washington operators by telling the operator that five vending machines from a cancelled order were available
13 for a discount. This operator purchased three of these vending machines with location assistance for \$19,900.

14 11. These orders were continually delayed and in the end, only one of the 11 vending machines
15 that the three Washington operators ordered was ever delivered. Wyland falsely told the operator who ordered
16 the three machines from the purported cancelled order that the manufacturer had mistakenly sent the machines
17 to another operator, who had installed the machines. In fact, these three machines were never shipped out by
18 the manufacturer and Grow Healthy Vending never submitted this order to the manufacturer. These three
19 Washington operators suffered approximately \$65,660 in losses.

20 12. Around December 2017, the vending machine manufacturer cancelled its distribution
21 agreement with Grow Healthy Vending. Currently, Grow Healthy Vending's unpaid balance on the open
22 credit line with the manufacturer's affiliate is over \$300,000. Wyland shut down Grow Healthy Vending's
23 business operations by early February 2018.

1 **Registration Status**

2 13. Grow Healthy Vending is not currently registered to sell business opportunities in the state of
3 Washington and has not previously been so registered.

4 14. Chris Wyland is not currently registered to sell business opportunities in the state of Washington
5 and has not previously been so registered.

6 **Disclosure Document**

7 15. Grow Healthy Vending failed to provide purchasers with a disclosure document which met the
8 requirements of RCW 19.110.070.

9 16. Chris Wyland failed to provide purchasers with a disclosure document which met the
10 requirements of RCW 19.110.070.

11 **Business Opportunity Contract**

12 17. Grow Healthy Vending failed to provide purchasers with a business opportunity contract which
13 met the requirements of RCW 19.110.110.

14 18. Chris Wyland failed to provide purchasers with a business opportunity contract which met the
15 requirements of RCW 19.110.110.

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

17 **CONCLUSIONS OF LAW**

18 1. The offer or sale of the Grow Healthy Vending vending machines and location assistance, as
19 described above, constitutes the offer and/or sale of a business opportunity as defined in RCW 19.110.020
20 and RCW 19.110.030.

21 2. Grow Healthy Vending, LLC f/k/a Grow Franchise Group LLC and Chris Wyland have each
22 violated RCW 19.110.050 by offering and selling business opportunities without being registered with the
23 Securities Administrator to do so.

1 IT IS FURTHER ORDERED that Respondents, Grow Healthy Vending, LLC f/k/a Grow Franchise
2 Group LLC; Chris Wyland; and their agents and employees each shall cease and desist from violating RCW
3 19.110.120, the anti-fraud section of the Business Opportunity Fraud Act of the state of Washington.

4 This Order is entered pursuant to RCW 19.110.150 and is subject to the provisions of Chapter 34.05
5 RCW. The Respondents have the right to petition the superior court for judicial review of this agency action
6 under the provisions of RCW 34.05. For the requirements for Judicial Review, see RCW 34.05.510 and
7 sections following.

8 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

9 SIGNED and ENTERED this 2nd day of October, 2018.

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13 _____
14 WILLIAM M. BEATTY
15 Securities Administrator

16 Approved by:

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19 SUZANNE SARASON
20 Chief of Enforcement

21 Presented by:

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23 _____
24 HUONG LAM
25 Financial Legal Examiner

26 Reviewed by:

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28 _____
29 JACK MCCLELLAN
30 Financial Legal Examiner Supervisor