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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:

Good Feet Worldwide, Inc.

Respondent

S-03-080-03-TO02

STOP ORDER DENYING EFFECTIVENESS OF
FRANCHISE APPLICATION
Case No. S-03-080

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THE STATE OF WASHINGTON TO: Joe Paul, also known as Joseph P. Polifroni, President
Good Feet Worldwide, Inc.
261 North Highway 101
Solana Beach, CA 92075

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STATEMENT OF CHARGES

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Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondent, Good Feet Worldwide, Inc., has violated the Franchise Investment Protection Act of Washington and that its violations justify the entry of an order of the Securities Administrator under RCW 19.100.120 to deny the effectiveness of its application for registration (file number 70012488). The Securities Administrator finds as follows:

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TENTATIVE FINDINGS OF FACT

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I. Respondent and Other Persons

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1. Respondent, Good Feet Worldwide, Inc. ("Good Feet"), is a California corporation with its principal place of business at 261 North Highway 101, Solana Beach, CA 92075. Good Feet is not registered to do business as a foreign corporation in Washington.

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1 2. Joe Paul, also known as Joseph P. Polifroni (Paul), is the President, sole officer and sole director
2 of Good Feet.

3 3. Dr.'s Own, Inc. (Dr.'s Own), an affiliate of Good Feet by common ownership, is a California
4 corporation with a primary business address of 261 North Highway 101, Solana Beach, CA 92075. Paul is
5 President of Dr.'s Own. Dr.'s Own is not registered to do business as a foreign corporation in Washington.

6 4. Mark Walsh (Walsh) is a resident of the State of California. He is an attorney, member of the
7 State Bar of California, and a principal of Dr.'s Own at all times relevant to this matter.

8 **II. Good Feet Franchise Application**

9 5. On June 17, 2003, Good Feet filed an application for franchise registration pursuant to RCW
10 19.100.040. Item 1 of the Uniform Franchise Offering Circular describes the franchise as follows: "The
11 franchise offered is for operation of a Good Feet Store offering GOOD FEET brand arch supports and related
12 foot products purchased from Dr.'s Own (the 'Products') under a specified operating system (the 'Good Feet
13 System') using the marks 'The Good Feet Store®,' 'Good Feet Your Arch Support Store®' and 'Good Feet®'
14 and their related indicia of origin specified by Good Feet from time to time (the 'Marks')." Franchisees are
15 required to purchase all Products from Dr.'s Own.

16 6. Item 1 further states: "Dr.'s Own does not offer and has not offered franchises in any line of
17 business...."

18 **III. Prior Franchise Offering by Dr's Own**

19 7. In early 2000, a California couple traveled to San Diego, California to discuss opening a Good Feet
20 Store. The couple had heard about the opportunity from a friend who had opened a store. The couple met with
21 Paul and Walsh. The group discussed the details of opening a Good Feet Store. The couple was given the option
22 to reserve a territory in Washington or Oregon. Paul told the couple that there was a lot of interest in opening
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1 Good Feet Stores and that the two would have to make a decision that day and pay a deposit in order to reserve a
2 territory. The individuals gave Paul a check for \$900. This check was never deposited or cashed.

3 8. On May 18, 2000, the couple signed a written "Good Feet Dealer Agreement" ("Agreement") with
4 Dr.'s Own. The Agreement granted the couple, hereinafter referred to as "Dealers", an exclusive license to use the
5 name "The Good Feet Store" and to sell the Dr.'s Own products in King County, Washington. The Agreement
6 specifies that the name of the store shall be "The Good Feet Store".

7 9. The Agreement includes a provision that the Dealers will not "offer any product other than those
8 supplied by [Dr.'s Own]". Further, the Agreement allows Dr.'s Own to set the price schedule and make changes to
9 the pricing at any time without notice to the Dealers.

10 10. The Agreement states that Dr.'s Own will provide "printed product brochures, displays, packaging,
11 sales tools...and other promotional material to dealer...". The Agreement prohibits the Dealers from changing or
12 altering these materials in any way. Any outside materials must be approved by Dr.'s Own prior to use.

