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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  
Business Opportunity Fraud Act of  
Washington by:

GOLD COIN, INC.;  
JAMES EMMERLING,

Respondents.

Order Number S-07-220-08-SC02

STATEMENT OF CHARGES AND NOTICE  
OF INTENT TO ENTER AN ORDER TO  
CEASE AND DESIST

THE STATE OF WASHINGTON TO:

Gold Coin, Inc.  
James Emmerling (aka Jim Emmerling)

**STATEMENT OF CHARGES**

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents, Gold Coin, Inc. and James Emmerling, also known as Jim Emmerling, have each violated the Business Opportunity Fraud Act of Washington and that their violations justify the entry of an order of the Securities Administrator under RCW 19.110.150 against each to cease and desist from such violations. The Securities Administrator finds as follows:

**TENTATIVE FINDINGS OF FACT**

Respondents

1. Gold Coin, Inc. ("Gold Coin") is a Washington corporation established on April 10, 2006 and currently doing business in Washington. Gold Coin was formed for the purpose of purchasing the assets of Emerald Coin Vending, Inc., operating a full service vending machine company, and offering business opportunities to operate a vending machine business.



Sale of Unregistered Business Opportunities

6. Between May 2006 and January 2007, Emmerling and Gold Coin dba Emerald Coin Vending were the sellers of a business opportunity to own and operate a vending machine business. Purchasers of the business opportunity received vending machine equipment, third-party locations for vending machines, and training on how to operate a vending machine business. The purchase price varied based on the type and number of vending machines and locations purchased. Emmerling and Gold Coin offered financing for the business opportunity.

7. Both Nelson and Emmerling placed classified advertisements for the business opportunity in the Seattle Times and the Seattle Post Intelligencer. These advertisements ran daily from May 1, 2006 through January 22, 2007. Emmerling also placed advertisements in the Tacoma News Tribune, which ran daily from the period of June 10, 2006 through January 22, 2007. The advertisements offered a vending business with full size machines, vending routes and prime locations, and training and financing. The contact phone numbers provided in the advertisements rang into either Nelson's or Emmerling's cell phone.

8. At least two Washington residents purchased business opportunities from Emmerling and Gold Coin dba Emerald Coin Vending. These sales totaled at least \$19,284. Emmerling signed sales agreements and documents relating to Emerald Vending in his individual capacity. These agreements and documents were signed between June 2006 and November 2006.

9. Emmerling and Nelson stopped working together in approximately November 2006.

Litigation and Restrictive Order

10. In December 2006, Emmerling and Gold Coin, Inc. filed a complaint in King County Superior Court, case number 06-2-40673-7, that named Emerald Coin Vending, Inc., Emerald Coin LLC,

1 and Jason D. Nelson as defendants. The complaint alleged fraud and conversion relating to Emmerling's  
2 purchase of the assets of Emerald Coin Vending, Inc.

3 11. On January 17, 2007, King County Superior Court issued a temporary restraining order  
4 against Jason Nelson preventing him interfering with Emmerling's vending business and restraining  
5 Nelson from any contact with Emmerling. The order was effective immediately and until the next hearing  
6 on the matter. The order had been sought by Emmerling.

7 12. On March 6, 2007, King County Superior Court issued a second temporary restraining order  
8 against Jason Nelson restraining him from interfering with Emmerling's vending business, ordering him  
9 to return assets and revenue, and restraining Nelson from any contact with Emmerling. The order was  
10 effective immediately and until the trial on the matter. As of the date of this Statement of Charges, the  
11 trial has yet to be held. The order had been sought by Emmerling.

12 Business Opportunity Registration

13 13. In December 2006, Emmerling applied to the Securities Division for a business opportunity  
14 license for Gold Coin. Emmerling did not disclose that he had sold at least two business opportunities  
15 prior to filing his application for a business opportunity license.

16 14. The Disclosure Document filed by Emmerling during the registration process stated the  
17 following:

18 3. Neither the Seller, nor any individual listed above:

19 ....

20 B. Has, at any time during the previous ten (10) years, been held liable in a civil  
21 action resulting in a final judgment or has settled out of court any civil action or is  
22 a party to any civil action involving allegations of fraud (including but not limited  
to, a violation of any franchise or business opportunity law or unfair or deception  
practices law, embezzlement, fraudulent conversion, misappropriation of property,  
or restraint [of] trade; or any civil action which was brought by a present or former  
Purchaser-Investor and which involves or involved the business opportunity  
relationship.

1 C. Is subject to any currently effective state or federal agency or court  
2 injunctive or restrictive order, or is a party to a proceeding currently pending in  
3 which such order is sought, relating to or affecting business opportunity activities  
4 or the Seller/Purchaser-Investor relationship, or involving fraud (including but not  
5 limited to, a violation of any franchise or business opportunity law or unfair or  
6 deceptive practices law), embezzlement, fraudulent conversion, misappropriation  
7 of property, or restraint of trade.

