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Order No. S-24-3849-25-SC01

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

JJB Beauty Holdings Corp.

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1 **Nature of the Conduct**

2 *The Franchise*

3 2. JJB Beauty sells a franchise that allows franchisees to open and operate a beauty salon that
4 offers various cosmetic services to the public. Pursuant to the “Trademark and Know-How License
5 Agreement” (the “Agreement”), entered into by and between JJB Beauty and franchisees, JJB Beauty grants
6 franchisees the right to use the following marks: the name “Paint Nail Beauty Spa,” and a circular logo
7 consisting of an ornate bottle with flowers wrapped around the bottle’s neck, and the words “Paint Nail Beauty
8 Spa” appearing around the interior of the circle. JJB Beauty also grants franchisees the right to use technical
9 information, trade secrets, equipment, and similar assets owned by JJB Beauty in the operation of a beauty
10 salon, pursuant to the Agreement.

11 3. JJB Beauty controls how franchisees use its marks. All services provided by franchisees must
12 carry the mark “Paint Nail Beauty Spa,” and exclude all others. Furthermore, the franchisees must strictly
13 comply with JJB Beauty’s directions concerning the “form and manner” of the marks’ use, and may not use
14 the marks as a corporate or trade name, or as a domain name, without JJB Beauty’s prior written consent.

15 4. In the same vein, franchisees must use only formulations, techniques, supplies, and equipment
16 provided or designated by JJB Beauty in the course of the franchised business.

17 5. JJB Beauty controls a significant amount of the visual presentation of the franchisees’ business.
18 Under the Agreement, JJB Beauty has authority to direct the decoration, design, and furnishing style of
19 franchisees’ business premises. JJB Beauty may also request blueprints of the premises, and withhold
20 approval thereof prior to the blueprints’ implementation. Further, JJB Beauty may direct the clothing worn
21 by franchisees’ staff under the Agreement. Any changes to staff clothing must be approved in writing by JJB
22 Beauty as well. In addition, JJB Beauty must provide “guidance” concerning marketing and promotional
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1 materials, and must approve all advertisements and marketing and promotional materials prior to their first
2 use.

3 6. JJB Beauty demands a specific amount of training from franchisees and their staff.
4 Technicians must undergo fourteen days of training, as must the franchisee and any general manager of the
5 franchisee's business. Some of this training includes "business strategy support." JJB Beauty may also
6 require franchisees to attend "performance improvement training," if, in JJB Beauty's estimation, the
7 franchisee has not met the "performance expectation."

8 7. JJB Beauty charges fees to its franchisees. Prior to the execution of the Agreement, franchisees
9 pay \$50,000 of non-refundable earnest money to JJB Beauty. Franchisees also pay a \$20,000 refundable
10 deposit to JJB Beauty. JJB Beauty charges a "Base License Fee" of \$130,000 that franchisees must pay prior
11 to the franchise's opening. Franchisees must also pay five percent of their monthly sales to JJB Beauty as a
12 "percentage license fee."

13 *Sale to Washington Resident*

14 8. On November 22, 2023, one of the owners of JJB Beauty represented to a resident of
15 Washington with whom JJB Beauty had been negotiating the sale of a franchise, that JJB Beauty's application
16 for trademark protection of its mark "Paint Nail Beauty Spa" had been approved. However, the mark would
17 not be registered with the United States Patent and Trademark Office ("USPTO") until March 26, 2024, after
18 JJB Beauty had responded to the USPTO's comment on its application.

19 9. The Washington resident made two payments to JJB Beauty totaling \$47,000 before signing
20 the Agreement on behalf of his Washington limited liability company on July 30, 2024. The Washington
21 resident made two additional payments totaling \$50,000 after signing the Agreement. All four payments were
22 labelled as deposits.
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10. JJB Beauty did not provide a disclosure document containing all material information concerning the franchise to the Washington resident prior to the execution of the Agreement.

Registration Status

11. JJB Beauty Holdings Corp. is not currently registered to sell its franchises in the State of Washington, and has not previously been so registered.

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

CONCLUSIONS OF LAW

1. The offer and/or sale of the business arrangement 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. JJB Beauty Holdings Corp. violated RCW 19.100.020, the franchise registration section of the Franchise Investment Protection Act, by offering and/or selling a franchise for which no registration is on file with the Securities Administrator.

3. JJB Beauty Holdings Corp. violated RCW 19.100.080, the disclosure document requirement section of the Franchise Investment Protection Act, by selling a franchise without providing the prospective purchaser with a current disclosure document that contained all material information about the franchise.

4. JJB Beauty Holdings Corp. violated RCW 19.100.170, the antifraud section of the Franchise Investment Protection Act, by making untrue statements of material fact, or omitting to state material facts necessary to make the statements made, in light of the circumstances in which they were made, not misleading.

NOTICE OF INTENT TO ORDER THE RESPONDENT TO CEASE AND DESIST

Pursuant to RCW 19.100.248, and based upon the Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order JJB Beauty Holdings Corp. and its agents and employees, to each permanently cease and desist from violating RCW 19.100.020, RCW 19.100.080, and RCW 19.100.170.

1 **AUTHORITY AND PROCEDURE**

2 This Statement of Charges is entered pursuant to the provisions of Chapter 19.100 RCW and is subject
3 to the provisions of Chapter 34.05 RCW. JJB Beauty Holdings Corp. may make a written request for a hearing
4 as set forth in the Notice of Opportunity for Hearing accompanying this Order. If a respondent does not make
5 a hearing request in the time allowed, the Securities Administrator intends to adopt the above Tentative
6 Findings of Fact and Conclusions of Law as final and to enter a permanent order to cease and desist as to that
7 respondent.

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9 SIGNED and ENTERED this 14th day of March, 2025.



15 /s/

16 _____
17 William M. Beatty
18 Securities Administrator

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20 Approved by:

21 /s/

22 _____
23 Brian J. Guerard
Chief of Enforcement

Presented by:

/s/

Edward R. Thunen
Financial Legal Examiner

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Reviewed by:

/s/

Huong Lam
Financial Legal Examiner Supervisor