

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:

Order Number S-11-0617-11-CO01

8 BFK Franchise Company, LLC d/b/a
9 Bricks 4 Kidz

CONSENT ORDER

Respondent

10 Pursuant to the Franchise Investment Protection Act of Washington, RCW 19.100, the
11 Securities Division of the Department of Financial Institutions and BFK Franchise Company,
12 LLC doing business as Bricks 4 Kidz do hereby enter into this CONSENT ORDER in
13 settlement of the matters alleged herein. Respondent BFK Franchise Company, LLC neither
14 admits nor denies the Findings of Fact and Conclusions of Law stated below.

15 **FINDINGS OF FACT**

16 Respondent

17 1. BFK Franchise Company, LLC (BFK) is a Nevada limited liability company that does
18 business as (d/b/a) Bricks 4 Kidz. BFK's principal place of business is in St. Augustine,
19 Florida. Brian Pappas is the Managing Director of BFK.

20 Nature of the Offering

21 2. BFK offers Bricks 4 Kidz franchises to the public via its website at
22 www.bricks4kidz.com. The Bricks 4 Kidz franchise opportunity involves providing
23 enrichment activities to pre-school and elementary school children using children's plastic
24 building blocks. BFK charges an initial franchise fee of \$24,000 to prospective purchasers
25

CONSENT ORDER

1

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

1 for the use of its names and marks, and its marketing, operations, accounting and technology
2 training. The BFK webpage at <http://www.bricks4kidz.com/franchise-info/about-franchises/>
3 describes the company's marketing assistance to include:

- 4 • Use of BRICKS 4 KIDZ® name, logos and trademarks;
- 5 • Guidance on how to obtain contracts with public and private schools;
- 6 • One week comprehensive classroom and on-the-job training program;
- 7 • Exclusive use of the proprietary Operations Manual.
- 8 • Access to proprietary and proven systems and techniques;
- 9 • A well managed website that will promote your BRICKS 4 KIDZ® business;
- 10 • Sales and marketing training;
- 11 • 24/7 Telephone consultations with our franchisee support team.
- 12 • Scheduled visits from Field Support Representatives.
- 13 • Meetings, teleconferences and workshops.

14
15
16 3. In 2010, a Washington resident, Investor A, submitted a request for information to BFK
17 through its website and was told that the company was not registered to sell franchises in the
18 state. Nonetheless, BFK and Investor A subsequently entered into a written agreement in
19 which BFK granted Investor A the option to purchase a Bricks 4 Kidz franchise for a fee of
20 \$22,000 for a "protected territory" and the option to purchase up to 2 additional protected
21 territories for an additional fee of \$8,000 per territory. The agreement provided that Investor
22 A was to pay \$50 per month to access training, marketing and other information through the
23 company's website. In anticipation of registering to offer franchises in the state of
24 Washington, BFK gave Investor A the right to operate a Bricks 4 Kidz business, use its
25

1 names and marks, and receive training and marketing assistance. For a period of time ending
2 in June, 2011, Investor A appeared on the list of the franchisees on the BFK website.

3 4. In 2010, Investor B, a Washington resident, had a relative who negotiated an oral
4 agreement with BFK in which the company gave Investor B, the right to operate a Bricks 4
5 Kidz business in Washington State, use its names and marks, and receive training and
6 marketing assistance without paying any fees directly to the company until BFK registered
7 its franchise offering in the state of Washington. BFK told the Investor B's relative that it
8 would consider selling a franchise to Investor B at a reduced price once it had registered its
9 franchise offering. Investor B attended the BFK training program and appears on the list of
10 franchisees on the BFK website.
11

12 Failure To Deliver Offering Circular

13 5. BFK did not provide Investor A or Investor B with a disclosure document or offering
14 circular as required by RCW 19.100.080 that contained the information about the franchise
15 required by RCW 19.100.040.
16

17 Registration Status

18 6. BFK is not currently and has never been registered to offer or sell franchises in the state
19 of Washington. On May 2, 2011, BFK filed a franchise registration application with the
20 Securities Division. The application materials disclosed that Investor B was a current
21 franchisee, but failed to disclose the sale to Investor A.

22 CONCLUSIONS OF LAW

23 1. The offer and/or sale of the franchise described above constitute the offer and/or sale
24 of a franchise as defined in RCW 19.100.010(16) and RCW 19.100.010(4).
25

1 2. The offer and/or sale of said franchises were in violation of RCW 19.100.020 because
2 no registration for such offer and/or sale is on file with the Securities Administrator.

3 3. The offer and/or sale of said franchises was made in violation of RCW 19.100.080
4 because Respondent did not provide prospective purchasers with a disclosure document or
5 offering circular required under RCW 19.100.040.

6 **CONSENT ORDER**

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8 Based upon the foregoing and finding it in the public interest:

9 IT IS AGREED AND ORDERED that Respondent, BFK Franchise Company, LLC, its
10 agents and employees, each shall cease and desist from offering or selling business
11 opportunities in violation of RCW 19.100.020, the registration section of the Franchise
12 Investment Protection Act of the State of Washington.

13 IT IS FURTHER AGREED AND ORDERED that Respondent, BFK Franchise
14 Company, LLC, its agents and employees, each shall cease and desist from violating RCW
15 19.100.080, the delivery of offering circular section of the Franchise Investment Protection
16 Act of the State of Washington.

17 IT IS FURTHER AGREED AND ORDERED that Respondent, BFK Franchise
18 Company, LLC shall pay the Securities Division the costs and other expenses incurred in the
19 investigation of this matter in the amount of \$1,500 on or before the date of entry of this
20 Consent Order.

21
22 IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this
23 Order.

1 IT IS FURTHER AGREED that in consideration of the foregoing, Respondent, BFK
2 Franchise Company, LLC waives its rights to a hearing in this matter and judicial review of
3 this order.

4 SIGNED this 21st day of July, 2011.

5 BFK Franchise Company, LLC by:

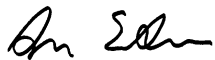
6
7 /s/
8 Brian Pappas, Managing Director

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10 SIGNED and ENTERED this 26th day of July, 2011

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12
13 WILLIAM M. BEATTY
14 Securities Administrator

15 Approved By:

16 

17 SUZANNE SARASON
18 Chief of Enforcement

Presented By:

19 

20 MARTIN CORDELL
21 Financial Legal Examiner

22 Reviewed by:

23
24 ROBERT KONDRAT
25 Financial Legal Examiner Supervisor