13 11. Paul told the Dealers that there was an optional training course that they could attend. The Dealers
14 told Paul and Walsh that they did not have enough money to pay for the class, but Walsh told them that they would
15 have to attend in order to get a territory. The cost of the class was \$5,990 and on June 13, 2000 the individuals
16 wrote a personal check for \$5,990 to Dr.'s Own, which was deposited into the Dr.'s Own corporate account.
17 During the summer of 2000, the individuals attended the training class. The class was given in San Diego,
18 California and was taught by Rosalinda Johnson, Paul's wife.

19 12. Prior to entering into the agreement, the Dealers did not receive any written materials, including but
20 not limited to, financial statements of Dr.'s Own or a Uniform Franchise Offering Circular.

21 13. The Dealers opened a store in Bellevue, King County, Washington in August 2000. On March 14,
22 2001, Dr.'s Own and the Dealers entered into a new agreement that, among other things, expanded the Dealers'

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1 territory to include Whatcom, Skagit, Snohomish, Pierce, and Thurston counties. In approximately May of 2001,
2 the Dealers opened another store in Tacoma, Washington.

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4 **IV. Cease and Desist Order**

5 14. On July 2, 2003, the Securities Division of the Washington Department of Financial Institutions issued
6 a Summary Order to Cease and Desist (Cease and Desist Order) to Dr.'s Own, Paul, Walsh, and their agents and
7 employees. The Order found that the offer and/or sale of The Good Feet Store described in section III constituted
8 the offer and/or sale of a franchise as defined in RCW 19.100.010(4) and 19.100.010(16).

9 15. The Cease and Desist Order further concluded that the offer and/or sale of said franchise was in
10 violation of RCW 19.100.020, the registration provision of the Franchise Investment Protection Act, because the
11 franchise sold was to be located in Washington and Dr.'s Own was not registered to sell its franchises in
12 Washington.

13 16. The Cease and Desist Order also found that the offer and/or sale of said franchise was in violation
14 of RCW 19.100.170, because Dr.'s Own, Paul, and Walsh failed to provide investors with material information
15 regarding the purchase of The Good Feet Store franchise, including but not limited to Uniform Franchise
16 Offering Circular information and current financial statements of Dr.'s Own.

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

19 **CONCLUSIONS OF LAW**

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21 **I.**

22 The offer and/or sale of The Good Feet Store franchise as described in Good Feet's franchise registration
23 application constitutes the offer and/or sale of a franchise as defined in RCW 19.100.010(4) and RCW
24 19.100.010(16).

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II.

The offer and/or sale of The Good Feet Store by Dr.'s Own, Paul, and Walsh as described in section III of the Findings of Fact constituted the offer and/or sale of a franchise as defined in RCW 19.100.010(4) and RCW 19.100.010(16).

III.

In stating that Dr.'s Own has not offered franchises in any line of business, Good Feet's franchise registration application filed with the director contains a statement which in the light of the circumstances under which it is made is false or misleading with respect to a material fact in violation of RCW 19.100.120 and 19.100.170.

ORDER

Based on the foregoing, NOW, THEREFORE, IT IS HEREBY ORDERED That the franchise registration application (file number 70012488) of Good Feet Worldwide, Inc. is denied.

The Division may continue its investigation of Respondent and its agents and affiliates and may take additional enforcement action under the Washington Securities Act as the investigation warrants.

AUTHORITY AND PROCEDURE

This Order is entered pursuant to the provisions of RCW 19.100.120 and is subject to the provisions of Chapter 34.05 RCW. Good Feet may make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this order.

If the respondent does not timely request a hearing, the Securities Administrator intends to adopt the above Tentative Findings of Fact and Conclusions of Law as final and make the Stop Order Denying Effectiveness of Franchise Application permanent as to the respondent.

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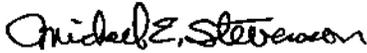
1 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

2 DATED this 8th day of July, 2003

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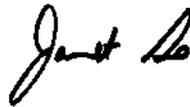
5 _____
6 Deborah R. Bortner
7 Securities Administrator

8 Approved By:

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10 _____
11 Michael E. Stevenson
12 Chief of Enforcement

Presented by:

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15 Janet So
16 Financial Legal Examiner

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