

STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION

IN THE MATTER OF DETERMINING
Whether there has been a violation
of the Washington Franchise Investment
Protection Act by:

Best Buy Merchandise, Inc., John Murrell, their
employees and agents,

Respondents.

SDO - 78 - 00

CONSENT ORDER

Case No. 00-06-0233

INTRODUCTION

The Securities Division, Department of Financial Institutions, State of Washington, (the "Securities Division") and Respondents do hereby agree to this Consent Order in settlement of the matters alleged herein. Respondents neither admit nor deny the Tentative Findings of Fact and Conclusions of Law as set forth below.

TENTATIVE FINDINGS OF FACT

I.

Best Buy Merchandise, Inc., d.b.a. (doing business as) Watches, Watches, Watches is a Washington corporation with a principal place of business located at 16541 Redmond Way, Suite 1001, Redmond, Washington 98052. John Murrell is President, the majority shareholder, and founder of Best Buy Merchandise, Inc. Best Buy Merchandise, Inc., d.b.a. Watches, Watches, Watches is in the business of operating retail stores or kiosks offering and selling watches, watch batteries, watch accessories, and related products and services. Between June, 1996, and August, 1997, the company offered and sold at least four licenses pursuant to a "Watches, Watches, Watches Trademark and License Agreement" to residents in the State of Washington. Licensees paid an initial fee of up to \$15,000 for the right to engage in the business of offering and selling the goods and services associated with the Watches, Watches, Watches name according to the specifications, procedures, marketing techniques, and strategies prescribed by Best Buy Merchandise, Inc. Licensees were also granted the non-exclusive right to use the company's trademarks, logos, and other

1 commercial symbols in connection with the operation of the businesses. Best Buy Merchandise, Inc. failed to
2 provide the Washington licensees a disclosure document containing complete material information regarding
3 the purchases, including but not limited to a financial statement for the seller.

4 II.

5 Best Buy Merchandise, Inc. d.b.a. Watches, Watches, Watches has filed or caused to be filed with the
6 Securities Division an application to register its franchise opportunity in the State of Washington (franchise
7 registration application File No. F-02996) pursuant to Washington's Franchise Investment Protection Act, Ch.
8 19.100 RCW. Best Buy Merchandise, Inc. d.b.a. Watches, Watches, Watches has not previously been
9 registered with the Securities Division to offer or sell franchises in the State of Washington. The initial
10 franchise registration application indicated that Best Buy Merchandise, Inc. d.b.a. Watches, Watches, Watches
11 had offered and sold the licenses in Washington prior to filing an application to register with the Securities
12 Division to offer or sell franchises in this state.

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

14 CONCLUSIONS OF LAW

15 I.

16 The offer and/or sale of the Best Buy Mechandise, Inc. d.b.a. Watches, Watches, Watches licenses as
17 described in Tentative Finding of Fact I above constitutes the offer and/or sale of franchises as defined in RCW
18 19.100.010(4).
19

20 II.

21 The offer and/or sale of the Best Buy Merchandise, Inc., d.b.a. Watches, Watches, Watches licenses as
22 described in Tentative Finding of Fact I above were made in violation of RCW 19.100.080, the disclosure
23 document provision of the Franchise Investment Protection Act, because Best Buy Merchandise, Inc. failed to
24

1 provide the Washington purchasers complete material information regarding the purchases, including but not
2 limited to a financial statement for the seller.

3 III.

4 The offer and/or sale of the Best Buy Merchandise, Inc., d.b.a. Watches, Watches, Watches licenses as
5 described in Tentative Finding of Fact I and II above were made in violation of RCW19.100.020, the registration
6 requirement provision of the Franchise Investment Protection Act, because no franchise registration was in effect
7 with the Administrator of Securities of the State of Washington nor permit issued to Best Buy Merchandise,
8 Inc., d.b.a. Watches, Watches, Watches at the time when the company made offers and sales of franchises in the
9 State of Washington.

10 ORDER AND CONSENT

11 Based on the premises of the foregoing:

12 IT IS THEREFORE AGREED AND ORDERED that Respondents Best Buy Merchandise, Inc., John
13 Murrell, and their employees and agents, shall each cease and desist from the offer and sale of franchises in the State
14 of Washington in violation of RCW19.100.020, the registration requirement provision of the Franchise Investment
15 Protection Act.

16 IT IS THEREFORE AGREED AND ORDERED that Respondents Best Buy Merchandise, Inc., John
17 Murrell, and their employees and agents, shall each cease and desist from the offer and sale of franchises in the State
18 of Washington in violation of RCW19.100.080, the disclosure document requirement provision of the Franchise
19 Investment Protection Act.

20 IT IS THEREFORE AGREED that Respondent Best Buy Merchandise, Inc. shall disclose for a period of
21 three years the existence and contents of this Order in any franchise registration disclosure document approved for
22 use in the state of Washington, such requirement commencing from the date of entry of this Order.

23 IT IS THEREFORE AGREED that Respondent Best Buy Merchandise, Inc. shall inform all current
24 Washington Watches, Watches, Watches franchisees of the existence and contents of this Order.

25 CONSENT ORDER

1 IT IS THEREFORE AGREED that Respondent Best Buy Merchandise, Inc. shall use its reasonable best
2 efforts to inform all past Washington Watches, Watches, Watches franchisees of the existence and contents of this
3 Order.

4 IT IS THEREFORE AGREED that Respondents Best Buy Merchandise, Inc. and John Murrell waive any
5 right to a hearing in this matter.

6 IT IS THEREFORE AGREED that the Securities Division has jurisdiction to enter this Order.
7 Best Buy Merchandise, Inc., d.b.a. Watches, Watches, Watches, by John Murrell, as its President and individually:
8
9

10 _____ Signed this _____ day of _____, 2000
(Signature)

11
12
13 This Order entered by the Securities Division this 25th day of July, 2000.

14 By:

15
16 
17 Deborah R. Bortner
18 Securities Administrator

19 Approved by:

Presented by:

20 _____
21 Michael Stevenson
22 Chief of Compliance

23 _____
24 Brad Ferber
25 Securities Examiner