

**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 the
State of Washington by:

Target Vending Systems, L.L.C., Barry Richman,
Harold Davis, their employees and agents,

Respondents.

SDO - 48A - 99

SUMMARY ORDER TO CEASE AND DESIST

Case No. 99-07-0238

THE STATE OF WASHINGTON TO:

Target Vending Systems, L.L.C.
Barry Richman
Harold Davis
350 Fifth Avenue, Suite 828
New York, NY 10118

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents have violated the Business Opportunity Fraud Act and that their violations justify the entry of an order of the Securities Administrator under RCW 19.110.150 to cease and desist from such violations. The Securities Administrator finds that delay in ordering the Respondents to cease and desist from such violations would be hazardous to the investors and to the public and that a Summary Order to Cease and Desist should be entered immediately. The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

I.

Target Vending Systems, L.L.C. is a limited liability company that has a principal business address of 350 Fifth Avenue, Suite 828, New York, New York. Target Vending Systems, L.L.C. is the seller of medical product vending machine equipment to enable purchasers to establish businesses that place the machines in accessible places for use by the public (the vending opportunity). Target Vending

Systems, L.L.C. provides references to professional locators to assist purchasers of the vending opportunity for placement of the machines it sells. Barry Richman and Harold Davis are representatives of Target Vending Systems, L.L.C.

II.

Respondents, acting in concert or on behalf of each other, placed or caused to be placed advertisements for the vending opportunity in the Everett Herald newspaper published in Everett, Washington, in at least early to mid-July, 1999. A Washington resident, who responded to one of the advertisements by calling the telephone number contained in the ad, spoke with Harold Davis about the vending opportunity. During the conversation, Davis assured the Washington resident that Target Vending Systems, L.L.C. that the seller would provide references to locating services to assist purchasers in locating the vending machines. Davis mentioned three such services, including Caper and Associates Locating Services based in Kent, Washington. The Washington resident subsequently obtained promotional materials and an "Order Form & Purchase Agreement" to complete and return to Target Vending Systems, L.L.C. along with payment for the purchase price. The promotional materials identified a number of "packages" of machines ranging in price from \$9,490 (the "Ruby Package" consisting of 20 machines) to \$22,400 (the "Diamond Package" consisting of 60 machines). A letter included with the promotional materials signed by Barry Richman provided the assurance that "(t)he purchase price of each program includes: the state-of-the-art in bulk vending machines; and a referral to professional locator services who are skilled at successfully placing these machines in profitable, high traffic sites." No disclosure document containing complete material information regarding Target Vending Systems, L.L.C. or the vending opportunity, including but not limited to a financial statement of the seller, was provided to the Washington resident.

III.

Target Vending Systems, L.L.C. is not currently registered with the Washington Securities Division to offer or sell business opportunities in the state of Washington and has not previously been so registered.

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

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

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

CONCLUSIONS OF LAW

I.

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

II.

The offer of the vending opportunity as described in Tentative Findings of Fact I and II was made in violation of RCW 19.110.070 and RCW 19.110.120 because Respondents failed to provide to at least one prospective purchaser in the state of Washington a complete disclosure document containing complete material information regarding Target Vending Systems, L.L.C. or the vending opportunity, including but not limited to a financial statement of the seller.

III.

The offer of the vending opportunity as described in Tentative Findings of Fact I through III was made in violation of RCW 19.110.050(1) because no business opportunity registration has been made nor a permit issued to Respondent Target Vending Systems, L.L.C. for the offer and/or sale of the vending opportunity in this state.

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

SUMMARY ORDER

Based on the premises of the foregoing,

IT IS THEREFORE HEREBY SUMMARILY ORDERED That Respondents Target Vending Systems, L.L.C., Barry Richman, Harold Davis, their employees and agents, each cease and desist from violations of RCW 19.110.070 and RCW 19.110.120, the disclosure document and antifraud provisions of the Business Opportunity Fraud Act, respectively.

IT IS THEREFORE HEREBY SUMMARILY ORDERED That Respondents Target Vending Systems, L.L.C., Barry Richman, Harold Davis, their employees and agents, each cease and desist from violations of RCW 19.110.050(1), the registration requirement provision of the Business Opportunity Fraud Act.

AUTHORITY AND PROCEDURE

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

WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

Dated this _____ day of _____, 1999.

Deborah R. Bortner
Securities Administrator

Presented by: _____
Brad Ferber
Securities Examiner

Approved by: _____
Michael E. Stevenson
Chief of Compliance