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:

David Hopp dba Oddmall Seattle,

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Respondent.

Order No. S-22-3433-22-SC01

STATEMENT OF CHARGES AND NOTICE OF INTENT TO ENTER ORDER TO CEASE AND DESIST

THE STATE OF WASHINGTON TO:

David Hopp dba Oddmall Seattle

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondent David Hopp, dba Oddmall Seattle, violated the Franchise Investment Protection Act of Washington. The Securities Administrator believes these violations justify the entry of an order against Respondent David Hopp, dba Oddmall Seattle, to cease and desist from such violations pursuant to RCW 19.100.248. The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

Respondent

1. David Hopp ("Hopp"), a resident of Kenmore, Washington, operates as a sole proprietor, doing business as Oddmall Seattle ("Oddmall"). Hopp was licensed as a sole proprietor from April 1, 2013 until December 31, 2019, and Oddmall: Seattle has been a Washington-registered trade name since April 10, 2013.

Nature of the Conduct

2. Since 2021, Hopp has offered and sold unregistered Oddmall franchises to Washington residents—offering to at least three individuals and selling a franchise to two.

STATEMENT OF CHARGES AND NOTICE OF INTENT TO ENTER ORDER TO CEASE AND DESIST

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- 3. Since 2013, Hopp has produced a number of themed artisan/craft fair shows under the name Oddmall. Hopp works with vendors, artists, and venues to create a shopping experience for the public to purchase original arts and crafts. Oddmall is marketed as a "celebration of uniqueness, creativity, imagination, and wonder where artists, crafters, and like-minded sorts gather to offer their unusual creations for public consumption." Typically, the Oddmall shows take place twice a year, in June and November, at the Evergreen State Fairgrounds.
- 4. In 2020, as a result of the Covid 19 pandemic, Hopp cancelled the Oddmall shows, despite collecting over \$15,000 worth of vendor fees. Hopp determined that he would find another person to produce Oddmall shows and take over the reimbursement of the vendor fees.
- 5. Hopp contacted a friend and Oddmall vendor, B.P., a Washington resident, and proposed that in exchange for rights to run shows under the Oddmall name, B.P. would assume the debt to the vendors and pay royalties to Hopp for a term of five years.

Hopp Grants the Right to Use the Oddmall Tradename to Franchisees

- 6. On July 31, 2021, Hopp and B.P. entered a franchise agreement granting B.P. "the rights to use the name and produce shows under the name: Oddmall: Emporium of the Weird shows."
- 7. The franchise agreement limits B.P. to production of Oddmall shows in a specific geographic region, Washington "Region 1," that includes the Evergreen State Fairgrounds.
- 8. On October 8, 2021, Hopp entered into a substantially similar franchise agreement with another Washington resident for a different territory, "Washington Region 2."
- 9. In each franchise agreement, Hopp is identified as the "Rights Owner," granting franchisees the right to use the Oddmall name. Each franchise agreement further details, with examples, acceptable and not acceptable uses of the Oddmall name.

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Hopp Provides a Marketing Plan to Franchisees

- 10. In each franchise agreement, Hopp provides franchisees with consulting and mentoring services, to include assistance with finding vendors and locations for future shows, as well as management and promotion assistance for the shows, for the duration of the contract.
- 11. Further, Hopp (1) maintains the domain name www.Oddmall.co, allowing franchisees to post their own promotional material on the site; and (2) Hopp retains the Facebook page associated with Oddmall, allowing franchisees administrator privileges.

Hopp Requires Franchisees to Pay Franchise Fees

- 12. In each of the executed franchise agreements, the franchise was not subject to an initial franchise fee. However, franchisee B.P. was required to assume the outstanding vendor debt for previously cancelled shows, negotiated outside of the executed franchise agreement.
- 13. The franchise agreements require franchisees to pay "royalty fees" to both Hopp and artist Andy Hopp, for each Oddmall show, the amount of the fee varying with the size of the show.
- 14. The franchise agreements grant the right to franchisees to purchase franchises in other regions of Washington for an initial fee of \$5,000, with shows subject to the same royalty fees as the initial franchise.
- 15. Further, the franchise agreement requires franchisees to pay Hopp a per show fee of \$1,000 when franchisees produce Oddmall shows in any unsold region of Washington.
- Hopp Failed to Provide Franchisees and Prospective Franchisees with a Franchise Disclosure Document
- 16. Hopp failed to provide any of the above franchisees and prospective franchisees with a Franchise Disclosure Document ("FDD").
- 17. By failing to provide an FDD, Hopp failed to provide material information about Oddmall to franchisees and prospective franchisees, such as Hopp's business experience, Hopp's recent bankruptcy, a franchisee's estimated initial investment and other fees, and Oddmall financial statements.

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Registration Status

- 18. Hopp is not currently registered to sell franchises in the state of Washington and has not previously been so registered.
 - 19. Hopp has not filed notice of exemption from registration with the Securities Administrator.

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

CONCLUSIONS OF LAW

- 1. The offer or sale of Oddmall show franchises described above constitutes the offer and/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. David Hopp, dba Oddmall Seattle, violated RCW 19.100.020, the franchise registration section of the Franchise Investment Protection Act, by offering and/or selling franchises for which no registration or exemption is on file with the Securities Administrator.
- 3. David Hopp, dba Oddmall Seattle, violated RCW 19.100.080, the disclosure document requirement section of the Franchise Investment Protection Act, by selling franchises without providing prospective franchisees with a current disclosure document that contained all material information about the franchise.

NOTICE OF INTENT TO ORDER THE RESPONDENT TO CEASE AND DESIST

Pursuant to RCW 19.100.248, and based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that David Hopp, dba Oddmall Seattle, and their agents and employees, permanently cease and desist from violations of RCW 19.100.020 and RCW 19.100.080.

AUTHORITY AND PROCEDURE

This Statement of Charges is entered pursuant to the provisions of Chapter 19.100 RCW and is subject to the provisions of Chapter 34.05 RCW. David Hopp, dba Oddmall Seattle, may make a written request for a hearing as set forth in the Notice of Opportunity for Hearing accompanying this order. If the respondent

	does not request a hearing within the allowed time, the	e Securities Administrator intends to adopt the above	
	Tentative Findings of Fact and Conclusions of Law as final and enter a permanent order to cease and design		
	as to that respondent.		
Signed and Entered this <u>14th</u> day of <u>December</u> 2022.			
		_/s/	
		William M. Beatty Securities Administrator	
	STATE OF ASSENTED	Securities / Kummistrator	
	Approved by:	Presented by:	
	/s/	/s/	
	Brian Guerard	Megan Campbell	
	Chief of Enforcement	Financial Legal Examiner	
	Reviewed by:		
	<u>/s/</u>		
	Holly Mack-Kretzler		
	Financial Legal Examiner Supervisor		