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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
Franchise Investment Protection Act of
Washington by:

American Shaman Franchise Systems, LLC,
f.k.a. American Shaman Franchise Systems, Inc.
and d.b.a. CBD American Shaman, and
Raymond Howard Miley Jr., a.k.a Bud Miley,

Respondents.

Order No. S-19-2786-23-CO02

CONSENT ORDER AS TO

Raymond Howard Miley Jr.,
a.k.a. Bud Miley

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On June 15, 2021, 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-19-2786-21-SC01 against American Shaman Franchise Systems, Inc. d.b.a. CBD American Shaman, and Raymond Howard Miley Jr., a.k.a. Bud Miley. Pursuant to the Franchise Investment Protection Act of Washington, RCW 19.100, the Securities Division and Raymond Howard Miley Jr., do hereby enter into this Consent Order in settlement of the matters alleged herein. Raymond Howard Miley Jr., neither admits nor denies the Findings of Fact or Conclusions of Law as stated below.

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FINDINGS OF FACT

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Respondents

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1. Respondent American Shaman Franchise Systems, LLC, f.k.a. American Shaman Franchise Systems, Inc. (“ASFS”) and d.b.a. CBD American Shaman converted to a limited liability company in the State of Nevada on January 6, 2020. Its principal business address is in Kansas City, Missouri. ASFS is in the business of offering franchises that offer for retail sale “Industrial Hemp” and other plant-based products.

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2. Raymond Howard Miley Jr. was the President of ASFS in 2019.

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2 **Wisconsin Franchise Investment Law Violation**

3 3. On May 5, 2021, the Administrator of the State of Wisconsin, Department of Financial
4 Institutions, Division of Securities (“Division”) entered into a Consent Order with American Shaman
5 Franchise System, LLC in connection with the company’s violations of the Wisconsin Franchise Investment
6 Law. In the Consent Order, the Division alleged that American Shaman Franchise System, LLC (“American
7 Shaman”) violated the Wisconsin Franchise Investment Law by selling an unregistered franchise and making
8 a false or misleading statement when it failed to disclose the bankruptcy of its Franchise Director Kathi
9 Miley. The Division ordered American Shaman to cease and desist from making or causing to be made to
10 any person or entity in Wisconsin any further offers or sales of franchises unless and until such franchises
11 are registered or are exempted from registration.

12 **Nature of Conduct**

13 *Unregistered Franchise Offer*

14 4. In or prior to 2018, CBD American Shaman approached a number of Washington residents,
15 who were working for the Kirby Company selling vacuum cleaners and related products, about the
16 opportunity to open CBD American Shaman stores in the state. Some of the residents opened stores and
17 purchased products from CBD American Shaman on a wholesale basis.

18 5. CBD American Shaman offered at least two of these residents (“Residents”) the opportunity
19 to enter into a “franchise agreement” for \$5,000 and subject to the company registering to offer franchises in
20 Washington. In connection with this offer, CBD American Shaman provided the Residents with a CBD
21 American Shaman franchise application, franchise store examples, a brochure entitled “Getting Your
22 American Shaman Franchise in 7 Easy Steps,” “In Store Training” instructions, CBD American Shaman
23 store signage information, a franchise store location application, and a “Build Out Materials List.”

1 *Failure to Disclose Bankruptcy in Franchise Registration Application*

2 6. In 2019, ASFS filed a franchise registration application with the Washington Securities
3 Division, file number 70016510. The application was signed by ASFS President Raymond Howard Miley Jr.,
4 who certified that the application's and the attached exhibits' contents were true and correct.

5 7. ASFS filed its Franchise Disclosure Document ("FDD") as part of its Washington franchise
6 registration applications in 2019. The FDD is required to be given to prospective Washington franchise
7 purchasers and provide them with material information about the franchise investment opportunity. ASFS
8 filed an FDD that stated in Item 4, regarding Bankruptcy, that "No bankruptcy information is required to be
9 disclosed in this Item."

10 8. ASFS disclosed in Item 2 of its 2019 FDD that Kathi Miley was its Director of Franchise
11 Development, but failed to disclose in its FDD Item 4, that Kathi Miley, had filed for Chapter 13 Bankruptcy
12 in 2012. Her bankruptcy filing was closed in 2016.

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

14 **CONCLUSIONS OF LAW**

15 1. The offer the franchise described above constitute the offer and/or sale of a franchise as defined
16 in RCW 19.100.010(6), RCW 19.100.010(12), and RCW 19.100.010(17).

17 2. The misrepresentation or omission of material facts regarding the CBD American Shaman
18 FDD bankruptcy disclosure made in the franchise registration application of ASFS as described in
19 paragraphs six through eight above is a violation of RCW 19.100.170.

20 **CONSENT ORDER**

21 Based upon the foregoing and finding it in the public interest:

22 IT IS AGREED AND ORDERED that Respondent Raymond Howard Miley Jr. shall cease and desist
23 from making any untrue statement of a material fact in any application, notice, or report filed with the director

1 or willfully to omit to state in any application, notice or report, any material fact which is required to be stated
2 therein in violation of RCW 19.100.170, the “Violations” section of the Franchise Investment Protection Act
3 of the state of Washington.

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

5 IT IS FURTHER AGREED that Respondent Raymond Howard Miley Jr. enters into this Consent
6 Order freely and voluntarily and with a full understanding of its terms and significance.

7 IT IS FURTHER AGREED that in consideration of the foregoing, Respondent Raymond Howard
8 Miley Jr. waives his right to a hearing and to judicial review of this matter.

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10 Dated this 7th day of August, 2023,

11 Signed by:

12 _____/s/
13 Raymond Howard Miley Jr.

14 SIGNED and ENTERED this 23rd day of August, 2023 by



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20 _____/s/
21 William Beatty
22 Securities Administrator

23 Approved by:

Presented by:

CONSENT ORDER

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

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/s/

/s/

Brian Guerard
Chief of Enforcement

Martin Cordell
Financial Legal Examiner

Reviewed by:

/s/

Huong Lam
Financial Legal Examiner Supervisor