

ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF MARYLAND

IN THE MATTER OF:

MultiVend, LLC, d.b.a Vendstar,

Case No. 2007-0532

Respondent,

* * * * *

CONSENT ORDER

WHEREAS, the Maryland Division of Securities (the "Securities Division") initiated an investigation into the activities of MultiVend, LLC, d.b.a. Multi Vend and Vendstar ("MultiVend") under the authority granted under the Maryland Business Opportunities Sales Act, MD. CODE ANN., BUS. REG. §14-101 et seq. (2004 Repl. Vol. and Supp. 2007) (the "Business Opportunity Act"); and

WHEREAS, based on information presented by the Securities Division, the Maryland Securities Commissioner (the "Commissioner") concluded that grounds existed to allege that MultiVend violated the registration, disclosure and antifraud provisions of the Business Opportunity Act; and

WHEREAS, before the holding of a hearing in this matter, without trial or final adjudication of any issue of fact or law, and without MultiVend admitting or denying any violation of law, the Commissioner and MultiVend have reached an agreement to enter into this Consent Order:

NOW, THEREFORE, IT IS HEREBY ORDERED AND DECREED:

I. JURISDICTION

1. The Commissioner has jurisdiction in this proceeding pursuant to §14-210(a) of the

Business Opportunity Act.

II. STATEMENT OF FACTS

A. Respondent.

2. MultiVend, LLC is an Indiana limited liability company with a principal business address of 880 Grand Blvd., Deer Park, NY 11729.

3. MultiVend, which was organized in 2002, is the successor of Multivend, Inc., which has been offering business opportunities under the names MultiVend and Vendstar since 1991.

4. In 2004, the management of MultiVend, LLC changed, and all of the current officers were installed in their current positions.

5. MultiVend offers and sells business opportunities in the form of bulk vending machines and related support and services to enable a buyer to operate a home-based bulk vending distributorship (the “Vendstar Business Opportunity”).

6. MultiVend offers business opportunity packages based on the number of Vendstar vending machines the buyer purchases. MultiVend advertises Business Opportunity packages at prices ranging from approximately \$10,000 for 30 vending machines, to \$50,000 for 180 vending machines, not counting training costs and other costs. MultiVend also has sold in Maryland a number of business opportunities for less than \$10,000 for fewer than 30 vending machines.

7. From January 1, 2004 to the date of this Consent Order, MultiVend sold Vendstar Business Opportunities to a total of Two Hundred Fifty One (251) Maryland residents (“Maryland Buyers”).

B. Registration Violations.

8. At various times since 1999, MultiVend was registered with the Securities Division

to offer and sell business opportunities in Maryland under the Business Opportunity Act.

9. MultiVend was not registered with the Securities Division at all times when it offered and sold its Vendstar Business Opportunity to several Maryland Buyers. Specifically, MultiVend was not registered with the Securities Division to offer and sell business opportunities in Maryland from October 23, 2004 to October 28, 2004, or from October 28, 2005 to November 3, 2005, or from November 3, 2006 to December 4, 2006.

10. MultiVend sold business opportunities to the following Maryland Buyers on the following dates when MultiVend was not registered to offer and sell business opportunities under the Business Opportunity Act:

Maryland Buyer	City	Date of Purchase
Andre Reid	Reisterstown, MD	10/25/2004
Darren Fisher	Clarksville, MD	10/29/05
Tim Huang	Rockville, MD	11/29/06
LaRon Walker ¹	Baltimore, MD	11/20/06
Aubrey Wallace	Owings, MD	11/28/06

C. Failure to Deliver Business Opportunity Disclosure Statements at least 10 Full Business Days Before Buyers Sign A Contract or Pay Consideration.

11. Although MultiVend distributed business opportunity disclosure statements to Maryland Buyers, in some cases, MultiVend did not distribute disclosure statements to Maryland Buyers at least 10 full business days before the buyers executed a contract or paid any consideration in connection with the purchase of the Vendstar Business Opportunity, as required under the

¹MultiVend represents that it has refunded the entire purchase price that Laron Walker paid for his Vendstar Business Opportunity, in exchange for a return of all vending machines that Laron Walker purchased.

Business Opportunity Act.

