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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
Washington Franchise Investment Protection
Act by:

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Beautiful Surfaces, Inc. d/b/a Garage Kings,

Respondent.

Order No.: S-19-2676-19-CO01

CONSENT ORDER

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Pursuant to the Washington Franchise Investment Protection Act, RCW 19.100, the Securities Division and Respondent Beautiful Surfaces, Inc. d/b/a Garage Kings (“Garage Kings”) do hereby enter into this Consent Order in settlement of the matters alleged herein. Respondent Garage Kings neither admits nor denies the Findings of Fact or Conclusions of Law as stated below.

FINDINGS OF FACT

Respondents

1. Garage Kings is a Canadian entity with its principal place of business in Moncton, New Brunswick, Canada. Garage Kings is in the business of franchising garage floor coating territories.

Registration Status

2. Respondent Garage Kings is not currently registered to sell franchises in the State of Washington and has not previously been so registered. There is no notification of exemption on file with the State of Washington. An affiliate, GarageKings.com, Inc., filed a franchise registration application with the Securities Division on February 15, 2019. The application is still pending.

1 **Nature of Conduct**

2 3. In 2018, Garage Kings advertised the sale of territories through an online marketplace for
3 businesses. In the advertisement, Garage Kings promised high profit margins, no royalties, and represented
4 that half of its territory owners expanded or were planning on doing so in the next year. In connection with
5 its “no royalties” claim, Garage Kings also represented that it only made money when the territory owner
6 made money.

7 4. Garage Kings failed to provide a basis for its “high profit margin” claim. Garage Kings did not
8 require financial statements from its territory owners, and instead of basing its claim on data derived from
9 these statements, Garage Kings based its claim on anecdotal conversations with its territory owners about
10 revenue generated from individual jobs. Garage Kings also did not disclose in its advertisement that its claim
11 was based on a per-job estimate, instead of a quarterly or annual analysis of the earnings of its territories.

12 5. Garage Kings did not disclose in its advertisement that it charged a membership fee of
13 \$2,000.00 per month, half of which was spent on online marketing services.

14 6. Garage Kings failed to provide a basis for its claim that half of its territory owners expanded
15 or were planning to expand in the next year. Garage Kings did not require financial statements from its
16 territory owners, and instead of basing its claim on data derived from these statements, Garage Kings based
17 its claim on anecdotal conversations with its territory owners. Additionally, Garage Kings did not disclose
18 the financial status of the other half of territory owners.

19 7. Garage Kings entered into a “Garage Kings Installer Agreement/Marketing Program” with a
20 Washington state resident (“Franchisee A”) on July 5, 2018, and gave Franchisee A a right to use the Garage
21 King trademark. Garage Kings charged Franchisee A a \$15,000.00 fee to purchase his territory, and agreed
22 to charge Franchisee A a \$2,000.00 monthly membership fee beginning in September 2018. Garage Kings
23

1 did not provide Franchisee A a franchise disclosure document in connection with his purchase of a Garage
2 Kings territory.

3 8. Franchisee A's relationship with Garage Kings ended in December 2018.

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

5 **CONCLUSIONS OF LAW**

6 1. The offer or sale of territories as described above constitutes the offer or sale of a franchise as
7 defined in RCW 19.100.010(6), RCW 19.100.010(12), and RCW 19.100.010(17).

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

10 3. The offer or sale of said territories was in violation of RCW 19.100.080 because Garage Kings
11 failed to provide the franchisees with a franchise disclosure document prior to the sale of the franchises.

12 4. The offer or sale of said territories was in violation of RCW 19.100.170 because Garage Kings
13 made untrue statements of material facts or omitted material facts necessary to make the statements made in
14 light of the circumstances under which they were made not misleading.
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16 **CONSENT ORDER**

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

18 IT IS AGREED AND ORDERED that Respondent Garage Kings, its agents, and its employees shall
19 each cease and desist from offering or selling franchises in violation of RCW 19.100.020, the registration
20 section of the Washington Franchise Investment Protection Act.

21 IT IS FURTHER AGREED AND ORDERED that Respondent Garage Kings, its agents, and its
22 employees shall each cease and desist from any violation of RCW 19.100.080, the franchise disclosure
23 document section of the Washington Franchise Investment Protection Act.

1 IT IS FURTHER AGREED AND ORDERED that Respondent Garage Kings, its agents, and its
2 employees shall each cease and desist from any violation of RCW 19.100.170, the false or misleading
3 statements or omissions section of the Washington Franchise Investment Protection Act.

4 IT IS FURTHER AGREED AND ORDERED that Respondent Garage Kings shall be liable for and
5 shall pay investigative costs of \$2281.25 prior to the entry of this Consent Order.

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

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8 IT IS FURTHER AGREED that Respondent Garage Kings, enters into this Consent Order freely and
9 voluntarily and with a full understanding of its terms and significance.

10 IT IS FURTHER AGREED that in consideration of the foregoing, Respondent Garage Kings waives
11 its right to a hearing and to judicial review of this matter.

12 Signed this ___5th_____ day of __September__, 2019

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14 Signed by:
15 Beautiful Surfaces, Inc.

Approved as to form by:

_____/s/_____
David J. Kaufmann, Attorney for Respondent
Bar No. 1420363

16 By _____/s/_____
17 Timothy Frazer
18 Chief Operating Officer

SIGNED and ENTERED this 16th day of September, 2019



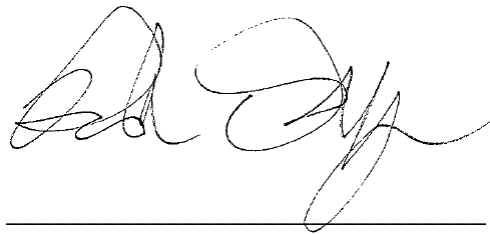
William M. Beatty
Securities Administrator

Approved by:



Suzanne Sarason
Chief of Enforcement

Presented by:



Patrick Stickney
Financial Legal Examiner

Reviewed by:



Jack McClellan
Financial Legal Examiner Supervisor