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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 Franchise Investment Protection Act of
Washington by:

Regal Nails, LLC;
Regal Nails, Salon & Spa, LLC,

Respondents.

Order Number S-06-154-06-CO01

CONSENT ORDER

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INTRODUCTION

Pursuant to the Franchise Investment Protection Act of Washington, RCW 19.100, the Securities Division and Respondents, Regal Nails, LLC, Regal Nails, Salon & Spa LLC, and their agents and employees, do hereby enter into this CONSENT ORDER in settlement of the matters alleged herein. Respondents, Regal Nails, LLC, Regal Nails, Salon & Spa, LLC, and their agents and employees, neither admit nor deny the Findings of Fact and Conclusions of Law stated below.

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FINDINGS OF FACT

Respondents

1. Regal Nails, LLC, (“Regal Nails”), a Louisiana limited liability company, was formed on June 5, 1996. Regal Nails is currently doing business at 11456 South Choctaw Drive, Baton Rouge, Louisiana 70815.

2. Regal Nails, Salon & Spa, LLC, (“Regal Nails Salon”), a Nevada limited liability company, was formed on September 9, 2005. On April 1, 2006 Regal Nails assigned Regal Nails Salon all the

1 franchise agreements and subleases entered into or held by Regal Nails, LLC. Regal Nails Salon is
2 currently doing business at 11456 South Choctaw Drive, Baton Rouge, Louisiana 70815.

3 Nature of Offering

4 3. Regal Nails and Regal Nails Salon offer a franchise opportunity to operate a nail care salon
5 located in Wal-Mart retail centers. Wal-Mart leases small retail spaces to Regal Nails and/or Regal Nails
6 Salon who in turn lease the space to franchisees.

7 4. From December 2001 through April 2006, Regal Nails and/or Regal Nails and Salon
8 offered and sold the franchise opportunity to at least twelve Washington residents. Residents paid
9 between \$20,000 to \$120,000 for the franchise opportunity.

10 5. There are currently five Regal Nails franchises in Washington State owned by Washington
11 residents. The franchises are located in Kennewick, Yakima, Moses Lake, Vancouver, and Marysville.

12 6. There are currently five Regal Nails Salon franchises in Washington State owned by
13 Washington residents. The franchises are located in Pasco, Poulsbo, Vancouver and Spokane. A
14 franchise in Puyallup has been purchased, but has not yet opened.

15 7. According the Regal Nails Uniform Franchise Offering Circular (“UFOC”), “Regal Nails is
16 almost a ‘turn key’ franchise. It offers you sites suitable for a nail salon, makes lease arrangements,
17 designs salon layout, furnishes all necessary furniture, installs fixtures and equipment, decorates, offers
18 training and provides onsite advertising.”

19 8. Purchasers of the opportunity are required to use the Regal Nails and/or Regal Nails Salon
20 service mark for their franchise.

21 9. Purchasers of the franchise are required to pay an initial franchise fee of \$5000. The term
22 of the franchise is three years, but it may be renewed for a two year period. In addition, purchasers of

1 the opportunity are required to pay a \$250 monthly maintenance fee to Regal Nails Salon. Franchisees
2 must also pay for Regal Nails Salon for rent, real estate lease improvements, fixtures, equipment and
3 inventory, and a closed circuit television system. These costs vary based upon the locations of the
4 franchises.

5 Registration Status

6 10. Regal Nails and Regal Nails Salon are not currently and have not previously been
7 registered to offer and sell franchises in the State of Washington.

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

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10 **CONCLUSIONS OF LAW**

- 11 1. The offer and/or sale of the opportunity described above constitute the offer and/or sale of
12 a franchise as defined in RCW 19.100.010(4) and RCW 19.100.010(16).
- 13 2. The offer and/or sale of said franchise was in violation of RCW 19.100.020, the
14 registration provision of the Franchise Investment Protection act, because no registration for offers
15 and/or sales is on file with the Securities Administrator.

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17 **CONSENT ORDER**

18 Based upon the foregoing:

19 IT IS AGREED AND ORDERED that Respondents, Regal Nails, LLC and Regal Nails, Salon & Spa,
20 LLC, and their agents and employees, each shall cease and desist from offering or selling franchises in
21 violation of RCW 19.100.020, the registration section of the Franchise Investment Protection Act of the
22 State of Washington.

1 IT IS FURTHER AGREED AND ORDERED that Respondents, Regal Nails, LLC and Regal Nails,
2 Salon & Spa, LLC, shall disclose the existence and contents of this Order in any Uniform Franchise
3 Offering Circular approved for use in the State of Washington, such requirement commencing from the
4 date of entry of this Order.

5 IT IS FURTHER AGREED that Respondents, Regal Nails, LLC and Regal Nails, Salon & Spa,
6 LLC, shall pay to the Securities Division the costs, fees, and other expenses incurred in the investigation
7 and prosecution of this matter in the amount of \$840 on or before the date of entry of this Order.

8 IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this Order.

9 IT IS FURTHER AGREED that in consideration of the foregoing, Respondents, Regal Nails, LLC
10 and Regal Nails, Salon & Spa, LLC, waive their rights to a hearing in this matter and judicial review of
11 this matter pursuant to Chapter 34.05 RCW.

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14 SIGNED this 2nd day of November, 2006.

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17 Approved for Entry by:

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19 By _____/s/_____
David J. Kaufmann
New York State Bar Association # 1420363

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Signed by:

Regal Nails, LLC

By _____/s/_____
Quy T. Ton, Managing Partner

Signed by:

Regal Nails, LLC

By _____/s/_____
Bo Van Huynh, Member and Executive Vice President

Signed by:

Regal Nails, Salon & Spa, LLC

By _____/s/_____
Quy T. Ton, Managing Partner

Signed by:

Regal Nails, Salon & Spa, LLC

By _____/s/_____
Bo Van Huynh, Member and Executive Vice President

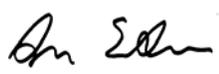
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SIGNED and ENTERED this 6th day of November, 2006.



MICHAEL E. STEVENSON
Securities Administrator

Approved by:



Suzanne Sarason
Chief of Compliance & Examinations

Presented by:



Angela Vogel
Enforcement Attorney