

STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION

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

Romio's Franchise Group, Inc.,

Respondent.

SDO - 042 - 02

CONSENT ORDER

Case No. 01-02-049

INTRODUCTION

The Securities Division, Department of Financial Institutions, State of Washington, and Respondent, Romio's Franchise Group, Inc., do hereby agree to this Consent Order in settlement of the matters alleged herein. Respondent neither admits nor denies the Tentative Findings of Fact and Conclusions of Law as set forth below.

TENTATIVE FINDINGS OF FACT

I.

Romio's Franchise Group, Inc., operating under the name "Romio's," is a Washington corporation with a principal place of business at 2001 West Dravus, Seattle, Washington 98199.

II.

Romio's Franchise Group, Inc. is a seller of franchises to operate pizza restaurants or outlets for the retail sale of pizza and other products such as pasta, salads, sandwiches and ethnic foods. Purchasers of Romio's Franchise Group, Inc. franchises are obligated to pay an initial franchise fee of \$15,000 (one half of this amount is payable as a deposit and the remainder payable upon execution of a franchise agreement). Franchisees are in return entitled to receive manuals and other information concerning operation of outlets, training in the operation of the business, use of Romio's Franchise

1 Group, Inc. names and marks, and exclusive rights to operate an outlet at a specific location and within
2 a defined geographical area.

3 III.

4 Romio's Franchise Group, Inc. was registered with the Securities Division to offer and sell
5 franchises in the State of Washington from January 26, 1999 to January 26, 2000 (Franchise
6 Registration File No. F-03098, later renumbered 70012015) pursuant to Washington's Franchise
7 Investment Protection Act, Ch. 19.100 RCW. In February of 1999, following the issuance of a
8 franchise registration permit, Romio's Franchise Group, Inc. caused to be published an advertisement
9 in the Seattle Times newspaper published in Seattle, Washington that had not been filed with the
10 Securities Division prior to that publication. Romio's Franchise Group, Inc. did not subsequently
11 renew its franchise registration following its expiration on January 26, 2000. Following the expiration
12 of the franchise registration in Washington, Romio's Franchise Group, Inc. offered and sold three
13 franchises for outlets to be located in the State of Washington.
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15 IV.

16 Romio's Franchise Group, Inc. was not, and is not currently, registered with the Securities Division to
17 offer or sell franchises in the State of Washington following the expiration of its previous franchise
18 registration on January 26, 2000.

19 CONCLUSIONS OF LAW

20 I.

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22 The offer and/or sale of the franchises of pizza outlets described in Tentative Findings of Fact I
23 through III above constitutes the offer and/or sale of a franchise as defined in RCW 19.100.010(4).
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2 II.

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4 The offer and/or sale of the three franchises as described in Tentative Findings of Fact I
5 through IV above was in violation of RCW 19.100.020, the registration requirement provision of the
6 Franchise Investment Protection Act, because no franchise registration was in effect with the
7 Administrator of Securities of the State of Washington nor permit issued to Respondent Romio's
8 Franchise Group, Inc. to offer or sell franchises following the expiration of its previous franchise
9 registration on January 26, 2000.

10 III.

11 Respondent Romio's Franchise Group, Inc. was in violation of RCW 19.100.100, the provision
12 of the Franchise Investment Protection Act that provides that no person shall publish in this state any
13 advertisements offering a franchise subject to the registration requirements of the Act unless a true
14 copy of the advertisement has been filed with the Securities Division at least seven days prior to the
15 publication or such shorter period as the Securities Division by rule or order may allow, as described in
16 Tentative Findings of Fact I through III above, because it caused to be published an advertisement in a
17 Washington newspaper an advertisement offering the franchise that had not been filed with the
18 Securities Division prior to that publication.

19
20 ORDER AND CONSENT

21 Based on the premises of the foregoing:

22 IT IS THEREFORE AGREED AND ORDERED that Romio's Franchise Group, Inc., its
23 employees and agents each shall refrain from the offer and sale of unregistered franchises in the State of
24 Washington in violation of RCW19.100.020.

25 CONSENT ORDER

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

26 Romio's Franchise Group, Inc.

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1 IT IS THEREFORE AGREED AND ORDERED that Romio's Franchise Group, Inc., its
2 employees and agents each shall refrain from the use of advertisements for franchises in the State of
3 Washington in violation of RCW19.100.100.

4 IT IS THEREFORE AGREED AND ORDERED that Romio's Franchise Group, Inc. shall inform
5 its current Washington franchises of the existence of this Order by providing them copies of this Order and
6 current UFOC disclosure document disclosing the existence and contents of the Order and provide to the
7 Securities Division within 60 days of the date of entry of this Order proof of receipt or proof of delivery to
8 franchisees. In the event such proof of receipt or proof of delivery is not so provided within 60 days,
9 franchisor Romio's Franchise Group, Inc. agrees to reimburse the Securities its reasonable costs of
10 investigating whether franchisees were provided a copy of the Order and current UFOC.

11 IT IS THEREFORE AGREED AND ORDERED that Romio's Franchise Group, Inc. shall inform
12 all employees and agents who offer franchises in this State of the existence and contents of this Order for a
13 period of three years from the date of entry of this Order.

14 IT IS THEREFORE AGREED AND ORDERED that this Order shall remain in force and effect for
15 a period of three years from the date of entry of this Order.

16 IT IS THEREFORE AGREED that Romio's Franchise Group, Inc. shall reimburse the Securities
17 Division \$500.00 for its costs incurred in its investigation of this matter, payable prior to the entry of this
18 Order, as well as \$200 for registration fees which would have been payable had franchisor Romio's
19 Franchise Group, Inc. maintained a current registration during the time of offers and sales made following
20 the expiration of its franchise registration, for a total of \$700.

21 IT IS THEREFORE AGREED that Romio's Franchise Group, Inc. waives its rights to a hearing in
22 this matter.

23 IT IS THEREFORE AGREED that the Securities Division has jurisdiction to enter this Order.

24 WILLFUL VIOLATION OF AN ORDER OF THE SECURITIES ADMINISTRATOR IS A FELONY.

Romio's Franchise Group, Inc., by:

(Signature)

(Print Name and Title)

(Date Signed)

This Order entered by the Securities Division this 16th day of _May, 2002.

By:

Deborah R Bortner

Deborah R. Bortner
Securities Administrator

Approved for entry by:

Michael Stevenson
Chief of Compliance

Presented by:

Brad Ferber
Financial Legal Examiner

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CONSENT ORDER
Romio's Franchise Group, Inc.

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Securities Division
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