1 STATE OF WASHINGTON DEPARTMENT OF FINANCIAL INSTITUTIONS 2 **SECURITIES DIVISION** 3 IN THE MATTER OF DETERMINING Order Number S-06-194-08-SC01 4 Whether there has been a violation of the Franchise Investment Protection Act of STATEMENT OF CHARGES AND NOTICE OF 5 Washington by: INTENT TO ENTER ORDER TO CEASE AND **DESIST** 6 The Christmas Light Pros, Inc., 7 Respondent 8 THE STATE OF WASHINGTON TO: The Christmas Light Pros, Inc. 9 11545 Sorrento Valley Road, Suite 308 San Diego, CA 92121 10 11 STATEMENT OF CHARGES 12 Please take notice that the Securities Administrator of the State of Washington has reason to 13 believe that Respondent, The Christmas Light Pros, Inc., has violated the Franchise Investment Protection 14 Act of Washington, Chapter 19.100 RCW, and that its violations justify the entry of an order of the 15 Securities Administrator under RCW 19.100.248 against the Respondent to cease and desist from such 16 violations. The Securities Administrator finds as follows: 17 TENTATIVE FINDINGS OF FACT 18 RESPONDENT 19 1. The Christmas Light Pros, Inc., doing business as The Christmas Light Pros, is a 20 California corporation with a principal business address of 11545 Sorrento Valley Road, Suite 308, San 21 Diego, California. 22 NATURE OF THE OFFERING 23 2. The Christmas Light Pros, Inc. is the seller of an opportunity to operate a Christmas light 24 hanging business. 25 STATEMENT OF CHARGES AND NOTICE OF INTENT TO DEPARTMENT OF FINANCIAL INSTITUTIONS 1 ENTER ORDER TO CEASE AND DESIST **Securities Division** PO Box 9033

Olympia, WA 98507-9033

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The Christmas Light Pros, Inc.

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- 3. In the Fall of 2006, The Christmas Light Pros, Inc. offered a Washington resident (the "Purchaser") the opportunity to purchase a Christmas Light Pros business. As part of the opportunity, The Christmas Light Pros, Inc. offered, among other things, to provide Purchaser an educational workshop providing hands-on training covering all aspects of the business, a supply of advertising materials, a pre-designed webpage for Purchaser's use, a training manual, and a non-exclusive right to use The Christmas Light Pros name and logo.
- 4. The price for the opportunity offered was a total of \$12,500, payable as follows: \$2,500 payable upon signing an agreement; an installment payment of \$5,000 due upon commencement of training; and the remaining balance of \$5,000 at a predetermined date. Purchaser was also offered the chance to extend the one year term of the agreement for succeeding years for annual payments of \$1,250.
- 5. The Christmas Light Pros, Inc. did not provide Purchaser with a UFOC containing complete material information about the Christmas light hanging business including, but not limited to, a financial statement for the seller.
- 6. The Christmas Light Pros, Inc. is not currently registered to sell franchises in the state of Washington and has not previously been so registered. There is no notification of claim of exemption is on file with the state of Washington Securities Division.

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

CONCLUSIONS OF LAW

- 1. The offer and/or sale of the Christmas light hanging business described above constitutes the offer and/or sale of a franchise as defined in RCW 19.100.010(16) and RCW 19.100.010(4).
- 2. The offer and/or sale of said franchises was in violation of RCW 19.100.020, the registration requirement provision of the Franchise Investment Protection Act, because no registration for

360-902-8760

such offer and/or sale is on file with the Administrator of Securities, state of Washington and The Christmas Light Pros, Inc. does not otherwise qualify for an exemption from registration.

3. The offer and/or sale of said franchises was made in violation of RCW 19.100.080, the disclosure document requirement provision of the Franchise Investment Protection Act, because The Christmas Light Pros, Inc. failed to provide the Washington Purchaser with a UFOC containing complete material information about the Christmas light hanging business including, but not limited to, a financial statement for the seller. The offer and/or sale of said franchises was also made in violation of RCW 19.100.170, the antifraud provision of the Act because failure to provide material information about the business to prospective purchasers.

NOTICE OF INTENT TO ORDER RESPONDENT TO CEASE AND DESIST

Based upon the above Tentative Finding of Fact and Conclusions of Law, the Securities Administrator intends to order that Respondent The Christmas Light Pros, Inc. and its agents and employees, each shall cease and desist from violations of RCW 19.100.020, RCW 19.100080, and RCW 19.100.170.

AUTHORITY AND PROCEDURE

This Statement of Charges is entered pursuant to the provisions of RCW 19.100.248 and is also subject to the provisions of RCW 34.05. The Respondent may make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Statement of Charges.

If the Respondent does not request a hearing, the Securities Administrator intends to adopt the above Tentative Findings of Fact and Conclusions of Law as final and enter a permanent order to cease and desist against the Respondent.

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4		Dated and Entered this 14th day of August, 2008.
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6		Guidael Z, Stevenson
7		Michael E. Stevenson Securities Administrator
8	Approved by:	Presented by:
9	Martin Cordell	Fort Felom
10	Martin Cordell	Brad Ferber
11	Chief of Enforcement	Financial Legal Examiner
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