

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) Order No. S-15-1714-15-SC01
6 Franchise Investment Protection Act of)
7 Washington by:) STATEMENT OF CHARGES AND NOTICE OF INTENT
8) TO ENTER ORDER TO CEASE AND DESIST
9 Michael Pucci,)
10 Ashley Zdeb, and)
11 Dystopia Rising, LLC,)
12 Respondents.)

13 THE STATE OF WASHINGTON TO: Michael Pucci, Ashley Zdeb and Dystopia Rising, LLC

14 **STATEMENT OF CHARGES**

15 Please take notice that the Securities Administrator for the state of Washington has reason to believe that
16 Michael Pucci, Ashley Zdeb, and Dystopia Rising, LLC (collectively referred to as “Respondents”), have violated the
17 Franchise Investment Protection Act of Washington, RCW 19.100, and that their violations justify the entry of an
18 order of the Securities Administrator under RCW 19.100.248 against them to cease and desist from such violations.

19 The Securities Administrator finds as follows:

20 **TENTATIVE FINDINGS OF FACT**

21 Respondents

- 22 1. Michael Pucci, a Connecticut resident, is a founder and principal of Dystopia Rising.
23 2. Ashley Zdeb, a Connecticut resident, is a founder and principal of Dystopia Rising.
24 3. Dystopia Rising, LLC (“Dystopia Rising”) is a Connecticut limited liability company. Dystopia
25 Rising describes its business as “a live action and table top production business based around the concept of providing
completely immersive ‘pay to play’ gaming experiences.” Dystopia Rising grants regional game operators the right to
conduct Dystopia Rising based games in which the participants/players pay a fee to participate in a role playing game
that takes place over a weekend. To operate a franchise, Dystopia Rising charges Regional game operators an initial

1 fee of \$2,000 and a royalty fee of 5% of the franchisee's gross revenues. Franchisees are also required to pay up to 2%
2 gross revenues to the Dystopia Rising "Marketing Fund."

3 Nature of the Violations

4 4. In 2013, Michael Pucci initially communicated by e-mail with a Washington resident (the "Resident")
5 regarding the opportunity to operate a Dystopia Rising "branch" and offer the "Dystopia Rising gaming experience"
6 in Washington State. A friend of the Resident referred her to Pucci. Michael Pucci provided the Resident with
7 information about the opportunity. Pucci referred the Resident to Ashley Zdeb, who provided her with additional
8 information, a Dystopia Rising branch application, and a Dystopia Rising Branch Contract. In the "Branch Contract,"
9 Respondents represented that they offered "networking tools, select supplies, client networking, and game
10 management assistance for independently owned and operated businesses that wish to be part of the interactive
11 gaming network designed and owned by Dystopia Rising LLC."

12 5. In May, 2013, Ashley Zdeb emailed the Resident a message that said "We're thrilled to hear you're
13 interested in opening your own local Dystopia Rising franchise ..." and explained that the resident would receive
14 from Dystopia Rising "networked database software, a forum, basic website design and ecommerce platform, core
15 setting materials and a helpful starter guide, over 1000 blueprints for in-game items, currency and item cards, training
16 for your staff, a Dropbox with everything you need, and marketing and promotional assistance."

17 6. Dystopia Rising entered into a "branch contract" with the Resident to operate the Dystopia Rising
18 Washington State branch in June, 2013.

19 7. Dystopia Rising provided the Resident with the Dystopia Rising rulebook that governed how she was
20 to operate the Dystopia Rising gaming experiences. The Dystopia Rising branch contract provided that the branch use
21 "only Dystopia Rising related materials at designated pay to play gaming events;" that Dystopia Rising would provide
22 the guidelines for the branch to build its website, including the use of the Dystopia Rising LLC's domain name(s),
23 trademarks, and general graphics and layout; that the branch was required to keep its website within the visual
24 branding of Dystopia Rising; that a purchaser could not sell or transfer the branch without the permission of the
25 Dystopia Rising board of representatives; that the branch was required to retain liability waivers for game players and

1 volunteers and parental release forms; that the term of the agreement was for three years; and that Dystopia Rising
2 would not locate another branch within 200 miles of the branch to be purchased. The branch contract stated that all
3 player data was the property of Dystopia Rising and that Dystopia Rising would provide the branch with numbers to
4 be assigned to each individual player. Dystopia Rising required the branch to use the most up to date version of the
5 Dystopia Rising rulebook. Dystopia Rising required the branch to use its “sanctioned and approved” game cards and
6 provided the Resident with materials and game cards needed to conduct the gaming experiences. The game cards and
7 rulebooks are only available for purchase from Dystopia Rising or its affiliates.

8 8. Dystopia Rising charged the Washington Resident a yearly “branch” fee of \$4,000 for the right to
9 operate a Dystopia Rising branch in Washington State and charged them an annual “Supply Fee” of \$800 for items
10 necessary to operate the Dystopia Rising games.

