

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

4 IN THE MATTER OF DETERMINING
5 Whether there has been a violation
6 of the Business Opportunity Fraud Act of the
7 State of Washington by:

8 Dan Mollenhauer and Lee Maddux,
9 dba A-MAZ-ING Concepts, their employees and
10 agents,

11 Respondents.

SDO - 8 - 99

SUMMARY ORDER TO CEASE AND DESIST

Case No. 99-01-0021

12 THE STATE OF WASHINGTON TO:

Dan Mollenhauer and Lee Maddux
dba A-MAZ-ING Concepts
N. 7302 Palmer Road
Spokane, WA 99207

13 **STATEMENT OF CHARGES**

14 Please take notice that the Securities Administrator of the State of Washington has reason to believe
15 that Respondents have violated the Business Opportunity Fraud Act and that their violations justify the entry
16 of an order of the Securities Administrator under RCW 19.110.150 to cease and desist from such violations.

17 The Securities Administrator finds that delay in ordering the Respondents to cease and desist from such
18 violations would be hazardous to the investors and to the public and that a Summary Order to Cease and
19 Desist should be entered immediately. The Securities Administrator finds as follows:

20 **TENTATIVE FINDINGS OF FACT**

21 **I.**

22 Dan Mollenhauer and Lee Maddux, doing business as (dba) A-MAZ-ING Concepts, maintain a
23 principal business address of N. 7302 Palmer Road, Spokane, Washington. Dan Mollenhauer and Lee
24 Maddux, dba A-MAZ-ING Concepts, are the sellers of vending equipment for gumball candy to enable
purchasers to establish businesses which place the equipment in public areas (the vending opportunity).

1 Dan Mollenhauer and Lee Maddux, dba A-MAZ-ING Concepts, provide references to professional
2 locators to assist purchasers of the vending opportunity for placement of the equipment they sell.

3 II.

4 On at least January 9, 1999, Dan Mollenhauer and Lee Maddux, dba A-MAZ-ING Concepts,
5 appeared at the Entrepreneur Magazine Small Business Expo (Expo) held at the Seattle Center in Seattle,
6 Washington. Promotional materials distributed by Mr. Mollenhauer and Ms. Maddux at the Expo offered
7 prospective purchasers three “packages” (“Silver,” “Gold” and “Platinum”) ranging in price from \$1,595
8 to \$13,950 and consisting of various numbers of the gumball vending machines. Staff members with the
9 Securities Division posing as prospective purchasers spoke with Mr. Mollenhauer and Ms. Maddux at the
10 Expo. During discussions about the vending opportunity, both Mr. Mollenhauer and Ms. Maddux told the
11 staff members that they would provide references to locator services for placement of the machines. One
12 Securities Division staff member later called a telephone number given in the promotional material
13 distributed at the show to request further information about the opportunity. The staff member
14 subsequently received in the mail information which included a referral to a locating service operating in
15 Washington. No disclosure document containing complete material information regarding Dan
16 Mollenhauer and Lee Maddux, dba A-MAZ-ING Concepts, or the vending opportunity, including but not
17 limited to a financial statement of the seller, was provided to prospective purchasers at the Expo or in
18 response to the request for further information.

19 III.

20 Dan Mollenhauer and Lee Maddux, dba A-MAZ-ING Concepts, are not currently registered with
21 the Washington Securities Division to offer or sell business opportunities in the state of Washington and
22 has not previously been so registered.

23 It is in the public interest that the offer and/or sale of the above-described vending opportunity in
24 violation of the Washington Business Opportunity Fraud Act cease.

1 An emergency exists in that further offers and/or sales of the vending opportunity described above
2 would be hazardous to investors and the public of this state.

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

4 CONCLUSIONS OF LAW

5 I.

6 The offer and/or sale of the vending opportunity as described in Tentative Findings of Fact I and
7 II constitutes the offer and/or sale of a business opportunity as defined in RCW 19.110.020(1).

8 II.

9 The offer and/or sale of the vending opportunity as described in Tentative Findings of Fact I
10 through II was made in violation of RCW 19.110.070 and RCW 19.110.120 (disclosure document and
11 antifraud provisions of the Business Opportunity Fraud Act, respectively) because Respondents failed to
12 provide prospective purchasers a complete disclosure document containing complete material information
13 regarding the vending opportunity, including but not limited to a financial statement of the seller.

14 III.

15 The offer and/or sale of the vending opportunity as described in Tentative Findings of Fact I
16 through III was made in violation of RCW 19.110.050(1) because no business opportunity registration has
17 been made nor a permit issued to Respondents prior to advertising, soliciting, or making any offer and/or
18 sale of the business opportunity in this state.

19 The Securities Administrator finds that this action is necessary and appropriate in the public
20 interest and for the protection of investors and that the public safety and welfare require emergency
21 action.

22 SUMMARY ORDER

23 Based on the premises of the foregoing,

24 IT IS THEREFORE HEREBY SUMMARILY ORDERED That Dan Mollenhauer and Lee
Maddux, dba A-MAZ-ING Concepts, and their employees and agents, each cease and desist from

1 violations of RCW 19.110.070 and RCW 19.110.120 (disclosure document and antifraud provisions,
2 respectively) of the Business Opportunity Fraud Act.

