# STATE OF WASHINGTON DEPARTMENT OF FINANCIAL INSTITUTIONS SECURITIES DIVISION

IN THE MATTER OF DETERMINING Whether there has been a violation of the Franchise Investment Protection Act of Washington by: Order No. S-21-3251-22-CO01

CONSENT ORDER

HydroDog, LLC

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Respondent

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

## FINDINGS OF FACT

# Respondent

1. HydroDog, LLC ("HydroDog") is a Florida corporation formed on August 21, 2014 with a business address in Clearwater, Florida. HydroDog was founded by Anthony Amos, who passed away in October 2021. HydroDog is in the business of mobile pet grooming franchises.

### **Nature of the Conduct**

- 2. In 2020, HydroDog was registered to sell franchises in several states, but was not registered to sell franchises in the state of Washington.
- 3. In March 2020, HydroDog entered into a Master Development Agreement with a couple residing in Spokane Valley, Washington for the territory of Washington. Under the agreement, there was a Master Developer Fee of \$584,000, which would enable the Spokane Valley residents to sell up to 292 franchises in Washington. The Spokane Valley residents were required to make an initial payment of

CONSENT ORDER

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\$200,000 for the first 100 franchises that would be sold under the agreement (\$2,000 per franchise). Between April 2020 and August 2020, the Spokane Valley residents wired a total of \$155,000 to a bank account in the name of HydroDog and received a \$45,000 loan for the balance of the initial payment. The Spokane Valley residents were led to believe that HydroDog would be registered to sell franchises in the state of Washington within a few weeks. In April 2020, HydroDog entered into a Master Development Agreement with the Spokane Valley residents to sell HydroDog franchises in Montana. The Master Development Agreement had a fee of \$84,000, which would be paid through compensation received from the sale of HydroDog franchises in Montana. HydroDog and Amos authorized the Spokane Valley resident to sell a single unit franchise in Washington, in spite of the fact that the franchise was not registered in Washington.

- 4. In April 2020, a resident of Redmond, Washington filled out an online form on the franchise section of the HydroDog website. The Redmond resident is a relative of the Spokane Valley residents. Under the direction of Amos, the Redmond resident entered into a written agreement for the operation of a single unit HydroDog franchise in the Redmond area. As part of the agreement, the Redmond resident was required to pay a franchise fee of \$40,000 as well as \$27,000 in other fees. The Redmond resident wired \$24,000 to a bank account specified by Amos, the owner and founder of HydroDog. The Redmond resident received a loan for the remainder of the fees. The Redmond resident was not provided with a current franchise disclosure document (FDD) at least fourteen calendar days before the execution of the written franchise agreement.
- 5. In December 2021, counsel for HydroDog contacted the Department of Financial Institutions and notified the Securities Division that HydroDog and Amos had previously entered into franchise agreements in violation of Washington's franchise laws. HydroDog voluntarily provided documents and other information regarding these agreements.

CONSENT ORDER

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### **Registration Status**

6. HydroDog, LLC is not currently registered to sell its franchises in the state of Washington and has not previously been so registered.

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

### **CONCLUSIONS OF LAW**

- 1. The offer or sale of the written agreements described above constitutes the offer 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. Respondent HydroDog, LLC violated RCW 19.100.020, the franchise registration section of the Franchise Investment Protection Act, by offering and selling a franchise for which no registration is on file with the Securities Administrator.
- 3. The offer or sale of said franchise was in violation of RCW 19.100.080 because HydroDog, LLC failed to provide a franchisee with a copy of its current franchise disclosure document at least fourteen days prior to the execution of a franchise agreement.

### **CONSENT ORDER**

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

IT IS AGREED AND ORDERED that Respondent HydroDog, LLC, and its agents and employees, shall each cease and desist from violating RCW 19.100.020, the franchise registration section of the Franchise Investment Protection Act of the state of Washington.

IT IS AGREED AND ORDERED that Respondent HydroDog, LLC, and its agents and employees shall each cease and desist from offering or selling franchises in violation of RCW 19.100.080, the franchise disclosure document section of the Franchise Investment Protection Act of the state of Washington.

IT IS FURTHER AGREED AND ORDERED that Respondent HydroDog, LLC shall be liable for			
and shall pay investigative costs of \$2,500 prior to the entry of this Consent Order.			
IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this Consent Order.			
IT IS FURTHER AGREED that Respondent HydroDog, LLC enters into this Consent Order freely			
and voluntarily and with a full understanding of its terms and significance.			
IT IS FURTHER AGREED that in consideration of the foregoing, Respondent HydroDog, LI			
waives its right to a hearing and to judicial review of this matter.			
Signed this <u>16</u> day of <u>March</u> , 2022			
Signed by:			
HydroDog, LLC			
By /s/ Robert Andrevich Manager			

1	SIGNED and ENTERED this <u>22nd</u> day	of <u>March</u>	, 2022
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3		Millians	*
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5		William M. Beatty Securities Administrator	
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7	Approved by:	Presented by:	
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9	Fin / Lamed	W K	
10	Brian J. Guerard	Robert Kondrat	
11	Chief of Enforcement	Financial Legal Examiner	
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CONSENT ORDER

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