11 9. In April, 2014, after the Respondents decided to restructure their agreements with its game operators,
12 Ashley Zdeb emailed the Resident a message advertising two different payment options for prospective Dystopia
13 Rising game operators, a flat \$4,000 option or a \$600 monthly payment option. Ashley Zdeb’s message advised the
14 Resident that she had been identified as one of the most promising applicants and stated that “The overwhelming
15 response to our franchise openings has let us be more selective as we move forward with each prospective Game
16 Organizer.”

17 10. In or about February, 2015, Ashley Zdeb sent another group of Washington residents (“the
18 Residents”) an Application to become the new Dystopia Rising branch operator in Washington State. The Residents
19 completed and returned the Application that described the fees to be paid to Dystopia Rising, including a royalty fee
20 of 5% of gross sales, an advertising fee of 2% of gross sales, an initial contract fee of \$2,000 and a renewal fee of
21 \$1,000.

22 11. In March 2015, the Residents sent Ashley Zdeb their application to become the Washington State
23 Dystopia Rising branch operator.

24 12. In April 2015, Ashley Zdeb scheduled and the Respondents conducted a Skype interview for the
25 Residents as part of the application process.

1 13. On or about May 8, 2015, Ashley Zdeb notified the Residents that their application had been formally
2 approved and they were invited to “join the Dystopia Rising network as the Washington branch.”

3 14. The Washington Resident who had been the Washington State branch operator filed and settled a
4 lawsuit with Dystopia Rising and ended her involvement in the business in the summer of 2015.

5 15. Although no formal written franchise agreement was signed by the Residents, they proceeded to
6 commence operations as the Dystopia Rising Washington branch with the understanding that the Respondents would
7 provide them with a written franchise agreement after Dystopia Rising came into compliance with state franchise
8 regulatory requirements. The Respondents granted the Residents permission to conduct Dystopia Rising events in
9 Washington State and sold the Residents items necessary to conduct the events such as game cards and currency. The
10 Residents reserved 7% of the gross revenues of its first event for payment to Dystopia Rising after their franchise
11 agreement was signed. To date, no franchise agreement has been proffered to the Residents and no portion of the
12 proceeds from the first event have been paid to Dystopia Rising by the Residents. Respondents publicized the games
13 to be operated by the Residents by posting information about the games on the “Events” page of the Dystopia Rising
14 website at <http://www.dystopiarisinglarp.com/calendar-of-events>. On the “Find a Local Game” link on the Dystopia
15 Rising website at <http://www.dystopiarisinglarp.com>, Respondents also provide a link to the Resident’s website.
16 Respondents provided the Residents with access to the web-based forums used by its other franchisees. Respondents
17 provided the Residents with access to the wholesale purchase of Dystopia Rising game related books and materials
18 sold by Eschaton, LLC, of which Ashley Zdeb and Michael Pucci are part owners. Respondents provided the
19 Residents with guidance and assistance in operating the Washington branch by consulting with them on a variety of
20 issues such as questions regarding the Dystopia Rising online database. Respondents advised the Residents on the use
21 of a proposed trade symbol that was to be associated with the local Washington operation and provided them advice
22 and suggestions on changes to the symbol to avoid trademark disputes. Respondent Ashley Zdeb advised the
23 Residents on issues involving non-conformance with the Dystopia Rising guidelines.

24 16. Respondents did not provide the Resident and Residents with a Franchise Disclosure Document.

Registration Status

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17. Respondents filed a franchise registration application, file number 70015874, with the Securities Division on or about September 15, 2015. Dystopia Rising filed a waiver of automatic effectiveness of its franchise registration application, which is still pending with the Securities Division.

18. Dystopia Rising is not currently registered to offer and sell franchises in the state of Washington and has not previously been so registered.

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

CONCLUSIONS OF LAW

1. The offer or sale of licenses to operate Dystopia Rising branches described above constitutes the offer and/or sale of a franchise as defined in RCW 19.100.010(6), RCW 19.100.010(12), and RCW 19.100.010(17).

2. Respondents have violated RCW 19.100.020 because, as set forth in the Tentative Findings of Fact, they offered and sold unregistered franchises to Washington residents.

3. The offer or sale of said franchises was in violation of RCW 19.100.080 because Respondents failed to provide prospective franchisees with a franchise disclosure document prior to the sale of the franchises.

NOTICE OF INTENT TO ORDER THE RESPONDENT TO CEASE AND DESIST

Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that Michael Pucci, Ashley Zdeb, Dystopia Rising, LLC, their agents and employees shall cease and desist from violations of RCW 19.100.020 and RCW 19.100.080.

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. Respondents Michael Pucci, Ashley Zdeb, Dystopia Rising, LLC, 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 within the allowed time, the Securities Administrator intends to adopt the above Tentative Findings of Fact and Conclusions of Law as final.

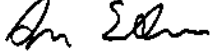
Signed and Entered this 17th day of December, 2015.

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WILLIAM M. BEATTY
Securities Administrator

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