

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

4 IN THE MATTER OF DETERMINING) Order No.: S-17-2245-17-CO01
5 whether there has been a violation of the)
6 Franchise Investment Protection Act of) CONSENT ORDER
7 Washington by:)
8)
9 Chandy Enterprises, LLC,)
10)
11 Respondent)
12)

13 Pursuant to the Franchise Investment Protection Act of Washington, RCW 19.100, the Securities Division and
14 Respondent Chandy Enterprises, LLC enter into this Consent Order to settle the matters addressed below.

15 Respondent Chandy Enterprises, LLC neither admits nor denies the following Findings of Fact or Conclusions
16 of Law:

17 **FINDINGS OF FACT**

18 Respondents

19 1. Chandy Enterprises, LLC, an Oklahoma limited liability company formed in 2013, operated a franchise system,
20 which sold electronic cigarette franchises. Chandy Enterprises does business as Palm Beach Vapors, a trademark that
21 the company owns.

22 Sale of Franchise in Washington

23 2. In 2015, through an internet search, a Washington resident learned about the opportunity to purchase a Palm
24 Beach Vapors franchise. Upon request, Chandy Enterprises sent the Washington resident a copy of the company's
25 financial disclosure document, which described the nature of the franchise system.

3. For a fee of \$20,000, Chandy Enterprises offered the right to operate a retail business, which sells electronic
cigarettes and accessories under the Palm Beach Vapors brand. Franchisees could operate their franchise within a specific
territory.

4. As part of the fee, Chandy Enterprises offered franchisees assistance with site selection, site development, and
site opening. Chandy Enterprises additionally offered to franchisees initial and ongoing training on accounting, computer
systems, sales, and operations.

5. Chandy Enterprises managed all local and national advertising for franchisees. The company also required that
franchisees purchase their products only from approved suppliers.

6. In 2015, the Washington resident purchased and began operating a Palm Beach Vapors franchise in Washington.
The Washington resident and Chandy Enterprises mutually agreed to terminate this franchise agreement in 2017. Due to

1 recent state and federal changes to the regulation of electronic cigarettes, Chandy Enterprises now only operates
2 company-owned franchises.

3 Registration Status

4 7. Chandy Enterprises is not currently registered to sell franchises in Washington and has not previously been
5 registered to do so.

6 Based on the Findings of Fact described above, the following Conclusions of Law are made:

7 **CONCLUSIONS OF LAW**

- 8 1. Chandy Enterprises' sale of a Palm Beach Vapors franchise, as described above, constitutes the sale of a
9 franchise as defined in RCW 19.100.010(6) and RCW 19.100.010(17).
- 10 2. Chandy Enterprises' sale of this franchise violated RCW 19.100.020 because Chandy Enterprises was not
11 registered with the Securities Division to offer or sell franchises in the state at the time of the sale.

12 **CONSENT ORDER**

13 Based on the foregoing and finding it in the public interest:

14 IT IS AGREED AND ORDERED that Chandy Enterprises, its agents, and its employees shall each cease and
15 desist from offering or selling franchises in violation of RCW 19.100.020, the registration section of the Franchise
16 Investment Protection Act of the state of Washington.

17 IT IS FURTHER AGREED that prior to the entry of this Consent Order, Chandy Enterprises shall be liable for
18 and shall pay the Securities Division the costs and expenses incurred in the investigation of this matter in the amount
19 of \$750.

20 IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this Consent Order.

21 IT IS FURTHER AGREED that Chandy Enterprises enters into this Consent Order freely and voluntarily and
22 with full understanding of its terms and significance.

23 IT IS FURTHER AGREED that in consideration of the foregoing, Chandy Enterprises waives its right to a
24 hearing and to judicial review of this matter.

25 Signed this 14th day of August 2017.

Chandy Enterprises, LLC

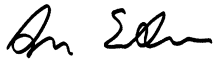
By _____/s/_____
Charles Paul
Director

1 SIGNED and ENTERED this 21st day of August 2017.

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3 

4
5 _____
6 William M. Beatty
7 Securities Administrator

8 Approved by:

9
10 

11 _____
12 Suzanne Sarason
13 Chief of Enforcement

14 Presented by:

15 

16 _____
17 Eric Palosaari
18 Financial Legal Examiner

19 Reviewed by:

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21 

22 _____
23 Jack McClellan
24 Financial Legal Examiner Supervisor