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**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:

Harbour Driving School, Inc., d.b.a.
Defensive Driving School and
John Coburn Fawcett, Jr. a.k.a. J.C. Fawcett,

Respondents

Order No. S-20-2834-20-SC01

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

9 THE STATE OF WASHINGTON TO:

Harbour Driving School, Inc. d.b.a. Defensive Driving
School and John Coburn Fawcett, Jr. a.k.a. J.C. Fawcett

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STATEMENT OF CHARGES

12 Please take notice that the Securities Administrator for the state of Washington has reason to believe
13 that Respondents, Harbour Driving School, Inc. d.b.a. Defensive Driving School and John Coburn Fawcett,
14 Jr. a.k.a. J.C. Fawcett, (“the Respondents”) have each violated the Franchise Investment Protection Act of
15 Washington, RCW 19.100, and that their violations justify the entry of an order of the Securities Administrator
16 under RCW 19.100.248 against each to cease and desist from such violations. The Securities Administrator
17 finds as follows:

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TENTATIVE FINDINGS OF FACT

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Respondents

20 1. Harbour Driving School, Inc. d.b.a. Defensive Driving School (“Defensive Driving School”)
21 is a Washington corporation with its principal place of business in Kirkland WA. Defensive Driving Schools
22 is in the business of providing driving instruction.
23

1 2. John Coburn Fawcett, Jr., a.k.a. JC Fawcett (“Fawcett”) is the President and an owner and
2 director of Defensive Driving School.

3 **Nature of the Offering**

4 3. Defensive Driving Schools and its predecessors have provided driving instruction in the state
5 since 1945. Its business has been promoted through word of mouth and a variety of media, including its
6 website at: <https://driving-school.com>. Defensive Driving Schools states on its website that it has
7 approximately thirty locations offering driving instruction in the state. In December 2019, the Defensive
8 Driving Schools described its Stanwood location owner as a “franchisee” on its website. During the past
9 several years, Defensive Driving Schools has offered state residents the opportunity to own and operate their
10 own Defensive Driving Schools locations under a “License Agreement.”

11 4. Pursuant to the License Agreement, Defensive Driving Schools licenses its name, logos, marks
12 and slogans to a Licensee.

13 5. Defensive Driving Schools provides the Licensee with an approved state curriculum to use for
14 classroom and behind the wheel student training. Defensive Driving Schools provides the Licensee access to
15 “Schedule Agent” software that allows the Licensee to, among other things, schedule driving appointments
16 with students. Fawcett is an owner of the company that provides the “Schedule Agent” services to a Licensee.
17 Defensive Driving Schools provides some Licensees with a handbook and operations manual to assist in the
18 operation of the Licensee’s business. Defensive Driving Schools markets the business of each Licensee on its
19 website. Defensive Driving Schools provides a Licensee with ongoing operational support through telephone
20 and other electronic communications. Defensive Driving Schools has assisted Licensees with providing
21 classroom instruction to students by Zoom. Defensive Driving School provided Licensees the opportunity to
22 meet at the Defensive Driving Schools home office or participate in group teleconference or Zoom meetings.
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1 6. Defensive Driving Schools charges its Licensees a franchise fee in the form on a monthly
2 royalty based on a percentage of a Licensee’s gross sales. In at least one case, a Licensee paid an initial License
3 fee of \$25,000 for the right to operate a Defensive Driving Schools location.

4 7. In or about early 2019, Defensive Driving Schools entered into a license agreement with a
5 Washington resident (“Licensee A”) in which Defensive Driving Schools granted Licensee A the right to open
6 multiple Defensive Driving Schools locations. Pursuant to the license agreement, Defensive Driving Schools
7 granted Licensee A the right to use its name, logos and curriculum. Defensive Driving Schools provided
8 Licensee A with the teacher’s manual, workbooks and PowerPoint presentation needed to provide instruction.
9 Licensee A holds itself out as a Defensive Driving Schools location and uses the Defensive Driving Schools
10 name, marks and logos in its business, incorporating them on items such as its stationary and workbooks.
11 Defensive Driving Schools advertises Licensee A’s locations on its website. Licensee A is required to pay a
12 royalty of 3% of its gross sales to Defensive Driving Schools and pays an additional fee for each student that
13 is enrolled on its behalf by Defensive Driving Schools through the “Schedule Agent” portal. Licensee A also
14 uses the “Schedule Agent” to send email notifications to students, track student progress and track instructors’
15 time cards.

