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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

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IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Franchise Investment Protection Act of
Washington by:

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Best Western International, Inc.,

Respondent

Order No. S-18-2510-19-CO01

CONSENT ORDER

Pursuant to the Franchise Investment Protection Act of Washington, RCW 19.100, the Securities Division and Respondent Best Western International, Inc. do hereby enter into this Consent Order in settlement of the matters alleged herein. Respondent Best Western International, Inc. neither admits nor denies the Findings of Fact or Conclusions of Law as stated below.

FINDINGS OF FACT

Respondents

1. Best Western International, Inc. ("BWI") is an Arizona entity formed on December 13, 1957 with its principal place of business in Phoenix, Arizona. BWI is a membership marketing association that markets BWI branded hotels. BWI provides its members with a national and international reservation system, operational guidance and assistance and requires members to conform to its appearance and operating standards.

Registration Status

2. Respondent BWI is not currently registered to sell Best Western International franchises in the state of Washington and has not previously been so registered. On March 31, 2018, BWI Licensing, Inc., a

CONSENT ORDER

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

1 wholly owned subsidiary of BWI, filed an initial registration application, file number 70016524, with the
2 Securities Division. There is no notification of exemption on file with the state of Washington for BWI.

3 3. In 2016, a wholly-owned subsidiary of BWI, SureStay, Inc., filed a franchise registration
4 application, file number 70016103, with the Securities Division for the brands SureStay, SureStay Plus, and
5 SureStay Signature Collection. SureStay, Inc. renewed its franchise registration in Washington in 2017 and
6 2018.

7 **Nature of Conduct**

8 4. Between approximately 1985 to present, BWI has offered the members of its association the
9 right to use the BWI system of hotel operations and trademarks. BWI requires prospective members to pay a
10 minimum “affiliation fee” of \$45,000 to become a “member,” join the system, and have the right to use the
11 BWI names and marks.

12 5. BWI requires members to pay dues that are based on either a fixed per-room fee model or a
13 percentage of monthly revenues up to 9%. BWI charges members a variety of fees for marketing and
14 reservation services; informational services and programs; education and training; customer care and other
15 services and support. BWI has required members to purchase computer hardware and software through it and
16 has required members to purchase hardware maintenance through it for a period of three years.

17 6. BWI provides members with detailed Bylaws, Rules and Regulations and guidance for its
18 members in operating a BWI branded hotel.

19 7. From approximately 1985 to present, BWI has recruited at least 55 Washington residents
20 and/or members who operate or operated a BWI branded hotel in the state.

21 8. BWI did not provide these members with a franchise disclosure document.

22 Based upon the above Findings of Fact, the following Conclusions of Law are made:
23

1 **CONCLUSIONS OF LAW**

2 1. The offer or sale of BWI memberships/franchises as described above constitutes the offer or
3 sale of a franchise as defined in RCW 19.100.010(6), RCW 19.100.010(12), and RCW 19.100.010(17).

4 2. The offer or sale of said franchises was in violation of RCW 19.100.020 because no
5 registration for such offer or sale is on file with the Washington Securities Administrator.

6 3. The offer or sale of said franchises was in violation of RCW 19.100.080 because Best
7 Western International, Inc. failed to provide the franchisees with a franchise disclosure document prior to
8 the sale of the franchises.

9 **CONSENT ORDER**

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

11 IT IS AGREED AND ORDERED that Respondent Best Western International, Inc., and its agents
12 and employees shall each cease and desist from offering or selling franchises in violation of RCW 19.100.020,
13 the registration section of the Franchise Investment Protection Act of the state of Washington.

14 IT IS FURTHER AGREED AND ORDERED that Respondent Best Western International, Inc. and
15 its agents and employees shall each cease and desist from any violation of RCW 19.100.080, the franchise
16 disclosure document section of the Franchise Investment Protection Act of the state of Washington.

17 IT IS FURTHER AGREED AND ORDERED that Respondent Best Western International, Inc.
18 shall pay the Securities Division Three Thousand Dollars (\$3,000) for unpaid franchise filing fees that would
19 have been applicable to its franchise registration applications for the period 2012 to 2015.

20 IT IS FURTHER AGREED AND ORDERED that Respondent Best Western International, Inc. shall
21 be liable for and shall pay investigative costs of \$5,600 prior to the entry of this Consent Order.
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1 IT IS FURTHER AGREED AND ORDERED that Respondent Best Western International, Inc. shall
2 attempt to provide a copy of this Consent Order to all members who were Washington residents or operated
3 a hotel located in the State, after January 1, 2015, within sixty days of the entry of this Order.

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

5 IT IS FURTHER AGREED that Respondent Best Western International, Inc. enters into this Consent
6 Order freely and voluntarily and with a full understanding of its terms and significance.

7
8 IT IS FURTHER AGREED that in consideration of the foregoing, Respondent Best Western
9 International, Inc. waives its right to a hearing and to judicial review of this matter.

10 Signed this 7th day of February, 2019

11 Best Western International, Inc. By

Approved as to form by:

12
13 /s/
14 David Kong, President/CEO

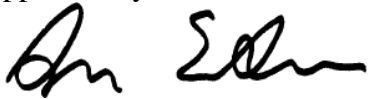
/s/
David Oppenheim, Attorney for Respondent

15 SIGNED and ENTERED this 22nd day of February, 2019

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18 William M. Beatty
19 Securities Administrator

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21 Approved by:

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23 Suzanne Sarason

Presented by:



Martin Cordell

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Chief of Enforcement

Financial Legal Examiner

Reviewed by:



Jack McClellan
Financial Legal Examiner Supervisor