

**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:  
  
Hollowell Franchising, LLC and Carol Hollowell  
  
Respondents

S-03-134-03-CO01

CONSENT ORDER

Case No. S-03-134

**INTRODUCTION**

Pursuant to the Franchise Investment Protection Act of Washington, the Securities Division, Department of Financial Institutions, and Respondents, Hollowell Franchising, LLC and Carol Hollowell, do hereby agree to this Consent Order in settlement of the above-captioned matter. Respondents neither admit nor deny the Findings of Fact or Conclusions of Law as set forth below.

**FINDINGS OF FACT**

**I. Respondents**

1. Hollowell Franchising, LLC (“Hollowell Franchising”) is an Oregon limited liability company whose principal place of business is located at 2542 NE Courtney Drive, Suite 201, Bend, Oregon 97701. Hollowell Franchising is in the business of selling franchises for hair cutting salons.
2. Carol Hollowell (“Hollowell”) is the president and managing member of Hollowell Franchising.

## **II. Nature of the Offer**

3. On August 28, 2002, Respondents entered into a “Franchise Agreement” (“Agreement”) for a location in Washington.
4. Upon entering into the Agreement, the franchisee acquired the right to use “Precision Cuts” as the name under which the franchisee would do business. The franchisee also acquired the right to participate in the “Franchise System,” including assistance with site evaluation, equipment selection, accounting methods, marketing and operation of a hair salon.
5. The Agreement allowed the franchisee to establish a business using the “Precision Cuts” name. The Agreement specified that the franchisee would operate a hair salon at the Heights Shopping Center at 6621 E. Mill Plain Boulevard in Vancouver, Washington.
6. The franchisee was required to pay an “initial franchise fee” of \$25,000. The franchisee was further required to pay monthly “royalties” of 6% of the franchisee’s gross volume of business. The franchisee was also required to spend 1% of the franchisee’s gross volume of business for local advertising expenses.
7. The franchisee was provided with a Uniform Franchise Offering Circular (“UFOC”) in August 2002.

## **III. Registration Status**

8. Hollowell Franchising is not currently registered to offer or sell franchises in the State of Washington. Hollowell Franchising filed a registration application with the

State of Washington on May 12, 2003. Application number 70012469 is pending as of the date of entry of this Order.

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

## **CONCLUSIONS OF LAW**

### **I. Franchise**

1. The offer and sale of the franchise opportunity described in the Findings of Fact above constitutes the offer and sale of a franchise as defined in RCW 19.100.010(4) and (15) and (16).

### **II. Violation of RCW 19.100.020**

2. The offer and sale of the franchise is in violation of RCW 19.100.020 because, at the time of the sale, there was no current and effective registration for such offer and sale on file with the Securities Administrator of the State of Washington.

## **CONSENT ORDER**

Based upon the foregoing:

IT IS THEREFORE AGREED AND ORDERED that Hollowell Franchising, Inc. and Carol Hollowell and their agents and employees each shall cease and desist from the offer and sale of unregistered franchises in the State of Washington in violation of RCW 19.100.020.

IT IS FURTHER AGREED AND ORDERED that Hollowell Franchising, LLC and Carol Hollowell and their agents and employees each shall disclose the existence and contents of this Order in any franchise registration disclosure document for use in the State of Washington, such requirement commencing from the date of entry of this Order.

IT IS FURTHER AGREED AND ORDERED that Hollowell Franchising, Inc. and Carol Hollowell shall inform all employees and agents who offer franchises in the State of Washington of the existence and contents of this Order for a period of three years from the date of entry of this Order.

IT IS FURTHER AGREED that Hollowell Franchising, LLC and Carol Hollowell shall be jointly and severally liable for and shall pay the Securities Division five hundred dollars (\$500) for its costs incurred in its investigation of this matter. Said payment must be made to the Securities Division prior to the entry of this Order.

IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this Order.

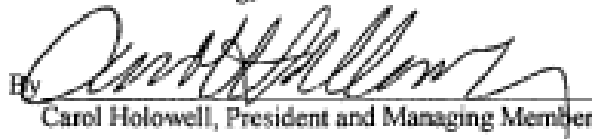
In consideration of the foregoing, Hollowell Franchising, Inc. and Carol Hollowell each waive their right to a hearing in this matter and to judicial review of this Order.

**WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

SIGNED this 21 day of July, 2003

Signed by:

Hollowell Franchising, LLC

By   
Carol Hollowell, President and Managing Member

Signed by:

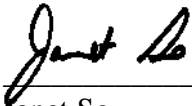
  
Carol Hollowell, individually

THIS ORDER IS ENTERED THIS 29 DAY OF July 2003 BY:



DEBORAH R. BORTNER  
Securities Administrator

Presented by:



Janet So  
Senior Financial Legal Examiner

Approved by:



Michael E. Stevenson  
Chief of Enforcement