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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 Securities Act of Washington by:

Beyond Juice, Inc.; Sally Kline;
Morrie Friedman,

Respondents.

Order Number S-07-028-11-FOO1

ENTRY OF FINDINGS OF FACT AND
CONCLUSIONS OF LAW AND FINAL
ORDER TO CEASE AND DESIST AND
IMPOSE A FINE, AS TO MORRIE
FRIEDMAN

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STATEMENT OF CHARGES

On June 29, 2007, the Securities Administrator of the State of Washington issued Statement of Charges and Notice of Intent to Enter Order to Cease and Desist, Impose Fines, and Charge Costs S-07-028-07-SC01 (hereinafter "Statement of Charges"), against Respondent Morris Friedman. The Statement of Charges, together with a Notice of Opportunity to Defend and Opportunity for Hearing ("Notice"), and an Application for Adjudicative Hearing ("Application for Hearing") were served on Respondent Morrie Friedman on or about January 6, 2011.

The Notice advised that a written application for an administrative hearing on the Statement of Charges must be received within twenty days from the date of receipt of the notice. Respondent Morrie Friedman failed to request an administrative hearing within twenty days of receipt of the Statement of Charges and Notice of Opportunity for Hearing, either on the Application for Hearing provided or otherwise.

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

1 The Securities Administrator therefore will adopt as final the findings of fact and conclusions of
2 law as set forth in the Statement of Charges and enter a final order against Morrie Friedman to cease and
3 desist from violations of the Securities Act, and to impose a fine.

4
5 The Securities Administrator makes the following findings of fact and conclusions of law:

6 **FINDINGS OF FACT**

7 Respondents

8 1. Beyond Juice, Inc. (“Beyond Juice”), a Nevada corporation, was incorporated on January
9 10, 1996 and conducted business at 7745 East Gelding Drive #102B, Scottsdale, AZ 85260. Beyond
10 Juice “is a business of nutrition based fast good restaurants.”

11 2. Sally Kline (“Kline”) is the President of Beyond Juice.

12 3. Morrie Friedman (“Friedman”) is the founder of Beyond Juice.

13 Background

14 4. On December 16, 2005, the Securities Administrator issued a Statement of Charges and
15 Notice of Intent to Issue an Order to Cease and Desist (S-04-211-05-SC01) against Beyond Juice
16 Corporation and Beyond Juice LLC related to the offer and sale of unregistered franchises. On July 5,
17 2006 Beyond Juice Corporation and Beyond Juice LLC entered into a Consent Order (S-04-211-06-
18 CO01) with the Securities Administrator. The companies agreed to cease and desist from any violation
19 of the Franchise Investment Protection Act and paid investigative costs of \$1,500.

20 Nature of the Offering

21 5. Between 2003 and 2006, Morrie Friedman, Sally Kline, and Beyond Juice company
22 representatives offered and sold investments in Beyond Juice, Inc. to at least one Washington Resident.

1 At least one investor was not accredited or sophisticated. The offerings were in the form of preferred
2 and common stock both offered at \$1.00 per share.

3 6. In late 2003, a Washington Resident (“Resident”) received a phone call from a Beyond
4 Juice representative. The representative initially offered the Resident the opportunity to purchase a
5 license to run a Beyond Juice restaurant. The license was to operate a store in Sacramento, CA. The
6 representative told the Resident that Beyond Juice had stores all across the country and was selling one
7 license a week. Later, during the same telephone conversation, the representative offered to sell the
8 Resident “founder’s shares” in Beyond Juice. He offered the Resident the opportunity to purchase the
9 shares for \$1.00 each and represented that there were five million outstanding shares.

10 7. In January of 2004, the Resident was again contacted by Beyond Juice, this time by
11 Morrie Friedman, who represented to the Resident he was the founder of Beyond Juice. Friedman told
12 the Resident was coming to Vancouver, Washington to talk to potential investors and wanted to meet
13 the Resident. The Resident met with Friedman at a Vancouver hotel. During the meeting Friedman
14 told the Resident that the founder’s shares Beyond Juice was offering were going to be worth a lot of
15 money because the company was “going public” and the shares the Resident could currently purchase
16 for \$1.00 would soon be worth \$3.00 to \$5.00 each. Friedman did not give the Resident a private
17 offering memorandum or any other offering materials, such as a financial statement.

18 8. On February 10, 2004 the Resident purchased 10,000 shares of Beyond Juice “founder’s
19 shares” for \$1.00 per share.