3 IT IS THEREFORE HEREBY SUMMARILY ORDERED That Dan Mollenhauer and Lee
4 Maddux, dba A-MAZ-ING Concepts, and their employees and agents, each cease and desist from
5 violations of RCW 19.110.050(1), the registration requirement provision of the Business Opportunity
6 Fraud Act.

7 AUTHORITY AND PROCEDURE

8 This Summary Order is entered pursuant to the provisions of RCW 19.110.150 and chapter 34.05
9 RCW. The Respondents may each make a written request for hearing as set forth in the Notice of
10 Opportunity to Defend and Opportunity for Hearing accompanying this order. A request for a hearing
11 should be in writing and sent to Deborah R. Bortner, Securities Administrator, Department of Financial
12 Institutions, P.O. Box 9033, Olympia, Washington 98507-9033 to the attention of Brad Ferber. If a
13 Respondent does not request a hearing as set forth in the Notice of Opportunity to Defend and
14 Opportunity for Hearing, the Securities Administrator intends to adopt the Tentative Findings of Fact and
15 Conclusions of Law as final and make this Summary Order to Cease and Desist permanent as to such
16 Respondent.

17 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

18 Dated this _____ day of _____, 1999.

19
20 _____
21 Deborah R. Bortner
22 Securities Administrator

23
24 Presented by: _____
Brad Ferber
Securities Examiner

Approved by: _____
Michael E. Stevenson
Chief of Compliance

1 witnesses by subpoena. If you are limited English- speaking or hearing impaired, you have the right to have an
2 interpreter appointed at no cost to you, as discussed below.

3 INTERPRETER AVAILABILITY. If you or a witness for you is a person who, because of non-
4 English-speaking cultural background, cannot readily speak or understand the English language, or if you or a
5 witness for you is a person who, because of a hearing impairment or speech defect, cannot readily understand or
6 communicate in spoken language, including persons who are deaf, deaf and blind, or hard of hearing, AND
7 YOU NEED AN INTERPRETER, then a qualified interpreter will be appointed at no cost to you or to the
8 witness. You may request the appointment of a qualified interpreter by indicating your request on the attached
9 Application for Adjudicative Hearing form.

10 YOU ARE FURTHER NOTIFIED that if the Department of Financial Institutions does not RECEIVE
11 the Application for Adjudicative Hearing form within twenty (20) days from the date you received this notice,
12 this will constitute a waiver of your right to a hearing and the director will find that you do not contest the
13 allegations of the Summary Order. Upon such a finding by the director a final order will be immediately entered
14 disposing of this matter and ordering you to cease and desist as described in the Summary Order. If you desire a
15 hearing in this matter, please return the attached Application for Adjudicative Hearing to:

16 Washington State Department of Financial Institutions
17 Securities Division
18 Attn: Brad Ferber
19 Post Office Box 9033
20 Olympia, Washington 98507-9033

21 Dated this _____ day of _____, 1999.

22 _____
23 Deborah R. Bortner
24 Securities Administrator

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I.

I [REQUEST] [DO NOT REQUEST] a formal hearing in this matter.

II.

I [WILL] [WILL NOT] be represented by an attorney. His/her name, address, and telephone number are:

III.

I [REQUEST] [DO NOT REQUEST] that a qualified interpreter be appointed at no cost to me to interpret for (myself) or (my witness(es)). My, or my witness's(es'), primary language is _____ (identify language). My, or my witness's(es'), hearing impaired status is _____ (identify hearing impaired status). I understand that a qualified interpreter will be appointed at no cost to me or to my witness(es).

IV.

You have the right: To demand a hearing; to be represented by an attorney at your own expense; to subpoena witnesses to the hearing or subpoena the production of books or documents and to otherwise defend against the Summary Order.

WARNING: FAILURE TO COMPLETE AND MAIL THIS DOCUMENT SO THAT IT IS RECEIVED BY THE SECURITIES DIVISION WITHIN 20 DAYS AFTER YOU RECEIVED THE SUMMARY ORDER TO CEASE AND DESIST WILL RESULT IN THE DISPOSITION OF THIS CASE AS AUTHORIZED BY RCW 34.05.440.

Dated this _____ day of _____, 1998.

Dan Mollenhauer, dba A-MAZ-ING Concepts

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I.

I [REQUEST] [DO NOT REQUEST] a formal hearing in this matter.

II.

I [WILL] [WILL NOT] be represented by an attorney. His/her name, address, and telephone number are:

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I [REQUEST] [DO NOT REQUEST] that a qualified interpreter be appointed at no cost to me to interpret for (myself) or (my witness(es)). My, or my witness's(es)', primary language is _____ (identify language). My, or my witness's(es)', hearing impaired status is _____ (identify hearing impaired status). I understand that a qualified interpreter will be appointed at no cost to me or to my witness(es).

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Dated this _____ day of _____, 1999.

Lee Maddux, dba A-MAZ-ING Concepts

Signature

Address (if facing page is incorrect):
