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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING) Order No.: S-17-2190-17-SC01
Whether there has been a violation of the)
Business Opportunity Fraud Act of) STATEMENT OF CHARGES AND
Washington by:) NOTICE OF INTENT TO
) ENTER ORDER TO CEASE AND DESIST
TNC Investment Group, LLC d/b/a Vanguard)
Vending Solutions)
)
Respondent)

THE STATE OF WASHINGTON TO: TNC Investment Group, LLC d/b/a Vanguard Vending Solutions

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondent TNC Investment Group, LLC d/b/a Vanguard Vending Solutions has violated the Business Opportunity Fraud Act of Washington. The Securities Administrator believes those violations justify the entry of an order under RCW 19.110.150 against the Respondent to cease and desist from such violations.

The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

Respondent

1. TNC Investment Group, LLC is a California limited liability company formed on April 21, 2017, that does business as Vanguard Vending Solutions, and that has a principal place of business in Del Mar, California. TNC Investment Group, LLC (“Vanguard Vending”) is in the business of providing locations for its purchasers’ vending machines, selling Keurig coffee brewers and gumball machines to purchasers who are starting a vending business and need both a machine and a location, and providing its purchasers with marketing support.

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Nature of the Conduct

2. In 2017, Vanguard Vending offered its unregistered business opportunities to Washington residents through two advertisements on Craigslist, and through the website vanguardvendingsolutions.com (the “website”). These unregistered offers included false statements concerning Vanguard Vending’s achievements, and misleading statements concerning Vanguard Vending’s ability to place a purchaser’s machines.

3. On April 10, 2017 and May 15, 2017, Vanguard Vending placed advertisements in Craigslist’s Seattle listings to promote its business opportunities. The April 2017 advertisement was captioned “Got Vending Machines? Get High Traffic Locations!-\$199,” and the May 2017 advertisement was captioned “Start or Grow Your Vending Route Now!!-\$299.” Both advertisements guaranteed that Vanguard Vending would provide the purchaser’s initial location within a specified time, or it would refund the purchase price. The April 2017 advertisement encouraged potential purchasers to act quickly, stating that the offer was for a limited time. Both advertisements encouraged potential purchasers to visit the website or to call Vanguard Vending’s toll-free telephone number.

4. Each Craigslist advertisement listed levels of service available from Vanguard Vending: the Starter plan, the Pro plan, and the Advanced Subscription plan. The Starter plan provided one location, assistance registering the purchaser’s doing-business-as designation or limited liability company, introduction to a wholesale distributor, thirty days of administrative support, and thirty days of coaching. The Pro plan included one “premium location,” the purchaser’s own telemarketing team, the ability to sell the provided locations, and lifetime coaching and support. The Advanced Subscription plan included a new location every thirty days, the purchaser’s own telemarketing team, the ability to sell the provided locations, and lifetime coaching and support.

1 5. Vanguard Vending also offered its unregistered business opportunities through the website,
2 which is accessible to the general public. The website presented two defined packages for potential
3 purchasers: the Starter package, and the Pro package. Starter packages cost between \$499 and \$699 and
4 include one location, a Keurig coffee brewer or gumball machine, assistance registering the purchaser's
5 doing-business-as designation or limited liability company, introduction to wholesale distributors, a
6 telemarketing team, email and online marketing campaigns, the ability to sell the provided locations, and
7 thirty days of coaching and support. The Pro packages cost between \$399 and \$799, and included one
8 "prime" location, a telemarketing team, email and online marketing campaigns, and thirty days of support.
9 Vanguard Vending also offered tailored packages. These packages were intended for potential purchasers
10 needing more than five locations for their vending machines. Tailored packages provided one "prime"
11 location, a telemarketing team, email and online marketing campaigns, and thirty days of support, and a
12 "territory guarantee."

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14 6. Vanguard Vending made false statements in its offers concerning its achievements. The May
15 2017 and the website both stated that Vanguard Vending is a Better Business Bureau-accredited business.
16 The website also stated that Vanguard Vending was a Google Partner, a designation for marketing
17 professionals that requires passing Google AdWords certification exams. However, Vanguard Vending was
18 neither a Better Business Bureau-accredited business, nor a Google Partner.

19 7. Vanguard Vending made misleading statements about its ability to find locations for its
20 purchasers' machines. Both advertisements stated that Vanguard Vending can accommodate a purchaser's
21 preferences for location and the types of items sold in a purchaser's machines. The May 2017
22 advertisement also stated, "we place any kind of vending machine...you name it we place it!" However,
23 many states and municipalities have enacted policies that regulate what is sold in vending machines that fall
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1 under their jurisdiction. Vanguard Vending failed to disclose the risk that current and future regulations
2 may prevent it from providing preferred locations to its purchasers.

3 **Securities Division's Investigation**

4 8. On May 8, 2017, Vanguard Vending received a letter from the Securities Division that
5 requested information and documents related to Vanguard Vending's activity in Washington. Vanguard
6 Vending did not respond to this letter. Vanguard Vending posted the May 2017 advertisement after
7 receiving the Securities Division's letter.

8 9. On August 8, 2017, Vanguard Vending received a subpoena from the Securities Division.
9 The subpoena commanded production of documents related to Vanguard Vending's activity in Washington.
10 Vanguard Vending did not respond to the subpoena.

11 **Registration Status**

12 10. Vanguard Vending is not currently registered to sell its business opportunities in the State of
13 Washington, and has not previously been so registered.

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

17 **CONCLUSIONS OF LAW**

18 1. The offer and/or sale of vending machines and vending machine locations described above
19 constitute the offer and/or sale of a business opportunity in Washington as defined in RCW 19.110.020 and
20 RCW 19.110.030.

21 2. The offer of said business opportunities violated RCW 19.110.050 because no registration for
22 such offer is on file with the Securities Administrator.

1 3. The offer of said business opportunities violated RCW 19.110.120 because Vanguard
2 Vending made misstatements of material fact or omitted to state material facts in connection with the offer
3 of business opportunities.

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

5 Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities
6 Administrator intends to order, pursuant to RCW 19.110.150, that TNC Investment Group, LLC, and its
7 agents and employees each shall cease and desist from violations of RCW 19.110.050 and RCW
8 19.110.120.

9 **AUTHORITY AND PROCEDURE**

10 This Statement of Charges is entered pursuant to RCW 19.110.150, and is subject to the provisions
11 of Chapter 34.05 RCW. The Respondent may make a written request for a hearing as set forth in the
12 NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this
13 Order. If the Respondent does not make a hearing request in the time allowed, the Securities Administrator
14 intends to adopt the above Tentative Findings of Fact and Conclusions of Law as final and to enter a
15 permanent order to cease and desist as to the Respondent.
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17 Signed and Entered this 30th day of August 2017.

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William M. Beatty
22 Securities Administrator

1 Approved by:

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3 _____
4 Suzanne Sarason
5 Chief of Enforcement
6 Reviewed by:

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9 Robert Kondrat
10 Financial Legal Examiner Supervisor
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Presented by:



Edward R. Thunen
Financial Legal Examiner