12. In some cases, MultiVend procured waivers from Maryland Buyers of their respective rights to receive a disclosure statement at the time required under the Business Opportunity Act. As a result, MultiVend accepted money and obtained signed purchase orders from those Maryland Buyers earlier than 10 business days after giving them a disclosure statement. In some cases, Maryland Buyers signed purchase orders with MultiVend the day before or the same day as those Maryland Buyer's received a business opportunity disclosure statement.

D. Earnings Claims.

13. At all times relevant to the facts stated in this Consent Order, the business opportunity disclosure statements that MultiVend registered in Maryland and distributed to prospective Maryland Buyers stated, in pertinent part:

MultiVend LLC does not furnish or authorize its salespersons to furnish any oral or written information concerning actual or potential sales, income or profits derived from the Purchaser's operation of the business.

14. Multi Vend also states in its business opportunity disclosure statements registered in Maryland and distributed to prospective Maryland Buyers that "The Seller does not make any statement about sales, earnings, or range of sales or earnings that may be made through this business opportunity."

15. In contravention of the statements in its disclosure statements that it does not furnish information about sales, income or profit potential, MultiVend placed numerous advertisements for its business opportunity in Maryland "Pennysaver" newspapers that stated as follows:

ALL CASH CANDY ROUTE. Do you earn \$800 in a day? Your own local candy route. Includes 30 machines and candy. All for

\$9,995. MultiVend, Inc.

16. MultiVend also distributed to prospective Maryland Buyers of its Vendstar Business Opportunity promotional materials, including brochures. Included in the written promotional materials sent to Maryland Buyers are the following statements and testimonials, purportedly from existing buyers of the Vendstar Business Opportunity:

Collect up to \$240 each time your machine empties. Imagine a business where your gross profit is four times what you paid for the product. Think of it, every time your full Vendstar machine empties you collect up to \$240. See how the numbers multiply: \$7,200 when 30 machines empty, \$12,000 when 50 machines empty \$24,000 when 100 machines empty.

* * *

Collections from just five of my machines cover my monthly car payment.

* * *

We started with 33 machines and with the profits we were making we bought 100 more Vendstar machines within the first 3 months.

* * *

I've grouped my machines into 4 different mini-routes of between 25 and 30 machines each. I service one route each week and work only about 4 hours in one morning to do the mini-route. I collect over \$500 each morning that I work and earn over \$2,000 a month.

* * *

I net approximately \$50 - \$60 per hour including counting my quarters and buying candy.

17. MultiVend also distributed to prospective Maryland Buyers of the Vendstar Business Opportunity a promotional CD. Included on the MultiVend CD was the following testimonial: "The

net profit we get back is about the same as our rental properties.”

18. In addition, MultiVend distributed to prospective Maryland Buyers of its business opportunity a promotional video. Included on the MultiVend video was the following statements and purported testimonials:

I bought 37 machines. I have 127 now and during the past 2 years, the ones that I have have been purchased through the profits I have made from the original 37.

* * *

I have several accounts that can only go about 18-20 days and usually there’s anywhere from \$100 to \$120 waiting for me.

* * *

In the 3 routes we have, we spend 5 hours a day and we collect in the neighborhood of \$1500.

* * *

A machine that has 24 pounds of candy is going to yield as much as \$200 in quarters.”

19. MultiVend did not provide documents to substantiate the representations of income and earnings potential that it made to prospective Maryland Buyers of the Vendstar Business Opportunity at the time those representations were made.

20. MultiVend’s suggestion that buyers of the Vendstar Business Opportunity can or will “earn \$800 in a day” is materially misleading.

21. MultiVend represents that, after January 1, 2008, Multi Vend did not offer or sale any Vendstar business opportunities to any Maryland residents.

III. CONCLUSIONS OF LAW

22. By engaging in the above activities, the Commissioner has determined that MultiVend

violated Sections 14-113, 14-114, 14-120, and 14-122 of the Business Opportunity Act.