16 8. In early 2019, Defensive Driving Schools entered into a license agreement with a second
17 Washington resident (“Licensee B”) in which Defensive Driving Schools granted Licensee B the right to open
18 a Defensive Driving Schools location. Defensive Driving Schools charged Licensee B a \$25,000 fee for the
19 right to use its name, logos, and slogans in the operation of its business. Defensive Driving Schools provided
20 Licensee B with an employee handbook and operations manual to be used in the operation of the business.
21 Defensive Driving Schools provided Licensee B with its curriculum and the items needed to provide students
22 with in-classroom and behind the wheel training. Defensive Driving Schools has provided Licensee B with
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1 access through “Schedule Agent” that allows Licensee B to schedule and track student progress. Defensive
2 Driving Schools markets Licensee B’s location on the Defensive Driving Schools website. Defensive Driving
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4 Schools has provided Licensee B with ongoing operational support through telephone and other electronic
5 communications.

6 **Franchise Disclosure Document**

7 9. Respondents failed to provide prospective franchisees with a Franchise Disclosure Document.
8 A Franchise Disclosure Document is a document required under state and federal law to be given to
9 prospective franchise purchasers and contains material information for use by investors to weigh the risks and
10 benefits of the investment.

11 **Registration**

12 10. Respondents Harbour Driving School, Inc. and John Coburn Fawcett are not currently
13 registered to sell franchises in the state of Washington and have not previously been so registered.

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

15 **CONCLUSIONS OF LAW**

16 1. The offer or sale of Licenses described above constitute the offer and/or sale of a franchise as
17 defined in RCW 19.100.010(6), RCW 19.100.010(12), and RCW 19.100.010(17).

18 2. The offer or sale of said franchise is in violation of RCW 19.100.020 because no registration
19 for such offer and/or sale by Respondents was on file with the Securities Administrator.

20 3. The offer and/or sale of said franchises were in violation of RCW 19.100.080, the disclosure
21 document requirement provision of the Franchise Investment Protection Act, because Respondents failed to
22 provide prospective purchasers with a current disclosure document that contained all material information
23 about the franchise including, but not necessarily limited to, financial statements.

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2 **NOTICE OF INTENT TO ORDER THE RESPONDENT TO CEASE AND DESIST**

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4 Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator
5 intends to order that Harbour Driving School, Inc. d.b.a. Defensive Driving School and John Coburn Fawcett,
6 Jr. a.k.a. J.C. Fawcett, their agents and employees each shall cease and desist from violations of RCW
7 19.100.020 and RCW 19.100.080.

8 **AUTHORITY AND PROCEDURE**

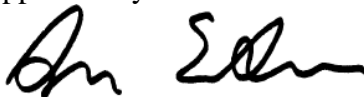
9 This Order is entered pursuant to the provisions of RCW 19.100.248 and is subject to the provisions
10 of Chapter 34.05 RCW. Harbour Driving School, Inc. and John Coburn Fawcett, Jr., may each make a written
11 request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY
12 FOR HEARING accompanying this order. If a respondent does not request a hearing within the allowed time,
13 the Securities Administrator intends to adopt the above Tentative Findings of Fact and Conclusions of Law
14 as final and enter an order to cease and desist permanent as to that respondent.

15 Signed and Entered this 5th day of May, 2020.

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19 William M. Beatty
20 Securities Administrator

21 Approved by:

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23 Suzanne Sarason
Chief of Enforcement

Presented by:



Martin Cordell
Financial Legal Examiner

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Reviewed by:



Jack McClellan
Financial Legal Examiner Supervisor