1 2	STATE OF WASHINGTON DEPARTMENT OF FINANCIAL INSTITUTIONS SECURITIES DIVISION		
3	IN THE MATTER OF DETERMINING	Order No. S-22-3399-22-CO01	
4	Whether there has been a violation of the Franchise Investment Protection Act of Washington by:	CONSENT ORDER	
5	360 Painting, LLC,		
6			
7	Respondent.		
8	Pursuant to the Franchise Investment Protection Act of Washington, RCW 19.100, the Securities		
9	Division and Respondent 360 Painting, LLC do hereby enter into this Consent Order in settlement of the		
10	matters alleged herein. Respondent 360 Painting, LLC neither admits nor denies the Findings of Fact or		
11	Conclusions of Law as stated below.		
12	FINDINGS OF FACT		
13	Respondent		
14	1. 360 Painting, LLC is a Delaware limited liability company formed on April 1, 2013 that is		
15	based in Charlottesville, Virginia. The company was initially formed as 360 Painting, Inc., a Virginia entity		
16	incorporated in 2006. The Chief Executive Officer (CEO) of 360 Painting, LLC is Paul Flick. 360 Painting,		
17	LLC sells franchises involving the operation of painting and wall finishing businesses that use the brand name		
18	360 Painting. During the relevant time period, 360 Painting, LLC was wholly owned by Premium Services		
19	Brands, LLC, a Delaware entity formed on January 20, 2015.		
20	Prior Enforcement Actions		
21	2. On August 18, 2016, 360 Painting, LLC entered into a Consent Order with the Securities		
22	Division of the Office of the Attorney General of the State of Maryland to resolve alleged violations of		
23	Maryland's franchise registration and disclosure law.		
	CONSENT ORDER	DEPARTMENT OF FINANCIAL INSTITUTIONS	

- On November 28, 2017, 360 Painting, LLC entered into a Consent Order with the Minnesota
 Commissioner of Commerce relating to allegations of offering and selling an unregistered franchise in Minnesota.

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4. On May 22, 2020, 360 Painting, LLC entered into an Assurance of Voluntary Compliance with the Illinois Attorney General's Office for alleged violations of the Illinois Franchise Disclosure Act.

5. On March 2, 2021, 360 Painting, LLC entered into a Settlement Order with the Virginia State Corporation Commission regarding the alleged failure to disclose litigation, administrative or material civil actions. A Final Order was entered on April 16, 2021.

6. On November 19, 2021, the California Department of Financial Protection and Innovation entered into a Consent Order with 360 Painting, LLC and other franchisors owned by Premium Service Brands, LLC, regarding alleged failure to disclose certain litigation, administrative, or material civil actions.

Nature of the Conduct

7. Beginning in 2016, 360 Painting, LLC made multiple franchise registration filings with the
Securities Division. As part of the process of applying for and renewing its franchise registration, 360
Painting, LLC filed various versions of its Franchise Disclosure Document (FDD). As described below, in at
least some instances, the FDD filed with the Securities Division failed to disclose material information
regarding lawsuits and government enforcement actions.

Between 2019 and 2021, 360 Painting, LLC sold at least six franchises in Washington.
 Franchisees paid between \$42,500 and \$62,500 for the franchises. In connection with some of these sales,
 360 Painting LLC provided a Franchise Disclosure Document (FDD) that failed to disclose material
 information regarding lawsuits and government enforcement actions.

- 9. On August 24, 2016, 360 Painting, LLC filed a franchise registration application with the
 Securities Division and included a proposed FDD that was dated April 20, 2016. Franchisors must disclose
 - CONSENT ORDER

material information in the FDD, including any administrative, criminal, and material civil actions, and litigation against its parent companies and affiliates. The FDD filed with the Securities Division on August 24, 2016 failed to disclose material information regarding litigation in Item 3, including the Consent Order 3 that it entered with the State of Maryland on August 18, 2016 and a 2011 lawsuit that it settled in 2013. 4

- 10. On May 10, 2017, 360 Painting LLC filed an application with the Securities Division for the renewal of its franchise registration and included an amended FDD that was dated April 20, 2017. The amended FDD failed to disclose material information regarding a lawsuit that it settled in 2013.
- 11. On April 14, 2018, 360 Painting LLC filed an application with the Securities Division for the 8 9 renewal of its franchise registration and included an amended FDD that was dated March 20, 2018. The amended FDD failed to disclose a pending civil lawsuit that was filed against it in July 2017. 10
- 12. On April 23, 2019, 360 Painting, LLC filed an application with the Securities Division for the 11 renewal of its franchise registration and included an amended FDD that was dated April 17, 2019. The 12 amended FDD failed to disclose a pending civil lawsuit that was filed against its parent company (Premium 13 Service Brands, LLC) in March 2019. 360 Painting, LLC sold three franchises in Washington using this FDD. 14

Registration Status

13. On August 24, 2016, 360 Painting, LLC filed an initial franchise registration application with 16 17 the Securities Division (DFI File No. 70016094) to become registered to offer and sell its franchises in Washington, and subsequently filed applications to renew its franchise registration. The last permit issued 18 was effective on May 17, 2021. In December 2021, 360 Painting, LLC sent correspondence to the Securities 19 20 Division stating that it was withdrawing its registration in all franchise registration states, including Washington. In March 2022, 360 Painting, LLC filed a new franchise registration application. To date, that 21 22 franchise application has not yet been approved.

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

CONCLUSIONS OF LAW

1. The offer or sale of franchises as 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 360 Painting, LLC violated RCW 19.100.170 by failing to disclose material facts in connection with the offer and sale of franchises in the state of Washington and in applications filed with the Securities Division.

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

CONSENT ORDER

IT IS AGREED AND ORDERED that Respondent 360 Painting, LLC and its agents and employees shall each cease and desist from any violation of RCW 19.100.170.

IT IS FURTHER AGREED AND ORDERED that Respondent 360 Painting, LLC shall be liable for and shall pay investigative costs of \$2,000 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 360 Painting, 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 360 Painting, LLC waives its right to a hearing and to judicial review of this matter.

CONSENT ORDER

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2	2 Signed this <u>3</u> day of <u>October</u> , 2022			
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4	4 Signed by: 360 Painting, LLC			
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6	6 By <u>/s/</u> Paul Flick, CEO			
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13	SIGNED and ENTERED this 4th day of October, 2022			
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19	19			
20	20 /s /			
21	William M. Beatty			
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23				
	CONSENT ORDER DEPARTMENT	OF FINANCIAL INSTITUTIONS Securities Division		
	-	PO Box 9033 Olympia, WA 98507-9033 360-902-8760		
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1	Approved by:	Presented by:
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4	/s/ Brian J. Guerard	/s/ Robert Kondrat
5	Chief of Enforcement	Financial Legal Examiner
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