

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:

AIG Promotions, LLC; Davidan
Corporation, d/b/a Bankcard Empire

Respondents

Order Number S-09-450-09-SC01
STATEMENT OF CHARGES AND NOTICE
OF INTENT TO ENTER ORDER TO CEASE
AND DESIST

THE STATE OF WASHINGTON TO:

AIG Promotions, LLC
Davidan Corporation, d/b/a Bankcard
Empire

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents, AIG Promotions, LLC, and Davidan Corporation, d/b/a Bankcard Empire 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. AIG Promotions, LLC (“AIG Promotions”) is an Arizona limited liability company with its principal place of business at 5025 North Central Avenue # 492, Phoenix, Arizona, 85012.

1 2. Davidan Corporation, d/b/a Bankcard Empire (“Bankcard Empire”) is a Delaware
2 corporation with its principal place of business at 2701 East Osborn Road Suite 100, Phoenix,
3 Arizona, 85016.

4 Nature of the Offering

5 3. AIG Promotions and Bankcard Empire (“Respondents”) are the sellers of a business
6 opportunity that involves the leasing of merchant credit card processing machines. Purchasers of
7 this business opportunity are referred to as “Affiliate Marketing Partners” (“Affiliates”).
8

9 4. According to the “Bankcard Empire Affiliate Marketing Partner Program Information,”
10 Affiliates can earn income by referring merchants to Bankcard Empire, who then sign up with
11 Bankcard Empire for credit card processing services. According to “Schedule A Affiliate
12 Compensation,” Affiliates would earn a commission for “all equipment leased to a new or
13 existing merchant,” along with “50% of all monthly credit card processing revenues received by
14 Bankcard Empire” for the Affiliate’s merchants. The “Bankcard Empire Affiliate Marketing
15 Partner Program Information” further states that “there is no limit on the amount of income [an
16 Affiliate] can earn.”

17 5. On or about January 19, 2009, a Washington resident received an unsolicited telephone
18 call from an AIG Promotions representative. The representative informed the resident that she
19 could earn additional income by purchasing this business opportunity for \$495. According to the
20 representative, the resident would provide merchant contacts to Respondents. The representative
21 told the resident that she would receive a \$500 commission for each merchant referral that
22 resulted in a credit card terminal lease, plus a percentage of the credit card processing fees
23 Respondents would receive.
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1 6. Based on these representations, the resident, a 73-year-old retired woman, purchased this
2 business opportunity during this telephone call. The resident received an invoice which indicated
3 that she had purchased the following products: Full Affiliate Training Manual, Marketing
4 Assistance, Merchant Sales Force, Customized BankCard Merchant Login, and Hosting.

5 7. On or about January 27, 2009, the resident received another phone call from an AIG
6 Promotions representative. During this phone call, which lasted approximately four hours, the
7 resident was told about additional marketing tools to help promote her business. The resident
8 orally agreed to purchase these additional tools for \$9,990.

9 8. On or about January 28, 2009, the resident contacted AIG Promotions and attempted to
10 cancel her previous purchase of \$9,990, made on or about January 27, 2009.

11 9. On or about February 2, 2009, the resident received an invoice which indicated that she
12 had purchased "Call blast" and "E-Mail Blasts" for \$9,990. The resident did not sign or return
13 this invoice; however, a copy of an invoice she later received from her credit card company,
14 which had been provided by Respondents, appears to bear her signature.

15
16 Misrepresentations and Omissions

17 10. The Respondents failed to provide material information regarding its business
18 opportunity, including but not limited to, the total number of business opportunities sold or
19 leased, the total number of failures of business opportunities sold or leased, and financial
20 statements.

21 11. The Respondents failed to disclose that Bankcard Empire was subject to a Summary
22 Order to Cease and Desist issued by the State of Illinois, Secretary of State, Securities Division,
23 on October 9, 2008.

1 Registration Status

2 12. Neither AIG Promotions nor Bankcard Empire is registered to sell its business
3 opportunities in the state of Washington and neither has been previously so registered.

4 Other Actions

5 13. On October 9, 2008, the State of Illinois, Secretary of State, Securities Department,
6 issued a Summary Order to Cease and Desist against Bankcard Empire, Ultimate Business
7 Solutions, and Epic Commerce, LLC for the offer and sale of unregistered business
8 opportunities. On February 3, 2009, an Order to Cease and Desist was entered against Bankcard
9 Empire.
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11 14. On February 10, 2009, the State of Minnesota, Department of Commerce, issued a Cease
12 and Desist Order and Notice of Right to Hearing against Bankcard Empire and AIG Promotions
13 for the offer and/or sale of unregistered and non-exempt franchises, and for violation of the
14 Order for Written Statement, Production of Documents, and Report of Sales.

15
16 Based upon the Tentative Findings of Fact, the following Conclusions of Law are made:

17 **CONCLUSIONS OF LAW**

18 1. The offer or sale of the business opportunity described above in Paragraph 5 constitutes
19 the offer or sale of a business opportunity as defined in RCW 19.110.020.

20 2. The offer or sale of said business opportunity is in violation of RCW 19.110.050 because
21 no registration for such offer or sale is on file with the Securities Administrator.

22 3. The offer or sale of said business opportunity was made in violation of RCW 19.110.070
23 because Respondents failed to provide the prospective purchaser the required Disclosure
24 Document.
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1 4. The offer or sale of said business opportunity was made in violation of RCW 19.110.120
2 because Respondents made misstatements of material facts and/or omitted to state material facts
3 necessary in order to make the statements made, in light of the circumstances under which they
4 were made, not misleading and/or engaged in acts and practices that operated as fraud or deceit.

5 **NOTICE OF INTENT TO ORDER THE RESPONDENT TO CEASE AND DESIST**

6 Based on the above Tentative Findings of Fact and Conclusions of Law, the Securities
7 Administrator intends to order that Respondents, AIG Promotions and Bankcard Empire, their
8 agents and employees, shall each cease and desist from violations of RCW 19.110.050, RCW
9 19.110.070 and RCW 19.110.120.

10 **AUTHORITY AND PROCEDURE**

11 This Statement of Charges is entered pursuant to the provisions of RCW 19.110.150 and
12 is subject to the provisions of RCW 34.05. Respondents, AIG Promotions and Bankcard Empire,
13 may each make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY
14 TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this order.

15 If a respondent does not request a hearing, the Securities Administrator intends to adopt
16 the above Tentative Findings of Fact and Conclusions of Law as final and enter an order to cease
17 and desist permanent as to that respondent.

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

19 Dated this 2nd day of February, 2010.

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24 _____
25 SUZANNE SARASON
Chief of Enforcement

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Presented by:



Jiyoung C. Kwon
Financial Legal Examiner