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

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

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Priority Marketing, Inc., Robert Dempsey, Bill  
Holden, their employees and agents,  
  
Respondents.

SDO - 72 - 99

SUMMARY ORDER TO CEASE AND DESIST

Case No. 99-09-0279

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THE STATE OF WASHINGTON TO:

Priority Marketing, Inc.  
Robert Dempsey  
Bill Holden  
38 East 32nd Street, Suite 802  
New York, NY 10016

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.

Priority Marketing, Inc. (also sometimes referred to as "Priority Marketing") is a corporation that has a principal business address of 38 East 32nd Street, Suite 802, New York, New York. Priority Marketing is the seller of candy vending machine equipment to enable purchasers to establish businesses that place the machines in accessible places for use by the public (the vending opportunity). Priority

1 Marketing provides references to professional locators to assist purchasers of the vending opportunity for  
2 placement of the machines it sells. Robert Dempsey is a Vice President and Bill Holden is a sales  
3 representative of Priority Marketing.

4 II.

5 Respondents, acting in concert or on behalf of each other, placed or caused to be placed in at least  
6 mid-April, 1999, advertisements for the vending opportunity in the Tacoma News Tribune newspaper  
7 published in Tacoma, Washington. A Washington resident, who responded to one of the advertisements  
8 by calling the telephone number contained in the ad, spoke with Bill Holden (“Holden”) about the  
9 vending opportunity. Holden explained that the machines offered would dispense Reese’s Peanut Butter  
10 Cups candy. Holden assured the Washington resident that Priority Marketing would provide references to  
11 locating services to assist purchasers in locating the vending machines and that the location fee was \$50  
12 per machine. Holden also assured the resident that he would be able to commence business within two to  
13 three weeks after making an order. The Washington resident subsequently obtained promotional materials  
14 from Priority Marketing and a “Purchase Order” form to complete and return to the seller along with  
15 payment for the purchase price. The promotional materials described the features of the machine and  
16 contained a reference to Priority Marketing’s “Professional Location Program.” Although the  
17 Washington resident was provided a cover page and certain exhibits apparently associated with an “FTC  
18 Disclosure Statement” and a “Statement of Assets, Liabilities, and Equity – Income Tax Basis” for  
19 Priority Marketing, the resident was not provided with a disclosure document containing complete  
20 material information regarding the vending opportunity, including but not limited to information about the  
21 business experience and management of the seller. Based upon the materials received and Holden’s  
22 representations, the Washington resident on April 20, 1999, decided to purchase ten machines, stands, and  
23 other associated display materials from Priority Marketing for \$4,000. The resident also paid Priority  
24 Marketing an additional \$500 for location fees for a total purchase price of \$4,500. However, by July,  
1999, the Washington resident had not yet received delivery of the machines identified in his purchase

1 order, and the resident contacted Priority Marketing to attempt to obtain a refund. Representatives of  
2 Priority Marketing explained that there were manufacturing problems relating to the ordered machines,  
3 and sent to the resident a brochure relating to another machine, called the "Dynamic Duo," which  
4 dispensed chocolate covered Peppermint Patties and other candy. Representatives of Priority Marketing  
5 informed the Washington resident that these vending machines could be shipped in place of the vending  
6 machines originally ordered. The Washington resident was also provided contact information for a  
7 locating service, Cash Flow Concepts based in Phoenix, Arizona. The Washington resident agreed to the  
8 machine substitution, in part because he was promised additional machines at no charge. When these  
9 "Dynamic Duo" machines were eventually received by the Washington resident, the resident discovered  
10 that the coin mechanisms were made of plastic, not metal as described in the brochure. The Washington  
11 resident also discovered that the coin mechanism of only one of the machines operated properly. The  
12 Washington resident complained to Priority Marketing about the problem, and it was agreed that he could  
13 return the machines for a refund. In October, 1999, the Washington resident returned the machines and  
14 accessories to the manufacturer (One Source Distributing located in Medley, Florida) as instructed by  
15 Robert Dempsey of Priority Marketing. However, although he was ultimately able to obtain a refund of  
16 \$500 for the location fees paid, the Washington resident has been unable to obtain a refund of the  
17 purchase price of the equipment.

### 18 III.

19 Priority Marketing, Inc. is not currently registered with the Washington Securities Division to  
20 offer or sell business opportunities in the state of Washington and has not previously been so registered.

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

23 An emergency exists in that further offers and/or sales of the vending opportunity described above  
24 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:

1 CONCLUSIONS OF LAW

2 I.

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

5 II.

6 The offer of the vending opportunity as described in Tentative Findings of Fact I and II was made  
7 in violation of RCW 19.110.070 and RCW 19.110.120 because Respondents failed to provide to at least  
8 one resident of the state of Washington a disclosure document containing complete material information  
9 regarding the vending opportunity, including but not limited to information about the business experience  
10 and management of the seller.

11 III.

12 The offer of the vending opportunity as described in Tentative Findings of Fact I through III was  
13 made in violation of RCW 19.110.050(1) because no business opportunity registration has been made nor  
14 a permit issued to Respondent Priority Marketing, Inc. for the offer and/or sale of the vending opportunity  
15 in this state.

