## 1 STATE OF WASHINGTON DEPARTMENT OF FINANCIAL INSTITUTIONS 2 **SECURITIES DIVISION** 3 IN THE MATTER OF DETERMINING ) Order Number S-07-363-07-SC01 4 Whether there has been a violation of the Franchise Investment Protection Act of STATEMENT OF CHARGES AND NOTICE OF INTENT TO ENTER ORDER TO CEASE Washington by: 6 AND DESIST Coffee Times: 7 Joann Jagroop; 8 Respondents) 9 Coffee Times THE STATE OF WASHINGTON TO: Joann Jagroop 10 11 STATEMENT OF CHARGES 12 Please take notice that the Securities Administrator of the State of Washington has reason 13 to believe that Respondents, Coffee Times and Joann Jagroop, have each violated the Franchise 14 Investment Protection Act of Washington, RCW 19.100, and that their violations justify an entry 15 of an order of the Securities Administrator under RCW 19.100.248 against each to cease and 16 desist from such violations. The Securities Administrator finds as follows: 17 TENTATIVE FINDINGS OF FACT 18 19 I. RESPONDENTS 20 1. Coffee Times is a sole proprietorship with its principal place of business located 21 in Gig Harbor, WA. 22 2. JoAnn Jagroop is the owner/operator of Coffee Times. 23 **II. NATURE OF THE OFFERING** 24 In August 2007, the Securities Division received a complaint from a 3. 25 DEPARTMENT OF FINANCIAL INSTITUTIONS STATEMENT OF CHARGES AND NOTICE OF 1 Securities Division INTENT TO ENTER ORDER TO CEASE AND DESIST PO Box 9033

Olympia, WA 98507-9033

360-902-8760

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> STATEMENT OF CHARGES AND NOTICE OF INTENT TO ENTER ORDER TO CEASE AND DESIST

Washington resident who alleged that Coffee Times was illegally copying the business format and copyrighted intellectual property of his company, as well as failing to register its franchise opportunity with the State of Washington. Following this, the Securities Division found that, as late as September, 2007, Respondents caused to be placed on the Internet at http://www.coffeetimes.org/ an advertisement for a Coffee Times franchise opportunity which involves printing and distributing a local or district edition of the Coffee Times newspaper.

Coffee Times offers to provide prospective franchisees with the content, basic computer graphics training and "the successful layout and business model" developed by Coffee Times. Coffee Times was also to coach franchisees through the process of learning to sell advertising to local businesses and finding cafes, restaurants and other outlets to distribute their local or district edition of the Coffee Times newspaper. Coffee Times offers to produce and provide a working layout of each edition of the newspaper for the franchisee, including the right to use the Coffee Times logo. In exchange for the above, franchisees would pay Coffee Times 20% of advertising revenues received for their local or district edition of Coffee Times.

## **III. REGISTRATION STATUS**

5. Coffee Times is not currently registered to offer or sell its franchises in the State of Washington and has not previously been so registered.

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

## CONCLUSIONS OF LAW

- 6. The offer or sale of franchises described above constitutes the offer or sale of a franchise as defined in RCW 19.100.010(4) and RCW 19.100.010(16).
- The offer or sale of said franchises is in violation of RCW 19.100.020 because no 7. registration for such offer or sale is on file with the Securities Administrator.

## NOTICE OF INTENT TO ORDER THE RESPONDENT TO CEASE AND DESIST

Based on the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that Respondents, Coffee Times and Joann Jagroop, their agents and employees each shall cease and desist from violations of RCW 19.100.020 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 subject to the provisions of Chapter 34.05 RCW. The Respondents, Coffee Times and JoAnn Jagroop, may each make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this order.

If a 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 as to that Respondent. If a 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 as to that Respondent.

DATED AND ENTERED this 20th day of November, 2007.

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Martin Cordell Chief of Enforcement

Martin Cordell

Approved by:

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MICHAEL E. STEVENSON Securities Administrator

Presented by:

Patrick Kim

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Financial Legal Examiner

STATEMENT OF CHARGES AND NOTICE OF INTENT TO ENTER ORDER TO CEASE AND DESIST

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