

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 Atlas Vending and Locating, John B. Peterson,
9 their employees and agents,

10 Respondents.

SDO - 100 - 00

SUMMARY ORDER TO CEASE AND DESIST

Case No. 00-10-0374

11 THE STATE OF WASHINGTON TO:

12 Atlas Vending and Locating
13 John B. Peterson
14 814 Lakeway Drive, # 347
15 Bellingham, WA 98226

16 **STATEMENT OF CHARGES**

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

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

23 **TENTATIVE FINDINGS OF FACT**

24 **I.**

Atlas Vending and Locating maintains a business mailing address of 814 Lakeway Drive, # 347,
Bellingham, Washington. Atlas Vending and Locating is the seller of vending machine equipment to
enable purchasers to establish businesses that place the machines in accessible places for use by the public

1 (the vending opportunity). Atlas Vending and Locating provides location assistance services or provides
2 references to professional locators to assist purchasers of the vending opportunity for placement of the
3 equipment it sells. John B. Peterson is the owner or principal of Atlas Vending and Locating.

4 II.

5 Respondents, acting in concert or on behalf of each other, maintain an Internet web site located at
6 www.atlasvending.com. The site relates to various candy, snack, soft drink and other machines that could
7 be purchased from Atlas Vending and Locating. The Internet site indicates that Atlas Vending and
8 Locating offers location services for the machines it sells and that the seller is offering the vending
9 opportunity from Bellingham, Washington. The site includes the following language:

10 Atlas Vending and Locating takes pride in the team of 382 locators it has assembled. Not only do our
11 locators stay within their home range, they help us maintain the most important part of our business...repeat
12 customers! 40% of our revenue is comprised of repeat satisfied customers. It is this mainstay that has
allowed Atlas Vending and Locating to grow into one of the largest locating companies in North America.
We are also one of the few locating companies that offer a lifetime placement warranty on our locations...

13 A Florida resident first accessed the site in mid-August, 2000. The Florida resident called the toll-free
14 number given on the site and spoke to an individual who identified himself as John B. or "JB" Peterson
15 ("Peterson"), Chief Executive Officer of Atlas Vending and Locating. The two parties discussed the
16 purchase of soft drink vending equipment to be placed in hotels or motels and that the machines needed to
17 be cosmetically sound. Peterson represented that the machines were totally reconditioned and between
18 three and five years old. The Florida resident was told that Atlas Vending and Locating would use a
19 locator service located in his state to help place the machines. The delivery cost was quoted as \$150.00
20 per machine. Based in part upon these representations, the Florida resident determined to purchase two
21 full-sized soft drink vending machines, and arrange to have them located in Washington, through Atlas
22 Vending and Locating. The Florida resident executed a sales contract for the purchase on August 24,
23 2000. The machines ordered sold for \$1,400.00 exclusive of shipping charges. The Florida resident also
24 purchased graphic artwork mentioned on the Internet site to be placed on each machine for \$300.00 each.

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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, the disclosure document and antifraud provisions of the Business Opportunity Fraud Act, respectively. This is because Respondents (1) failed to provide to the Florida resident a complete disclosure document containing complete material information regarding Vendmark or the vending opportunity, including but not limited to a financial statement of the seller, and (2) delivered to the Florida resident soft drink vending machines manufactured 13 years ago rather than the three to five years as represented by John B. Peterson.

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), the registration requirement provision of the Business Opportunity Fraud Act, because no business opportunity registration has been made nor a permit issued to Atlas Vending and Locating or John B. Peterson 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 Atlas Vending and Locating, John B. Peterson, their employees and agents, each cease and desist from violations of RCW

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

3 IT IS THEREFORE HEREBY SUMMARILY ORDERED That Respondents Atlas Vending and
4 Locating, John B. Peterson, their employees and agents, each cease and desist from violations of RCW
5 19.110.050(1), the registration requirement provision of the Business Opportunity Fraud Act.

6 AUTHORITY AND PROCEDURE

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

16
17 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

18 Dated this 23rd day of October, 2000.

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22 Deborah R. Bortner
23 Securities Administrator

24 Presented by: _____
Brad Ferber
Securities Examiner

Approved by: _____
Michael E. Stevenson
Chief of Compliance

SUMMARY ORDER TO CEASE AND DESIST 5
Atlas Vending and Locating

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

1 cross-examine those witnesses presented in support of the Summary Order. You may require the attendance of
2 witnesses by subpoena. If you are limited English- speaking or hearing impaired, you have the right to have an
3 interpreter appointed at no cost to you, as discussed below.

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

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

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

22 Dated this 23rd day of October, 2000.

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24 Deborah R. Bortner
Securities Administrator

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DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

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of the Business Opportunity Fraud Act of the
State of Washington by:

Atlas Vending and Locating, John B. Peterson,
their employees and agents,

Respondents.

SDO - 100B(1) - 00

APPLICATION FOR ADJUDICATIVE
HEARING

Case No. 00-10-0374

9 THE STATE OF WASHINGTON TO:

Atlas Vending and Locating
814 Lakeway Drive, # 347
Bellingham, WA 98226

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11
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

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DEPARTMENT OF FINANCIAL INSTITUTIONS

Atlas Vending and Locating

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

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Dated this _____ day of _____, 2000.

Atlas Vending and Locating, by:

Signature

Print Name and Title

Address (if facing page is incorrect):

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Dated this _____ day of _____, 2000.

John B. Peterson, on behalf of Atlas Vending and Locating and individually:

Signature

Address (if facing page is incorrect):

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