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 by:

Order No. S-24-3782-24-CO01

CONSENT ORDER

Rosati's Franchising, Inc. Rosati's Pizza Enterprises, Inc.,

Respondents.

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INTRODUCTION

Pursuant to the Franchise Investment Protection Act, RCW 19.100, the Securities Division and Rosati's Franchising, Inc. and Rosati's Pizza Enterprises, Inc. do hereby enter into this Consent Order in settlement of the matters alleged herein. Rosati's Franchising, Inc. and Rosati's Pizza Enterprises, Inc. neither admit nor deny the Findings of Fact and Conclusions of Law as stated below.

FINDINGS OF FACT

Respondents

- 1. Rosati's Franchising, Inc. ("RFI") is an Illinois entity formed on October 28, 2005, with its principal place of business in Illinois. RFI is in the business of offering and selling pizza businesses under the trade name "Rosati's Pizza."
- 2. Rosati's Pizza Enterprises, Inc. ("RPE") is a Florida entity formed on February 16, 2022, with its principal place of business in Florida. RPE is in the business of offering and selling pizza businesses under the trade name "Rosati's Pizza."

Nature of the Conduct

Overview

CONSENT ORDER

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- 3. On August 23, 2012, RFI received a franchise registration permit from the Washington State Department of Financial Institutions. RFI renewed that permit annually through May 14, 2021. The permits granted RFI the authority to offer and sell franchises in the state of Washington until the most recent permit expired on May 14, 2022.
- 4. The franchise registration permits also included the following relevant language, "[i]n lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee (a) has received all initial training that it is entitled to under the franchise agreement or offering circular, and (b) is open for business."
 - 5. On or about August 9, 2021, Franchisee A made a \$22,500 franchise payment to RFI.
 - 6. On or about August 16, 2021, Franchisee A executed a Franchise Agreement with RFI.
- 7. In early 2022, the controlling shareholders of RFI left the company to begin their own franchise company, RPE. RPE claims to have received assignment of the Washington franchise agreement.
- 8. Franchisee A's Rosati's Pizza location never opened. Neither RFI nor RPE refunded Franchisee A's franchise payment.

Registration Status

- 9. Rosati's Franchising, Inc is not currently registered to sell its franchises in the state of Washington but has previously been so registered.
- 10. Rosati's Pizza Enterprises, Inc., is not currently registered to sell its franchises in the state of Washington and has not previously been so registered.

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

CONCLUSIONS OF LAW

1. The offer and/or sale of the franchise 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. The collection of the franchise fees prior to the opening of the franchise locations was done in 1 violation of the conditions set forth in Rosati's Franchising, Inc.'s registration permits issued pursuant to RCW 2 19.100.050. 3 Based upon the foregoing and finding it in the public interest: 4 CONSENT ORDER 5 IT IS AGREED AND ORDERED that Respondents Rosati's Franchising, Inc. and Rosati's Pizza 6 Enterprises, Inc., and their agents and employees, shall each cease and desist from violating the conditions set 7 forth in their registration permits issued pursuant to RCW 19.100.050. 8 9 IT IS AGREED that Respondent Rosati's Pizza Enterprises, Inc. shall be liable for and pay costs in the amount of \$2,000. 10 IT IS AGREED that Respondent Rosati's Pizza Enterprises, Inc. shall be liable for and refund 11 Franchisee A's initial franchise fee of \$22,500. 12 IT IS AGREED that Respondents Rosati's Franchising, Inc. and Rosati's Pizza Enterprises, Inc., enter 13 into this Consent Order freely and voluntarily and with a full understanding of its terms and significance. 14 IT IS AGREED that the Securities Division has jurisdiction to enter this order. 15 IT IS AGREED that in consideration of the foregoing, the Respondents waive their right to a hearing 16 17 and to judicial review of this matter pursuant to RCW 19.100.260 and Chapter 34.05 RCW. 18 19 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE. 20 Signed this 27 day of September 2024. 21 22 23

1	Signed by:
2	Rosati's Franchising, Inc.
3	/s/ Michael Rosati
4	Michael Rosati President
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6	Approved as to form by:
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8	/s/ Michael Boxerman Michael Boxerman, Attorney for Rosati's Franchising, Inc.
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10	Signed by:
11	Rosati's Pizza Enterprises, Inc.
12	<u>/s/ Andrew Rosati</u>
13	Andrew Rosati Director
14	
15	Approved as to form by:
16	/s/ Lynne Shelton
17	Lynne Shelton, Attorney for Rosati's Pizza Enterprises, Inc.
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19	CICNED and ENTERED 41. 194, 1 CNL
20	SIGNED and ENTERED this 18th day of November 2024.
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CONSENT ORDER

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Approved by:	Pres
/s/	<u>/s/</u>
Brian Guerard	Kas
Chief of Enforcement	Fina
Reviewed by:	
/0/	
<u>'s/</u> Holly Mack-Kretzler Financial Legal Examiner Supervisor	

/s/
William M. Beatty
Securities Administrator
Presented by:

/s/
Kassidy Smith
Financial Legal Examiner