

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:

JEI America, Inc., d.b.a. JEI Learning Centers

Respondent.

SDO - 050 - 01

CONSENT ORDER

Case No. 01-05-0195

THE STATE OF WASHINGTON TO:

JEI America, Inc., d.b.a. JEI Learning Centers
4221 Wilshire Blvd., Suite 224
Los Angeles, CA 90010

INTRODUCTION

The Securities Division, Department of Financial Institutions, State of Washington, and Respondent, JEI America, Inc., d.b.a. (doing business as) JEI Learning Centers, 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.

JEI America, Inc., d.b.a. JEI Learning Centers, is a California corporation with its principal place of business located at 4221 Wilshire Boulevard, Suite 224, Los Angeles, California.

II.

JEI America, Inc., d.b.a. JEI Learning Centers, is a seller of franchises for the operation of neighborhood tutorial or supplemental education classes in such subjects as mathematics, Korean, Chinese Characters (“Hanja”), and English. Franchisees are obligated to pay an initial franchise fee of \$1,500 (due upon signing of a Franchise Agreement) and royalties as specified in that agreement. The estimated initial investment required of a franchisee, including the initial fee, is approximately \$14,000 to \$24,000. Franchisees

CONSENT ORDER

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

JEI America, Inc.
d.b.a. JEI Learning Centers

1 are entitled to receive (among other things) an Initial Packet containing teaching materials, promotional and
2 other associated materials, training in the operation of the business, and the right to the use of certain
3 proprietary trademarks, service marks, trade names, logo types, and other commercial symbols.

4 III.

5 On December 21, 2000, JEI America, Inc., d.b.a. JEI Learning Centers, filed or caused to be filed with
6 the Securities Division an initial application and associated materials to register its franchise opportunity
7 (franchise registration application file number 70011754) pursuant to Washington's Franchise Investment
8 Protection Act, Ch. 19.100 RCW. The initial franchise registration application indicated that JEI America,
9 Inc., d.b.a. JEI Learning Centers had offered and sold two franchises in Washington prior to filing the
10 application to register with the Securities Division to offer or sell franchises in this state.

11 IV.

12 JEI America, Inc., d.b.a. JEI Learning Centers, has not previously been registered with the Securities
13 Division to offer or sell franchises in the State of Washington.

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

15 CONCLUSIONS OF LAW

16 I.

17 The offer and/or sale of the franchise opportunities described in Tentative Findings of Fact I through III
18 above constitutes the offer and/or sale of a franchise as defined in RCW 19.100.010(4).

19 II.

20 The offer and/or sale of the franchise opportunities as described in Tentative Findings of Fact I through
21 IV above were made in violation of RCW 19.100.020, the registration requirement provision of the Franchise
22 Investment Protection Act, because no franchise registration was in effect with the Administrator of Securities
23 of the State of Washington nor was a permit issued to Respondent JEI America, Inc., d.b.a. JEI Learning
24 Centers, for the offer and/or sale of franchises at the time of the offer and sale to the two Washington
25 franchises.

ORDER AND CONSENT

Based on the premises of the foregoing:

IT IS THEREFORE AGREED AND ORDERED that JEI America, Inc., d.b.a. JEI Learning Centers, and its employees and agents, shall each shall cease and desist from the offer and sale of unregistered franchises in the State of Washington in violation of RCW19.100.020.

IT IS THEREFORE AGREED AND ORDERED that JEI America, Inc., d.b.a. JEI Learning Centers, shall inform its current Washington franchisee of the existence and contents of this Order.

IT IS THEREFORE AGREED AND ORDERED that JEI America, Inc., d.b.a. JEI Learning Centers, shall inform all employees and agents who offer franchises in this state of the existence and contents of this Order for a period of three years from the date of entry of this Order.

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

IT IS THEREFORE AGREED that JEI America, Inc., d.b.a. JEI Learning Centers, shall reimburse the Securities Division \$200 for its costs of investigation payable prior to the Securities Division's entry of this Order.

IT IS THEREFORE AGREED that JEI America, Inc., d.b.a. JEI Learning Centers, waives its rights to a hearing in this matter.

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

JEI America, Inc., d.b.a. JEI Learning Centers, by:

(Signature)

(Print Name and Title)

Signed this _____ day of _____, 2001.

This Order entered by the Securities Division this 16th day of July, 2001.

1
2 By:

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5 Deborah R. Bortner
6 Securities Administrator

7 Approved by:

Presented by:

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9 _____
10 Michael Stevenson
11 Chief of Compliance

12 _____
13 Brad Ferber
14 Securities Examiner

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25 CONSENT ORDER

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26 JEI America, Inc.
27 d.b.a. JEI Learning Centers