IV. ORDER AND CONSENT

23. THE COMMISSIONER HEREBY ORDERS AND MULTIVEND REPRESENTS AND CONSENTS THAT:

- A. MultiVend shall permanently cease and desist from the offer and sale of business opportunities in violation of the Business Opportunity Act.
- B. MultiVend shall promptly file with the Securities Division a business opportunity registration application and shall diligently pursue the registration of its business opportunity offering in Maryland.
- C. MultiVend shall refrain from offering or selling any Vendstar Business Opportunity to any Maryland residents when MultiVend is not registered with the Securities Division under the Business Opportunity Act.
- D. MultiVend shall refrain from representing to any prospective Maryland Buyer of the Vendstar Business Opportunity that a buyer can or will earn \$800 in a day.
- E. Multivend Vendstar shall refrain from representing to any prospective Maryland Buyer of the Vendstar Business Opportunity can or will provides income or earning potential of any kind, including but not limited to the representations described in Section II D of this Consent Order, unless Multivend has written documentation to substantiate that representation at the time it is made and provides that documentation to the prospective Maryland Buyer when the representation is made.
- F. MultiVend shall not obtain any signed purchase order or accept any money towards the purchase of any Vendstar Business Opportunity (so long as that purchase is a “business opportunity” under the Business Opportunity Act) from any Maryland Buyers unless the Maryland Buyer has received a Business Opportunity Disclosure Statement registered by the Securities Division at least 10 full calendar days before MultiVend’s acceptance of that money or signed purchase order, and MultiVend shall not procure any releases or waivers from Maryland Buyers of their respective rights to receive a disclosure statement a full 10 business days before the purchase of the Vendstar Business Opportunity.
- G. MultiVend shall offer to pay a full refund, in exchange for a Maryland

Buyer's return at MultiVend's expense of the original vending machines he or she purchased from MultiVend as part of the Vendstar Business Opportunity, to any Maryland Buyer who purchased a Vendstar Business Opportunity who has not already received a full refund or signed a release of claims under the Business Opportunity Act, if that Maryland Buyer has: (i) as of the date of this Consent Order, filed a complaint with the Securities Division; (ii) as of the date of this Consent Order, filed a complaint with MultiVend requesting a refund of his or her purchase price; (iii) purchased a Vendstar Business Opportunity at any time MultiVend was not registered by the Securities Division; or (iv) purchased a Vendstar Business Opportunity without having received a Business Opportunity Disclosure Statement registered by the Securities Division at least 10 days before the Maryland Buyer's signing of a purchase order or payment of any money to MultiVend in connection with the purchase of a Vendstar Business Opportunity.

- H. MultiVend shall remit to the Office of Attorney General as a monetary penalty in the sum of \$100,000, payable as follows: \$25,000 upon MultiVend's execution of this Consent Order; and \$12,500 by the 15th day of each month following the date of the Consent Order, until the balance of \$100,000 has been paid in full.
- I. Within 30 days of the date of this Consent Order, and at such other times as requested in writing by the Securities Division, MultiVend shall submit a report to the Securities Division with all information necessary for the purpose of determining compliance with the provisions of this Consent Order.
- J. MultiVend acknowledges that this Consent Order is a discloseable order as described under Item 3 of the Federal Trade Commission Amended Franchise Rule and the NASAA Franchise Registration and Disclosure Guidelines, and under §14-114(c)(10)(i)(2) of the Business Opportunity Act.

V. JURISDICTION RETAINED

24. Jurisdiction shall be retained by the Commissioner for such further orders and directions as may be necessary or appropriate for the construction or enforcement of the Consent Order.

VI. CONSEQUENCES OF VIOLATING THIS CONSENT ORDER

25. If MultiVend fails to comply with any term of this Consent Order, the Securities Division may bring administrative or judicial proceedings against it to enforce this Consent Order or to sanction it for violating an order of the Commissioner, and may take any other action authorized under the Business Opportunity Act or any other applicable law. In any such proceeding in which, after an opportunity for a hearing, the Commissioner or a court finds that MultiVend has violated this Consent Order, the Statement of Facts and the violations of the Business Opportunity Act alleged in the Consent Order shall be deemed admitted and may be introduced into evidence against MultiVend.

VII. MODIFICATION OF CONSENT ORDER

26. The terms of this Consent Order may be modified only by a subsequent order issued by the Commissioner.

SO ORDERED:

**Commissioner's Signature is
on File with Original Document**

MELANIE SENTER LUBIN
SECURITIES COMMISSIONER

DATE OF THIS ORDER:

December 15, , 2009

BY CONSENT:

MultiVend, LLC

/S/
By: Edward Weaver, President and CEO