

**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:)
Champs Chicken Franchising, LLC;)
Respondent)

Order No. S-16-2008-17-CO01

CONSENT ORDER

Pursuant to the Franchise Investment Protection Act of Washington, RCW 19.100, the Securities Division and Respondent Champs Chicken Franchising, LLC do hereby enter into this Consent Order in settlement of the matters alleged herein. Respondent neither admits nor denies the Findings of Fact or Conclusions of Law as stated below.

FINDINGS OF FACT

Respondent

1. Champs Chicken Franchising, LLC (“Champs Chicken”) is a Delaware limited liability company with its principal place of business in Holts Summit, Missouri. Champs Chicken offers and sells Champs Chicken restaurant franchises.

Prior Franchise Registration

2. In 2013, Champs Chicken filed with the Securities Division an initial franchise application to offer and sell franchises in the state. The Securities Division granted Champs Chicken a permit to offer franchises on January 8, 2014 under DFI File No. 70015385. Champs Chicken filed a franchise renewal application with the Securities Division and was granted a new permit that expired on October 24, 2015.

Nature of Offering

3. In 2016, Champs Chicken offered and sold franchises to at least two persons (the franchisees) residing in Washington to operate Champs Chicken restaurants at five locations in the state. Champs Chicken offered two types of restaurants, the first is a “freestanding location restaurant” and the second is a “business within a business concept” in which the restaurant is located in an existing business such as a grocery or convenience store. In connection with the offer and sale of the franchises, Champs Chicken granted the franchisees a license to use its trademarks, trade names, service marks, logotypes and commercial symbols. Champs Chicken required the franchisees to purchase license, or otherwise obtain

1 certain products, equipment, services, supplies, and merchandise that was needed to develop and open a
2 restaurant from its affiliate Pro Food Systems, Inc. The franchisees made mandatory purchases from the
3 affiliate, paying from at least \$8,000 to \$51,000 for equipment and supplies. Champs Chicken provided
4 franchisees with an operations manual for the restaurant, provides training for the restaurant manager and
5 opening assistance for the restaurant. Champs Chicken provided franchisees with standards and
6 specifications for furniture, fixtures, equipment, décor, and signage. Champs Chicken listed franchisees on
7 its websites and provided them with access to advertising and promotional programs and material it has
8 designed or developed.

9 **Disclosure Document Violations**

10 4. In 2016, Champs Chicken did not provide prospective franchisees with a current Franchise
11 Disclosure Document with current material information, including, but not limited to financial statements.

12 **Registration Status**

13 5. Respondent Champs Chicken was not registered to offer and to sell its franchises in the state
14 of Washington after October 24, 2015.

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

16 **CONCLUSIONS OF LAW**

17 1. The offer or sale of franchises as described above constitutes the offer or sale of a franchise
18 as defined in RCW 19.100.010(6), RCW 19.100.010(12), and RCW 19.100.010(17).

19 2. Respondent Champs Chicken violated RCW 19.100.080, the unlawful acts and “disclosure
20 document” section of the Franchise Investment Protection Act, because they failed to provide prospective
21 purchasers a current franchise disclosure document with current material information about the investment
22 opportunity.

23 3. Respondent Champs Chicken offered and sold said franchises in violation of RCW
24 19.100.020 because no current registration for such offer and sale was on file with the Securities
25 Administrator for certain time periods when offers or sales occurred.

26 **CONSENT ORDER**

27 Based upon the foregoing and finding it in the public interest:

28 IT IS AGREED AND ORDERED that Respondent Champs Chicken and its agents and employees,
29 shall each cease and desist from any violation of RCW 19.100.080, the unlawful acts section of the
30 Franchise Investment Protection Act of Washington.

1 IT IS FURTHER AGREED AND ORDERED that Respondent Champs Chicken and its agents and
2 employees, shall each cease and desist from any violation of RCW 19.100.020, the registration section of
3 the Franchise Investment Protection Act of Washington.

4 IT IS FURTHER AGREED AND ORDERED that Respondent Champs Chicken shall pay
5 investigative costs of \$3,000 prior to the entry of this Consent Order.

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

7 IT IS FURTHER AGREED that Respondent Champs Chicken enters into this Consent Order freely
8 and voluntarily and with a full understanding of its terms and significance.

9 IT IS FURTHER AGREED that in consideration of the foregoing, Respondent Champs Chicken
10 waives its right to a hearing and to judicial review of this matter.

11 Signed this 18th day of January, 2017.


12 Signed by:
Champs Chicken Franchising, LLC

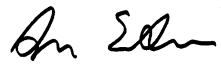
Approved as to form by:

/s/
John Moore, Attorney for Respondent

13 _____
/s/
By Shawn Burcham, CEO

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16 SIGNED and ENTERED this 25th day of January, 2017

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19 _____
20 William M. Beatty
21 Securities Administrator

22 Approved by:
23 
24 _____

Presented by:

/s/

1 Suzanne Sarason
2 Chief of Enforcement

Martin Cordell
Financial Legal Examiner

3 Reviewed by:

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5 Jack McClellan
6 Financial Legal Examiner Supervisor
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