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

19 SUMMARY ORDER

20 Based on the premises of the foregoing,

21 IT IS THEREFORE HEREBY SUMMARILY ORDERED That Respondents Priority Marketing,  
22 Inc., Robert Dempsey, Bill Holden, their employees and agents, each cease and desist from violations of  
23 RCW 19.110.070 and RCW 19.110.120, the disclosure document and antifraud provisions of the Business  
24 Opportunity Fraud Act, respectively.

1 IT IS THEREFORE HEREBY SUMMARILY ORDERED That Respondents Priority Marketing,  
2 Inc., Robert Dempsey, Bill Holden, their employees and agents, each cease and desist from violations of  
3 RCW 19.110.050(1), the registration requirement provision of the Business Opportunity Fraud Act.

4 AUTHORITY AND PROCEDURE

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

14 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

15  
16 Dated this \_\_\_\_\_ day of \_\_\_\_\_, 1999.

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18 \_\_\_\_\_  
19 Deborah R. Bortner  
20 Securities Administrator

21 Presented by: \_\_\_\_\_  
22 Brad Ferber  
23 Securities Examiner

21 Approved by: \_\_\_\_\_  
22 Michael E. Stevenson  
23 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

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

4 IN THE MATTER OF DETERMINING  
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9 Holden, their employees and agents,

10 Respondents.

SDO - 72B(1) - 99

APPLICATION FOR ADJUDICATIVE  
HEARING

Case No. 99-09-0279

11 THE STATE OF WASHINGTON TO:

Priority Marketing, Inc.  
38 East 32nd Street, Suite 802  
New York, NY 10016

12 If you wish to contest the Summary Order To Cease And Desist and have an adjudicative  
13 hearing, you must sign, date, and return this form within twenty (20) days of the date you received it, to:

14 Washington State Department of Financial Institutions  
15 Securities Division  
16 Attn: Brad Ferber  
17 P. O. Box 9033  
18 Olympia, Washington 98507-9033

19 FAILURE TO RETURN THIS FORM SO THAT IT IS RECEIVED BY THE DEPARTMENT OF  
20 FINANCIAL INSTITUTIONS WITHIN TWENTY (20) DAYS OF THE DATE YOU RECEIVED IT WILL  
21 CONSTITUTE A DEFAULT AND WILL RESULT IN THE LOSS OF YOUR RIGHT TO AN  
22 ADJUDICATIVE HEARING AND WILL RESULT IN THE INFORMAL DISPOSITION OF YOUR CASE  
23 AS AUTHORIZED BY RCW 34.05.440. In that case the Director may proceed to resolve this matter without  
24 further notice or hearing. In such a case, the Director will immediately enter an appropriate order in disposition  
of the Summary Order, to include prohibition against your engaging in certain business practices as described in  
the Summary Order.

**INSTRUCTIONS:** Circle your desired responses to items I, II, and III below.

APPLICATION FOR HEARING

1

DEPARTMENT OF FINANCIAL INSTITUTIONS

Priority Marketing, Inc.

Securities Division  
PO Box 9033  
Olympia, WA 98507-9033  
(360) 902-8760



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Dated this \_\_\_\_\_ day of \_\_\_\_\_, 1999.

Priority Marketing, Inc., by:

Signature

\_\_\_\_\_

Print Name and Title

\_\_\_\_\_

Address (if facing page is incorrect):

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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  
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10 Respondents.

SDO - 72B(2) - 99

APPLICATION FOR ADJUDICATIVE  
HEARING

Case No. 99-09-0279

11 THE STATE OF WASHINGTON TO:

12 Robert Dempsey  
13 38 East 32nd Street, Suite 802  
14 New York, NY 10016

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16 must sign, date, and return this form within twenty (20) days of the date you received it, to:

17 Washington State Department of Financial Institutions  
18 Securities Division  
19 Attn: Brad Ferber  
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21 Olympia, Washington 98507-9033

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APPLICATION FOR HEARING

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Priority Marketing, Inc.

Securities Division  
PO Box 9033  
Olympia, WA 98507-9033  
(360) 902-8760



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Dated this \_\_\_\_\_ day of \_\_\_\_\_, 1999.

Robert Dempsey, as Vice President of Priority Marketing, Inc. and individually:

Signature

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Address (if facing page is incorrect):

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

4 IN THE MATTER OF DETERMINING  
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SDO - 72 B(3) - 99

APPLICATION FOR ADJUDICATIVE  
HEARING

Case No. 99-09-0279

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12 Bill Holden  
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APPLICATION FOR HEARING

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DEPARTMENT OF FINANCIAL INSTITUTIONS

Priority Marketing, Inc.

Securities Division  
PO Box 9033  
Olympia, WA 98507-9033  
(360) 902-8760



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Dated this \_\_\_\_\_ day of \_\_\_\_\_, 1999.

Bill Holden, as a representative of Priority Marketing, Inc. and individually:

Signature

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Address (if facing page is incorrect):

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