1	STATE OF WASHINGTON DEPARTMENT OF FINANCIAL INSTITUTIONS SECURITIES DIVISION		
3	IN THE MATTER OF DETERMINING	Order No. S-24-3785-24-CO01	
4	Whether there has been a violation of the Franchise Investment Protection Act by:	CONSENT ORDER	
5	LINE-X, LLC, Respondent.		
6			
7	INTRODUCTION		
8	Pursuant to the Franchise Investment Protection Act, RCW 19.100, the Securities Division and LINE- X, LLC do hereby enter into this Consent Order in settlement of the matters alleged herein. LINE-X, LLC		
9			
10	neither admits nor denies the Findings of Fact and Conclusions of Law as stated below.		
11	FINDINGS OF FACT		
12	Respondents		
13	 LINE-X, LLC, ("LINE-X") is a California entity formed on March 22, 2002, with its principal 		
14			
15	place of business in California. LINE-X is engaged in the business of selling spray-on protective coatings and		
16	bedliners for vehicles and other equipment.		
17	Nature of the Conduct		
18	2. On January 21, 2009, LINE-X first received a franchise registration permit from the		
19	Washington State Department of Financial Institutions. The permit, which LINE-X renewed annually, granted		
20	LINE-X the authority to offer and sell franchises in the state of Washington until their most recent permit		
20	expired on April 26, 2022.		
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- 3. In November of 2023 and March of 2024, LINE-X sent an "Incentive Addendum to the Franchise Agreement" ("Incentive Addendum") and "Notice of Election" to eight active Washington state LINE-X franchisees which were pitched to franchisees as "a new and different offer for [them] to consider."
- 4. The Incentive Addendum was an addendum to the existing franchise agreements that added 4 new obligations to the underlying agreement including requiring Franchisees to pay a 6% royalty fee to LINE-5 X and requiring Franchisees to pay a weekly contribution of 2.5% of their gross revenue to LINE-X's national 6 advertising, publicity, and marketing fund (the "Marketing Fund"). 7
- 5. The Notice of Election required Franchisees to elect whether they would use the Incentive 8 Addendum or continue with their existing franchise agreement. Both documents were prepared by and on the 9 initiative of LINE-X and were not in response to franchisee-initiated negotiation. Franchisees had until May 10 3, 2024, to decide whether to accept the Incentive Addendum or continue with their existing franchise 11 agreement. 12
- 6. If Franchisees elected not to accept the Incentive Addendum, they would remain LINE-X 13 14 Franchisees only until their underlying Franchise Agreement expired.

Registration Status

7. LINE-X, LLC is not currently registered to sell its franchises in the state of Washington but 16 17 was previously so registered from January 21, 2009, until April 26, 2022.

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 20 franchise as defined in RCW 19.100.010(6), RCW 19.100.010(12), and RCW 19.100.010(17).

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CONSENT ORDER

1	2. LINE-X, LLC violated RCW 19.100.020, the franchise registration section of the Franchise		
2	Investment Protection Act, by offering and/or selling franchises for which no registration is on file with the		
3	Securities Administrator.		
4	Based upon the foregoing and finding it in the public interest:		
5	CONSENT ORDER		
6	IT IS AGREED AND ORDERED that Respondent LINE-X, LLC, and their agents and employees,		
7	shall each cease and desist from violating RCW 19.100.020, the franchise registration section of the Franchise		
8	Investment Protection Act.		
9	IT IS AGREED that Respondent LINE-X, LLC shall be liable for and pay costs in the amount of		
10	\$2,000.		
11	IT IS AGREED that Respondent LINE-X, LLC enters into this Consent Order freely and voluntarily		
12	and with a full understanding of its terms and significance.		
13	IT IS AGREED that the Securities Division has jurisdiction to enter this order.		
14	IT IS AGREED that in consideration of the foregoing, the Respondent waives their right to a hearing		
15	and to judicial review of this matter pursuant to RCW 19.100.260 and Chapter 34.05 RCW.		
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17	WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.		
18			
19	Signed this day of October 2024.		
20			
21	Signed by:		
22	LINE-X, LLC		
23			
	CONSENT ORDER DEPARTMENT OF FINANCIAL INSTITUTIONS Securities Division PO Box 41200 Olympia, WA 98504-1200		

360-902-8760

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2	<u>/s/ George Lezon</u> George Lezon	
3	Executive Vice President	
4		
5	Approved as to form by:	
6		
7	/s/ Daniel J. Oates Daniel J. Oates, Attorney for LINE-X, LLC	
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9	SIGNED and ENTERED this 4th day of November, 2024.	
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12	S S S S S S S S S S S S S S S S S S S	
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	. 56 (39 B 2 .	<u>/s/</u>
16		William M. Beatty Securities Administrator
17 18	Approved by:	Presented by:
19	<u>/s/</u>	<u>_/s/</u>
20	Brian Guerard Chief of Enforcement	/s/ Kassidy Smith Financial Legal Examiner
21	Reviewed by:	
22	/s/	
23	Holly Mack-Kretzler Financial Legal Examiner Supervisor	
	CONSENT ORDER	DEPARTMENT OF FINANCIAL INSTITUTIONS Securities Division PO Box 41200 Olympia, WA 98504-1200 360-902-8760

CONSENT ORDER