

1 **STATE OF WASHINGTON**  
2 **DEPARTMENT OF FINANCIAL INSTITUTIONS**  
3 **SECURITIES DIVISION**

4 IN THE MATTER OF DETERMINING  
5 whether there has been a violation of the  
6 Franchise Investment Protection Act of  
7 Washington by:

SoccerTots, Incorporated; Edward  
Kent Gold,

Respondents.

Order Number S-07-471-08-SC01

STATEMENT OF CHARGES AND NOTICE  
OF INTENT TO ISSUE AN ORDER TO  
CEASE AND DESIST

8 THE STATE OF WASHINGTON TO:

SoccerTots, Incorporated  
Edward Kent Gold

9  
10 **STATEMENT OF CHARGES**

11 Please take notice that the Securities Administrator of the State of Washington has reason to  
12 believe that Respondents, SoccerTots, Incorporated and Edward Kent Gold have each violated the  
13 Franchise Investment Protection Act of Washington, RCW 19.100, and that their violations justify the  
14 entry of an order of the Securities Administrator under RCW 19.100.248 to cease and desist from such  
15 violations. The Securities Administrator finds as follows:

16 **TENTATIVE FINDINGS OF FACT**

17 Respondents

18 1. SoccerTots, Incorporated is a Washington corporation currently conducting business at 7311 E.  
19 Nora Ave., Suite 103, Spokane Valley, Washington. SoccerTots, Incorporated was incorporated on  
20 November 2, 2001. The company maintains a website at <http://www.soccertots.net>.

1 2. Edward Kent Gold (“Gold”) is the founder and President of SoccerTots, Incorporated. Gold  
2 also serves as a consultant to the recreational indoor sports facility industry. Gold is a Washington  
3 resident.

4 Nature of the Offering

5 3. SoccerTots, Incorporated is a soccer based child development business that features the  
6 SoccerTots and SoccerTouch programs (“SoccerTots programs”). Both are soccer based child  
7 development programs designed to encourage children to develop motor skills, promote physical  
8 fitness, create self-confidence and/or develop soccer skills in an environment with little emphasis on  
9 competition. SoccerTots is designed for children 2 to 6 years old. SoccerTouch is designed for  
10 children 6 to 10 years old.

11 4. Respondents operate the SoccerTots programs at locations in and around Spokane,  
12 Washington. In August 2002, Respondents began offering a “Licensing Opportunity” for the  
13 SoccerTots programs. Due to the sale of this opportunity, the SoccerTots programs are currently  
14 operating nationwide.

15 5. The licensing opportunities are sold per territory. Purchasers have the exclusive marketing  
16 rights and exclusive rights to run the SoccerTots programs in the territory purchased.

17 6. The initial fee for the opportunity is either \$3,500 or \$5,000. According to the SoccerTots,  
18 Incorporated “Independent Contractor Consulting and Licensing Agreement,” SoccerTots,  
19 Incorporated is to receive a 6% royalty fee based on registration and membership revenue derived from  
20 the purchaser’s SoccerTots programs.

21 7. Purchasers receive training which includes an initial training session in Spokane, Washington  
22 and a training session on business operations and class instructions held at the purchaser’s site.

1 Purchasers receive brochures, T-shirts, and a curriculum and lesson plan for several different classes.  
2 Purchasers have the opportunity to link their website to the official SoccerTots, Incorporated website.  
3 Ongoing support for purchasers includes training seminars, curriculum updates, and telephone  
4 consulting support.

5 8. Respondents allow purchasers of the opportunity to use the SoccerTots, Incorporated  
6 trademark.

7 9. According to advertising materials given to potential purchasers, "SoccerTots has become a  
8 tremendous revenue source for many indoor sports facilities. . . Some have over 400 kids a week  
9 generating over \$150,000 a year."

10 10. A Washington resident was familiar with Gold as she employed him as a consultant for her  
11 soccer business. In or about August 2006, Gold sold the "Licensing Opportunity" to the resident. The  
12 resident was not provided with a Uniform Franchise Offering Circular (UFOC) or other disclosure  
13 document.

#### 14 Misrepresentations and Omissions

15 11. The Respondents failed to provide material information regarding the franchises including, but  
16 not limited to, the history of franchise operations, the names and contact information of franchisees, the  
17 litigation history of the franchisor, and financial statements.

18 12. The Respondents failed to provide a reasonable basis upon which the projections of earnings  
19 were made.

#### 20 Registration Status

21 13. SoccerTots, Incorporated is not currently registered to sell franchises in the state of Washington  
22 and has not previously been so registered.

1  
2 Other Actions

3 14. On April 8, 2008, the State of California, Department of Corporations, issued a Desist and  
4 Refrain Order against Edward Kent Gold and SoccerTots, Inc. for the offer and sale of unregistered  
5 franchises. On April 8, 2008, a Stipulation to Entry of Desist and Refrain Order was entered between  
6 the State of California, Department of Corporations, and Edward Kent Gold and SoccerTots, Inc.  
7

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

9 **CONCLUSIONS OF LAW**

- 10 1. The offer or sale of the opportunity described above constitutes the offer or sale of a franchise  
11 as defined in RCW 19.100.010(16) and RCW 19.100.010(4).
- 12 2. The offer or sale of said franchise was in violation of RCW 19.100.020 because no registration  
13 for such offer or sale is on file with the Securities Administrator.
- 14 3. The offer or sale of said franchise was made in violation of RCW 19.100.080 because  
15 Respondents did not provide the Washington resident with a UFOC that contained all material  
16 information about the franchise including, but not necessarily limited to, a financial statement for the  
17 seller.
- 18 4. The offer or sale of said franchise was made in violation of RCW 19.100.170 because  
19 Respondents either made untrue statements of material fact or omitted to state a material fact necessary  
20 in order to make the statements made, in light of the circumstances under which they were made, not  
21 misleading.  
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1                                   **NOTICE OF INTENT TO ISSUE AN ORDER TO CEASE AND DESIST**

2                   Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities  
3 Administrator intends to order that Respondents, SoccerTots, Incorporated and Edward Kent Gold, and their  
4 agents and employees, shall each cease and desist from violations of RCW 19.100.020, RCW 19.100.080  
5 and RCW 19.100.170.

6   **AUTHORITY AND PROCEDURE**

7                   This Statement of Charges is entered pursuant to the provisions of RCW 19.100.248 and RCW  
8 19.100.130 and is subject to the provisions of RCW 34.05. Respondents, SoccerTots, Incorporated and  
9 Edward Kent Gold may each make a written request for a hearing as set forth in the NOTICE OF  
10 OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this order.

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

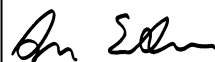
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15 Dated and Entered this 23 day of October, 2008.

16 By:

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18 \_\_\_\_\_  
19 MICHAEL E. STEVENSON  
Securities Administrator

20 Approved by:

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Presented by:

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1 Suzanne Sarason Bridgett Fisher  
Chief of Compliance and Examinations Enforcement Attorney

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