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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:

Glen Stroud;
Dan Hammond;
Interlake Chemicals International Ltd. Corp.,

Respondents.

Order Number S-07-293-07-SC01

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

THE STATE OF WASHINGTON TO:

Glen Stroud
Dan Hammond
Interlake Chemicals International Ltd. Corp.

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents, Glen Stroud, Dan Hammond, and Interlake Chemicals International Ltd. Corp., and their agents and employees, have violated the Business Opportunity Fraud Act of Washington, RCW 19.110, 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 as follows:

TENTATIVE FINDINGS OF FACT

Respondents

1. Interlake Chemicals International Ltd. Corp. ("Interlake Chemicals") is a Canadian corporation with its principal place of business at 19096 115 Street North, Gimli, Manitoba, Canada ROC 1BO. Interlake Chemicals also has a regional office located at 500 – 12550 Biscayne Blvd., Miami, Florida, 33181.

1 2. Glen Stroud (“Stroud”) is a salesman for and on behalf of Interlake Chemicals. Stroud is
2 believed to reside in Canada.

3 3. Dan Hammond (“Hammond”) is a salesman for and on behalf of Interlake Chemicals.
4 Hammond is believed to reside in Canada.

5 Nature of the Offering

6 4. Interlake Chemicals is the seller of a business opportunity to distribute NON-SLIP products
7 and services. The company’s NON-SLIP products include SURE STEP, a product applied to floors
8 and bathtubs. SURE STEP increases the coefficient of friction of treated surfaces, which prevents the
9 surfaces from being slippery when wet.

10 5. Interlake Chemicals sells distributorships and master distributorships by territory. A purchaser
11 of a distributorship has the right to market, sell and service the NON-SLIP products within a
12 designated territory. A purchaser of a master distributorship has the right to market, sell and service
13 the NON-SLIP products within a designated territory, and also has the right to establish local
14 distributors in the designated territory which it will manage.

15 6. Purchasers of the opportunities receive an inventory of the SURE STEP product, an application
16 demonstration kit, application equipment, promotional materials, distributor training manual,
17 distributor training video, on-site training, and home office support.

18 7. Purchasers of the opportunities are expected to establish their own business in the designated
19 territory to market, sell and service the NON-SLIP products. According to the Distributor Agreement,
20 the purchaser may not use Interlake Chemicals as their business name.

1 8. According to the Distributor Agreement, purchasers of the opportunities must purchase a
2 minimum of \$2,400 in NON-SLIP products from Interlake Chemicals annually, in order to renew the
3 agreement. Failure to do so results in the expiration of the agreement.

4 9. Interlake Chemicals represented to purchasers in a brochure that “revenue from your initial
5 inventory will more than pay for your entire SURE STEP investment three times over.” Interlake
6 Chemicals further represented to purchasers in a brochure that “the market potential is unlimited, and
7 the profits are enormous.”

8 10. Interlake Chemicals offered and/or sold its opportunity to Washington residents via
9 advertisements on the internet. Additionally, Interlake Chemicals offered and/or sold its opportunity
10 through a website it maintains at www.interlake-chemicals.com.

11 *Purchaser A*

12 11. On or about June 2005, Purchaser A, while a resident of Puerto Rico, saw an advertisement on
13 the internet for a business opportunity with Interlake Chemicals. Purchaser A sent an email to
14 Interlake Chemicals, indicating his interest. In response, Hammond contacted Purchaser A via
15 telephone. As Purchaser A was moving to Washington, a master distributorship located in Washington
16 was discussed. Purchaser A was told there were two established distributorships in Washington, which
17 the purchaser of a master distributorship in Washington would manage.

18 12. On July 8, 2005, Purchaser A flew to Florida to meet with Hammond and Stroud. In Florida,
19 Purchaser A further discussed the purchase of a master distributorship with Hammond and Stroud.
20 Hammond and Stroud represented to Purchaser A that Interlake Chemicals had connections with large
21 corporations and would use its connections to help purchasers locate job leads.

1 13. While in Florida, Purchaser A signed a Distributor Agreement, dated July 9, 2005, for the
2 purchase of a master distributorship in the state of Washington. Purchaser A paid a purchase price of
3 \$39,500 via two wire transfers to Interlake Chemicals. No disclosure documents were provided to
4 Purchaser A.

5 14. Purchaser A moved to Washington in October 2005. Once residing in Washington, Purchaser
6 A created a Washington limited liability company, established on October 6, 2005, in order to conduct
7 the business of the master distributorship. The principal place of business of the company was in Kent,
8 Washington.

9 *Purchaser B*

10 15. Purchaser B, a resident of Tumwater, Washington, saw an advertisement on the internet for a
11 business opportunity with Interlake Chemicals. Purchaser B sent an email to Interlake Chemicals,
12 indicating his interest. In response, Stroud contacted Purchaser B via telephone. In telephone
13 conversations, Stroud represented to Purchaser B that the SURE STEP product was the first of its kind
14 and the product had no competition. Stroud solicited Purchaser B for the purchase of a distributorship
15 in Oregon. However, Purchaser B preferred to start a distributorship in Washington. It was agreed
16 that Purchaser B would purchase a distributorship in Oregon, which he would start in Washington.

17 16. Purchaser B signed a Distributor Agreement, dated March 7, 2006, for the purchase of a
18 distributorship in Oregon. According to the agreement, Purchaser B is permitted to market, sell and
19 service the NON-SLIP products in Olympia, Washington and vicinity until another distributor is
20 appointed to this area.

21 17. Purchaser B paid a purchase price of \$19,750 via a wire transfer. No disclosure documents
22 were provided to Purchaser B.

1 18. Purchaser B created a Washington limited liability company, established on March 10, 2006, in
2 order to conduct the business of the distributorship. The principal place of business of the company
3 was in Tumwater, Washington.

4 Registration Status

5 19. Interlake Chemicals International Ltd. Corp. is not currently registered to sell business
6 opportunities in the state of Washington and has not previously been so registered.

7 20. Glen Stroud and Dan Hammond are not currently registered to sell business opportunities in the
8 state of Washington and have not previously been so registered.

9
10 Based upon the above Findings of Fact, the following Conclusions of Law are made:

11 **CONCLUSIONS OF LAW**

12 1. The offer and/or sale of the opportunity described above constitutes the offer and/or sale of a
13 business opportunity as defined in RCW 19.110.020(1) and RCW 19.110.030(1).

14 2. The offer and/or sale of said business opportunities were in violation of RCW 19.110.050,
15 because no registration to offer and/or sell by Respondents, Glen Stroud, Dan Hammond and Interlake
16 Chemicals International Ltd. Corp., is on file with the Securities Administrator.

17 3. The offer and/or sale of said business opportunities were in violation of RCW 19.110.070 and
18 RCW 19.11.120, because Respondents failed to provide purchasers of the opportunity with a
19 disclosure document containing complete and material information regarding the business opportunity,
20 including but not limited to a financial statement of the seller.

