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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 Securities Act of Washington by:

BARBARA E. FERGUSON; JULIANN M. SMITH;
GOURMETLUXE CORPORATION; their agents and
employees,

Respondents

SDO 56-01

SUMMARY ORDER TO CEASE AND DESIST

Case No.01-06-230

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THE STATE OF WASHINGTON TO:

Barbara E. Ferguson
3432 Beach Drive SW
Seattle, WA 98116

Juliann M. Smith
77613 Burrus Court
Palm Desert, CA 92211

Gourmetlux Corporation
825 NW 49th St
Seattle, WA 98107

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STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents, Barbara E. Ferguson, Juliann M. Smith and Gourmetlux Corporation, have violated the Securities Act of Washington and that their violations justify the entry of an order of the Securities Administrator under RCW 21.20.390 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:

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SUMMARY ORDER TO CEASE AND
DESIST

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TENTATIVE FINDINGS OF FACT

I.

Gourmetlux Corporation (“Gourmetlux”) is a Washington corporation with a principal place of business at 825 NW 49th St., Seattle, Washington 98107. The primary function of Gourmetlux is the wholesale distribution of coffee.

II.

Barbara M. Ferguson (“Ferguson”) is an owner and president of Gourmetlux Corporation with her primary residence at 3432 Beach Drive, Seattle, Washington 98116.

III.

Juliann M. Smith (“Smith”) is an owner and Chief Financial Officer of Gourmetlux Corporation with her primary residence at 77613 Burrus Court, Palm Desert, CA 92211.

IV.

In May 1996 Queen City Coffee Company, Inc. was incorporated in the state of Washington. In March of 1997 Barbara Ferguson and Juliann Smith became owners of Queen City Coffee. In April of 1997, Ferguson changed the name to Gourmetlux Corp. The primary function of Gourmetlux is roasting and distributing coffee. Currently, Gourmetlux retains the rights to the brand names Sleepless in Seattle Coffee and America’s Own Coffee.

V.

In late 1998, Ferguson and Smith held a shareholders meeting in Seattle, Washington to which they invited several prospective investors. At the meeting they gave the prospective investors a tour of the facilities and introduced them to the current investors and employees. Ferguson and Smith offered potential investors the opportunity to purchase stock in Gourmetlux. After this meeting, at least two Washington residents wrote checks totaling at least \$10,000 to Gourmetlux.

1 Ferguson and Smith failed to provide potential investors with material information prior to investing,
2 including, but not limited to; financial statements, prospectuses or private placement memoranda or information
3 regarding the risks involved with investing in Gourmetlux. In fact, Ferguson made several misleading
4 statements to potential investors that induced the individuals to invest. She claimed to have graduated from
5 Harvard University with honors after beginning her studies at age 16. She claimed to have earned a Masters
6 Degree from Pepperdine University with honors. She claimed to have worked as a police officer for the Los
7 Angeles Police Department for 5 years. She claimed to own a winery in northern Italy. She claims to own 3
8 houses. These claims have proven to be inaccurate or completely false. Investors purchased shares of
9 Gourmetlux because they believed Ferguson to be a savvy businesswoman with the ability to operate a
10 successful business due to these claims. Smith was present when these statements were made and did not refute
11 their truthfulness.

12 In 2000 Ferguson and Smith decided to offer more shares of stock in Gourmetlux. Ferguson requested the
13 current investors and employees to invite their friends and family members to a meeting at the Columbia Tower
14 Club in Seattle, Washington. Approximately 30 people attended this meeting. Following this meeting at least
15 10 other individuals decided to invest approximately \$50,000 total in Gourmetlux.

16 Ferguson, Smith and Gourmetlux continued to pursue potential investors through fundraising activities
17 until at least November 2000. Investors claim that the three are currently attempting to raise funds.

18 VI.

19 Gourmetlux Corporation is not currently registered to sell its securities in the state of Washington and has
20 not previously been so registered. Gourmetlux Corporation has not filed any claim of exemption from
21 registration with the Securities Administrator.

22 VII.

23 Barbara E. Ferguson and Juliann M. Smith are not currently registered as securities salespersons or broker-
24 dealers in the state of Washington and have not previously been so registered.

VIII.

The Securities Administrator finds that the continued offering of stock in the manner described in Tentative Finding of Fact Section III presents a threat to the investing public.

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

CONCLUSIONS OF LAW

I.

The offer and/or sale of stock described above constitutes the offer and/or sale of a security as defined in RCW 21.20.005(10) and (12), to wit: a stock.

II.

The offer and/or sale of said securities is in violation of RCW 21.20.140 because no registration is on file with the Administrator of Securities, state of Washington.

III.

Barbara E. Ferguson and Juliann M. Smith have violated RCW 21.20.040 by offering and/or selling said securities while not registered as a securities salesperson or broker-dealer in the state of Washington.

IV.

The offer and/or sale of said securities was made in violation of RCW 21.20.010 because Ferguson made affirmative misrepresentations regarding her personal education, financial situation and work experience. Ferguson and Smith failed to provide financial statements or other financial information and sufficient information to allow an investor to evaluate the investments. These affirmative misrepresentations and material omissions made the statements that were made misleading.

V.

The Securities Administrator finds that an emergency exists, that the continued violations of RCW 21.20.010, RCW 21.20.040, and RCW 21.20.140 constitutes a threat to the investing public, and that summary

1 orders to cease and desist from those violations are in the public interest and necessary for the protection of the
2 investing public.

3 **SUMMARY ORDER**

4 Based on the foregoing, NOW, THEREFORE, IT IS HEREBY SUMMARILY ORDERED That Barbara
5 E. Ferguson, Juliann M. Smith and Gourmetlux Corporation, their agents and employees cease and desist from
6 offering and/or selling securities in any manner in violation of RCW 21.20.140, the section of the Securities
7 Act of Washington requiring registration.

8 It is further SUMMARILY ORDERED that respondents, their agents, and employees cease and desist
9 from violation of RCW 21.20.010, the anti-fraud section of the Securities Act.

10 It is further SUMMARILY ORDERED that respondents, their agents and employees cease and desist from
11 violation of RCW 21.20.040, the section of the Securities Act making it unlawful to act as a broker-dealer or
12 securities salesperson without being so licensed in this state.

13 **AUTHORITY AND PROCEDURE**

14 This Order is entered pursuant to the provisions of RCW 21.20.390 and is subject to the provisions of
15 Chapter 34.05 RCW. The respondents, Barbara E. Ferguson, Juliann M. Smith, and Gourmetlux Corp., each
16 may make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND
17 OPPORTUNITY FOR HEARING accompanying this order.

18 If a respondent does not request a hearing, the Securities Administrator intends to adopt the above
19 Tentative Findings of Fact and Conclusions of Law as final and make the Summary Order to cease and desist
20 permanent as to that respondent.

21 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

22 DATED this 26th day of July 2001

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25 **SUMMARY ORDER TO CEASE AND**
26 **DESIST**

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Deborah R Bortner

DEBORAH R. BORTNER
Securities Administrator

Presented by:

Susan Anderson
Legal Intern

Suzanne Sarason
Senior Securities Examiner

Approved by:

Michael E. Stevenson
Chief of Compliance