

1  
2  
3  
4  
5  
6  
7  
8

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

IN THE MATTER OF DETERMINING  
Whether there has been a violation of the  
Franchise Investment Protection Act of  
Washington by:

American Shaman Franchise Systems, LLC,  
f.k.a. American Shaman Franchise Systems, Inc.  
and d.b.a. CBD American Shaman, and  
Raymond Howard Miley Jr.,

Respondents.

Order No. S-19-2786-23-CO01

CONSENT ORDER AS TO

American Shaman Franchise Systems, LLC, f.k.a.  
American Shaman Franchise Systems, Inc. and  
d.b.a. CBD American Shaman

9  
10  
11  
12  
13  
14  
15  
16  
17

On June 15, 2021, the Securities Administrator of the state of Washington issued Statement of Charges and Notice of Intent to Enter Order to Cease and Desist, order number S-19-2786-21-SC01 against American Shaman Franchise Systems, Inc. d.b.a. CBD American Shaman, and Raymond Howard Miley Jr. Pursuant to the Franchise Investment Protection Act of Washington, RCW 19.100, the Securities Division and Respondent American Shaman Franchise Systems, LLC, f.k.a. American Shaman Franchise Systems, Inc. and d.b.a. CBD American Shaman do hereby enter into this Consent Order in settlement of the matters alleged herein. Respondents neither admit nor deny the Findings of Fact or Conclusions of Law as stated below.

18  
19

**FINDINGS OF FACT**

**Respondents**

20  
21  
22  
23

1. Respondent American Shaman Franchise Systems, LLC, f.k.a. American Shaman Franchise Systems, Inc. (“ASFS”) and d.b.a. CBD American Shaman converted to a limited liability company in the State of Nevada on January 6, 2020. Its principal business address is in Kansas City, Missouri. ASFS is in the business of offering franchises that offer for retail sale “Industrial Hemp” and other plant-based products.

2. Raymond Howard Miley Jr. was the President of ASFS in 2019.

CONSENT ORDER

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

1  
2  
3 **Wisconsin Franchise Investment Law Violation**

4 3. On May 5, 2021, the Administrator of the State of Wisconsin, Department of Financial  
5 Institutions, Division of Securities (“Division”) entered into a Consent Order with American Shaman  
6 Franchise System, LLC in connection with the company’s violations of the Wisconsin Franchise Investment  
7 Law. In the Consent Order, the Division alleged that American Shaman Franchise System, LLC (“American  
8 Shaman”) violated the Wisconsin Franchise Investment Law by selling an unregistered franchise and making  
9 a false or misleading statement when it failed to disclose the bankruptcy of its Franchise Director Kathi  
10 Miley. The Division ordered American Shaman to cease and desist from making or causing to be made to  
11 any person or entity in Wisconsin any further offers or sales of franchises unless and until such franchises  
12 are registered or are exempted from registration.

13 **Nature of Conduct**

14 *Unregistered Franchise Offer*

15 4. In or prior to 2018, CBD American Shaman approached a number of Washington residents,  
16 who were working for the Kirby Company selling vacuum cleaners and related products, about the  
17 opportunity to open CBD American Shaman stores in the state. Some of the residents opened stores and  
18 purchased products from CBD American Shaman on a wholesale basis.

19 5. CBD American Shaman offered at least two of these residents (“Residents”) the opportunity  
20 to enter into a “franchise agreement” for \$5,000 and subject to the company registering to offer franchises in  
21 Washington. In connection with this offer, CBD American Shaman provided the Residents with a CBD  
22 American Shaman franchise application, franchise store examples, a brochure entitled “Getting Your  
23 American Shaman Franchise in 7 Easy Steps,” “In Store Training” instructions, CBD American Shaman

1 store signage information, a franchise store location application, and a “Build Out Materials List.”

2 *Failure to Disclose Bankruptcy in Franchise Registration Application*

3 6. In 2019, ASFS filed a franchise registration application with the Washington Securities  
4 Division, file number 70016510. The application was signed by ASFS President Raymond Howard Miley Jr.,  
5 who certified that the application’s and the attached exhibits’ contents were true and correct.

6 7. ASFS filed its Franchise Disclosure Document (“FDD”) as part of its Washington franchise  
7 registration applications in 2019. The FDD is required to be given to prospective Washington franchise  
8 purchasers and provide them with material information about the franchise investment opportunity. ASFS  
9 filed an FDD that stated in Item 4, regarding Bankruptcy, that “No bankruptcy information is required to be  
10 disclosed in this Item.”

11 8. ASFS disclosed in Item 2 of its 2019 FDD that Kathi Miley was its Director of Franchise  
12 Development, but failed to disclose in its FDD Item 4, that Kathi Miley had filed for Chapter 13 Bankruptcy  
13 in 2012. Her bankruptcy filing was closed in 2016.

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

15 **CONCLUSIONS OF LAW**

16 1. The offer of the franchise described above constitute the offer and/or sale of a franchise as  
17 defined in RCW 19.100.010(6), RCW 19.100.010(12), and RCW 19.100.010(17).

18 2. The offer of a franchise to operate a CBD American Shaman store as described in Paragraph  
19 Five above constitutes the offer and/or sale of an unregistered franchise in violation of RCW 19.100.020.

20 3. The misrepresentation or omission of material facts regarding the CBD American Shaman  
21 FDD bankruptcy disclosure made in the franchise registration application of ASFS as described in  
22 paragraphs six through eight above is a violation of RCW 19.100.170.  
23



