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

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

S-02-391-02-TO01

SUMMARY ORDER TO CEASE AND DESIST

Fancy Town, Won Hwoan Ko, their agents and
employees,

Case No. 02-391

Respondents.

THE STATE OF WASHINGTON TO:

Fancy Town
Won Hwoan Ko
23830 Highway 99 #116B
Edmonds, Washington 98026

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents, Fancy Town, Won Hwoan Ko, their agents and employees have violated the Franchise Investment Protection Act of Washington and that the violations justify the entry of an order of the Securities Administrator under RCW 19.100.248 to cease and desist from such violations. The Securities Administrator finds that delay in ordering the Respondent to cease and desist from such violations would be hazardous to the investors and to the public and that a Summary Order to Cease and Desist should be entered immediately. The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

I. Respondents

1. Fancy Town ("Fancy Town") is a Washington business with a primary location at 23830 Highway 99 #116B, Edmonds, Washington 98026.

SUMMARY ORDER TO CEASE AND DESIST

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

2. Won Hwoan Ko (Ko) was the owner of Fancy Town at all times relevant to the matters herein.

II. Nature of the Offering

3. In January 2002, a Washington resident learned of an opportunity to purchase a specialty store located in Edmonds, Washington. This store carried products that appealed to the Korean community, specifically products sold under the name of Barunson. The Washington resident contacted Ko who was the owner of the store. Ko informed the Washington resident that the store was not for sale, but there was an opportunity to open a franchise store with the name of Fancy Town elsewhere in the Seattle area.

4. Ko and the Washington resident discussed this opportunity for a few weeks. Ko presented the Washington resident with a "Franchise Contract", which the Washington resident signed. Prior to signing the contract, the Washington resident received only verbal information. Ko failed to provide the Washington resident with current financial statements for Fancy Town or a Uniform Franchises Offering Circular. All conversations and the Franchise Contract were in Korean.

5. The Franchise Contract states that Ko "passes on to [the Washington resident] the uniquely valuable merchandise and name of store, managerial know-how and everything else related to the sale of goods acquired over years of technical experience, in order that [the Washington resident] may become an outstanding chain store equipped to sell its products with satisfaction."

6. Prior to opening the store, the Washington resident was required to pay \$30,000 as a "contract deposit". This amount would be offset by the value of the initial inventory bill. Further, the Washington resident was required to pay \$5,000 in "opening fees". Neither of these fees would be refunded if the Washington resident terminated the contract. The Washington resident was also required to pay 3% of the monthly gross sales as "royalties." Finally, the Washington resident was required to purchase at least \$5,000 worth of merchandise from Ko. This amount could only be changed with the permission of Ko.

III. Registration Status

7. Fancy Town and Ko are not currently registered to sell franchises in the state of Washington.

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

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4 **CONCLUSIONS OF LAW**

5 1. The offer and/or sale of Fancy Town stores as described above constitute the offer and/or sale of a
6 franchise as defined in RCW 19.100.010(4) and RCW 19.100.010(16).

7 2. The offer and/or sale of said franchise is in violation of RCW 19.100.020 the registration
8 provision of the Franchise Investment Protection Act.

9 3. The offer and/or sale of said franchise is in violation of RCW 19.100.080 because Ko failed to
10 provide investors with material information regarding the purchase of the Fancy Town franchise; including but
11 not limited to a Uniform Franchise Offering Circular and current financial statements.

12 **EMERGENCY**

13 The Securities Administrator finds that an emergency exists, as the continued offering of the franchise
14 described above in violation of RCW 19.100.010 and RCW 19.100.020 presents a threat to the investing public.
15 The Securities Administrator therefore finds a summary order to cease and desist from those violations is in the
16 public interest and necessary for the protection of the investing public.

17 **SUMMARY ORDER**

18 Based on the foregoing, NOW, THEREFORE, IT IS HEREBY SUMMARILY ORDERED that
19 Respondents, Fancy Town, Ko, their agents and employees, each cease and desist from violation of RCW
20 19.100.010, RCW 19.100.020 and RCW 19.100.080, the registration and anti-fraud provisions, of the Franchise
21 Investment Protection Act.

22 **AUTHORITY AND PROCEDURE**

23 This Order is entered pursuant to the provisions of RCW 19.100.120 and RCW 19.100.130, and is subject
24 to the provisions of Chapter 34.05 RCW. The Respondents, Fancy Town, Ko, their agents and employees, each

1 may make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND
2 OPPORTUNITY FOR HEARING accompanying this order.

3 If a respondent does not request a hearing, the Securities Administrator intends to adopt the above
4 Tentative Findings of Fact and Conclusions of Law as final and make the summary order to cease and
5 desist permanent as to that respondent.

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

8 DATED this 4th day of February 2003.

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11 _____
12 DEBORAH R. BORTNER
13 Securities Administrator

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15 Presented by:

16 _____
17 Susan H. Anderson
18 Financial Legal Examiner

19 Approved By:

20
21 _____
22 Michael E. Stevenson
23 Chief of Enforcement