20 9. In September or October of 2006 the Resident received a telephone call from another
21 Beyond Juice representative, who identified himself as a salesperson for the company. The
22 representative told the Resident that Beyond Juice was building four new stores in Las Vegas and was

1 trying to sell one million shares to raise money. The representative offered the Resident the
2 opportunity to purchase common shares.

3 10. Around that same time the Resident received a package from Beyond Juice. The package
4 contained a prospectus and offering documents related to the offering, including a subscription
5 agreement. The offering documents were dated September 1, 2006 and stated that Beyond Juice “is
6 offering 1,000,000 shares of Common Stock for a purchase price of one dollar (\$1.00) per share.” The
7 documents specified the minimum purchase was for 10,000 shares and the maximum purchase was for
8 1,000,000 shares. The offering period was from September 1, 2006 until August 31, 2007.

9 11. The offering materials also included profit projections. The projected net profits for
10 Beyond Juice from October 2006 through September 2007 were \$2,146,213. The projected net profits
11 for Beyond Juice from October 2007 through September 2008 were \$6,880,258. The offering materials
12 did not include a basis for these projections and did not include financial statements or information
13 about earnings or profits for prior years.

14 Misrepresentations and Omissions

15 12. Beyond Juice failed to provide material information regarding the company including, but
16 not limited to: financial statements; a detailed use of proceeds; basis for profit projections; limitations
17 on profit projections; general risk factors related to the restaurant industry; specific risk factors related
18 to the fast food industry; operational history of Beyond Juice; and previous enforcement actions taken
19 against Beyond Juice by state agencies.

20 Registration Status

21 13. Beyond Juice, Inc. is not currently registered to sell its securities in the State of
22 Washington and has not previously been so registered.

1 14. Sally Kline is not currently registered as a securities salesperson or broker-dealer in the
2 State of Washington and has not previously been so registered.

3 15. Morrie Friedman is not currently registered as a securities salesperson and has not
4 previously been so registered.

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

6 **CONCLUSIONS OF LAW**

7 1. The offer and/or sale of the investments described above constitute the offer and/or sale
8 of a security as defined in RCW 21.20.005 (10) and (12).

9 2. Morrie Friedman violated RCW 21.20.040, by offering and selling said securities while
10 not registered as a securities salesperson or broker-dealer in the State of Washington.

11 3. Morrie Friedman violated 21.20.140 by offering and selling unregistered securities.

12 4. The offer and/or sale of the Beyond Juice, Inc. securities by Morrie Friedman was made in
13 violation of RCW 21.20.010 because, as set forth in the Tentative Findings of Fact, Morrie Friedman
14 made misstatements of material fact or omitted to state material facts necessary in order to make the
15 statements made, in light of circumstances under which they were made, not misleading.

16 **FINAL ORDER**

17 Based upon the foregoing and finding it in the public interest:

18 It is hereby ORDERED that Respondent Morrie Friedman and his agents and employees each
19 shall cease and desist from offering or selling securities in violations of RCW 21.20.140, the securities
20 registration section of the Securities Act of Washington.

21 It is further ORDERED that Respondents Morrie Friedman and his agents and employees each
22 shall cease and desist from acting as an unregistered securities broker-dealers or salespersons in

1 violation of RCW 21.20.040, the broker-dealer and securities salesperson registration section of the
2 Securities Act of Washington.

3 It is further ORDERED that Respondent Morrie Friedman and his agents and employees each
4 shall cease and desist from violating RCW 21.20.010, the anti-fraud section of the Securities Act of
5 Washington.

6 It is further ORDERED that Respondent Morrie Friedman shall be liable for and pay a fine in the
7 amount of \$10,000.

8 **AUTHORITY AND PROCEDURE**

9 This Final Order is entered pursuant to the provisions of RCW 21.20.390 and RCW 21.20.395, and
10 is subject to the provisions of RCW 21.20.440 and Chapter 34.05 RCW. The Respondents have the right
11 to petition the superior court for judicial review of this agency action under the provisions of chapter
12 34.05 RCW. For the requirements for filing a Petition for Judicial Review, see RCW 34.050.510 and
13 sections following. Pursuant to 21.20.395, a certified copy of this order may be filed in Superior Court. If
14 so filed, the clerk shall treat the order in the same manner as a Superior Court judgment as to the fine, and
15 the fine may be recorded, enforced, or satisfied in like manner.

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

17 DATED and ENTERED this 18th day of February, 2011.

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20 WILLIAM M. BEATTY
21 Securities Administrator

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Approved by:



Suzanne E. Sarason
Chief of Enforcement

Presented by:



Robert Kondrat
Enforcement Attorney

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