8 15. Based on the registration materials provided, the Securities Division granted a one-year  
9 business opportunity license to James Emmerling and Gold Coin, Inc. on January 23, 2007. The business  
10 opportunity licensed expired on January 23, 2008.

11 16. After the business opportunity license was granted on January 23, 2007, Emmerling did not  
12 amend the Disclosure Document on file with the Securities Division.

13 17. After the business opportunity license was granted on January 23, 2007, Emmerling and  
14 Gold Coin, Inc. sold at least two business opportunities to Washington residents. The purchasers were  
15 supplied with the Disclosure Document.

### 16 **REGISTRATION STATUS**

17 18. Gold Coin, Inc. and James Emmerling were licensed to sell business opportunities in the  
18 State of Washington between January 23, 2007 and January 23, 2008. Gold Coin, Inc. and James  
19 Emmerling were not licensed to sell business opportunities in the State of Washington prior to January 23,  
20 2007, nor after January 23, 3008.

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

2 **CONCLUSIONS OF LAW**

3 1. The offer or sale of business opportunities described above constitutes the offer or sale of a  
4 business opportunity as defined in RCW 19.110.020.

5 2. The offer and sale of the business opportunity by James Emmerling and Gold Coin, Inc.  
6 between May 6, 2006 and January 22, 2007 violated RCW 19.110.050(1), the registration provision of the  
7 Business Opportunity Fraud Act, because no registration for such offer or sale was on file with the  
8 Securities Administrator at the time the offer or sale was made.

9 3. James Emmerling and Gold Coin, Inc. violated RCW 19.110.050(5), the provision of the  
10 Business Opportunity Fraud Act requiring the holder of a business opportunity license to amend  
11 registration whenever there is a material change in the information required to be disclosed under  
12 RCW 19.110.070, because Respondents they failed to amend the registration documents on file with the  
13 Securities Division to disclose that they were parties in a civil action that related to business opportunity  
14 activities and included allegations of fraud. In addition, Respondents failed to disclose that they had  
15 sought a restrictive order through the civil action.

16 4. James Emmerling and Gold Coin, Inc. committed unlawful acts under RCW 19.110.120(1);  
17 RCW 19.110.120(3) and RCW 19.110.120(4), the provisions of the Business Opportunity Fraud Act  
18 which make it unlawful to make any misleading statement or omit to state a material fact in connection  
19 with the sale of a business opportunity, or to engage in any act, practice, or course of business which  
20 operates or would operate as a fraud or deceit upon any person, or to file any document with the Securities  
21 Division which contains untrue or misleading information. Respondents violated RCW 19.110.120(1) by  
22 providing purchasers of the business opportunity with a Disclosure Document that omitted material

1 information required by RCW 19.110.070. Respondents violated RCW 19.110.120(3) and  
2 RCW 19.110.120(4) when they failed to disclose that business opportunities were sold prior to the  
3 granting of the business opportunity license. Respondents further violated RCW 19.110.120(3) and  
4 RCW 19.110.120(4) when they filed a Disclosure Document with the Securities Division that failed to  
5 disclose that James Emmerling and Gold Coin, Inc. were parties in a civil action involving allegations of  
6 fraud and fraudulent conversion and relating to or affecting business opportunity activities; and failed to  
7 disclose that they had sought a restrictive order in the litigation.

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9 **NOTICE OF INTENT TO ORDER THE RESPONDENTS TO CEASE AND DESIST**

10 Pursuant to 19.110.150 and based upon the above Tentative Findings of Fact and Conclusions of Law,  
11 the Securities Administrator intends to order that Respondents, and their agents and employees, each  
12 shall cease and desist from violations of RCW 19.110.050(1), RCW 19.110.050(5),  
13 RCW 19.110.120(1), RCW 19.110.120(3), and RCW 19.110.120(4).

14 **AUTHORITY AND PROCEDURE**

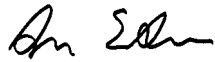
15 This Statement of Charges is entered pursuant to the provisions of RCW 19.110.150 and is subject to the  
16 provisions of RCW 34.05. Respondents may each make a written request for a hearing as set forth in  
17 the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING  
18 accompanying this order. If a respondent does not request a hearing, the Securities Administrator  
19 intends to adopt the above Tentative Findings of Fact and Conclusions of Law as final and enter a  
20 permanent order to cease and desist as to that respondent, to suspend registration as to that respondent,  
21 and to revoke registration as to that respondent.

1 DATED and ENTERED this 5th day of June, 2008.

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MICHAEL E. STEVENSON  
Securities Administrator

5 Approved by:

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SUZANNE SARASON  
Chief of Compliance and Exams

Presented by:

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JILL M. VALLELY  
Enforcement Attorney