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

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IN THE MATTER OF DETERMINING) Order No.: S-17-2214-18-SC01
Whether there has been a violation of the)
Business Opportunity Fraud Act by:) STATEMENT OF CHARGES AND
GROW HEALTHY VENDING, LLC f/k/a) NOTICE OF INTENT TO
GROW FRANCHISE GROUP LLC; and) ENTER ORDER TO CEASE AND DESIST
CHRIS WYLAND)
Respondents.)
)

THE STATE OF WASHINGTON TO: **Grow Healthy Vending, LLC f/k/a
Grow Franchise Group LLC; and
Chris Wyland**

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the state of Washington has reason to believe that Respondents, Grow Healthy Vending, LLC f/k/a Grow Franchise Group LLC and Chris Wyland, have each violated the Business Opportunity Fraud Act and that their violations justify the entry of an order under RCW 19.110.150 against the Respondents to cease and desist from such violations. The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

Respondents

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

2. Chris Wyland (“Wyland”) is believed to have resided in California during the period relevant

1 to this Statement of Charges. He was the founder, CEO, and managing member of Grow Healthy Vending.

2 **Lawsuit Against Respondents**

3 3. In October 2014, a competitor of Grow Healthy Vending initiated a lawsuit against
4 Respondents for defamation, among other causes of action, alleging that Respondents posted false and
5 disparaging comments online about the competitor. The parties eventually settled the matter and in March
6 2017, the court entered a final judgment that required Respondents to pay the competitor \$250,000 plus
7 interest.

8 **Nature of the Conduct**

9 4. Grow Healthy Vending was in the business of offering and selling healthy foods vending
10 machines to the general public. For an additional fee of \$500-750 per machine, it also offered to its vending
11 machine purchasers, called “operators,” optional location services to assist them in finding potential locations
12 for their vending machines. Grow Healthy Vending maintained a website at www.growhealthyvending.com
13 that it used to advertise and sell its vending machines and related services.

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

20 6. Grow Healthy Vending did not manufacture the vending machines itself, but instead ordered
21 the vending machines to be custom built for its operators from a third-party vending machine manufacturer.
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24 ¹ Though one of these Washington residents intended to place her machines in California, she was located in Washington while
25 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 Grow Healthy Vending paid for the vending machines through an open credit line that it maintained with the
2 manufacturer's affiliate. Though operators had the option of financing their machine purchases through the
3 same affiliate, the Washington operators paid Grow Healthy Vending for most of their orders.

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

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

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

17 10. Around late summer of 2017, several months after the judgment was entered against
18 Respondents, at least three Washington operators began experiencing issues with their vending machines
19 orders. During that time, these Washington operators placed orders for at least 11 vending machines with
20 Grow Healthy Vending. These operators paid Grow Healthy Vending approximately \$75,985 for these orders.
21 At least eight of these machines included location assistance. Wyland personally solicited one of these
22 Washington operators by telling the operator that five vending machines from a cancelled order were available
23 for a discount. This operator purchased three of these vending machines with location assistance for \$19,900.
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1 11. These orders were continually delayed and in the end, only one of the 11 vending machines
2 that the three Washington operators ordered was ever delivered. Wyland falsely told the operator who ordered
3 the three machines from the purported cancelled order that the manufacturer had mistakenly sent the machines
4 to another operator, who had installed the machines. In fact, these three machines were never shipped out by
5 the manufacturer and Grow Healthy Vending never submitted this order to the manufacturer. These three
6 Washington operators suffered approximately \$65,660 in losses.

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

11 **Registration Status**

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

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

16 **Disclosure Document**

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

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

21 **Business Opportunity Contract**

22 17. Grow Healthy Vending failed to provide purchasers with a business opportunity contract which
23 met the requirements of RCW 19.110.110.
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18. Chris Wyland failed to provide purchasers with a business opportunity contract which met the requirements of RCW 19.110.110.

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

CONCLUSIONS OF LAW

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

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

3. Grow Healthy Vending, LLC f/k/a Grow Franchise Group LLC and Chris Wyland have each violated RCW 19.110.070 by failing to provide prospective business opportunity purchasers with a disclosure document which met the requirements of RCW 19.110.070.

4. Grow Healthy Vending, LLC f/k/a Grow Franchise Group LLC and Chris Wyland have each violated RCW 19.110.110 by failing to provide prospective business opportunity purchasers with a contract which met the requirements of RCW 19.110.110.

5. Grow Healthy Vending, LLC f/k/a Grow Franchise Group LLC and Chris Wyland have each violated RCW 19.110.120(1)(a), by making a untrue or misleading statement of a material fact or to omitting to state a material fact in connection with the offer, sale, or lease of a business opportunity in the state of Washington.

NOTICE OF INTENT TO ORDER THE RESPONDENT TO CEASE AND DESIST

Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities

1 Administrator intends to order, pursuant to RCW 19.110.150, that Grow Healthy Vending, LLC f/k/a Grow
2 Franchise Group LLC; Chris Wyland; and each of their agents and employees shall cease and desist from
3 violations of RCW 19.110.050, RCW 19.110.070, RCW 19.110.110, and RCW 19.110.120.

4 **AUTHORITY AND PROCEDURE**

5 This Statement of Charges is entered pursuant to RCW 19.110.150 and is subject to the provisions of
6 Chapter 34.05 RCW. The Respondents, Grow Healthy Vending, LLC f/k/a Grow Franchise Group LLC and
7 Chris Wyland, may each make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY
8 TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Order. If a Respondent does not
9 make a hearing request in the time allowed, the Securities Administrator intends to adopt the above Tentative
10 Findings of Fact and Conclusions of Law as final and to enter a permanent order to cease and desist as to that
11 Respondent.

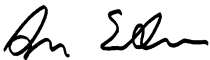
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13 Signed and Entered this 5th day of July, 2018.

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17 WILLIAM M. BEATTY
Securities Administrator

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19 Approved by:

Presented by:

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25 SUZANNE SARASON
Chief of Enforcement

HUONG LAM
Financial Legal Examiner

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Reviewed by:



JACK MCCLELLAN
Financial Legal Examiner Supervisor